



### **Monthly Economic and Financial Developments December 2018**

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:**

**2019:** March 4, April 1, April 29, June 3, July 1, July 29, September 2, September 30, November 4, December 23



## 1. Domestic Economic Developments

### Overview

Indications are that the domestic economy maintained its modest pace of growth in December, and was improved overall for 2018. Output was supported by ongoing gains in tourism, while foreign investment projects continued to fuel construction sector activity. The economy's uptrend was evident from strongly elevated foreign currency inflows through the banking sector and equally robust demand, evident in external payments for goods and services. The environment sustained further employment gains, although paced slower than active labour force growth, both during the six-months to November and in the year-over-year comparisons. In monetary developments, bank liquidity contracted during December, as the falloff in total deposits outstripped the decline in credit, with a resulting reduction in external reserves. The latter reflected elevated public sector demand, for refinancing of foreign currency debt with domestic funding.

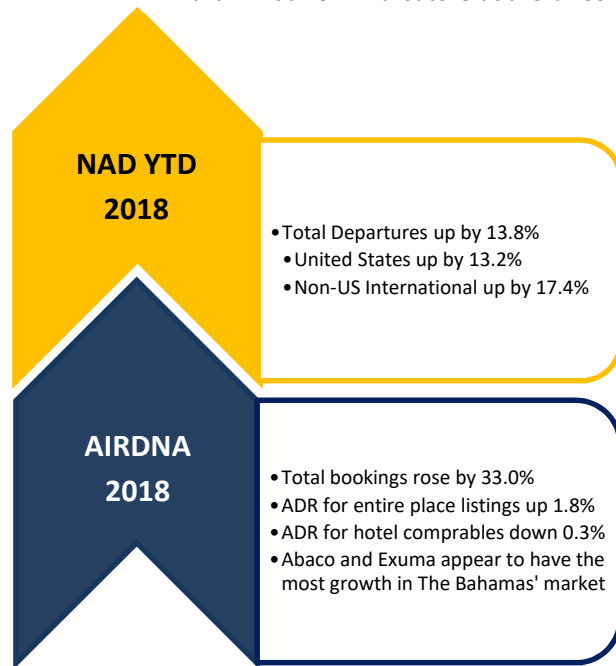
### Real Sector

#### Tourism

The improvement in tourism, which occurred during the year, was sustained during the final month of 2018, with both the airline and hotel accommodation indicators showing strong gains.

The latest data from the Nassau Airport Development Ltd. (NAD), showed that total departures—net of domestic passengers—rose by 12.3% in December, extending the 5.1% increase a year earlier. This was underpinned by a 13.4% gain in US departures, compared to the previous year's 3.4% growth. Further, the non-U.S. international component rose by 6.8%, albeit a slowdown from the prior period's 14.5% expansion. Similar trends were evident over the twelve-month period, as total departures strengthened by 13.8%, vis-à-vis a 0.8% softening in the previous year. There were corresponding recoveries in both U.S. and non-U.S. international traffic, of 13.2% and 17.4%, from declines of 0.6% and 1.8%, respectively, a year earlier.

Chart 1: Tourism Indicators at a Glance



Source: Nassau Airport Development Co. & Air DNA

In terms of the non-traditional accommodation market, short-term rental demand continued to strengthen during December 2018. The latest data from AirDNA revealed a 27.0% increase in the total available listings and a 33.0% advance in total bookings, relative to the same period last year. Notably, higher booking rates were observed in all of the major markets, as the number of room nights sold in Abaco, Exuma and Grand

Bahama, grew by 76.6%, 46.0% and 44.7%, respectively. Comparatively, New Providence, which features considerably more inventory across accommodation types, firmed by 21.9%. Moreover, the average daily rate (ADR) for entire place listings—which tends to be more comparable across periods—rose by 1.8% to \$356.31 per night, while the cost of hotel comparable listings fell marginally by 0.3% to \$146.59 per night. For the year, the total number of room nights sold increased by 42.2% when compared to 2017, amid robust gains for Exuma (55.9%), Abaco (55.8%), and Grand Bahama (52.7%), as well as improvements for New Providence (25.7%). Further, over the 12-month period, the ADR for entire place listings firmed by 3.8% to \$333.29, while listings which were comparable to hotel rooms, rose by 1.3% to \$138.40.

### Employment

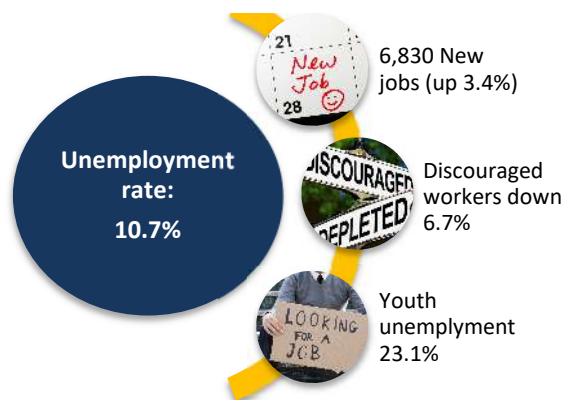
Reflecting mainly the improving economic conditions, preliminary data from the Department of Statistics' Labour Force Survey for November, revealed a 3.4% rise in the number of employed persons, when compared to November 2017, and a 1.1% gain relative to May 2018, amid increased private sector employment. Nevertheless, with the growth in the active labor force outpacing job gains, the overall unemployment rate rose by 70 basis points vis-à-vis May 2018, and by 60 basis points compared to November 2017, to 10.7%.

A breakdown by island showed that the uptick in the jobless rate was due solely to developments in the New Providence market, which firmed by 1.0 percentage point to 11.0% over the six-month period, and by 40 basis points relative to the same period in 2017. In contrast, the unemployment rate in Grand Bahama fell by 50 basis points over May and by a smaller margin of 20 basis points, on an annual basis, to 11.9%. Similarly, in Abaco, the jobless rate contracted by 3.0 percentage points over the six-month period to 7.7%, and was 90 basis points lower than November 2017.

### Prices

During the twelve months to September, retail price inflation rose to 1.98% from 1.34% in 2017, reflecting the pass-through effects of the 4.5 percentage points rise in the VAT rate on 1<sup>st</sup>, July. In terms of the components, restaurant & hotels, recreation & culture and food & non-alcoholic beverages, reported upticks of 4.99%, 3.86%, and 2.44%, respectively, a reversal from the reductions recorded in the prior year. Likewise, the rate of inflation also accelerated for transportation (4.86%) and health care (1.77%). In contrast, the rise in average costs for housing, water, gas and electricity costs—the largest category—slowed by 1.1 percentage points to 2.4%, and contracted in the components for clothing & footwear, furnishing & household equipment and education, following price increases in 2017.

Chart 2: Unemployment Highlights



Source: Department of Statistics

## **2. Domestic Monetary Trends**

### **December 2018 vs. 2017**

#### **Liquidity**

Monetary trends for the month of December, featured a reduction in banking sector liquidity, as deposit base drawdown outpaced credit reduction. The drawdowns corresponded to increase net foreign currency outflows to facilitate public sector refinancing activity. As a result, excess liquid assets—a broad measure of liquidity—contracted by \$126.7 million to \$1,532.8 million, more than doubled the seasonal reduction of \$50.8 million in 2017. Excess reserves, a narrower measure, fell by a more tempered \$38.0 million to \$671.3 million, after a \$61.5 million falloff in the comparable period of 2017.

For the year, Bahamian dollar credit expansion, concentrated in the public sector, contrasted with a reduction in the Bahamian dollar deposits base—accommodating increased net foreign currency outflows and causing a decline in liquidity relative to 2017. In particular, the broader excess liquid assets fell by \$265.5 million, reversing an external borrowing-led expansion of \$351.2 million a year earlier, while excess reserves contracted by \$186.2 million, after a \$133.8 million gain in the prior year.

#### **External Reserves**

Influenced by higher public sector demand for foreign currency, external reserves decreased by \$86.1 million to \$1,197.4 million, vis-à-vis a \$27.3 million contraction in the final month of 2017. Specifically, the Central Bank's net foreign currency sale to the public sector increased more than three-fold to \$150.9 million, from \$40.3 million, largely to facilitate the debt refinancing activities of a public entity. In a partial offset, the Bank's net purchase from commercial banks grew by \$30.0 million to \$44.2 million, as their net purchase from clients rose by \$12.6 million to \$45.1 million.

These trends persisted over the twelve-month period, as external reserves fell by \$210.9 million, to \$1,197.4 million, a turnaround from 2017's \$506.2 million expansion, when Government received proceeds from its external bond issue. In the underlying developments, the Bank's net foreign currency transactions with the public sector reversed from a \$429.5 million net purchase a year-earlier, to a \$431.6 million net sale. In contrast, the Bank's net purchase from commercial banks strengthened, by \$117.6 million, to \$174.8 million.

#### **Exchange Control Sales**

Provisional data on foreign currency sales for current account transactions, showed a \$226.8 million expansion in outflows to approximately \$678.8 million during December, relative to the same period a year earlier. Gains were reported for most of the major transaction categories, inclusive of non-oil imports (21.5% of the total), oil imports (12.9% of the total) and travel (5.8% of the total), which advanced by \$21.1 million, \$30.0 million and \$5.0 million, respectively, while other outflows (mainly services) rose by \$176.9 million. In contrast, modest declines of \$3.7 million and \$2.4 million were reported for factor income (3.7% of the total) and transfers (3.0% of the total).

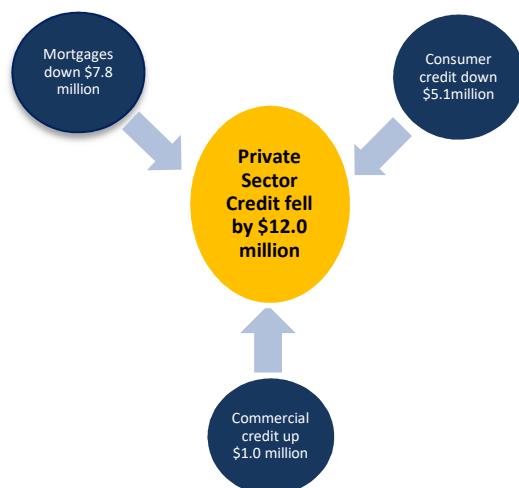
During 2018, estimated foreign currency sales grew by \$657.3 million over the previous year to \$5,773.0 million. In the underlying developments, sales for "other" current items (47.4% of the total) expanded by \$722.6 million, and a gain of \$170.0 million was recorded for factor income (7.5% of the total). In contrast, foreign currency sales contracted for the remaining categories, with reductions of \$148.2 million for non-oil imports (26.5% of the total), \$16.1 million for oil imports (9.0% of the total), \$14.8 million for travel (5.6% of the total), and \$56.0 million for transfers (4.1% of the total).

## Domestic Credit

### *Bahamian Dollar Credit*

During December, Bahamian dollar credit contracted by \$22.2 million, a reversal from 2017's \$55.7 million expansion. Specifically, net claims on the Government declined by \$12.3 million, in contrast to a \$54.9 million increase in the preceding year. Further, credit to the private sector narrowed by \$12.0 million, compared to a slight \$0.3 million uptick a year ago, owing mainly to reductions in mortgages and consumer loans of \$7.8 million and \$5.1 million, respectively, while commercial credit edged-up by \$1.0 million. Comparatively, claims on the rest of the public sector firmed by \$2.1 million, extending the \$0.6 million gain noted in 2017.

Chart 3: Private Sector Credit



Source: Central Bank of the Bahamas

Over the year, total Bahamian dollar credit rose by \$68.0 million, a turnaround from the previous year's \$328.0 million net repayment, when the Government used part proceeds from its external bond issue to repay outstanding advances. In particular, net claims on the Government expanded by \$143.9 million, reversing 2017's \$159.6 million contraction, while credit to public corporations rose by \$28.1 million, vis-à-vis a \$7.1 million reduction a year ago. Meanwhile, the falloff in private sector credit moderated to \$104.0 million, from \$161.3 million in the prior year, with the declines in mortgages and consumer loans slowing to \$15.1 million and \$9.4 million, from \$78.8 million and \$32.6 million, respectively. In contrast, the reduction in consumer credit accelerated to \$79.6 million from \$49.9 million in the prior period.

### *Foreign Currency Credit*

Domestic foreign currency credit decreased marginally by \$0.5 million to \$415.8 million in December, following a \$3.0 million reduction in 2017. In particular, net claims on the Government declined by \$2.5 million, after being virtually unchanged in the previous year. In addition, the falloff in credit to the rest of the public sector eased to \$0.1 million, from \$4.7 million a year-earlier. In contrast, claims on the private sector rose by \$2.0 million, following the previous year's \$2.7 million gain, with the increase in mortgages eclipsing the decline in commercial and "other" loans.

On a yearly basis, domestic foreign currency credit expanded by \$25.5 million, a reversal from a \$43.7 million contraction in the prior period. This outcome was led by a \$19.1 million rise in credit to public corporations, vis-a-vis a \$27.9 million repayment in the previous year. In addition, net claims on the Government firmed by \$2.1 million, a turnaround from a \$0.6 million softening during the previous period. Similarly, private sector credit rose by \$4.2 million, reversing the prior year's \$15.0 million contraction, as the gain in mortgages overshadowed the falloff in commercial and "other" foreign currency loans.

## Credit Quality

Banks' credit quality indicators were partially deteriorated during the review month, as a result of increases in short-term delinquencies. Specifically, total private sector loan arrears rose by \$7.7 million (1.0%) to \$809.8 million in December, and as a proportion of total private sector loans, firmed by 18 basis points to 14.3%. This outturn was driven by an \$11.7 million (4.2%) expansion in the short-term (31-90 days) segment to \$292.9 million, which raised the attendant ratio by 22 basis points to 5.2%. On a positive note, non-performing loans—arrears of more than 90 days and on which banks have ceased accruing interest—

decreased by \$4.0 million (0.8%) to \$517.0 million, corresponding with a 4-basis point reduction in the relevant ratio to 9.1%.

Disaggregating, the increase in arrears was led by a \$10.5 million (2.1%) rise in mortgage delinquencies to \$499.4 million, mostly owing to a \$10.3 million (3.2%) expansion in the non-accrual segment. Further, consumer loan arrears grew by \$7.1 million (3.2%) to \$229.3 million, concentrated in short-term delinquencies, as opposed to a \$5.9 million (4.2%) reduction in the non-accrual portion. In contrast, the value of commercial arrears declined by \$9.9 million (10.8%) to \$81.1 million, almost all due to NPL reductions.

During the review month, banks reduced their total provisions for loan losses by \$1.6 million (0.4%) to \$438.5 million. As a result, the ratio of total provisions to private sector arrears declined by 72 basis points to 54.2%. In contrast, the ratio of provisions to NPLs rose by 33 basis points to 84.8%. For the month, write-offs and recoveries totalled \$11.9 million and \$1.7 million, respectively.

Buoyed by the modest strengthening in the economy, banks' credit quality indicators remained improved on an annual basis, with total private sector delinquencies falling by \$75.0 million (8.5%) and by 1.2 percentage points as a proportion of total private sector loans. An analysis by average age, showed that the value of NPLs contracted by \$50.5 million (8.9%), and by 78 basis points as a proportion of total loans. Similarly, short-term arrears shrunk by \$24.5 million (7.7%), reducing the corresponding loan ratio by 37 basis points.

The decline in arrears reflected broad-based improvements across the various loan categories. Specifically, mortgage delinquencies contracted by \$34.7 million (6.5%), with short-term arrears and NPLs lower by \$22.1 million (11.9%) and \$12.6 million (3.6%), respectively. Similarly, the consumer segment narrowed by \$29.0 million (11.2%), with respective reductions in NPLs and 31-90 day arrears of \$20.7 million (13.4%) and \$8.4 million (8.0%), respectively. Further, the commercial component moved lower by \$11.3 million (12.2%), owing to a \$17.3 million (26.6%) contraction in non-accruals, which overshadowed the \$6.0 million (21.9%) gain in 31-90 day delinquencies.

When compared to December 2017, banks' total provisions for loan losses were \$14.9 million (3.5%) higher, resulting in a 6.3 percentage point rise in the ratio of total provisions to arrears, and a 10.2 percentage point firming in the corresponding ratio to NPLs. For the year, total loan write-offs amounted to \$120.3 million, while recoveries totalled \$25.5 million.

## **Deposits**

During the review month, the contraction in total Bahamian dollar deposits deepened to \$46.0 million, from \$16.1 million in the corresponding period of 2017. Underpinning this outcome, demand deposits declined by \$21.8 million, vis-à-vis a small increase in the previous year, while savings deposits fell by \$11.9 million, strongly reversing the incremental gain from the prior period. In comparison, the reduction in fixed deposits was nearly halved to \$12.2 million.

Over the year, Bahamian dollar deposits decreased by \$41.0 million, vis-à-vis a \$117.2 million expansion a year earlier. In terms of the components, the reduction in fixed deposits widened to \$180.3 million from a \$127.8 million drawdown, while accretions to demand and savings deposits moderated by \$78.7 million and \$27.0 million, to \$92.3 million and \$47.0 million, respectively.

## **Interest Rates**

In interest rate developments, the weighted average deposit rate at banks rose by 13 basis points to 0.85% in December, with the highest rate of 4.50% offered on fixed balances of over 12 months. In contrast, the weighted average loan rate declined by 80 basis points to 11.03%.

### **3. Domestic Outlook**

#### **Domestic Outlook**

The economy is expected to maintain its growth trajectory over the near-term, underpinned by ongoing strengthening in the tourism sector, and foreign direct investment-related support for construction; with spill-over benefits to other sectors. In this environment, employment gains should continue to accrue; although the pace of new entrance to the labour force could limit sizeable shifts in the unemployment rate. Meanwhile, inflationary pressures should remain subdued; however, some firming in rates is expected over the near-term, reflecting the pass-through effects of the rise in the VAT rate, and gains in oil prices.

In the fiscal sector, further improvements to the deficit and debt indicators will remain contingent on the successful implementation of the Government's measures to contain expenditure growth, including initiatives geared towards fiscal responsibility and prudent debt management.

Banking sector liquidity should remain elevated for an extended period, reflecting banks' sustained conservative lending posture, and consumers' efforts to deleverage. Moreover, external reserves are anticipated to stay above international benchmarks, in line with support from tourism and other net private sector inflows.

### **4. Monetary Policy Implications**

Given the relatively positive economic dynamics, namely, the improvement in the tourism sector, steady levels of foreign investment activity, healthy external reserve balances and subdued private sector credit conditions, it is expected that the current monetary policy stance will be maintained over the near-term.

Unfortunately, downside external risks to the domestic forecasts remain prevalent, owing mainly to the potential spill-over effects from the ongoing trade wars between the United States and its major trading partners, as well as the impact of another US Government shutdown—if current political negotiations prove unsuccessful. Additionally, the elevated liquidity levels in the local banking system, could place negative pressures on external reserves over the medium-term, if deployed to fuel excessive consumer credit demand.

In spite of this liquidity overhang, expectations are that the establishment of a credit bureau will mitigate the information asymmetry risks relative to the domestic lending market and support better lending quality over the medium-term. Meanwhile, the ongoing efforts to reduce the Central Bank's holdings of Government debt, should absorb banking sector liquidity over time.

The Bank will sustain its ongoing monitoring of economic developments, and where prudent, adjust its policy stance to maintain economic and financial stability.

## APPENDIX

### *International Developments*

Over the review period, economic conditions within the major economies were marred by the uncertainty caused by the prolonged partial Government shutdown in the United States and the ongoing US-China trade dispute. Meanwhile in Europe, concerns over the UK parliament's "BREXIT" deal impasse contributed to the volatility in regional stock markets. In this environment, all of the major central banks—with the exception of the Federal Reserve—maintained their respective monetary policy stances.

The United States' economy remained relatively stable during the review period, as the labour market added approximately 312,000 persons to non-farm payrolls, for a year-end total of 2.6 million new workers—the best year for employment since 2015—although an expansion in the labour force led to the unemployment rate rising by 20 basis points to 3.9% at end-December. Further, industrial production rose by 30 basis points, albeit 10 basis points less than the prior month's expansion. In addition, retail sales expanded by 5.1% during the December holiday season year-on-year, marking the strongest sales period in 6 years, while sharp declines in energy costs resulted in a 10-basis point reduction in the consumer price index, after remaining unchanged in the previous period. In this environment, the Federal Reserve increased the target range for the federal funds rate by 25-basis points to 2.25%-2.50%.

Economic indicators in Europe were relatively subdued over the review period, as expectations rose that the UK Government's "BREXIT" bill would be defeated in Parliament, while several of the euro zone's major economies showed signs of weakness. In December, consumer prices in both the euro area and the UK moderated by 30 basis points each to 1.6% and 2.1%, respectively, linked to the fall in energy prices. Further, retail sales in the UK declined by 0.9%, compared to an improvement of 1.3% in November, as shoppers purchased less discretionary items. Conversely, in November, increased demand for non-food products in the euro area, underpinned a 60-basis point expansion in retail trade, overshadowing the 30-basis point gain in the previous month. Further, total production narrowed by 0.4% in the UK, relative to a 0.6% falloff in the prior period, and it declined by 1.7% in the euro area, vis-à-vis an increase of 0.2% in the preceding period. Despite the softness in the economy, the unemployment rate in the euro area fell by 10 basis points to 7.9%, after remaining unchanged in October. Similarly, in the UK, the unemployment rate contracted by 10 basis points over the three months to November, when compared to the previous three-month period—the lowest rate since February 1975. In external developments, the euro area's trade surplus improved in November by €5.1 billion (36.7%) to €19.0 billion, attributed to an €11.8 billion (6.0%) reduction in imports, which outpaced the €6.7 billion (3.2%) falloff in exports. Amid these developments, both the Bank of England and the European Central Bank kept their key policy rates unchanged.

Asian economies recorded mixed performances over the review period, reflecting the effects of the "trade war" between China and the United States. As a consequence, the pace of China's economic growth slowed by 10 basis points to 6.4% in the fourth quarter, over the prior three-month period. For the month of December, retail sales reversed to a 1.8% increase, vis-à-vis a 0.8% fall in the prior month, linked to increased purchases of non-food products, while industrial production edged-up by 0.5% and consumer prices remained steady relative to the previous month. In Japan, the trade deficit improved sharply by ¥682.4 billion (92.5%) to ¥55.3 billion, as the ¥586.0 billion (7.7%) falloff in imports, outpaced the ¥96.0 billion (1.4%) uptick in exports. In this economic climate, both the Bank of Japan and The People's Bank of China maintained their accommodative monetary policy stances.

Amid concerns over the excess capacity, especially among North American "shale gas" producers, crude oil prices contracted by 8.4% in December to \$53.80 per barrel. In the precious metals market, as investors sought to acquire less risky assets, the cost of both silver and gold rose by 9.3% and 4.9%, respectively, to \$15.50 and \$1,282.45 per troy ounce.

In light of the political and trade uncertainty in the market, the major stock exchanges recorded broad-based contractions. Specifically, in the United States, the Dow Jones Industrial Average (DJIA) and the S&P 500 indices decreased by 8.7% and 9.2%, respectively. Similarly, in Europe, Germany's DAX fell by 6.2%, France's CAC 40 by 5.5% and the UK's FTSE by 3.6%. Asian bourses also recorded losses, with Japan's Nikkei 225 weakening sharply by 10.5% and China's SE Composite declining by 3.6%.

During the month of December, ongoing political tensions within the U.S. resulted in the US dollar depreciating against most major global currencies. Specifically, the dollar decreased relative to the Japanese Yen, by 3.4% to ¥109.70, the Swiss Franc, by 1.8% to CHF0.9816, the euro, by 1.3% to €0.8719, the Chinese Renminbi, by 1.2% to CNY6.8785 and the British pound, by 0.03% to £0.7837. However, the dollar appreciated relative to the Canadian dollar, by 2.6% to CAD\$1.36.



# Recent Monetary and Credit Statistics

(B\$ Millions)

<b>DECEMBER</b>						
Value		Change		Change YTD		
2017	2018	2017	2018	2017	2018	

## 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	857.55	671.34	-61.49	-37.95	133.83	-186.21
1.2 Excess Liquid Assets	1,798.28	1,532.75	-50.83	-126.71	351.20	-265.52
1.3 External Reserves	1,408.29	1,197.36	-27.31	-86.10	506.22	-210.93
1.4 Bank's Net Foreign Assets	-170.99	-122.10	6.21	-10.42	-39.84	48.89
1.5 Usable Reserves	668.90	522.35	-5.21	-76.97	425.05	-146.55

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>5,976.47</b>	<b>5,876.63</b>	<b>2.92</b>	<b>-9.99</b>	<b>-176.29</b>	<b>-99.84</b>
a. B\$ Credit	5,752.07	5,648.03	0.27	-11.97	-161.30	-104.04
of which: Consumer Credit	2,197.53	2,117.91	-5.75	-5.13	-49.90	-79.62
Mortgages	2,882.00	2,866.94	0.04	-7.83	-78.81	-15.07
Commercial and Other Loans B\$	672.54	663.19	5.98	0.99	-32.58	-9.35
b. F/C Credit	224.40	228.60	2.65	1.98	-14.99	4.19
of which: Mortgages	62.20	72.03	0.80	4.51	-5.85	9.84
Commercial and Other Loans F/C	162.21	156.57	1.85	-2.53	-9.14	-5.64
<b>2.2 Central Government (net)</b>	<b>2,378.01</b>	<b>2,524.08</b>	<b>54.89</b>	<b>-14.78</b>	<b>-160.17</b>	<b>146.08</b>
a. B\$ Loans & Securities	2,608.96	2,741.93	41.80	9.23	-142.21	132.97
Less Deposits	226.14	215.18	-13.05	21.56	17.36	-10.97
b. F/C Loans & Securities	0.00	7.00	0.00	0.00	0.00	7.00
Less Deposits	4.81	9.67	-0.04	2.45	0.61	4.86
<b>2.3 Rest of Public Sector</b>	<b>270.90</b>	<b>318.12</b>	<b>-4.18</b>	<b>2.02</b>	<b>-34.98</b>	<b>47.22</b>
a. B\$ Credit	100.20	128.33	0.55	2.10	-7.11	28.13
b. F/C Credit	170.70	189.78	-4.73	-0.08	-27.87	19.09
<b>2.4 Total Domestic Credit</b>	<b>8,625.38</b>	<b>8,718.91</b>	<b>52.67</b>	<b>-22.66</b>	<b>-371.62</b>	<b>93.54</b>
a. B\$ Domestic Credit	8,235.08	8,303.11	55.67	-22.20	-327.97	68.03
b. F/C Domestic Credit	390.30	415.80	-3.00	-0.47	-43.65	25.51

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	2,360.47	2,452.79	2.98	-21.82	170.97	92.32
a. Central Bank	14.07	74.97	-4.39	5.18	-1.70	60.91
b. Banks	2,346.41	2,377.82	7.37	-27.00	172.67	31.41
3.2 Savings Deposits	1,367.67	1,414.70	2.01	-11.94	74.01	47.03
3.3 Fixed Deposits	2,742.65	2,562.33	-21.11	-12.20	-127.81	-180.32
3.4 Total B\$ Deposits	6,470.79	6,429.82	-16.12	-45.95	117.17	-40.97
3.5 F/C Deposits of Residents	302.02	360.65	3.19	0.65	-76.43	58.63
<b>3.6 M2</b>	<b>6,777.80</b>	<b>6,733.43</b>	<b>10.74</b>	<b>-45.84</b>	<b>130.43</b>	<b>-44.37</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>20.78</b>	<b>17.78</b>	<b>-0.44</b>	<b>-1.15</b>	<b>7.21</b>	<b>-3.00</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>97.62</b>	<b>95.66</b>	<b>0.42</b>	<b>-3.77</b>	<b>27.48</b>	<b>-1.96</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>95.23</b>	<b>88.69</b>	<b>0.97</b>	<b>-5.11</b>	<b>26.71</b>	<b>-6.54</b>

Value		Year to Date		Change	
2017	2018	2017	2018	Month	YTD

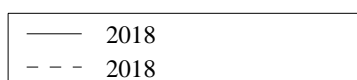
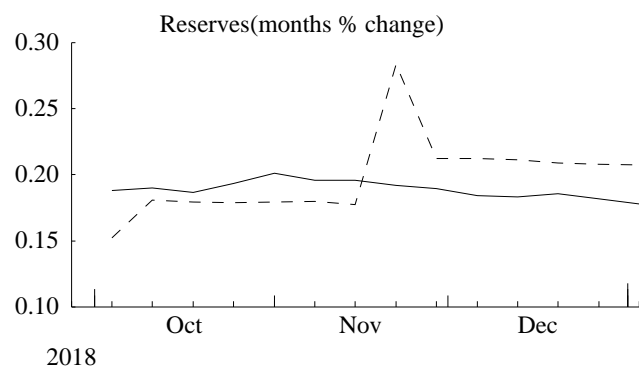
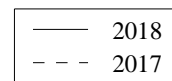
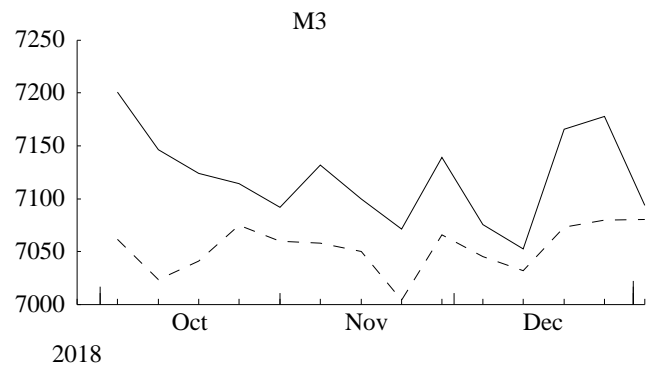
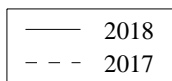
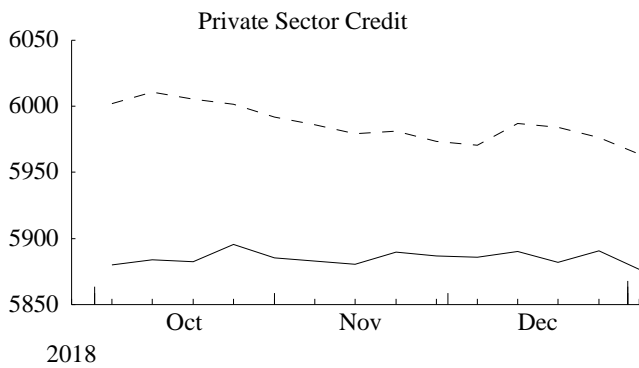
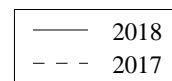
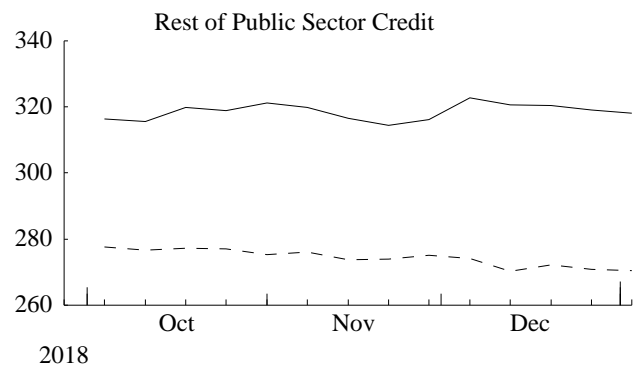
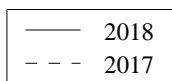
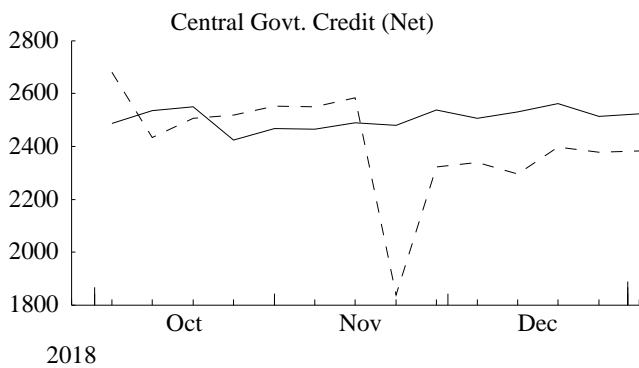
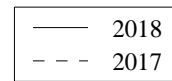
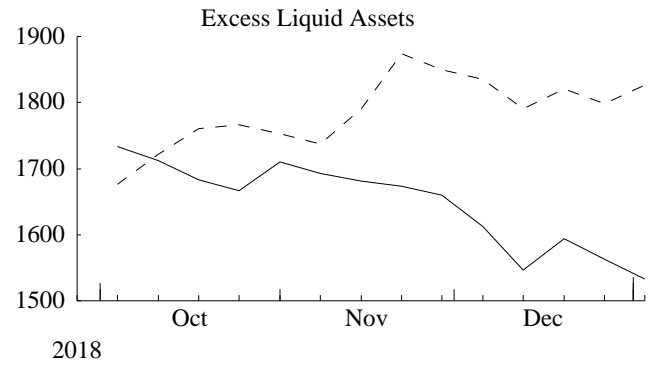
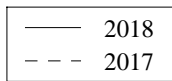
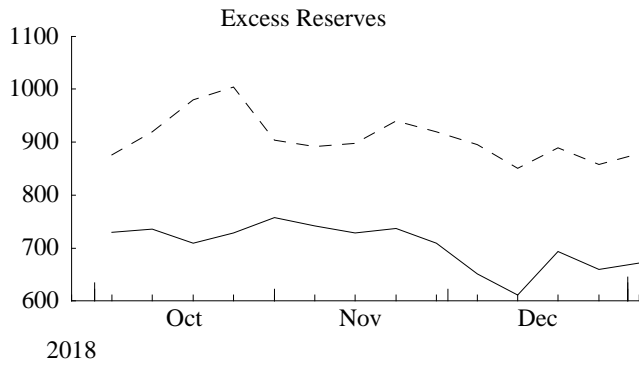
## 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>-26.06</b>	<b>-106.70</b>	<b>486.73</b>	<b>-256.83</b>	<b>-80.65</b>	<b>-743.56</b>
a. Net Purchase/(Sale) from/to Banks	14.21	44.17	57.19	174.80	29.96	117.60
i. Sales to Banks	6.90	19.14	364.83	388.24	12.24	23.42
ii. Purchases from Banks	21.11	63.31	422.02	563.04	42.20	141.02
b. Net Purchase/(Sale) from/to Others	-40.26	-150.87	429.53	-431.63	-110.60	-861.16
i. Sales to Others	59.65	196.44	1,172.08	997.45	136.79	-174.63
ii. Purchases from Others	19.39	45.57	1,601.61	565.82	26.18	-1,035.79
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>32.58</b>	<b>45.14</b>	<b>94.27</b>	<b>116.43</b>	<b>12.56</b>	<b>22.15</b>
a. Sales to Customers	364.67	539.74	4,450.91	5,528.00	175.07	1,077.09
b. Purchases from Customers	397.25	584.88	4,545.18	5,644.42	187.63	1,099.24
<b>4.3 B\$ Position (change)</b>	<b>-23.76</b>	<b>-14.90</b>				

## 5.0 EXCHANGE CONTROL SALES

<b>5.1 Current Items</b>	<b>452.00</b>	<b>678.79</b>	<b>5,115.74</b>	<b>5,773.04</b>	<b>226.79</b>	<b>657.30</b>
<b>of which Public Sector</b>	<b>59.40</b>	<b>117.08</b>	<b>706.79</b>	<b>578.05</b>	<b>57.68</b>	<b>-128.74</b>
a. Nonoil Imports	125.05	146.14	1,677.30	1,529.07	21.09	-148.24
b. Oil Imports	57.60	87.55	534.96	518.83	29.95	-16.13
c. Travel	34.50	39.45	336.77	321.94	4.95	-14.83
d. Factor Income	28.90	25.18	261.56	431.54	-3.72	169.98
e. Transfers	22.94	20.58	291.44	235.40	-2.37	-56.04
f. Other Current Items	183.00	359.90	2,013.71	2,736.27	176.89	722.56
<b>5.2 Capital Items</b>	<b>28.62</b>	<b>99.73</b>	<b>701.05</b>	<b>274.74</b>	<b>71.11</b>	<b>-426.31</b>
<b>of which Public Sector</b>	<b>14.64</b>	<b>89.28</b>	<b>556.97</b>	<b>177.11</b>	<b>74.64</b>	<b>-379.87</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)



## Selected International Statistics

<b>A: Selected Macroeconomic Projections (Annual % Change and % of labor force)</b>						
	<b>Real GDP</b>		<b>Inflation Rate</b>		<b>Unemployment</b>	
	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
Bahamas	1.4	2.3	1.4	2.5	10.1	N/A
United States	2.2	2.9	2.1	2.4	4.4	3.8
Euro-Area	2.4	2.0	1.5	1.7	9.1	8.3
<i>Germany</i>	<i>2.5</i>	<i>1.9</i>	<i>1.7</i>	<i>1.8</i>	<i>3.8</i>	<i>3.5</i>
Japan	1.7	1.1	0.5	1.2	2.9	2.9
China	6.9	6.6	1.6	2.2	3.9	4.0
United Kingdom	1.7	1.4	2.7	2.7	4.4	4.1
Canada	3.0	2.1	1.6	2.6	6.3	6.1
<i>Source: IMF World Economic Outlook October 2018, Department of Statistics</i>						

<b>B: Official Interest Rates – Selected Countries (%)</b>					
<i>With effect</i>	<b>CBOB</b>	<b>ECB (EU)</b>	<b>Federal Reserve (US)</b>		<b>Bank of England</b>
<i>from</i>	<b>Bank Rate</b>	<b>Refinancing Rate</b>	<b>Primary Credit Rate</b>	<b>Target Funds Rate</b>	<b>Repo Rate</b>
October 2016	4.50	0.00	1.00	0.25-0.50	0.25
November 2016	4.50	0.00	1.00	0.25-0.50	0.25
December 2016	4.00	0.00	1.25	0.50-0.75	0.25
January 2017	4.00	0.00	1.25	0.50-0.75	0.25
February 2017	4.00	0.00	1.25	0.50-0.75	0.25
March 2017	4.00	0.00	1.50	0.75-1.00	0.25
April 2017	4.00	0.00	1.50	0.75-1.00	0.25
May 2017	4.00	0.00	1.75	1.00-1.25	0.25
June 2017	4.00	0.00	1.75	1.00-1.25	0.25
July 2017	4.00	0.00	1.75	1.00-1.25	0.25
August 2017	4.00	0.00	1.75	1.00-1.25	0.25
September 2017	4.00	0.00	1.75	1.00-1.25	0.25
October 2017	4.00	0.00	1.75	1.00-1.25	0.25
November 2017	4.00	0.00	1.75	1.00-1.25	0.50
December 2017	4.00	0.00	2.00	1.25-1.50	0.50
January 2018	4.00	0.00	2.00	1.25-1.50	0.50
February 2018	4.00	0.00	2.00	1.25-1.50	0.50
March 2018	4.00	0.00	2.25	1.50-1.75	0.50
April 2018	4.00	0.00	2.25	1.50-1.75	0.50
May 2018	4.00	0.00	2.50	1.75-2.00	0.50
June 2018	4.00	0.00	2.50	1.75-2.00	0.50
July 2018	4.00	0.00	2.50	1.75-2.00	0.50
August 2018	4.00	0.00	2.50	1.75-2.00	0.75
September 2018	4.00	0.00	2.75	2.00-2.25	0.75
October 2018	4.00	0.00	2.75	2.00-2.25	0.75
November 2018	4.00	0.00	2.75	2.00-2.25	0.75
December 2018	4.00	0.00	3.00	2.25-2.50	0.75

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	Dec-17	Nov-18	Dec-18	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.8330	0.8834	0.8719	-1.30	4.67	4.67
Yen	112.69	113.55	109.70	-3.39	-2.65	-2.65
Pound	0.7396	0.7839	0.7837	-0.03	5.96	5.96
Canadian \$	1.2573	1.3293	1.3641	2.62	8.49	8.49
Swiss Franc	0.9742	0.9994	0.9816	-1.78	0.76	0.76
Renminbi	6.5067	6.9590	6.8785	-1.16	5.71	5.71

*Source: Bloomberg as of December 31, 2018*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	December 2017	November 2018	December 2018	Mthly % Change	YTD % Change
Gold / Ounce	1303.05	1222.5	1282.45	4.90	-1.58
Silver / Ounce	16.94	14.18	15.50	9.25	-8.53
Oil / Barrel	66.60	58.71	53.80	-8.36	-19.22

*Source: Bloomberg as of December 31, 2018*

<b>E. Equity Market Valuations – December 31, 2018 (% change)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	4.07	-8.66	-9.18	-3.61	-5.46	-6.20	-10.45	-3.64
3 month	7.40	-11.83	-13.97	-10.41	-13.89	-13.78	-17.02	-11.61
YTD	2.22	-5.63	-6.24	-12.48	-10.95	-18.26	-12.08	-24.59
12-month	2.22	-5.63	-6.24	-12.48	-10.95	-18.26	-12.08	-24.59

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
<b>o/n</b>	2.20	1.10	-0.43
<b>1 Month</b>	2.51	0.76	-0.40
<b>3 Month</b>	2.77	0.90	-0.33
<b>6 Month</b>	2.86	1.03	-0.26
<b>9 Month</b>	2.95	0.99	-0.25
<b>1 year</b>	3.02	1.23	-0.16

*Source: Bloomberg as of December 31, 2018*

# FISCAL/REAL SECTOR INDICATORS

(B\$ MILLIONS)

(% change represents current month from previous month)

	YEAR TO DATE											
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
<b>Fiscal Operations*</b>												
1. Government Revenue & Grants	150.1	152.7	165.1	127.9	160.1	127.9	160.1	127.9	160.1	127.9	160.1	127.9
% change: over previous month	-28.3%	-1.1%	-16.9%	-9.0%	-9.0%	-9.0%	-9.0%	-9.0%	-9.0%	-9.0%	-9.0%	-9.0%
2. Value Added Tax	49.5	49.5	62.8	40.7	51.4	40.7	51.4	40.7	51.4	40.7	51.4	40.7
% change: over previous month	74.9%	22.4%	-32.6%	-17.85%	-18.19%	-17.85%	-18.19%	-17.85%	-18.19%	-17.85%	-18.19%	-17.85%
3. Import/Excise Duties	33.5	47.0	51.0	33.5	46.8	33.5	46.8	33.5	46.8	33.5	46.8	33.5
% change: over previous month	44.0%	53.3%	6.7%	-4.3%	-28.8%	-4.3%	-28.8%	-4.3%	-28.8%	-4.3%	-28.8%	-4.3%
4. Recurrent Expenditure	177.2	156.6	176.4	164.1	174.2	164.1	174.2	164.1	174.2	164.1	174.2	164.1
% change: over previous month	167.3%	-66.3%	-6.4%	4.78%	-1.3%	-1.3%	-1.3%	-1.3%	-1.3%	-1.3%	-1.3%	-1.3%
5. Capital Expenditure	8.2	57.4	29.2	17.0	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
% change: over previous month	0.0%	-80.9%	143475.0%	255.7%	-93.1%	-93.1%	-93.1%	-93.1%	-93.1%	-93.1%	-93.1%	-93.1%
6. Deficit/Surplus*	5.8	13.3	-61.2	-40.5	-53.2	-40.5	-53.2	-40.5	-53.2	-40.5	-53.2	-40.5
% change: over previous month	-101.6%	-110.2%	-1158.2%	-405.7%	-13.19%	-13.19%	-13.19%	-13.19%	-13.19%	-13.19%	-13.19%	-13.19%

	YEAR TO DATE											
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
<b>Debt**</b>												
7. Total Direct Debt	6320.1	7209.3	6329.9	7198.9	6321.5	7205.3	6320.6	7175.1	6344.8	7217.2	7243.2	6589.0
% change: over previous month	0.1%	0.4%	0.1%	-0.1%	0.0%	0.1%	0.0%	-0.4%	0.2%	0.6%	3.2%	0.4%
8. External Debt	1749.3	2675.9	1742.5	2662.4	1739.9	2661.2	1741.0	2651.3	1757.9	2643.1	2637.1	1769.5
% change: over previous month	0.2%	2.3%	-0.4%	-0.5%	-0.2%	0.0%	0.1%	-0.4%	1.0%	-0.3%	-0.2%	0.3%
9. Internal F/C Debt	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: over previous month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10. Bahamian Dollar Debt	4570.8	4533.4	4581.4	4536.5	4581.5	4544.2	4579.6	4523.8	4586.8	4574.1	4606.1	4789.5
% change: over previous month	0.0%	-0.7%	0.2%	-0.1%	0.0%	0.2%	0.0%	-0.4%	0.2%	1.1%	4.4%	0.1%
11. Total Amortization	3.1	34.7	2.4	29.0	82.9	91.8	4.8	100.4	10.1	0.1	3.3	76.0
% change: over previous month	-85.6%	4.9%	-28.2%	-19.7%	3319.3%	217.1%	-94.2%	9.3%	108.2%	-99.9%	-67.0%	2185.0%

	YEAR TO DATE											
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
12. Total Public Sector F/C Debt	2650.0	3543.1	2642.7	3528.8	2633.3	3526.7	2633.5	3516.8	2649.7	3508.6	3497.5	2655.5
% change: over previous month	1.4%	1.7%	-0.3%	-0.4%	-0.1%	-0.1%	0.0%	-0.3%	0.0%	-0.2%	0.0%	0.2%

	YEAR TO DATE											
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
<b>Real Sector Indicators</b>												
13. Retail Price Index	102.1	103.9	103.8	104.3	103.3	104.0	102.7	104.2	103.0	104.7	105.1	102.7
% change: over previous month	-0.04%	1.82%	1.7%	0.35%	-0.57%	-0.30%	-0.53%	0.18%	0.3%	0.32%	0.2%	-0.4%
14. Tourist arrivals (000's)	509.3	533.7	534.6	534.2	662.7	707.5	582.3	587.8	469.0	500.0	539.8	544.2
% change: over previous year	-4.65%	4.79%	-6.4%	-0.08%	3.55%	3.6%	-2.23%	0.94%	-3.8%	6.59%	9.62%	-5.58%
15. Air arrivals (000's)	94.3	100.9	108.2	126.3	146.0	184.1	138.1	144.0	114.4	138.1	154.9	144.6
% change: over previous year	-1.63%	6.95%	-1.07%	16.73%	13.17%	26.09%	-13.17%	4.32%	-5.80%	18.94%	15.72%	-8.79%
16. Occupied Room Nights												
% change: over previous year												
17. Res. Mortgage Commitments-Value of New Const. & Rehab. (B\$Millions)					11.44	12.25				14.36	8.60	
% change: over previous year					-24.39%	-14.01%				25.3%	-29.8%	

	YEAR TO DATE											
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
13. Retail Price Index	102.1	103.9	103.8	104.3	103.3	104.0	102.7	104.2	103.0	104.7	105.1	102.7
% change: over previous month	-0.04%	1.82%	1.7%	0.35%	-0.57%	-0.30%	-0.53%	0.18%	0.3%	0.32%	0.2%	-0.4%
14. Tourist arrivals (000's)	509.3	533.7	534.6	534.2	662.7	707.5	582.3	587.8	469.0	500.0	539.8	544.2
% change: over previous year	-4.65%	4.79%	-6.4%	-0.08%	3.55%	3.6%	-2.23%	0.94%	-3.8%	6.59%	9.62%	-5.58%
15. Air arrivals (000's)	94.3	100.9	108.2	126.3	146.0	184.1	138.1	144.0	114.4	138.1	154.9	144.6
% change: over previous year	-1.63%	6.95%	-1.07%	16.73%	13.17%	26.09%	-13.17%	4.32%	-5.80%	18.94%	15.72%	-8.79%
16. Occupied Room Nights												
% change: over previous year												
17. Res. Mortgage Commitments-Value of New Const. & Rehab. (B\$Millions)					11.44	12.25				14.36	8.60	
% change: over previous year					-24.39%	-14.01%				25.3%	-29.8%	

	YEAR TO DATE											
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
7. Total Direct Debt	6320.1	7209.3	6329.9	7198.9	6321.5	7205.3	6320.6	7175.1	6344.8	7217.2	7243.2	6589.0
% change: over previous month	0.1%	0.4%	0.1%	-0.1%	0.0%	0.1%	0.0%	-0.4%	0.2%	0.6%	3.2%	0.4%
8. External Debt	1749.3	2675.9	1742.5	2662.4	1739.9	2661.2	1741.0	2651.3	1757.9	2643.1	2637.1	1769.5
% change: over previous month	0.2%	2.3%	-0.4%	-0.5%	-0.2%	0.0%	0.1%	-0.4%	1.0%	-0.3%	-0.2%	0.3%
9. Internal F/C Debt	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: over previous month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10. Bahamian Dollar Debt	4570.8	4533.4	4581.4	4536.5	4581.5	4544.2	4579.6	4523.8	4586.8	4574.1	4606.1	4789.5
% change: over previous month	0.0%	-0.7%	0.2%	-0.1%	0.0%	0.2%	0.0%	-0.4%	0.2%	1.1%	4.4%	0.1%
11. Total Amortization	3.1	34.7	2.4	29.0	82.9	91.8	4.8	100.4	10.1	0.1	3.3	76.0
% change: over previous month	-85.6%	4.9%	-28.2%	-19.7%	3319.3%	217.1%	-94.2%	9.3%	108.2%	-99.9%	-67.0%	2185.0%

	YEAR TO DATE											
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
12. Total Public Sector F/C Debt	2650.0	3543.1	2642.7	3528.8	2633.3	3526.7	2633.5	3516.8	2649.7	3508.6	3497.5	2655.5
% change: over previous month	1.4%	1.7%	-0.3%	-0.4%	-0.1%	-0.1%	0.0%	-0.3%	0.0%	-0.2%	0.0%	0.2%

	YEAR TO DATE											
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
13. Retail Price Index	102.1	103.9	103.8	104.3	103.3	104.0	102.7	104.2	103.0	104.7	105.1	102.7
% change: over previous month	-0.04%	1.82%	1.7%	0.35%	-0.57%	-0.30%	-0.53%	0.18%	0.3%	0.32%	0.2%	-0.4%
14. Tourist arrivals (000's)	509.3	533.7	534.6	534.2	662.7	707.5	582.3	587.8	469.0	500.0	539.8	544.2
% change: over previous year	-4.65%	4.79%	-6.4%	-0.08%	3.55%	3.6%	-2.23%	0.94%	-3.8%	6.59%	9.62%	-5.58%
15. Air arrivals (000's)	94.3	100.9	108.2	126.3	146.0	184.1	138.1	144.0	114.4	138.1	154.9	144.6
% change: over previous year	-1.63%	6.95%	-1.07%	16.73%	13.17%	26.09%	-13.17%	4.32%	-5.80%	18.94%	15.72%	-8.79%
16. Occupied Room Nights												
% change: over previous year												
17. Res. Mortgage Commitments-Value of New Const. & Rehab. (B\$Millions)					11.44	12.25				14.36	8.60	
% change: over previous year					-24.39%	-14.01%				25.3%	-29.8%	

	YEAR TO DATE											
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
1. Government Revenue & Grants	150.1	152.7	165.1	127.9	160.1	127.9	160.1	127.9	160.1	127.9	160.1	127.9
% change: over previous month	-28.3%	-1.1%	-16.9%	-9.0%	-9.0%	-9.0%	-9.0%	-9.0%	-9.0%	-9.0%	-9.0%	-9.0%
2. Value Added Tax	49.5	49.5	62.8	40.7	51.4	40.7	51.4	40.7	51.4	40.7	51.4	40.7
% change: over previous month	74.9%	22.4%	-32.6%	-17.85%	-18.19%	-17.85%	-18.19%	-17.85%	-18.19%	-17.85%	-18.19%	-17.85%
3. Import/Excise Duties	33.5	47.0	51.0	33.5	46.8	33.5	46.8	33.5	46.8	33.5	46.8	33.5
% change: over previous month	44.0%	53.3%	6.7%	-4.3%	-28.8%	-4.3%	-28.8%	-4.3%	-28.8%	-4.3%	-28.8%	-4.3%
4. Recurrent Expenditure	177.2	156.6	176.4	164.1	174							