



Monthly Economic and Financial Developments June 2012

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:

2012: September 3, October 1, October 29, December 3, December 24.

Monthly Economic and Financial Developments

June 2012

1. Domestic Economic Developments

Preliminary indications are that the domestic economy maintained a mild growth momentum during the review month, supported by gains in tourism sector output, alongside ongoing public sector and foreign investment-led construction activity. Inflation remained modestly above the prior year's level, although the recent declines in global oil prices softened domestic fuel costs in June. In the fiscal sector, the overall deficit deteriorated over the ten months to April, as higher expenditures outpaced an increase in revenues. Monetary developments featured a modest expansion in bank liquidity, which remained at record levels, and a slight uptick in external reserves.

Initial reports suggest steady improvement in tourism output in June, sustained by growth in the high value-added group segment of the market, increased airlift from several destinations in the eastern United States and Latin America, and ongoing public/private sector incentive programmes. Preliminary information from a sample of hotels in Nassau and Paradise Island showed room revenues firming in June, by 8.3%, as the 9.0 percentage point advance in occupancy rates to 77.7% compensated for the 3.8% contraction in average daily room rates (ADRs) to \$228.04. Similar trends were noted over the half year, as gains in occupancy rates, by 6.1 percentage points, to 73.3%, countered declines in ADRs, by 2.5%, to \$245.96, to secure a 7.0% hike in room receipts. In comparison with 2008, current occupancy rates are trending above their pre-recession levels; however, increased competition from other destinations, alongside the sluggish growth trends in key markets, has lowered ADRs, to negatively impact overall earnings.

Domestic inflation firmed by 1.2 percentage points, to 3.1%, over the twelve-months to May 2012. This outturn, reflected significant growth in transportation costs, which firmed by 7.0% compared to a 5.2% advance a year-earlier. More modest inflation rates were recorded for furnishing, household equipment & maintenance, housing and related expenses—the largest component of the Index—and restaurant & hotels, of 3.8%, 3.3% and 3.1%, respectively, while most of the remaining categories recorded price gains of under 3.0%.

Reflective of the recent modest decline in international crude oil prices, average domestic energy costs contracted in June. Specifically, the price of both gasoline and diesel fell, by 4.7% and 2.8%, on a monthly basis, to \$5.52 and \$5.24 per gallon, but grew marginally by 0.5% and 4.0% year-on-year, respectively. Similarly, the Bahamas Electricity Corporation's fuel charge decreased by 2.9% to 26.97¢ per kilowatt hour (kWh) in June, although exceeding the previous year by 18.5%.

The overall fiscal deficit for the ten months to April widened by \$55.6 million (27.0%), in comparison to the corresponding period of FY2010/11, as total outlays firmed by \$110.0 million (8.1%) to \$1,463.8 million, outpacing a \$54.4 million (4.7%) gain in revenues to \$1,202.3 million. Tax collections grew by \$17.0 million (1.6%) to \$1,062.9 million, reflecting mainly an increase in international trade taxes, by \$114.0 million (23.6%), as the receipt of arrears payments by a public corporation led to a 71.0% surge in excise taxes. Similarly, a timing-related advance in license fees contributed to growth in business & professional fees, by \$4.7 million (5.2%). In a modest offset, other "miscellaneous" tax collections fell by \$89.5 million (20.7%) to \$343.0 million, following the prior period's extraordinary boost of stamp taxes, related to the sale of a local oil company. In contrast, non-tax receipts improved by 36.8% (\$37.5 million) to \$139.4 million, supported

primarily by one-off capital revenues related to an asset sale. On the spending side, current outlays rose by \$40.3 million (3.5%), led by a \$46.8 million (20.3%) hike in purchases of goods and services and a more muted \$13.6 million (3.0%) increase in wages & salaries. In contrast, transfer payments fell by \$20.1 million (4.2%), due to contractions in both interest payments and subsidies by 8.1% and 2.1%, respectively. Capital outlays firmed by \$22.0 million (15.5%) to \$163.9 million, owing mainly to a \$14.8 million (12.8%) rise in infrastructure spending and a \$6.9 million (29.7%) increase in asset acquisitions. In addition, increased assistance to public corporations led to a doubling in net lending, to \$89.6 million.

2. International Developments

Citing the prolonged weakness in the euro area's economy as a result of the unfolding debt crisis, along with signs of a slowdown in several emerging markets, the International Monetary Fund (IMF) lowered its forecast for global growth, to 3.5% in 2012, compared to expansions of 3.9% and 5.3% in 2011 and 2010, respectively. Faced with further softening in economic conditions, most major central banks either maintained or expanded their accommodative monetary policy measures.

In the United States, the economic recovery showed signs of weakness, as the expansion in real GDP slowed by 0.6 of a percentage point, to 1.5% in the second quarter, compared to the previous period, due to reduced growth in personal spending—the largest component—and an uptick in imports. Retail sales narrowed on a monthly basis, by 0.5% in June, while consumer confidence fell by 2.4 points to 62.0. Real estate market developments were mixed, with housing starts and completions firming by 6.9% and 2.6%, respectively; however, building permits narrowed by 3.7% over the previous month. Consumer price inflation stabilised at 1.7% in June, amid a reduction in energy costs, which offset the rise in food prices. Conditions in the labour market remained challenging, as the 64,000 gain in non-farm payrolls was countered by a contraction in the number of discouraged workers, to leave the unemployment rate unchanged, at 8.2%. In monetary developments, the Federal Reserve continued its “quantitative easing” programme, and kept its bank rate within the 0.00%-0.25% range.

European economies continued to be weighed down by the sovereign debt crisis plaguing several countries within the region, and mounting fears of potential contagion to other states. However, there were modest signs of improvement in the United Kingdom, where increased output within the transport equipment, food, drink and tobacco industries supported a 1.2% gain in manufacturing output over the month of May. In the external sector, the UK trade deficit contracted by £1.4 billion to £2.7 billion over the previous month, owing mainly to a similar decline in the goods deficit to £8.4 billion. Labour market conditions improved during the three months to May, as the number of unemployed persons fell by 65,000, pushing the jobless rate down by 0.2 of a percentage point to 8.1%. Lower costs for clothing & footwear, transport and food & non-alcoholic beverages supported a reduction in the annual inflation rate, to 2.4% in June from 2.8% a month earlier. With inflation on a downward trajectory, the Bank of England left its key bank rate at 0.5% and maintained its £325.0 billion asset purchase programme, in a bid to encourage economic growth.

Economic conditions in the euro area remained relatively subdued, as the region's leaders continued to implement measures aimed at reducing fiscal deficits and the corresponding debt indicators in adversely affected countries, while also ensuring the stability of the region's banks. In this environment, the unemployment rate firmed by 10 basis points to 11.1% in May, as jobless rates in Spain and Greece continued to exceed 20.0%. However, supported by a modest rise in goods production, which offset a reduction in energy sector output, the industrial sector grew marginally by 0.6% in May, a turnaround from a 1.1% decrease in the prior month. In addition, retail sales firmed by 0.6%, after declining by 1.4% in April.

In external sector developments, the goods surplus widened from €3.7 billion to €6.9 billion in May, reflecting a 0.9% falloff in imports and a 0.3% gain in exports. Annual inflation held steady at 2.4% in June, as higher prices for alcohol, tobacco and transport offset declines in communication costs. Given the lacklustre economic climate, the European Central Bank continued its accommodative monetary policy stance, keeping interest rates at historic lows.

Indications are that Asia's growth momentum slowed modestly during the review period, due in part to weakness in the region's major export markets and softening domestic demand. In particular, China's real output growth tapered to 7.6% year-on-year in the second quarter from an 8.1% advance in the prior three-month period—the slowest pace in three (3) years. In contrast, a rise in output in the automobile, chemical materials, electric machinery and textile industries supported a 9.5% increase in industrial production year-on-year in June, after a 9.6% gain in the previous month. Retail sales also grew by 13.7%, although one percentage point less than May's expansion. In addition, the trade surplus expanded to \$31.7 billion in June, as the increase in exports outweighed the growth in imports. With consumer demand pressures continuing to moderate, inflation narrowed to an annualized 2.2% in June from 3.0% a month earlier, reflecting declines in transportation and communication costs. In an effort to spur economic activity, the People's Bank of China reduced its one-year benchmark deposit and loan interest rates, by 0.25 percentage points each.

Reflecting softness in major export markets, industrial output in Japan fell on a monthly basis by 3.1% in May, exceeding the 0.2% decline in the prior period. In contrast, retail sales grew by 0.7% over the month vis-à-vis a 0.3% falloff in April. Labour market conditions improved modestly, as the unemployment rate declined by 0.2 of a percentage point to 4.4%, while lower costs for furniture, transportation and communication, resulted in consumer prices softening by 0.3% in May. In this environment, the Bank of Japan held its uncollateralized overnight call rate steady, within the range of 0.0% to 0.1%, in June.

Amid the ongoing uncertainty regarding the euro area debt crisis, combined with weakness in global demand, crude oil prices decreased below \$100 per barrel for the first time in 18 months. Specifically, oil prices fell sharply by 11.5% to \$92.53 per barrel in June, despite a contraction in OPEC's crude oil production by approximately 106,000 barrels per day, to average 31.4 million barrels per day. With regard to precious metals, the price of gold rose by 2.4% to \$1,597.45 per troy ounce; however, silver costs fell by 0.7%, to \$27.50 per troy ounce.

Despite concerns over the challenges facing the euro area's economies, positive sentiments over the potential for further central bank intervention worldwide supported gains in several equity market indices. In the United States, the Dow Jones Industrial Average (DJIA) and the S&P 500 indices firmed by 3.9% and 3.5%, respectively. All of the major European indices also rallied in June, as the United Kingdom's FTSE 100, France's CAC 40 and Germany's DAX advanced by 4.7%, 6.0%, and 2.4%, respectively. In contrast, Asian bourses were mixed, with Japan's Nikkei 225 index growing by 5.4%, while China's SE Composite slumped by a further 6.2%, following the previous month's 1.0% contraction.

In foreign currency markets, investors increased risk tolerance led to the US Dollar depreciating against most of the major currencies during the review month. The Dollar weakened by 2.4% against both the euro and Swiss Franc, to €0.7895 and CHF0.9484, respectively, and by 1.9% vis-à-vis the British pound to £0.6367. Similarly, the Dollar declined by 1.6% relative to the Canadian dollar, to CND\$1.0166. In contrast, Asian currencies moved in different directions, as the Dollar declined against the Chinese Yuan by

0.2% to CNY6.3551, but strengthened relative to the Japanese Yen—another “safe haven” currency—by 1.9%, to ¥79.79.

3. Domestic Monetary Trends

June 2012 vs. 2011

Bank liquidity firmed modestly in June and external reserves rose marginally, in comparison to a contraction in 2011. Reflecting these developments, banks’ excess reserves and excess liquid assets advanced by \$38.0 million and \$37.0 million, relative to year-earlier respective declines of \$45.5 million and \$38.5 million.

External reserves grew slightly, by \$1.1 million, to \$953.4 million during June, in comparison to a sharp \$72.4 million contraction in 2011, when a business entity remitted funds received from its initial public offering. In the underlying transactions, the Bank purchased a net of \$5.0 million in foreign currency from customers, in contrast to a net sale of \$70.0 million a year-earlier, as transactions with commercial banks reversed to a net purchase of \$37.0 million, from the previous year’s net sale of similar magnitude. The latter was supported by commercial banks’ net purchase of \$21.0 million from their customers, following a year-earlier net sale of \$32.4 million. The Bank also had a marginal \$0.7 million decline in its net sale to the public sector, to \$32.0 million, utilized mainly for fuel imports.

Bahamian dollar credit growth slowed significantly, by \$58.5 million to \$17.6 million. This was largely attributed to an \$18.9 million contraction in credit to public corporations, following a slight \$1.7 million increase in 2011. Recourse to short-term advances from the banking system, elevated net credit to the Government by \$30.9 million, vis-à-vis a \$57.3 million increase in 2011, whereas the continued softness in consumer demand constrained private sector credit growth, to \$5.6 million from \$17.2 million in 2011. A breakdown of private sector credit showed accretions to commercial loans and mortgages slowing, by \$8.9 million and \$2.9 million, to \$3.8 million and \$1.2 million, respectively, while the gain in the consumer credit component remained below \$1.0 million.

Banks’ credit quality indicators improved modestly in June, due mainly to a contraction in the delinquencies of one (1) entity. Total private sector loan arrears declined by \$25.0 million (2.1%), to \$1,184.4 million, resulting in a 38 basis point narrowing in the corresponding ratio of arrears to total loans, to 19.0%. An analysis of the average age of arrears showed that delinquencies in the short-term (31-90 day) segment fell by \$18.1 million (4.9%) to \$352.4 million, with the attendant ratio decreasing by 28 basis points to 5.6%. Similarly, the non-performing component—loans in excess of 90 days and on which banks have stopped accruing interest—moved lower by \$7.0 million (0.8%) to \$832.1 million, for a 10 basis point softening in the loan ratio to 13.3%.

In terms of the components, the reduction in arrears was led by a \$38.1 million (12.7%) contraction in commercial delinquencies, to \$262.6 million, attributed to decreases in both the short-term and non-accrual categories, of \$31.6 million (34.9%) and \$6.5 million (3.1%), respectively. Similarly, consumer loan arrears fell by \$3.6 million (1.4%) to \$261.1 million, with 31-90 day delinquencies, lower by \$2.2 million (2.3%), and arrears in excess of 90 days falling, by \$1.5 million (0.9%). In contrast, mortgage arrears rose by \$16.8 million (2.6%), as both the short-term and non-performing segments recorded respective increases of \$15.7 million (8.5%) and \$1.1 million (0.2%).

To address credit quality issues, banks increased their provisions for loan losses, by \$2.5 million (0.7%) to \$346.9 million—the bulk of which related to specific provisions (\$2.2 million) and the remainder general

provisions (\$0.3 million). Consequently, the respective ratios of total provisions to arrears and non-performing loans widened by 81 basis points to 29.3% and by 65 basis points to 41.7%. Additionally, banks wrote-off an estimated \$18.0 million in bad debts, while recoveries totalled \$3.8 million.

In June, total domestic foreign currency credit contracted by \$51.0 million, outpacing 2011's \$2.1 million falloff. This outturn, reflected a decline in claims on public corporations by \$49.8 million, vis-à-vis a \$1.2 million reduction a year-earlier, as longer term debt proceeds from an entity's Secured Note issue were utilized to retire short-term banking sector debt. Net credit to the Government declined marginally by \$0.3 million, following a \$1.1 million increase in 2011 and private sector credit fell by \$0.9 million, to extend the year-earlier \$2.0 million contraction.

Total Bahamian dollar deposits declined by \$7.6 million, a reversal from 2011's \$2.6 million gain. Underlying this outcome, fixed balances fell by \$4.1 million, in contrast to last year's \$12.5 million growth, while demand deposits decreased further by \$16.4 million, after 2011's \$21.8 million contraction. In contrast, accretions to savings deposits firmed by \$1.0 million to \$12.9 million.

In interest rate developments, the weighted average deposit rate at banks narrowed by 32 basis points to 1.91%, with the highest rate of 5.75% offered on fixed balances over 6-12 months. Conversely, the weighted average loan rate moved higher by 49 basis points to 11.44%.

January – June 2012 vs. 2011

During the first half of the year, monetary developments were characterised by moderate gains in bank liquidity and more muted increases in external reserves, in the absence of the year-earlier extraordinary inflows. Excess reserves and excess liquid assets firmed by \$90.5 million and \$117.8 million, following expansions of \$152.7 million and \$88.4 million, in the prior period.

Growth in external reserves slackened to \$61.4 million from \$210.3 million in 2011, when Government received a number of one-time foreign currency inflows, the largest of which, related to the sale of its controlling interest in the telecoms provider. As a consequence, the Bank's net foreign currency purchase decreased to \$53.2 million from \$196.8 million a year ago, with public sector transactions reversing to a net sale of \$164.8 million from a net purchase of \$54.6 million. In contrast, the Bank's net purchase from commercial banks was higher, by more than 50% at \$218.0 million, as their corresponding net purchase from customers moved higher by \$42.3 million to \$216.3 million.

Buoyed by increased lending to the Government, domestic credit firmed by \$150.0 million, in contrast to a \$44.5 million contraction in 2011. Specifically, a combination of higher short-term advances and Treasury bill holdings elevated net credit to the Government by \$168.8 million, a reversal from last year's extraordinary inflow-led \$74.0 million reduction. Claims on the rest of the public sector fell; however, by a further \$1.7 million, relative to the \$2.8 million decline a year-earlier, while weak consumer demand resulted in credit to the private sector contracting by \$17.1 million, a turnaround from a \$32.5 million gain in 2011. The latter outcome was occasioned by a \$26.3 million decrease in consumer credit, which exceeded the \$18.0 million falloff a year ago, while accretions to mortgages slowed by over 80% to \$8.1 million. Commercial and other loans increased by \$1.1 million vis-à-vis a \$1.5 million advance a year-earlier.

Banks' credit quality indicators declined modestly over the six-month period, in line with the mild, but steady improvement in the domestic economy, and institutions' ongoing efforts to manage loan arrears through debt restructuring and write-offs. As a result, total private sector arrears fell by \$23.7 million (2.0%) to

\$1,184.4 million, with the corresponding loan ratio narrowing by 33 basis points to 19.0%. With the average age of delinquencies continuing to lengthen, short-term arrears contracted by \$39.7 million (10.1%) to \$352.4 million, resulting in a 62 basis point decrease in the relevant loan ratio to 5.6%. In contrast, the non-performing category advanced by \$16.0 million (2.0%) to \$832.1 million, elevating the corresponding ratio by 29 basis points to 13.3%.

A breakdown of the components revealed that the reduction in total arrears was led by a \$24.2 million (8.4%) decline in commercial delinquencies, to \$262.6 million, with the short-term category falling by \$28.7 million (32.8%), eclipsing the \$4.6 million (2.3%) growth in non-performing loans. Similarly, consumer loan arrears fell by \$10.3 million (3.8%), due to an \$11.4 million (10.9%) contraction in short-term delinquencies, which outweighed a \$1.1 million (0.7%) increase in arrears in excess of 90 days. Conversely, mortgage delinquencies rose by \$10.7 million (1.7%), as both the 31-90 day and non-performing components firmed by \$0.4 million (0.2%) and \$10.3 million (2.3%), respectively.

Banks augmented loan loss provisions by \$46.4 million (15.5%) to \$346.9 million, elevating the ratio of provisions to arrears and non-performing loans, by 4.4 and 4.9 percentage points, to 29.3% and 41.7%, respectively. Similarly, total loan write-offs for the six-month period amounted to \$75.2 million, against recoveries of \$20.8 million.

During the first half of 2012, domestic foreign currency credit fell marginally by \$0.8 million, following a significant \$169.0 million reduction a year-earlier. This outturn, reflected mainly a decline in claims on public corporations, by \$44.8 million, extending the previous year's \$14.0 million contraction, as an entity repaid its outstanding short-term debt. In contrast, credit to the private sector advanced by \$43.5 million, a turnaround from an \$87.1 million falloff last year, linked to a loan repayment by a tourism entity. Net credit to the Government rose marginally by \$0.5 million, vis-à-vis a \$67.9 million net reduction in 2011, which was associated with the authorities' utilisation of one-off foreign currency receipts to reduce outstanding short-term liabilities.

Over the six-month period, accretions to total Bahamian dollar deposits lessened by \$2.2 million to \$135.4 million, due to a drawdown in fixed deposits of \$31.5 million, vis-à-vis a \$56.1 million build-up last year. In contrast, growth in demand and savings balances accelerated by \$40.3 million and \$45.1 million to \$98.5 million and \$68.4 million, respectively.

4. Outlook and Policy Implications

Based on the generally stable outlook for tourism, public sector and foreign investment-led construction projects, indications are that the domestic economy will maintain a moderate growth momentum over the second half of the year; this should provide for gradual improvement in employment conditions. However, the outlook will continue to be impacted by conditions in the global economy, which showed signs of weakness in recent months.

Domestic consumer price inflation is projected to remain relatively mild, although fuel prices are expected to experience continued volatility, in line with global trends, and adverse weather conditions in North America could have a negative impact on food prices in the coming months.

On the fiscal side, potential improvements in the overall deficit position and corresponding debt ratios remain contingent upon the strength and depth of the domestic recovery, as well as the effectiveness of measures geared towards curtailing expenditure growth and increasing revenues.

In the monetary sector, both liquidity and external reserves are expected to remain buoyant over the near-term, although some reduction is anticipated in the coming months, reflecting the traditional increase in consumer demand. Loan delinquencies in the banking sector are anticipated to stay at elevated levels, until growth in the economy becomes more broad-based and the employment situation improves appreciably. Nonetheless, it is expected that banks will remain well capitalised, mitigating any risk to financial stability.

Recent Monetary and Credit Statistics

(B\$ Millions)

JUNE						
Value		Change		Change YTD		
2011	2012	2011	2012	2011	2012	

1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	542.19	525.38	-45.49	38.00	152.69	90.52
1.2 Excess Liquid Assets	901.95	1,014.93	-38.45	36.98	88.43	117.77
1.3 External Reserves	1,071.36	953.37	-72.39	1.07	210.31	61.38
1.4 Bank's Net Foreign Assets	-545.04	-588.21	3.19	41.65	144.72	20.84
1.5 Usable Reserves	570.77	458.41	-40.65	-6.42	136.36	18.43

2.0 DOMESTIC CREDIT

2.1 Private Sector	6,486.05	6,640.84	15.18	4.68	-54.60	26.47
a. B\$ Credit	6,178.33	6,243.09	17.18	5.56	32.52	-17.06
of which: Consumer Credit	2,119.03	2,120.39	0.48	0.60	-18.02	-26.27
Mortgages	3,109.80	3,094.70	4.03	1.18	49.00	8.10
Commercial and Other Loans B\$	949.50	1,028.00	12.68	3.78	1.54	1.11
b. F/C Credit	307.72	397.75	-2.01	-0.88	-87.12	43.53
of which: Mortgages	131.16	131.94	-1.42	1.21	2.55	2.79
Commercial and Other Loans F/C	176.56	265.81	-0.59	-2.09	-89.67	40.73
2.2 Central Government (net)	1,244.63	1,606.23	58.38	30.61	-141.87	169.24
a. B\$ Loans & Securities	1,382.62	1,729.41	55.25	20.43	-76.69	165.07
Less Deposits	136.72	121.95	-2.00	-10.46	-2.68	-3.68
b. F/C Loans & Securities	0.00	0.00	0.00	0.00	-70.00	0.00
Less Deposits	1.27	1.22	-1.12	0.29	-2.14	-0.50
2.3 Rest of Public Sector	384.32	361.06	0.47	-68.68	-16.80	-46.49
a. B\$ Credit	111.17	101.73	1.65	-18.87	-2.77	-1.69
b. F/C Credit	273.15	259.33	-1.17	-49.81	-14.04	-44.80
2.4 Total Domestic Credit	8,114.96	8,608.14	74.06	-33.41	-213.50	149.22
a. B\$ Domestic Credit	7,535.36	7,952.28	76.11	17.58	-44.48	149.99
b. F/C Domestic Credit	579.60	655.86	-2.06	-50.99	-169.02	-0.77

3.0 DEPOSIT BASE

3.1 Demand Deposits	1,197.92	1,333.85	-21.82	-16.36	58.24	98.53
a. Central Bank	4.09	10.29	-17.51	-11.58	-3.91	2.07
b. Banks	1,193.83	1,323.56	-4.31	-4.78	62.15	96.47
3.2 Savings Deposits	1,039.36	1,134.42	11.92	12.87	23.29	68.41
3.3 Fixed Deposits	3,664.22	3,575.27	12.51	-4.13	56.13	-31.53
3.4 Total B\$ Deposits	5,901.50	6,043.54	2.61	-7.62	137.66	135.42
3.5 F/C Deposits of Residents	228.05	221.24	4.17	-3.06	-24.61	28.38
3.6 M2	6,089.19	6,236.54	0.83	-12.44	131.32	130.13
3.7 External Reserves/M2 (%)	17.59	15.29	-1.19	0.05	3.14	0.68
3.8 Reserves/Base Money (%)	109.24	97.84	-2.02	-3.61	5.62	-3.05
3.9 External Reserves/Demand Liabilities (%)	106.68	95.99	-0.68	-1.33	6.46	-2.40
	Value		Year to Date		Change	
	2011	2012	2011	2012	Month	YTD

4.0 FOREIGN EXCHANGE TRANSACTIONS

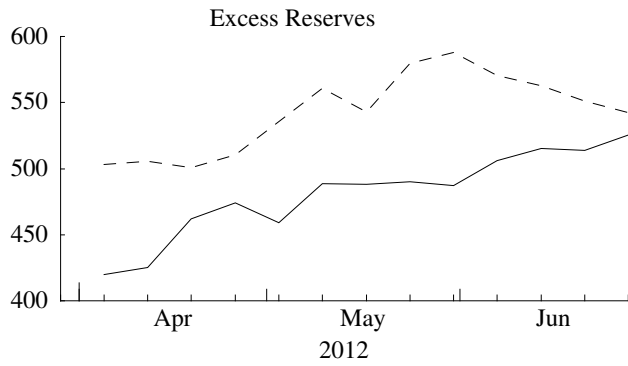
4.1 Central Bank Net Purchase/(Sale)	-70.04	4.96	196.84	53.18	75.00	-143.66
a. Net Purchase/(Sale) from/to Banks	-37.34	36.95	142.20	217.98	74.29	75.78
i. Sales to Banks	65.03	3.15	169.93	42.41	-61.88	-127.52
ii. Purchases from Banks	27.69	40.10	312.13	260.39	12.41	-51.74
b. Net Purchase/(Sale) from/to Others	-32.70	-31.99	54.64	-164.80	0.71	-219.44
i. Sales to Others	50.35	49.77	370.21	341.30	-0.57	-28.91
ii. Purchases from Others	17.65	17.79	424.85	176.50	0.14	-248.35
4.2 Banks Net Purchase/(Sale)	-32.43	16.15	174.01	211.39	48.58	37.38
a. Sales to Customers	318.03	255.58	1,791.17	1,685.07	-62.45	-106.10
b. Purchases from Customers	285.60	271.73	1,965.18	1,896.46	-13.87	-68.72
4.3 B\$ Position (change)	-15.95	3.94				

5.0 EXCHANGE CONTROL SALES

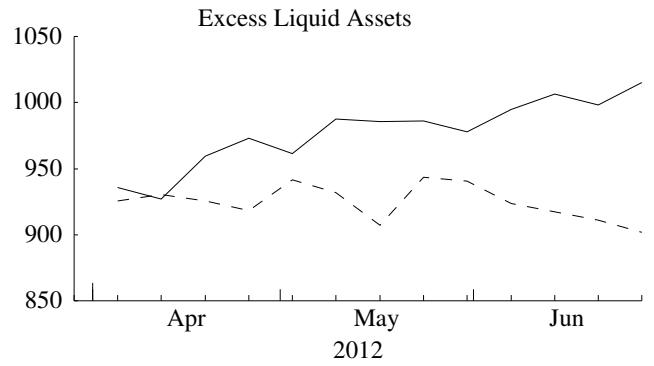
5.1 Current Items	267.17	ND	1,463.50	ND	ND	ND
of which Public Sector	2.42	ND	31.68	ND	ND	ND
a. Nonoil Imports	98.99	ND	620.46	ND	ND	ND
b. Oil Imports	61.63	ND	218.40	ND	ND	ND
c. Travel	20.63	ND	94.64	ND	ND	ND
d. Factor Income	0.41	ND	53.80	ND	ND	ND
e. Transfers	7.58	ND	81.20	ND	ND	ND
f. Other Current Items	77.93	ND	395.00	ND	ND	ND
5.2 Capital Items	63.95	ND	140.76	ND	ND	ND
of which Public Sector	0.96	ND	4.03	ND	ND	ND
5.3 Bank Remittances	0.00	ND	0.00	ND	ND	ND

SELECTED MONEY AND CREDIT INDICATORS

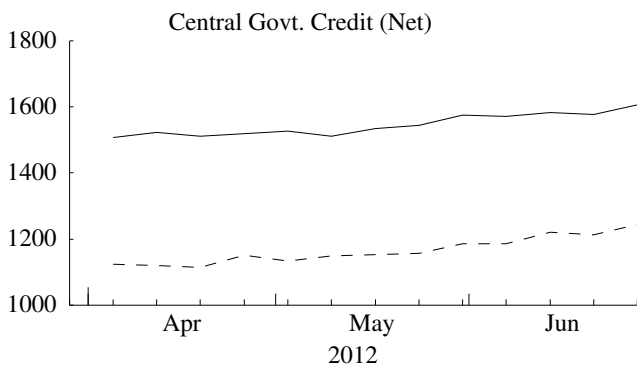
(B\$ Millions)



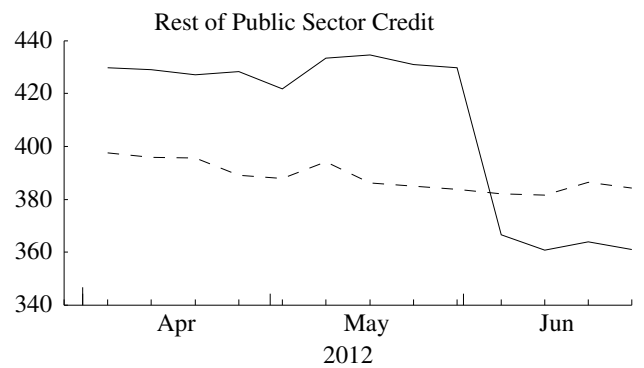
— 2012
- - - 2011



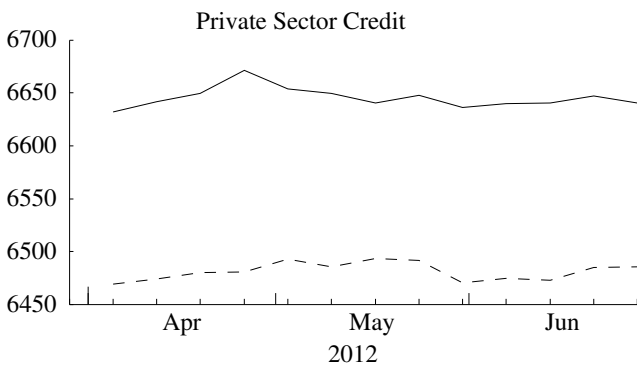
— 2012
- - - 2011



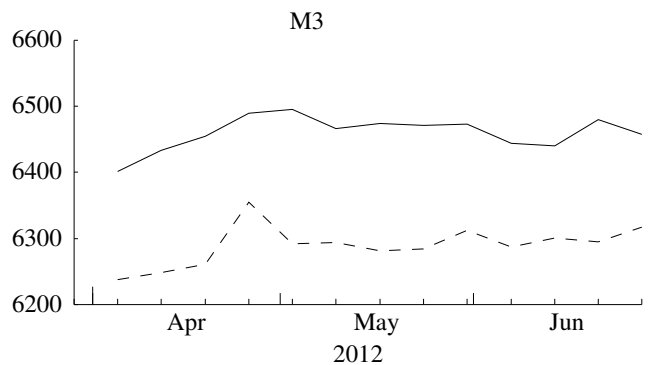
— 2012
- - - 2011



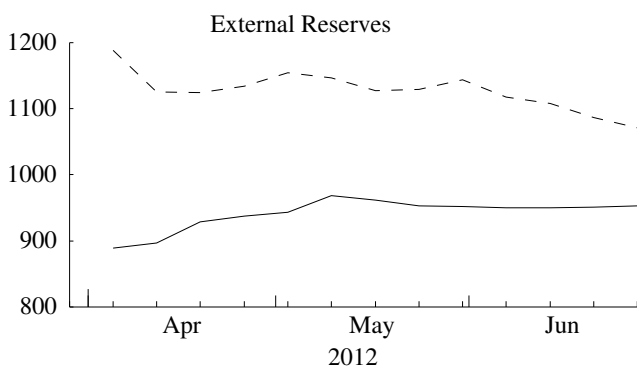
— 2012
- - - 2011



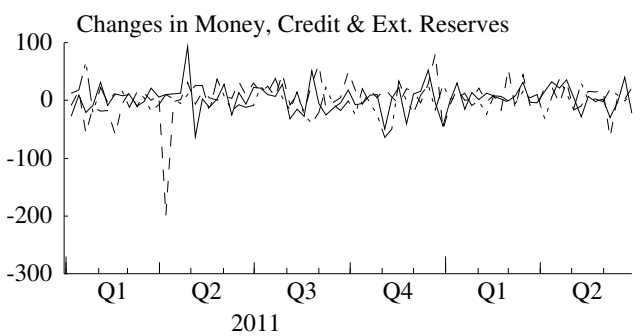
— 2012
- - - 2011



— 2012
- - - 2011



— 2012
- - - 2011



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

Selected International Statistics

A: Selected Macroeconomic Projections (Annual % Change and % of labor force)						
	Real GDP		Inflation Rate		Unemployment	
	2011	2012	2011	2012	2011	2012
Bahamas	2.0	2.5	2.5	2.0	15.9	N/A
United States	1.7	2.0	3.1	2.1	9.0	8.2
Euro-Area	1.4	-0.3	2.7	2.0	10.1	10.9
<i>Germany</i>	<i>3.1</i>	<i>1.0</i>	<i>2.5</i>	<i>1.9</i>	<i>6.0</i>	<i>5.6</i>
Japan	-0.7	2.4	-0.3	0.0	4.5	4.5
China	9.2	8.0	5.4	3.3	4.0	4.0
United Kingdom	0.7	0.2	4.5	2.4	8.0	8.3
Canada	2.5	2.1	2.9	2.2	7.5	7.4
<i>Source: IMF World Economic Outlook, April and July 2012</i>						

B: Official Interest Rates – Selected Countries (%)					
<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 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
July 2011	4.50	1.50	0.75	0-0.25	0.50
August 2011	4.50	1.50	0.75	0-0.25	0.50
September 2011	4.50	1.50	0.75	0-0.25	0.50
October 2011	4.50	1.50	0.75	0-0.25	0.50
November 2011	4.50	1.25	0.75	0-0.25	0.50
December 2011	4.50	1.00	0.75	0-0.25	0.50
January 2012	4.50	1.00	0.75	0-0.25	0.50
February 2012	4.50	1.00	0.75	0-0.25	0.50
March 2012	4.50	1.00	0.75	0-0.25	0.50
April 2012	4.50	1.00	0.75	0-0.25	0.50
May 2012	4.50	1.00	0.75	0-0.25	0.50
June 2012	4.50	1.00	0.75	0-0.25	0.50

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	Jun-11	May-12	Jun-12	Mthly % Change	YTD % Change	12-Mth % Change
Euro	0.6896	0.8087	0.7895	-2.37	2.31	14.50
Yen	80.56	78.31	79.79	1.89	3.76	-0.96
Pound	0.6229	0.6491	0.6367	-1.92	-1.01	2.20
Canadian \$	0.9634	1.0328	1.0166	-1.57	-0.45	5.52
Swiss Franc	0.8405	0.9713	0.9484	-2.36	1.15	12.84
Renminbi	6.4639	6.3696	6.3551	-0.23	0.83	-1.68

Source: Bloomberg as of June 30, 2012

D. Selected Commodity Prices (\$)					
Commodity	June 2011	May 2012	June 2012	Mthly % Change	YTD % Change
Gold / Ounce	1500.35	1560.43	1597.45	-6.27	-0.21
Silver / Ounce	34.69	27.70	27.50	-10.72	-0.51
Oil / Barrel	110.82	104.55	92.53	-12.70	-2.85

Source: Bloomberg as of June 30, 2012

E. Equity Market Valuations – June 30, 2012 (%chg)								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-0.61	3.93	4.13	4.70	5.95	2.42	5.43	-6.19
3 month	0.20	-2.51	-2.91	-3.42	-6.63	-7.64	-10.68	-1.65
YTD	-3.92	5.42	7.86	-0.02	1.17	8.78	6.52	1.18
12-month	-7.02	3.75	3.97	-6.30	-19.73	-13.01	-8.24	-19.43

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	GBP	EUR
o/n	0.13	0.50	0.10
1 Month	0.19	0.55	0.25
3 Month	0.44	0.83	0.50
6 Month	0.72	1.13	0.84
9 Month	0.89	1.40	1.00
1 year	1.05	1.65	1.15

Source: Bloomberg as of June 30, 2012

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

	VALUE											CHANGE						
	May. 02	May. 09	May. 16	May. 23	May. 30	Jun. 06	Jun. 13	Jun. 20	Jun. 27	May. 02	May. 09	May. 16	May. 23	May. 30	Jun. 06	Jun. 13	Jun. 20	Jun. 27
I. External Reserves	943.05	968.31	961.33	953.38	952.30	949.79	950.11	951.13	953.37	5.78	25.26	-6.97	-7.96	-1.08	-2.51	0.31	1.02	2.24
II. Net Domestic Assets (A + B + C + D)	-230.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-20.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A. Net Credit to Gov^t(i + ii + iii - iv)	276.81	275.52	274.96	275.54	299.99	304.87	304.85	303.22	318.51	-1.20	-1.29	-0.57	0.58	24.45	4.88	-0.02	-1.63	15.29
i) Advances	130.59	130.59	130.59	130.59	130.59	130.59	130.59	130.59	130.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii) Registered Stock	164.37	164.07	164.02	164.00	163.61	163.58	163.50	163.25	173.85	-0.23	-0.29	-0.05	-0.02	-0.39	-0.03	-0.08	-0.25	10.60
iii) Treasury Bills	0.00	0.00	0.00	0.00	19.94	19.94	18.95	18.95	18.95	0.00	0.00	0.00	0.00	19.94	0.00	-1.00	0.00	0.00
iv) Deposits	18.14	19.14	19.65	19.05	14.15	9.24	8.18	9.57	4.87	0.98	1.00	0.51	-0.60	-4.90	-4.91	-1.05	1.38	-4.69
B. Rest of Public Sector (Net) (i + ii - iii)	-17.12	-15.78	-14.34	-7.20	-16.92	-4.89	-7.56	-8.05	-5.34	-8.54	1.34	1.44	7.14	-9.72	12.03	-2.67	-0.49	2.71
i) BDB Loans	5.15	4.95	4.95	4.95	4.95	4.95	4.95	4.95	4.95	0.00	-0.20	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	22.27	20.73	19.29	12.15	21.87	9.84	12.51	13.00	10.29	8.54	-1.54	-1.44	-7.14	9.72	-12.03	2.67	0.49	-2.71
C. Loans to/Deposits with Banks	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
D. Other Items (Net)*	-490.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-10.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
III. Monetary Base	712.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-14.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A. Currency in Circulation	92.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-4.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B. Bank Balances with CBOB	620.49	640.97	640.35	645.59	643.62	655.53	664.60	668.46	692.48	-10.21	20.48	-0.62	5.24	-1.97	11.92	9.07	3.85	24.02

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

FISCAL/REAL SECTOR INDICATORS

(\$'S MILLIONS)

(% change represents current month from previous month)

	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE		
	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	
Fiscal Operations:																											
1. Government Revenue & Grants	90.2	94.9	93.0	93.4	88.0	96.3	81.9	82.0	113.3	113.3	122.1	112.1	228.1	185.6	138.7	117.5	125.2	125.5	119.8	119.8	121.4	121.4	119.8	119.8	1147.9	1202.3	
%change	-25.46%	-35.68%	3.20%	-1.64%	-5.44%	3.12%	-6.80%	-14.87%	38.26%	48.93%	-48.93%	-1.07%	86.86%	65.60%	-25.26%	-3.02%	-9.73%	6.81%	-4.35%	-3.29%	-3.29%	-3.29%	-4.35%	9.62%	4.74%	1202.3	
2. Import/Excise Duties	41.3	44.0	49.3	44.9	45.7	54.8	45.4	43.3	49.2	49.2	53.7	50.5	135.2	37.5	41.8	54.8	49.4	49.0	50.2	50.2	42.9	42.9	49.0	49.0	460.3	570.9	
%change	-22.38%	-24.37%	19.37%	2.06%	-7.36%	22.09%	-0.78%	-20.87%	8.48%	23.95%	-20.87%	-2.63%	151.64%	-35.72%	11.43%	13.72%	-10.55%	-10.55%	1.61%	-12.46%	-12.46%	-12.46%	1.61%	5.44%	24.08%	570.9	
3. Recurrent Expenditure	110.2	111.4	103.1	110.3	117.5	123.8	117.5	124.9	123.4	123.4	133.0	115.3	108.5	122.3	121.7	118.8	119.8	127.4	119.1	119.1	123.4	123.4	119.1	119.1	1169.9	1210.3	
%change	-33.75%	-13.10%	-6.46%	-0.88%	14.01%	12.24%	-0.02%	0.85%	5.00%	5.00%	-6.53%	-18.41%	108.5	6.01%	-0.49%	-7.67%	-1.50%	7.21%	-0.59%	-3.14%	-3.14%	-3.14%	-0.59%	2.28%	3.45%	1210.3	
4. Capital Expenditure	9.7	3.7	18.5	12.2	8.6	9.8	18.3	18.3	12.6	12.6	16.5	15.5	39.3	11.0	9.4	12.7	26.3	25.9	12.1	12.1	10.6	10.6	12.1	12.1	141.9	163.9	
%change	-66.25%	-86.84%	90.36%	224.55%	-53.68%	19.69%	112.80%	87.51%	-31.17%	-31.17%	-9.83%	23.03%	137.77%	-39.05%	-14.36%	14.78%	104.86%	104.86%	-54.15%	-59.13%	-59.13%	-59.13%	-54.15%	16.22%	15.50%	163.9	
5. Deficit/Surplus*	-32.2	-20.8	-31.3	-33.8	-41.1	-40.3	-62.6	-68.9	-25.6	-25.6	-21.4	-21.4	-12.7	45.9	4.5	-20.4	-26.0	-29.4	-16.1	-16.1	-23.5	-23.5	-16.1	-16.1	-205.9	-261.5	
%change	-77.61%	67.70%	-2.64%	62.81%	31.83%	19.14%	52.25%	71.02%	-59.20%	-59.20%	-119.19%	-16.28%	-196.32%	-314.69%	90.20%	-18.37%	-677.93%	-677.93%	-38.04%	-38.04%	-20.06%	-20.06%	-38.04%	-31.59%	-31.59%	-261.5	

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC			
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012		
Debt, **																										
6. Total Debt	3,724.9	3,806.0	3,725.3	3,816.5	3,740.8	3,860.5	3,608.2	3,854.5	3,558.0	3,675.6	3,552.9	3,899.3	3,899.3	3,899.3	3,899.3	3,899.3	3,899.3	3,899.3	3,899.3	3,899.3	3,899.3	3,899.3	3,899.3	3,899.3	3,899.3	3,899.3
%change	0.12%	2.30%	0.01%	0.28%	0.42%	1.15%	-3.54%	-0.15%	-1.39%	0.65%	-0.14%	0.51%	0.51%	0.51%	0.51%	0.51%	0.51%	0.51%	0.51%	0.51%	0.51%	0.51%	0.51%	0.51%	0.51%	0.51%
7. External Debt	732.4	799.9	732.8	810.4	748.3	814.4	748.7	818.5	756.5	823.5	756.5	823.5	823.5	823.5	823.5	823.5	823.5	823.5	823.5	823.5	823.5	823.5	823.5	823.5	823.5	823.5
%change	0.63%	9.90%	0.05%	1.31%	2.12%	0.49%	0.05%	0.49%	1.04%	0.62%	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%	
8. Internal F/C Debt	70.0	3,006.1	70.0	24.1	70.0	29.8	0.0	29.8	0.0	29.8	0.0	29.8	0.0	29.8	0.0	29.8	0.0	29.8	0.0	29.8	0.0	29.8	0.0	29.8	0.0	29.8
%change	0.00%	4194.40%	0.00%	-96.64%	0.00%	-96.64%	-100.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%
9. Bahamian Dollar Debt	2,922.5	3,006.1	2,922.5	3,006.1	2,922.5	3,046.1	2,859.5	3,036.1	2,801.5	3,056.1	2,796.5	3,075.8	3,075.8	3,075.8	3,075.8	3,075.8	3,075.8	3,075.8	3,075.8	3,075.8	3,075.8	3,075.8	3,075.8	3,075.8	3,075.8	3,075.8
%change	0.00%	2.86%	0.00%	0.00%	0.00%	1.33%	-2.16%	-0.33%	-2.03%	0.66%	-0.18%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%
10. Total Amortization	0.2	0.3	0.0	0.0	0.9	1.7	1.362	12.9	58.0	0.0	15.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
%change	212.77%	267.37%	-100.00%	-100.00%	100.00%	100.00%	14845.89%	644.40%	-57.83%	-100.00%	-74.12%	-74.12%	-74.12%	-74.12%	-74.12%	-74.12%	-74.12%	-74.12%	-74.12%	-74.12%	-74.12%	-74.12%	-74.12%	-74.12%	-74.12%	-74.12%

11. Total Public Sector F/C Debt		2011		2012		2011		2012		2011		2012		2011		2012		2011		2012		2011		2012	
		1,410.0	4,407.9	1,408.5	1,436.4	1,314.0	1,491.4	1,321.8	1,496.4	1,321.8	1,496.4	1,321.8	1,496.4	1,321.8	1,496.4	1,321.8	1,496.4	1,321.8	1,496.4	1,321.8	1,496.4	1,321.8	1,496.4	1,321.8	1,496.4
		0.16%	213.14%	-68.05%	32.59%	-11.85%	4.95%	-11.37%	13.21%	-11.37%	13.21%	-11.37%	13.21%	-11.37%	13.21%	-11.37%	13.21%	-11.37%	13.21%	-11.37%	13.21%	-11.37%	13.21%	-11.37%	13.21%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC			
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012		
Real Sector Indicators																										
12. Retail Price Index	102.1	104.7	102.4	104.9	103.1	105.8	103.6	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1
%change; over previous month	0.47%	-0.16%	0.31%	0.26%	0.71%	0.78%	0.46%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	
13. Tourist arrivals (000's)	487.4	531.5	484.8	529.1	555.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4
%change; over previous year	14.95%	9.05%	15.65%	9.13%	2.91%	13.86%	9.13%	2.91%	13.86%	9.13%	2.91%	13.86%	9.13%	2.91%	13.86%	9.13%	2.91%	13.86%	9.13%	2.91%	13.86%	9.13%	2.91%	13.86%	9.13%	
14. Air arrivals (000's)	81.3	88.4	99.1	110.9	140.3	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2
%change; over previous year	-11.30%	9.91%	-3.80%	11.93%	-6.12%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	
15. Occupied Room Nights																										
%change; over previous year																										
16. Res. Mortgage Commitments-New Const.																										
%change; over previous qtr.																										
			24.36	17.49	3.99%	-507%																			24.36	17.49
																										-28.19%

** Debt figures pertain to central government only unless otherwise indicated
 p = provisional
 Annual Y-T-D Retail Price data are averages.