



## **Monthly Economic and Financial Developments June 2011**

In an effort to provide the public with more frequent information on its economic surveillance activities, the Central Bank has decided to release monthly reports on economic and financial sector developments in The Bahamas. The Bank monitors these conditions as part of its monetary policy mandate, to assess whether money and credit trends are sustainable relative to levels of external reserves required to protect the value of the Bahamian dollar and, if not, the degree to which credit policies ought to be adjusted. The main data source for this surveillance is financial institutions' daily reports on foreign exchange transactions and weekly balance sheet statements. Therefore, monthly approximations may not coincide with calendar estimates reported in the Central Bank's quarterly reports. The Central Bank will release its "Monthly Economic and Financial Developments" report on the Monday following its monthly Monetary Policy Committee Meeting.

Future Release Dates:

2011: August 29, October 3, October 31, November 28, December 19.

# Monthly Economic and Financial Developments

## June 2011

### 1. Domestic Economic Developments

Supported by the sustained—although still uneven and fragile—recovery in the global economy, domestic economic conditions continued to improve over the review month. The momentum benefitted from a modest firming in tourism output, gains in foreign investment led construction activity and public sector infrastructure works. Consumer price inflation remained relatively benign, posting a modest uptick over the twelve-months to May. On the fiscal side, the Government's overall deficit narrowed during the eleven months of FY2010/11, as several significant one-off revenue transactions boosted revenue collections, and helped to offset an increase in expenditure. In monetary developments, both liquidity and external reserves contracted, due mainly to the repatriation of initial public offering (IPO) proceeds by a foreign-owned company.

Indications are that, after a slow start to the year, tourism sector activity was positive during the second quarter, with gains in the key stopover segment of the market accompanied by higher hotel revenues. In April, total visitor arrivals firmed by 14.8%, buoyed by a 2.8% hike in air arrivals—the first monthly increase for the year—and steady gains in sea visitors of 19.2%. All of the major destinations recorded improvements, with total arrivals to New Providence up by 6.1% and double digit gains in both Grand Bahama and the Family Islands, of 16.1% and 29.8%, respectively. The sample of hotel properties in Nassau and Paradise Island for May showed room revenues higher by 5.8%, based on growth in the average occupancy rate of 0.2 of a percentage point to 61.1%, combined with a 5.4% increase in the average daily room rate to \$219.86.

Inflation for the twelve months to May—as measured by the Retail Price Index for The Bahamas—firmed by 0.7 of a percentage point to 1.9%. Accelerated average price increases were registered for transport (5.2%) and housing, water, gas, electricity & other fuels (2.9%)—the most heavily weighted item in the Index. Gains were also posted for education (2.5%), alcohol, tobacco, & narcotics (2.3%), restaurant & hotels (1.8%), recreation & culture (1.1%) and communication (0.6%). Reduced inflation rates were registered for medical care & health (2.5%), miscellaneous goods & services (1.2%) and furnishing, household equipment & maintenance (1.0%); while respective average price declines of 0.3% and 0.4% were recorded for food & non-alcoholic beverages and clothing & footwear.

In the context of the modest decline in international crude oil prices, average gasoline and diesel prices were lower in June by 2.0% at \$5.49 and 3.1% at \$5.04, respectively. However, measured year-on-year, the average price of both gasoline and diesel grew by 24.8% and 34.4%, respectively. Over the month, the Bahamas Electricity Corporation's fuel charge stabilized at 22.75 cents per kWh; but firmed by 11.26 cents per kWh relative to last year.

The Government's fiscal deficit for the eleven months of FY2010/11 narrowed by \$90.0 million (27.5%) to \$237.0 million, as total receipts expanded by \$113.1 million (9.8%) to \$1.3 billion, and outweighed a \$23.1 million (1.6%) increase in expenditure to \$1.5 billion. In regard to revenue, tax receipts firmed by 18.9% to \$1.2 billion, occasioned by a \$104.2 million (82.0%) surge in non-trade stamp taxes, associated mainly with the sale of a local oil company. Significant gains were also recorded for business & professional fees (10.5%) and selective taxes on services (11.0%), which collectively outweighed a \$70.4 million (38.6%)

contraction in non-tax revenue, which retreated to previous trend levels. In terms of spending, capital outlays firmed by \$29.1 million (22.7%) to \$157.4 million, as both asset acquisitions and infrastructure related spending advanced by \$18.1 million and \$12.2 million, respectively. Current expenditure also grew, by \$34.4 million (2.7%) to \$1.3 billion, due primarily to a \$21.1 million (9.0%) hike in purchases of goods & services associated with the payment of utility expenses. In contrast, net lending, representing central Government's budgetary support to the public corporations, declined by almost 50% to \$45.7 million.

## **2. International Developments**

The global economic recovery was sustained during the review month, although concerns remained regarding the deteriorating debt situation in both the United States and the Euro zone. Taking into consideration signs of softness in the developed markets, the International Monetary Fund (IMF), in the June edition of its World Economic Outlook (WEO), revised the growth forecast for the global economy in 2011 downwards by 0.1 of a percentage point to an estimated 4.3%.

In the United States, indications are that the economic recovery remained anaemic over the review month, following on revised estimates of annualized real GDP growth of 0.4% in the first quarter of 2011, a slowdown from the 2.3% increase recorded in the prior three-months. Despite the downturn in automobile manufacturing, linked to a disruption in the supply chain caused by Japan's earthquake, industrial production grew marginally by 0.2% in June, a reversal from the previous month's 0.1% decline; and retail sales edged up by 0.1%, following a 0.2% increase in May. Conditions in the housing market improved during the month, as housing starts and building permits increased on an annual basis, by 14.6% and 2.5%, respectively, over May. A sharp decline in the cost of gasoline led to average consumer prices softening by 0.2% during the review month vis-à-vis a similar increase in the prior period. However, labour market conditions remained challenging, as the unemployment rate rose by 0.1 of a percentage point to 9.2%. A mere 18,000 non-farm payroll jobs were added in June. In monetary policy developments, the Federal Reserve maintained its neutral monetary policy stance.

Economic activity in Europe stayed constrained in June, amid the ongoing fiscal challenges in the peripheral euro area countries. In the United Kingdom, real GDP edged up by 0.2% in the second quarter, following a 0.5% expansion in the prior period. Retail sales increased by 1.5% year-on-year in June, a turnaround from a 0.3% decline in May. In addition, the trade deficit expanded to £4.1 billion in May, from £3.1 billion in April, primarily due to a worsening in the goods deficit to £8.5 billion. For the three months to May, the inflation rate softened by 0.3 of a percentage point to 4.2%, amid a price reduction in the recreation and culture category. On the monetary front, despite inflation remaining well above the 2.0% target, the Bank of England left its main policy rate unchanged at 0.5% and maintained the stock of asset purchases at £200 billion.

Economic conditions in the Euro area remained fragile in June, as Greece struggled to finally pass austerity measures aimed at reducing its fiscal deficit and avoiding a default on its debt obligations, and concerns persisted about the potential for further contagion of the debt crisis to other larger economies. Industrial production rose by 0.1% in May, following a 0.2% increase in the previous month. However, subdued consumer demand translated into a 1.1% decline in the volume of retail trade on a monthly basis, reversing the 0.7% gain in April. The Euro area's external trade was in balance for May, in contrast to a €4.8 billion deficit in April, as the growth in exports offset the gain in imports. Annual inflation stabilized at 2.7% in June, reflecting higher energy costs, while the unemployment rate held steady at 9.9% in May. With regard

to monetary policy, the European Central Bank maintained its neutral policy stance in June, to support the ongoing recovery.

Asian economies continued to expand at a robust pace, with China achieving real output growth of 9.5% year-on-year in the second quarter, following a 9.7% advance in the prior three-month period. Sustained growth in domestic demand underpinned a consecutive monthly hike in retail sales for June of 1.4%, and the trade surplus rose to \$22.3 billion—the highest level in seven months—as a 17.9% expansion in exports outstripped a 19.3% advance in imports. Meanwhile, rising food prices continued to buoy the inflation rate, which firmed to a three-year peak of 6.4% in June from 5.5% in May, prompting the People's Bank of China to raise the reserve requirement ratio by 0.5 of a percentage point in June.

In Japan, industrial output rose by 6.2% in May, outpacing the previous month's 1.6% gain. During the same month, the unemployment rate fell by 0.2 of a percentage point to 4.5%, partially attributed to a decline in the number of job seekers; while consumer prices recorded a modest 0.1% rise. The Bank of Japan held its uncollateralized overnight call rate steady within the range of 0.0%-0.1% during June.

In the context of higher supply conditions, crude oil prices fell by 3.4% to \$110.82 per barrel in June. In particular, the International Energy Agency's (IEA's) decided to release oil from its strategic reserves, and OPEC increased crude oil production by 520,000 barrels per day to average 29.6 million barrels per day. With regard to precious metals, gold prices fell by 2.3% to \$1,500.35 per troy ounce, and the cost of silver declined by 9.9% to \$34.69 per troy ounce.

Amid the lingering debt concerns, several of the major stock indices weakened over the month. In the United States, the Dow Jones Industrial Average (DJIA) and the S&P 500 index fell by 1.2% and 2.2%, respectively. In Europe, France's CAC 40 moved lower by 0.6% and the United Kingdom's FTSE 100 decreased by 0.7%. In contrast, both the German and Asian markets bucked the downward trend, as Germany's DAX advanced by 1.1%, while Japan's Nikkei 225 index and China's SE Composite firmed by 1.3% and 0.7%, respectively.

In foreign currency markets, the US dollar depreciated against almost all of the major currencies during the month of June. The dollar declined against the Euro (by 0.7% to €0.6896) and the Canadian Dollar (by 0.5% to CND\$ 0.9634). Similarly, the dollar weakened relative to the Swiss Franc (by 1.6% to CHF0.8405), the Japanese Yen (by 1.2% to ¥80.56) and the Chinese Yuan (by 0.2% to CNY6.4639), but strengthened vis-à-vis the British Pound (by 2.5% to £0.6229).

### **3. Domestic Monetary Trends**

Monetary developments for the month of June featured a contraction in both liquidity and external reserves, reflecting in part, foreign currency remittances associated with a business entity's initial public offering (IPO) and other trend payments. However, the month-end levels of both external reserves and excess liquid assets - bank's broader measure of liquidity were a corresponding 24.4% and 39.8% in excess of the previous year's levels at \$1,071.4 million and \$902.0 million, respectively.

#### **June 2011 vs. 2010**

During the month, excess reserves and excess liquid assets declined by \$45.5 million and \$38.5 million, respectively, following contractions of \$51.4 million and \$47.9 million in the prior year.

External reserves moved lower by \$72.4 million in June, compared with the previous year's \$40.5 million falloff, reflecting an increase in the Central Bank's net foreign currency sale, by \$33.1 million to \$70.0 million. Specifically, the Bank's net sale to the public sector, relating mainly to fuel payments, expanded by \$23.8 million to \$32.7 million; and the Central Bank's net sale to commercial banks rose by \$9.4 million to \$37.3 million. Commercial banks, in turn, sold a net of \$32.4 million to their customers.

Growth in Bahamian dollar credit was higher by \$76.1 million during the review month, compared with \$51.7 million last year. Based on increased advances from commercial banks, the system's net claim on the Government grew by \$57.3 million, although below the year-earlier \$66.9 million gain. Credit to public corporations rose at a slightly higher \$1.7 million relative to 2010's \$1.2 million. In a turnaround from a \$16.4 million reduction in 2010, private sector credit advanced by \$17.2 million. Underpinning this outturn was a \$12.7 million expansion in commercial loans, which account for 11.7% of total credit, a reversal from the year-earlier contraction of \$31.3 million; while accretions to mortgages and consumer credit slowed, by \$7.7 million and \$2.7 million, to \$4.0 million and \$0.5 million, respectively.

A breakdown of consumer lending for the month of May—the latest data available—showed that the majority of the increase in credit was due to an expansion in debt consolidation loans, by \$10.0 million, with much lower gains for travel (\$0.4 million) and land purchases (\$0.3 million). However, net repayments were recorded for home improvement (\$1.9 million), education (\$0.5 million), credit cards (\$0.3 million) and loans for “miscellaneous” purposes (\$0.2 million).

In June, commercial banks' credit quality indicators registered some improvement, dominated by an institution's intensified efforts to both recover past due loan payments and restructure bad debts. Total private sector loan arrears declined by \$52.0 million (4.4%) to \$1,137.7 million, resulting in a corresponding reduction in the ratio of arrears to total private sector loans by 0.9 of a percentage points to 18.44%. The contraction in arrears was broad-based, as 31-90 day delinquencies fell by \$31.7 million (6.3%) to \$476.3 million, with the relevant loan ratio lowered by 54 basis points to 7.7%. Similarly, the non-performing component—which comprises arrears in excess of 90 days and on which banks have ceased accruing interest—narrowed by \$20.2 million to \$661.5 million, resulting in a 37 basis point softening in the corresponding ratio to 10.7%.

The contraction in total arrears was evident across all loan categories. Commercial loan delinquencies fell by \$36.5 million (12.9%) to \$247.1 million, with both the 31-90 day and non-performing segments declining by \$22.2 million (28.8%) and \$14.3 million (6.9%), respectively. Consumer loan delinquencies narrowed by \$11.6 million (4.2%) to \$261.7 million, explained by reductions both in short-term arrears (\$5.9 million or 5.0%) and a retrenchment in those in excess of 90 days (\$5.7 million or 3.6%). Further, mortgage delinquencies moved lower by \$3.9 million (0.6%) to \$628.9 million, attributed to a decrease in both the 31-90 day and non-performing components, by \$3.6 million (1.2%) and \$0.3 million (0.1%), respectively.

Given the moderate improvement in credit quality, banks decreased their provisions for loan losses by \$0.7 million (0.3%) to \$282.6 million in June. Notwithstanding, the decline in both arrears and non-performing loans resulted in the corresponding ratios rising, by 1.0 and 1.2 percentage points, to 24.8% and 42.7%, respectively. In addition, banks wrote-off approximately \$18.1 million in delinquent loans, had recoveries of \$2.4 million, and restructured an estimated \$40.3 million in private sector loans.

Total domestic foreign currency credit contracted by \$2.1 million in June, reversing the previous period's \$5.4 million gain. Underlying this development, credit to the private sector declined by \$2.0 million, in

contrast to a \$7.3 million build-up a year ago. Meanwhile, net claims on the Government recovered by \$1.1 million, following a year-earlier net repayment of \$1.9 million; while credit to the rest of the public sector was reduced by \$1.2 million, compared to a stable position in 2010.

Accruals to Bahamian dollar deposits narrowed by \$25.8 million to \$2.6 million, as a drawdown in demand deposits offset increases in both savings and fixed balances. Reflecting repatriation of proceeds from a business entity's local IPO, demand deposits fell by \$21.8 million, a turnaround from an \$11.9 million build-up in 2010. Conversely, accretions to savings and fixed deposits were higher by \$5.7 million and \$2.2 million at \$11.9 million and \$12.5 million, respectively.

In interest rate developments, the weighted average deposit rate at banks softened by 50 basis points to 2.62%, with the highest rate of 6.00% offered on fixed balances over 6 months, averaging in excess of \$1.0 million. In contrast, the weighted average loan rate firmed by 24 basis points to 11.28%.

### January – June 2011

During the first half of the year, both liquidity and external reserves rose robustly, owing to a combination of significant foreign currency inflows arising from Government's sale of a 51% stake in the Bahamas Telecommunications Company, a number of one-off tax revenue inflows and net receipts from real sector activities. Consequently, excess reserves grew by \$152.7 million, more than double 2010's \$69.2 million expansion. However, repatriation of a commercial bank's excess capital and IPO proceeds by a foreign owned company tempered the accretion to broader liquid assets, by \$52.8 million to \$88.6 million.

Growth in external reserves accelerated to \$210.3 million from \$36.2 million last year. This was evidenced in a boost in the Central Bank's net foreign currency purchase, by \$165.1 million to \$196.8 million, as transactions with the public sector were reversed to a net purchase of \$54.6 million from a \$143.4 million net sale a year earlier. In contrast, the Central Bank's net purchase from commercial banks decreased by \$32.9 million to \$142.2 million, reflecting in part a \$12.9 million reduction in their net intake from customers to \$174.0 million.

During the six month period, Bahamian dollar credit contracted by \$39.8 million, reversing a \$177.7 million accumulation in 2010. Buoyed by the utilisation of proceeds from a number of one-time transactions to reduce short-term liabilities, the banking system's net claim on the Government declined by \$74.0 million, following a \$238.0 million build-up a year earlier. Credit to the rest of the public sector also fell by \$2.8 million, in contrast to the prior year's \$15.3 million expansion. As economic conditions continued to improve, credit to the private sector rebounded by \$37.2 million, from last year's \$75.6 million falloff. This was primarily explained by a \$26.4 million recovery in commercial loans, from the \$55.6 million contraction a year ago. Further, growth in mortgages more than doubled to \$24.6 million from \$12.0 million; and the contraction in consumer credit was lower at \$13.8 million from \$32.0 million last year.

A further disaggregation of consumer lending for the first five months showed an almost flat position as repayments of \$530.7 million nearly matched new credit of \$530.5 million, with net declines in most of the categories. The most significant declines occurred for loans for "miscellaneous purposes" (\$17.2 million), credit cards (\$12.0 million), home improvement (\$7.5 million) and education (\$3.0 million). In a modest offset, debt consolidation loans—which include restructured loans—advanced by \$44.3 million and lending for land purchases grew marginally by \$0.6 million.

For the six months through June, there was a slight upturn in banks' credit quality indicators. Total private sector loan arrears narrowed by \$9.4 million (0.8%) to \$1,137.7 million, with the relevant ratio of arrears to total loans softening by 0.3 basis points to 18.4%. As the average age of delinquencies continued to lengthen, arrears in the 31-90 day segment fell by \$20.0 million (4.0%) to \$476.3 million, translating into a 37 basis points tapering in the attendant ratio to 7.7%. In contrast, non-performing loans rose by \$10.6 million (1.6%) to \$661.5 million, elevating the corresponding ratio by 11 basis points to 10.7%.

The moderation in total arrears was partly attributed to a \$12.2 million (4.5%) reduction in the consumer segment, to \$261.7 million, as the short-term and non-performing components fell by \$8.1 million (6.7%) and \$4.2 million (2.7%), respectively. Additionally, commercial arrears were lower by \$8.1 million (3.2%) at \$247.1 million, due to a matching falloff in 31-90 day delinquencies; while the non-performing segment was relatively unchanged. Conversely, mortgage delinquencies moved higher by \$11.0 million (1.8%) to \$628.9 million, as the \$14.9 million (4.9%) rise in arrears over 90 days offset the \$3.9 million (1.2%) decrease in the short term category.

Despite the lowering in arrears, banks raised their total provisions for loan losses by \$9.9 million (3.6%) to \$282.6 million. Consequently, the corresponding ratio of provisions to arrears rose by 1.1 percentage points to 24.8%, while the nonperforming ratio moved higher by 0.8 of a percentage point to 42.7%. Further, banks wrote-off an estimated \$74.3 million in delinquent loans and recovered an estimated \$14.2 million.

During the six-month period, domestic foreign currency credit contracted by \$146.3 million, vis-à-vis a \$2.0 million gain in 2010. A significant loan repayment by a tourism entity primarily explained the \$64.4 million decrease in private sector credit, which outpaced the \$2.3 million decline recorded in the previous year. The net claim on the Government also fell by a much higher \$67.9 million relative to \$0.4 million in the prior period, as proceeds from foreign currency related transactions were utilized to reduce outstanding loans. In addition, public corporations registered a net repayment of \$14.0 million, a turnaround from a \$4.7 million expansion a year earlier.

During the first half of 2010, Bahamian dollar deposits advanced by \$136.6 million, a slowdown from last years' \$189.9 million growth, as accretions to both fixed and demand balances moderated by \$31.0 million to \$56.1 million and \$28.3 million to \$57.1 million, respectively. In contrast, savings deposits expanded by \$23.3 million, outpacing the previous year's \$17.3 million build up.

#### **4. Outlook and Policy Implications**

Amid an improved outlook for tourism output and foreign investment activity, the recovery in the domestic economy is expected to be maintained over the remainder of the year. In tandem with these developments, conditions in the job market are likely to gradually improve, with the majority of the short-term gains evident in the construction sector. Domestic inflation is anticipated to remain benign, although the persistence of elevated international oil prices could exert upward pressure on domestic energy costs.

In the fiscal sector, the long-term sustainability of the overall deficit and corresponding debt indicators will depend heavily on the pace and broadening of the economic recovery, as well as the effectiveness of measures aimed at improving Government's revenue administration and increasing the tax yield.

On the monetary front, both liquidity and external reserves are poised to remain buoyant in the near term, in the context of a continuation of mild credit growth. Less sanguine, however, is the expected persistence

of high levels of banking sector loan arrears, amid unfavourable employment conditions and the current narrowness of the recovery. However, any related concerns from a financial stability perspective are muted, given domestic banks' high levels of capital.



# Recent Monetary and Credit Statistics

(B\$ Millions)

JUNE						
Value		Change		Change YTD		
2010	2011	2010	2011	2010	2011	

## 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	331.30	542.19	-51.44	-45.49	69.21	152.69
1.2 Excess Liquid Assets	645.27	901.95	-47.94	-38.45	141.42	88.63
1.3 External Reserves	861.53	1,071.36	-40.50	-72.39	36.15	210.31
1.4 Bank's Net Foreign Assets	-574.09	-545.04	39.44	3.19	92.12	122.62
1.5 Usable Reserves	468.82	570.77	-20.64	-40.65	9.95	136.36

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>6,467.48</b>	<b>6,486.05</b>	<b>-9.11</b>	<b>15.18</b>	<b>-77.95</b>	<b>-27.24</b>
a. B\$ Credit	6,044.11	6,178.33	-16.44	17.18	-75.62	37.18
of which: Consumer Credit	2,140.73	2,119.03	3.21	0.48	-31.98	-13.81
Mortgages	3,008.04	3,109.80	11.69	4.03	11.98	24.62
Commercial and Other Loans B\$	895.34	949.50	-31.34	12.68	-55.61	26.36
b. F/C Credit	423.38	307.72	7.33	-2.01	-2.33	-64.42
of which: Mortgages	102.42	131.16	3.02	-1.42	6.48	2.55
Commercial and Other Loans F/C	320.96	176.56	4.31	-0.59	-8.81	-66.97
<b>2.2 Central Government (net)</b>	<b>1,227.95</b>	<b>1,244.63</b>	<b>65.04</b>	<b>58.38</b>	<b>237.64</b>	<b>-141.87</b>
a. B\$ Loans & Securities	1,381.82	1,382.62	72.59	55.25	214.98	-76.69
Less Deposits	151.77	136.72	5.67	-2.00	-23.06	-2.68
b. F/C Loans & Securities	2.56	0.00	0.00	0.00	-1.15	-70.00
Less Deposits	4.67	1.27	1.89	-1.12	-0.75	-2.14
<b>2.3 Rest of Public Sector</b>	<b>386.07</b>	<b>384.32</b>	<b>1.21</b>	<b>0.47</b>	<b>19.96</b>	<b>-16.80</b>
a. B\$ Credit	96.63	111.17	1.21	1.65	15.26	-2.77
b. F/C Credit	289.45	273.15	0.00	-1.17	4.69	-14.04
<b>2.4 Total Domestic Credit</b>	<b>8,081.62</b>	<b>8,114.96</b>	<b>57.13</b>	<b>74.06</b>	<b>179.70</b>	<b>-186.15</b>
a. B\$ Domestic Credit	7,370.90	7,535.36	51.69	76.11	177.74	-39.83
b. F/C Domestic Credit	710.72	579.60	5.44	-2.06	1.97	-146.32

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	1,175.78	1,197.92	11.85	-21.82	85.39	57.14
a. Central Bank	12.20	4.09	3.06	-17.51	-0.41	-3.91
b. Banks	1,163.58	1,193.83	8.80	-4.31	85.80	61.05
3.2 Savings Deposits	1,012.12	1,039.36	6.26	11.92	17.31	23.29
3.3 Fixed Deposits	3,641.25	3,664.22	10.33	12.51	87.17	56.13
3.4 Total B\$ Deposits	5,829.15	5,901.50	28.44	2.61	189.87	136.56
3.5 F/C Deposits of Residents	216.74	228.05	5.09	4.17	-0.10	-24.02
<b>3.6 M2</b>	<b>6,013.05</b>	<b>6,089.19</b>	<b>30.43</b>	<b>0.83</b>	<b>175.43</b>	<b>130.22</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>14.33</b>	<b>17.59</b>	<b>-0.75</b>	<b>-1.19</b>	<b>0.19</b>	<b>3.14</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>113.54</b>	<b>109.24</b>	<b>1.93</b>	<b>-2.02</b>	<b>-4.59</b>	<b>5.62</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>109.45</b>	<b>106.68</b>	<b>0.21</b>	<b>-0.68</b>	<b>-2.77</b>	<b>6.46</b>
	Value		Year to Date		Change	
	2010	2011	2010	2011	Month	YTD

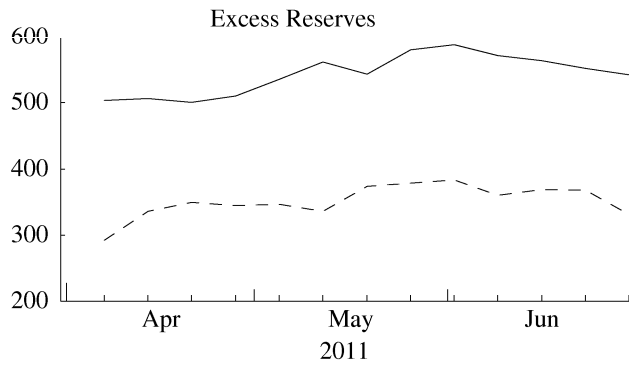
## 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>-36.90</b>	<b>-70.04</b>	<b>31.74</b>	<b>196.84</b>	<b>-33.14</b>	<b>165.10</b>
a. Net Purchase/(Sale) from/to Banks	-27.99	-37.34	175.13	142.20	-9.35	-32.92
i. Sales to Banks	54.62	65.03	120.26	169.93	10.41	49.67
ii. Purchases from Banks	26.63	27.69	295.38	312.13	1.06	16.75
b. Net Purchase/(Sale) from/to Others	-8.91	-32.70	-143.38	54.64	-23.79	198.02
i. Sales to Others	37.31	50.35	255.22	370.21	13.04	114.99
ii. Purchases from Others	28.40	17.65	111.84	424.85	-10.75	313.01
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>-33.56</b>	<b>-32.43</b>	<b>186.94</b>	<b>174.01</b>	<b>1.13</b>	<b>-12.93</b>
a. Sales to Customers	290.64	318.03	1,597.74	1,791.17	27.39	193.42
b. Purchases from Customers	257.08	285.60	1,784.68	1,965.18	28.52	180.49
<b>4.3 B\$ Position (change)</b>	<b>-10.41</b>	<b>-15.95</b>				

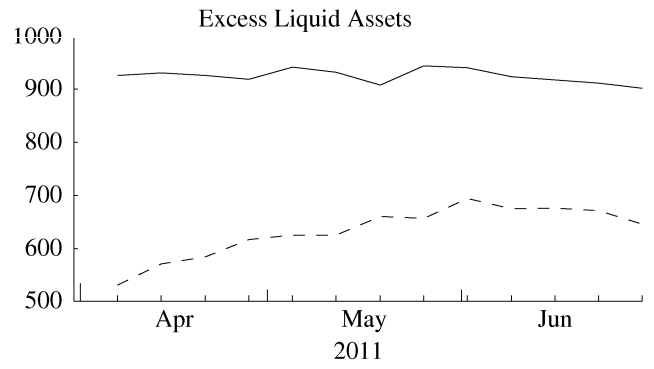
## 5.0 EXCHANGE CONTROL SALES

<b>5.1 Current Items</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>of which Public Sector</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
a. Nonoil Imports	0.00	0.00	0.00	0.00	0.00	0.00
b. Oil Imports	0.00	0.00	0.00	0.00	0.00	0.00
c. Travel	0.00	0.00	0.00	0.00	0.00	0.00
d. Factor Income	0.00	0.00	0.00	0.00	0.00	0.00
e. Transfers	0.00	0.00	0.00	0.00	0.00	0.00
f. Other Current Items	0.00	0.00	0.00	0.00	0.00	0.00
<b>5.2 Capital Items</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>of which Public Sector</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>5.3 Bank Remittances</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

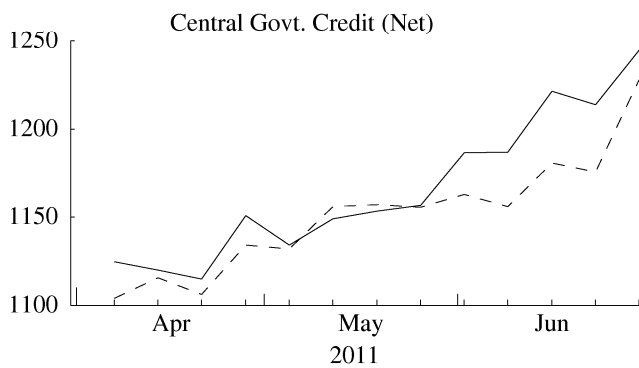
## SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



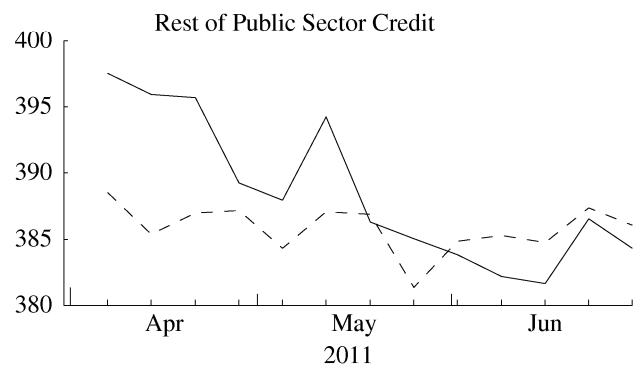
— 2011  
- - - 2010



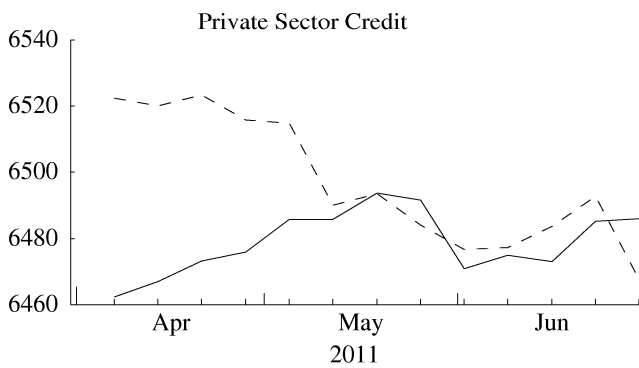
— 2011  
- - - 2010



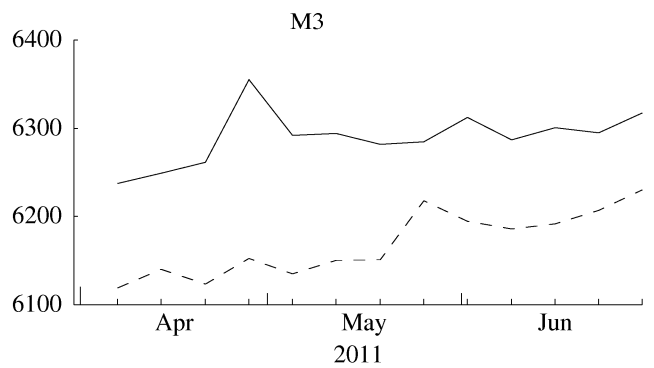
— 2011  
- - - 2010



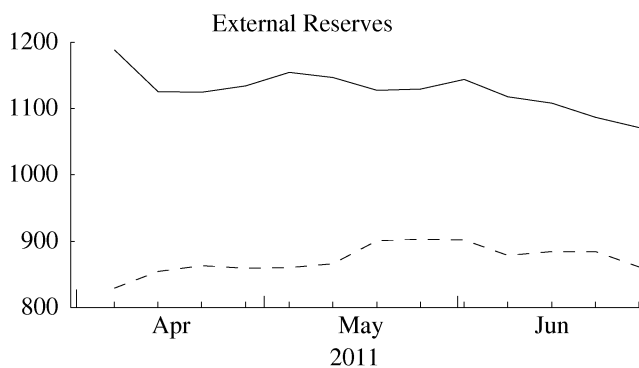
— 2011  
- - - 2010



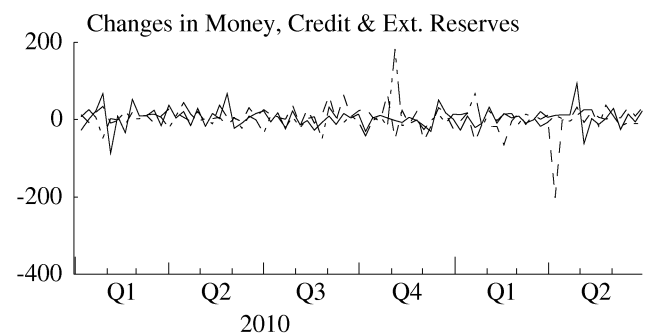
— 2011  
- - - 2010



— 2011  
- - - 2010



— 2011  
- - - 2010



— M3  
- - - Domestic Credit  
- · - · External Reserves

## Selected International Statistics

<b>A: Selected Macroeconomic Projections</b> (Annual % Change and % of labor force)						
	Real GDP		Inflation Rate		Unemployment	
	2010	2011	2010	2011	2010	2011
Bahamas	0.5	1.3	1.7	2.0	n/a	n/a
United States	2.8	2.8	1.6	2.2	9.6	8.5
Euro-Area	1.7	1.6	1.6	2.3	10.0	9.9
<i>Germany</i>	<i>3.5</i>	<i>2.5</i>	<i>1.2</i>	<i>2.2</i>	<i>6.9</i>	<i>6.6</i>
Japan	3.9	1.4	-0.7	0.2	5.1	4.9
China	10.3	9.6	3.3	5.0	4.1	4.0
United Kingdom	1.3	1.7	3.3	4.2	7.8	7.8
Canada	3.1	2.8	1.8	2.2	8.0	7.6
<i>Source: IMF World Economic Outlook, April 2011</i>						

<b>B: Official Interest Rates – Selected Countries (%)</b>					
<i>With effect</i>  <i>from</i>	CBOB	ECB (EU)	Federal Reserve (US)		Bank of England
	Bank Rate	Refinancing Rate	Primary Credit Rate	Target Funds Rate	Repo Rate
April 2009	5.25	1.25	0.50	0.00-0.25	0.50
May 2009	5.25	1.00	0.50	0.00-0.25	0.50
June 2009	5.25	1.00	0.50	0.00-0.25	0.50
July 2009	5.25	1.00	0.50	0.00-0.25	0.50
August 2009	5.25	1.00	0.50	0.00-0.25	0.50
September 2009	5.25	1.00	0.50	0.00-0.25	0.50
October 2009	5.25	1.00	0.50	0.00-0.25	0.50
November 2009	5.25	1.00	0.50	0.00-0.25	0.50
December 2009	5.25	1.00	0.50	0.00-0.25	0.50
January 2010	5.25	1.00	0.50	0.00-0.25	0.50
February 2010	5.25	1.00	0.75	0.00-0.25	0.50
March 2010	5.25	1.00	0.75	0.00-0.25	0.50
April 2010	5.25	1.00	0.75	0.00-0.25	0.50
May 2010	5.25	1.00	0.75	0.00-0.25	0.50
June 2010	5.25	1.00	0.75	0.00-0.25	0.50
July 2010	5.25	1.00	0.75	0.00-0.25	0.50
August 2010	5.25	1.00	0.75	0.00-0.25	0.50
September 2010	5.25	1.00	0.75	0.00-0.25	0.50
October 2010	5.25	1.00	0.75	0-0.25	0.50
November 2010	5.25	1.00	0.75	0-0.25	0.50
December 2010	5.25	1.00	0.75	0-0.25	0.50
January 2011	5.25	1.00	0.75	0-0.25	0.50
February 2011	5.25	1.00	0.75	0-0.25	0.50
March 2011	5.25	1.00	0.75	0-0.25	0.50
April 2011	5.25	1.25	0.75	0-0.25	0.50
May 2011	5.25	1.25	0.75	0-0.25	0.50
June 2011	4.50	1.25	0.75	0-0.25	0.50

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	Jun-10	May-11	Jun-11	Mthly % Change	YTD % Change	12-Mth % Change
Euro	0.8172	0.6946	0.6896	-0.72	-7.69	-15.62
Yen	88.44	81.52	80.56	-1.18	-0.74	-8.91
Pound	0.6691	0.6080	0.6229	2.46	-2.75	-6.90
Canadian \$	1.0638	0.9686	0.9634	-0.54	-3.50	-9.44
Swiss Franc	1.0774	0.8539	0.8405	-1.57	-10.07	-21.99
Renminbi	6.7814	6.4792	6.4639	-0.24	-1.91	-4.68

*Source: Bloomberg as of June 30, 2011*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	June 2010	May 2011	June 2011	Mthly % Change	YTD % Change
Gold / Ounce	1242.25	1535.80	1500.35	-2.31	5.60
Silver / Ounce	18.62	38.52	34.69	-9.94	12.20
Oil / Barrel	75.70	114.76	110.82	-3.43	18.54

*Source: Bloomberg as of June 30, 2011*

<b>E. Equity Market Valuations – June 30, 2011 (%chg)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-1.17	-1.24	-2.21	-0.74	-0.62	1.13	1.26	0.68
3 month	-4.26	0.77	-0.78	0.63	-0.17	4.76	0.63	-5.67
YTD	-5.93	7.23	4.60	0.78	4.66	6.68	-4.04	-1.64
12-month	-6.26	27.01	27.63	20.92	15.66	23.65	4.62	15.16

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
<b>o/n</b>	0.05	0.40	0.40
<b>1 Month</b>	0.08	0.50	1.20
<b>3 Month</b>	0.19	0.77	1.51
<b>6 Month</b>	0.38	1.06	1.77
<b>9 Month</b>	0.54	1.32	1.97
<b>1 year</b>	0.71	1.54	2.16

*Source: Bloomberg as of June 30, 2011*

# SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

	VALUE												CHANGE					
	May. 04	May. 11	May. 18	May. 25	Jun. 01	Jun. 08	Jun. 15	Jun. 22	Jun. 29	May. 04	May. 11	May. 18	May. 25	Jun. 01	Jun. 08	Jun. 15	Jun. 22	Jun. 29
<b>I. External Reserves</b>	1,154.37	1,146.02	1,127.05	1,128.85	1,143.75	1,117.13	1,108.03	1,086.81	1,071.36	20.06	-8.35	-18.97	1.79	14.91	-26.63	-9.10	-21.22	-15.45
<b>II. Net Domestic Assets (A + B + C + D)</b>	-368.95	-335.18	-334.35	-299.35	-304.96	-295.71	-294.14	-284.73	-278.05	6.92	33.77	0.82	35.00	-5.61	9.25	1.57	9.41	6.68
<b>A. Net Credit to Gov<sup>t</sup>(i + ii + iii - iv)</b>	113.45	143.39	149.55	185.04	197.92	196.31	195.80	195.81	206.08	-0.47	29.93	6.16	35.49	12.88	-1.61	-0.51	0.01	10.27
i) Advances	63.99	63.99	63.99	63.99	63.99	63.99	63.99	63.99	73.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00
ii) Registered Stock	148.89	149.95	149.24	149.10	148.73	148.62	148.55	148.30	148.18	-0.16	1.05	-0.71	-0.14	-0.37	-0.11	-0.07	-0.25	-0.12
iii) Treasury Bills	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
iv) Deposits	99.43	70.55	63.68	28.04	14.80	16.30	16.74	16.48	16.09	0.31	-28.88	-6.87	-35.63	-13.24	1.50	0.44	-0.26	-0.39
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-7.88	-9.98	-9.71	-11.70	-16.05	-15.22	-12.55	-7.13	1.46	-1.59	-2.11	0.27	-1.99	-4.35	0.83	2.67	5.42	8.59
i) BDB Loans	5.55	5.55	5.55	5.55	5.55	5.55	5.55	5.55	5.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii) BMC Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
iii) Deposits	13.43	15.53	15.26	17.25	21.60	20.77	18.10	12.68	4.09	1.59	2.11	-0.27	1.99	4.35	-0.83	-2.67	-5.42	-8.59
<b>C. Loans to/Deposits with Banks</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>D. Other Items (Net)**</b>	-474.52	-468.58	-474.19	-472.69	-486.82	-476.80	-477.38	-473.41	-485.59	8.97	5.94	-5.61	1.49	-14.13	10.03	-0.58	3.97	-12.18
<b>III. Monetary Base</b>	785.42	810.85	792.70	829.50	838.80	821.42	813.89	802.08	793.31	26.98	25.42	-18.14	36.79	9.30	-17.38	-7.52	-11.81	-8.77
A. Currency in Circulation	99.63	100.01	93.60	94.79	91.58	99.97	97.48	93.96	88.60	7.85	0.38	-6.42	1.19	-3.21	8.39	-2.49	-3.52	-5.36
B. Bank Balances with CBOB	685.79	710.83	699.10	734.70	747.21	721.45	716.41	708.12	704.70	19.13	25.04	-11.73	35.60	12.51	-25.77	-5.03	-8.29	-3.42

\* Includes capital, provisions and surplus account, fixed and other assets, and other demand liabilities of Bank

# FISCAL/REAL SECTOR INDICATORS

(B\$ MILLIONS)

(% change represents current month from previous month)

	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE		
	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	
<b>Fiscal Operations:</b>																											
1. Government Revenue & Grants	1002	902.2	87.6	83.0	80.0	81.9	127.4	88.0	140.2	113.3	112.1	93.5	110.8	111.6	138.7	99.6	125.2	96.2	119.8	107.8	120.2	1154.9	1268.0				
%change	-17.17%	-38.91%	-12.50%	3.20%	-8.68%	-6.86%	59.27%	-5.44%	10.04%	38.26%	-1.08%	-33.32%	18.35%	0.67%	-25.20%	-10.71%	-9.73%	-3.40%	-4.35%	12.02%	0.31%	-3.80%	9.79%				
2. Import/Excise Duties	53.6	41.3	42.1	49.3	44.3	45.4	43.1	45.7	40.6	48.2	38.8	38.8	43.0	43.2	41.8	45.3	49.4	42.6	50.2	42.2	46.0	478.8	506.3				
%change	0.68%	-28.89%	-2.14%	19.37%	-5.26%	-7.36%	-2.91%	7.36%	-5.69%	8.48%	-4.48%	2.63%	10.85%	0.48%	11.41%	4.29%	18.20%	-5.97%	1.61%	-0.77%	-8.36%	-6.25%	5.74%				
3. Recurrent Expenditure	115.1	110.2	95.8	103.1	108.9	117.5	117.7	117.5	119.8	123.4	108.6	115.3	121.0	111.5	121.7	118.3	119.8	127.2	119.1	123.7	132.0	1267.6	1301.9				
%change	-30.83%	-14.03%	-16.72%	-6.46%	13.65%	14.01%	8.09%	-0.02%	1.81%	5.00%	-9.37%	-6.52%	11.39%	-7.88%	-0.49%	6.09%	-1.54%	7.56%	-0.55%	-2.77%	10.79%	0.90%	2.70%				
4. Capital Expenditure	5.2	9.7	11.7	18.5	20.6	18.3	18.8	8.6	10.3	12.6	13.8	15.5	9.9	8.6	9.4	14.8	26.3	8.5	12.1	6.2	15.5	128.3	157.4				
%change	-82.14%	-65.79%	127.85%	90.36%	75.36%	-53.68%	-8.97%	112.86%	-45.09%	-31.17%	34.22%	23.03%	-28.01%	-13.22%	-14.30%	72.48%	176.23%	-42.47%	-54.15%	-27.06%	28.39%	14.66%	22.66%				
5. Deficit/Surplus*	-85.22%	-32.2	-25.2	-31.3	-54.4	-41.1	-43.0	-62.6	4.3	-25.6	-37.5	-21.4	-24.1	-15.7	4.5	-37.0	-26.0	-47.2	-16.1	-26.0	-31.1	-327.0	-236.9				
%change	159.59%	18.61%	-2.64%	-2.64%	11.6022%	31.43%	-20.93%	52.23%	-110.03%	-59.20%	-97.012%	-16.28%	-35.68%	-34.83%	-90.20%	135.00%	-677.24%	27.64%	-37.90%	-44.90%	92.52%	49.13%	-27.53%				

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC		YEAR TO DATE		
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	
<b>Debt, **</b>																											
6. Total Debt	3,320.4	3,739.4	3,304.4	3,739.8	3,303.5	3,740.8	3,349.6	3,604.5	3,397.4	3,546.5	3,400.9	3,541.5	3,400.9	3,541.5	3,397.4	3,546.5	3,400.9	3,541.5	3,397.4	3,546.5	3,400.9	3,541.5	3,400.9	3,541.5	3,400.9	3,541.5	
%change	0.00%	0.98%	-0.48%	0.01%	-0.03%	0.03%	1.40%	-3.64%	1.43%	-1.61%	0.10%	-0.14%	0.10%	-0.14%	1.43%	-1.61%	0.10%	-0.14%	1.43%	-1.61%	0.10%	-0.14%	0.10%	-0.14%	0.10%	-0.14%	
7. External Debt	703.1	746.9	703.1	747.3	702.2	748.3	699.5	745.1	707.3	745.1	707.5	745.1	707.5	745.1	707.3	745.1	707.5	745.1	707.3	745.1	707.5	745.1	707.5	745.1	707.5	745.1	
%change	0.00%	5.10%	0.00%	0.04%	-0.13%	0.14%	-0.38%	-0.43%	1.11%	0.00%	0.03%	0.00%	0.03%	0.00%	1.11%	0.00%	0.03%	-0.43%	1.11%	0.00%	0.03%	0.00%	0.03%	0.00%	0.03%	0.00%	
8. Internal F/C Debt	1.8	70.0	1.8	70.0	1.8	70.0	0.9	-	0.9	-	0.9	-	0.9	-	0.9	-	0.9	-	0.9	-	0.9	-	0.9	-	0.9	-	
%change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-50.00%	-100.00%	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	
9. Bahamian Dollar Debt	2,615.5	2,922.5	2,599.5	2,922.5	2,599.5	2,922.5	2,649.2	2,889.5	2,689.2	2,801.5	2,682.5	2,796.5	2,682.5	2,796.5	2,689.2	2,801.5	2,682.5	2,796.5	2,689.2	2,801.5	2,682.5	2,796.5	2,682.5	2,796.5	2,682.5	2,796.5	
%change	0.00%	0.00%	-0.61%	0.00%	0.00%	0.00%	1.91%	-2.16%	1.51%	-2.03%	0.12%	-0.18%	0.12%	-0.18%	1.51%	-2.03%	0.12%	-0.18%	1.51%	-2.03%	0.12%	-0.18%	0.12%	-0.18%	0.12%	-0.18%	
10. Total Amortization	0.1	0.2	16.0	-	0.9	0.9	136.2	1,484.89%	-	56.0	14.01	15.0	14.01	15.0	-	56.0	14.01	15.0	-	56.0	14.01	15.0	14.01	15.0	14.01	15.0	
%change	847.27%	212.77%	1491.23%	-100.00%	-94.30%	0.00%	1391.71%	1484.89%	-100.00%	-57.43%	14.01	15.0	14.01	15.0	-	56.0	14.01	15.0	-	56.0	14.01	15.0	14.01	15.0	14.01	15.0	

11. Total Public Sector F/C Debt	
2010	1,186.5
2011	1,415.2
%change	-0.26%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC		YEAR TO DATE		
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	
<b>Real Sector Indicators</b>																											
12. Retail Price Index	100.0	102.1	100.0	102.4	100.1	103.1	100.5	103.6	100.5	104.1	100.7	104.1	100.7	104.1	100.5	104.1	100.7	104.1	100.5	104.1	100.7	104.1	100.7	104.1	100.7	104.1	
%change; over previous month	-1.94%	3.39%	0.01%	0.31%	0.12%	0.71%	0.35%	0.46%	0.00%	0.4%	0.4%	0.4%	0.4%	0.00%	0.4%	0.4%	0.4%	0.00%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	
13. Tourist arrivals (000's)	424.0	487.4	419.2	484.8	539.7	555.4	469.2	539.3	469.2	539.3	469.2	539.3	469.2	539.3	469.2	539.3	469.2	539.3	469.2	539.3	469.2	539.3	469.2	539.3	469.2	539.3	
%change; over previous year	13.70%	14.95%	-13.99%	15.65%	15.80%	2.91%	13.14%	14.94%	15.80%	2.91%	13.14%	14.94%	15.80%	2.91%	13.14%	14.94%	15.80%	2.91%	13.14%	14.94%	15.80%	2.91%	13.14%	14.94%	15.80%	2.91%	
14. Air arrivals (000's)	91.7	81.3	103.0	99.1	149.4	140.3	125.0	129.1	149.4	140.3	125.0	129.1	149.4	140.3	125.0	129.1	149.4	140.3	125.0	129.1	149.4	140.3	125.0	129.1	149.4	140.3	
%change; over previous year	-172.1%	-11.30%	26.63%	-3.80%	11.97%	-6.12%	-4.76%	3.26%	11.97%	-6.12%	-4.76%	3.26%	11.97%	-6.12%	-4.76%	3.26%	11.97%	-6.12%	-4.76%	3.26%	11.97%	-6.12%	-4.76%	3.26%	11.97%	-6.12%	
15. Occupied Room Nights																											
%change; over previous year																											
16. Res. Mortgage Commitments-New Const.																											
%change; over previous qtr.																											

\* Includes Net Lending to Public Corporations  
 \*\* Debt figures pertain to central government only unless otherwise indicated  
 P = provisional  
 Annual % T-D Retail Price Index are averages.