



## **Monthly Economic and Financial Developments February 2016**

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:

2016: May 2, May 30, July 4, August 8, August 29, October 3, October 31, November 28, December 19.

# Monthly Economic and Financial Developments

## February 2016

### 1. Domestic Economic Developments

Preliminary evidence suggests that the domestic economy continued to expand at a modest pace during the month of February, reflecting growth in tourism output, while foreign investment-led projects supported activity in the construction sector. Inflationary pressures remained relatively subdued over the review period, as the decline in global oil prices contributed to further reductions in energy costs. On the fiscal front, the overall deficit narrowed considerably in the seven months of FY2015/16, with the value added tax (VAT)-led surge in revenue, outstripping the growth in expenditure. Meanwhile, monetary sector developments in February were dominated by Government's receipt of proceeds from an external loan, which led to growth in both liquidity and external reserves.

Initial data from the Ministry of Tourism, indicated that the sector maintained its positive growth trajectory in 2015, supported primarily by gains the high value-added stopover segment of the market. Specifically, air arrivals grew by 3.6% to 1.3 million during the year, following a 4.9% expansion recorded in the prior period. However, overall arrivals to The Bahamas declined by 3.3% to 6.1 million, a turnaround from a 2.8% advance in 2014, due to a fall in the larger sea component by 5.1% to 4.7 million, vis-à-vis a 2.2% expansion in the previous year.

By major port of entry, total visitors to New Providence contracted by 7.1% to 3.3 million, reversing the 0.6% uptick in 2014, as a 10.0% reduction in sea passengers outweighed a slight 0.2% rise in air traffic. Similarly, the number of visitors to the Family Islands contracted by 6.7% to 1.9 million, compared to growth of 7.5% in the prior year. This outturn reflected an 8.3% falloff in the sea component, which outstripped the 6.9% gain in air arrivals. In contrast, buoyed by increases in airlift and hotel capacity, arrivals to Grand Bahama firmed by 22.9% to 1.0 million, outpacing the previous 0.9% upturn, as both air and sea traffic surged by 24.9% and 22.5%, respectively.

Reflecting in part the imposition of the VAT on a wide range of goods and services on January 1<sup>st</sup>, domestic inflation—as measured by the All Bahamas Retail Price Index—firmed by 70 basis points to 1.88% in 2015. Specifically, average price gains for health and recreation & culture accelerated by 13.6 and 7.1 percentage points to 15.4% and 10.8%, respectively. In addition, inflation rates quickened for clothing and footwear (by 5.4 percentage points to 5.4%), furnishing, household equipment & maintenance (by 5.0 percentage points to 6.6%), communication (by 4.6 percentage points to 5.0%), food & non-alcoholic beverages (by 4.3 percentage points to 5.9%), and restaurant and hotels (by 4.0 percentage points to 5.9%). More modest accretions to average price gains of less than 3.0 percentage points were registered for education, alcohol beverages, tobacco & narcotics and miscellaneous goods & services. In a modest offset, transportation costs declined to 5.4%, a reversal from a 3.7% advance in the prior year, attributed to the decline in global oil prices, while the average cost for housing, water, gas electricity & other fuels—the largest component in the index—contracted further, by 1.4%, after a 0.3% decline in 2014.

Domestic energy costs continued to reflect the sharp fall in international oil prices, as The Bahamas Electricity Corporation's fuel charge decreased by 19.5%, on a monthly basis, to 8.38 cents per kilowatt hour (kWh) in February, while in comparison to the previous year, prices were 61.9% lower.

During the seven months of FY2015/16, the overall deficit narrowed by \$83.3 million (28.4%) to \$210.1 million, as revenue firmed by \$212.3 million (25.6%) to \$1,042.2 million, outpacing the \$129.0 million (11.5%) expansion in expenditure to \$1,252.3 million. A seasonal acceleration in VAT and business license collections over the rest of the fiscal year—particularly during March and April—should produce a more marked consolidation in the overall fiscal year deficit. Measures to streamline administration and broaden the base, boosted tax revenue by \$217.4 million (30.2%) to \$936.1 million through end-January 2016, with VAT receipts comprising 40.5% of the total at \$379.1 million. In contrast, reflecting the decline in several tariff rates to compensate for the new regime, taxes on international trade fell by \$40.7 million (12.1%) to \$295.4 million, as both import duties and excise taxes decreased. With most property transfer taxes replaced by VAT, other "miscellaneous" taxes contracted by \$57.1 million (19.6%) to \$234.0 million, while business & professional fees moved lower by \$37.7 million (61.5%) to \$23.6 million, due largely to deferred collections. Further, selective taxes on services fell by two-thirds to \$10.3 million, due to the elimination of the hotel occupancy tax category. In addition, non-tax receipts decreased by \$2.2 million (2.0%) to \$105.9 million, owing mainly to a \$3.3 million (4.3%) reduction in fines, forfeits and administration fees, which overshadowed slight increases in the other categories.

On the expenditure side, current spending expanded by \$173.7 million (17.9%) to \$1,144.6 million, explained in large measure by a \$135.5 million (30.6%) increase in transfer payments. Specifically, the reclassification of flows to public corporations from net lending to transfers, resulted in subsidies and other transfers advancing by \$122.8 million (41.8%) to \$416.2 million. In addition, interest payments rose by \$12.7 million (8.6%) to \$161.6 million. Similarly, purchases of goods and services rose by \$26.6 million (17.7%) to \$177.0 million, with the most significant gains occurring for rent, communication & utilities and for other contractual services. In addition, wages & salary outlays rose modestly by \$11.6 million (3.1%) to \$389.7 million. In contrast, capital spending declined marginally by \$0.7 million (0.6%) to \$105.3 million, due mainly to a reduction in asset acquisitions. Further, following the reclassification exercise, net lending declined by \$44.1 million to \$2.4 million.

## 2. International Developments

Indications are that the modest pace of global growth was maintained during the review period, as consumer spending continued to support gains in both the United States and European markets; however, the ongoing slowdown in China continued to drag down several emerging market economies. In light of these developments, the major central banks either maintained or enhanced their highly accommodative monetary stance.

Despite long-term economic trends remaining broadly positive in the United States, preliminary evidence suggests that both industrial production and retail sales contracted by 0.5% and 0.3% month-on-month in February, a reversal from gains of 0.2% and 0.8% in the prior period. Housing market developments were mixed, as declines were recorded for both completions (4.2%) and building permits issued (3.1%); however, the number of housing starts rose by 5.2%. On the external front, the trade deficit widened by \$1.0 billion to \$45.7 billion in January, owing to a \$3.8 billion reduction in exports of mainly capital goods, industrial supplies and fuel—which negated the \$2.8 billion falloff in imports. Buoyed predominately by gains in the health care, retail trade and the food services sectors, which offset oil price-related declines in the mining industry, nonfarm payrolls rose by 242,000, while the unemployment rate steadied at 4.9%.

Consumer prices fell by 0.2% in February, after remaining unchanged in the prior month, due to declines in energy prices. In monetary policy developments, the Federal Reserve continued to hold interest rate at the 0.25% - 0.50% target range, after raising them in December 2015 for the first time in nine years.

Preliminary evidence suggests that European economies maintained their modest growth momentum over the review period, as monthly retail sales in the United Kingdom grew by 2.3% in January, vis-à-vis a 1.0% falloff in the previous month, while gains in the manufacturing and electricity & gas sectors supported a slight 0.2% increase in industrial production, a reversal from a 1.1% contraction in December. In this environment, labour market conditions continued to improve gradually over the three months to January, as an additional 116,000 persons became employed and the jobless rate steadied at 5.1%. Similarly, in the euro area, industrial production advanced by 2.1% in January, in contrast to a 0.5% reduction in the prior month. Given the uptick in consumer demand, retail trade firmed by 0.4%, following a 0.6% gain in December. In external developments, January's trade surplus contracted by €18.1 billion to €6.2 billion, as the slowdown in global demand—particularly from Asia—contributed to a €22.2 billion decrease in exports, overshadowing the €4.1 billion falloff in imports. In addition, labour market conditions improved, as the unemployment rate softened by 10 basis points to 10.3% month-on-month; the lowest rate recorded since August, 2011, while deflationary conditions persisted, with consumer prices falling on an annualized basis by 0.2% in February, after a 0.3% decline a year earlier, due to lower costs for transport fuel, heating oil and gas. Given the mildness of the recovery, both the Bank of England and the European Central Bank left their key bank rates at historic lows.

Asia's economic performance continued to be dominated by the slowdown in China's growth rate. In February, the country's trade surplus was halved to \$32.0 million, reflecting a 29.0% drop in exports—due in part to the Chinese New Year celebrations—which outpaced the 18.0% reduction in imports, while the monthly retail sales growth steadied at a mere 0.8%. In addition, the Purchasing Managers Index (PMI), which measures private sector business conditions, fell by a further 40 basis points, after January's 30 basis point contraction, amid broad-based reductions in all of the major indices. Further, the growth in consumer prices accelerated to 1.6% from 0.5% in the prior month, as increased holiday demand led to higher food prices. Economic conditions in Japan were mixed over the review period, with industrial production advancing by 3.7% in January, a reversal from a 1.4% falloff in the prior month, due to gains in the general-purpose, transport equipment and electronic parts and devices industries. Further, the monthly trade position reversed to a ¥242.7 billion surplus from a ¥648.8 billion deficit in January, attributed to a 6.6% rise in exports of mainly machinery and transportation equipment, which eclipsed the 9.0% decline in fuel and electrical machinery-based imports. In contrast, given the weakness in consumer demand, retail sales narrowed by a further 1.1%, following December's 0.2% decrease, while consumer prices fell marginally by 0.4%, due in part to lower clothing and footwear costs. In addition, the unemployment rate narrowed by 10 basis points to 3.2%. Given the softness in the economy, the People's Bank of China cut its reserve requirement ratio by a further 50 basis points to 16.5% in February, while the Bank of Japan also implemented further stimulus measures by introducing a negative interest rate regime on a specific section of financial institutions' deposits at the Bank<sup>1</sup>.

Buoyed by an agreement by Russia and Saudi Arabia—the world's two largest producers—to maintain production at current levels, and to a lesser extent a modest 175,000 barrels per day (bpd) reduction in OPEC's average daily oil production to 32.3 million bpd, the price of crude oil rose by 5.5% to \$35.98 per barrel. In addition, the volatility in global financial markets fueled investor demand for less risky assets,

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<sup>1</sup> The announcement was made at its January 29<sup>th</sup> meeting.

leading to the prices of gold and silver advancing by 10.8% to \$1,238.74 per troy ounce and by 4.5% to \$14.90 per troy ounce, respectively.

The major equity markets recorded broad-based declines in share prices, attributed in part to the slowdown in China's economic growth. In Asia, Japan's Nikkei 225 plunged by 8.5%, while the implementation of policies to address fiscal challenges, pared losses in China's SE Composite to a mere 1.8%. Similarly, declines were recorded in European bourses, as Germany's DAX and France's CAC 40 fell by 3.1% and 1.4%, respectively; however, the United Kingdom's FTSE rose slightly by 0.2%. Mixed outcomes were also observed in the United States, with the S&P 500 index decreasing by 0.4%, while the Dow Jones Industrial Average rose marginally by 0.3%.

Reflecting in part market expectations that the United States was unlikely to tighten monetary policy in the near-term—due to the weakness in the global economy—most of the major currencies appreciated against the U.S. dollar over the review period. Specifically, the dollar fell versus the Japanese Yen, the Canadian dollar and the Swiss Franc by 7.0% to ¥112.69, 3.1% to CAD\$1.354 and 2.4% to CHF0.9984, respectively. More muted declines were recorded vis-a-vis the euro (by 0.4% to €0.9197) and the Chinese Yuan (by 0.3% to CNY6.5540). In a slight offset, the dollar advanced relative to the British pound by 2.4% to £0.7185.

### 3. Domestic Monetary Trends

#### February 2016 vs. 2015

Buoyed by the receipt of net proceeds from the Government's external US\$100 million equivalent loan, both bank liquidity and external reserves strengthened over the review month. Specifically, excess liquid assets advanced by \$108.3 million to \$1,455.5 million, exceeding 2015's \$20.1 million expansion, while excess reserves—a narrow measure of liquidity—increased by \$96.9 million to \$624.8 million, outpacing the prior year's \$49.8 million improvement.

External reserves rose by \$110.6 million to \$951.8 million, vis-à-vis a modest \$14.7 million expansion a year earlier. The external loan proceeds reversed the Bank's net transactions with the public sector to a \$64.2 million net purchase from a \$20.2 million net sale in the prior year. Additionally, the net purchase from commercial banks firmed by \$8.1 million to \$43.7 million, as their net receipts from customers strengthened by \$12.1 million to \$48.7 million.

Total Bahamian dollar credit contracted by \$60.5 million, after a \$58.1 million reduction recorded in 2015. This outturn reflected mainly a fall in net claims on the Government by \$64.2 million, vis-à-vis a \$49.5 million decrease a year-earlier, as proceeds from the foreign currency loan were utilised to repay commercial banks' advances. In contrast, credit to the private sector rose by \$2.9 million, a reversal from the previous year's \$8.5 million reduction. Underpinning this development was a \$9.9 million upturn in commercial and "other" loans, while mortgages and consumer credit decreased by \$3.6 million and \$3.4 million, respectively. Further, claims on the rest of the public sector edged up by \$0.8 million, vis-à-vis a slight \$0.1 million decrease in the preceding year.

Supported by the modest growth in the domestic economy and loan write-off activities, banks' credit quality indicators improved during the review period. Total private sector loan arrears declined by \$48.4 million (4.0%) to \$1,167.8 million, resulting in a 77 basis points decrease in the ratio of arrears to total loans, to 19.5%. In terms of the components, the 31-90 day past-due claims contracted by \$41.8 million (14.1%) to

\$254.6 million, reducing the associated ratio by 69 basis points to 4.3%, while non-performing loans (NPLs)—arrears in excess of 90 days and on which banks have ceased accruing interest—fell by \$6.6 million (0.7%) to \$913.3 million, lowering the attendant ratio by 8 basis points to 15.2%.

By loan type, the reduction in arrears was led by the mortgage category, which declined by \$37.1 million (5.3%) to \$666.2 million, as banks restructured a segment of their portfolios. In terms of the components, both the short-term and non-accrual mortgage delinquencies moved lower, by \$31.7 million (17.6%) and \$5.4 million (1.0%), respectively. Similarly, the consumer segment decreased by \$16.7 million (5.5%) to \$284.9 million, as non-performing loans decreased by \$10.1 million (4.8%) and 31-90 day arrears contracted by \$6.6 million (7.1%). In contrast, the commercial category rose by \$5.4 million (2.6%) to \$216.7 million, on account of a \$9.0 million (4.8%) increase in the non-accrual segment, which outpaced the \$3.6 million (15.3%) falloff in short-term arrears.

Despite the improvement in arrears, banks maintained their conservative stance by raising their provisions for loan losses marginally by \$2.8 million (0.5%) to \$545.3 million. As a consequence, the ratio of provisions to arrears increased by 2.1 percentage points to 46.7%, while the corresponding non-performing loan ratio moved higher by 74 basis points to 59.7%. In addition, banks wrote off an estimated \$5.8 million in bad debts and recovered approximately \$1.7 million.

Total domestic foreign currency credit contracted by \$11.2 million, a reversal from a slight \$0.3 million uptick last year. This outturn was due mainly to a \$10.3 million decrease in claims on the private sector, vis-a-vis a marginal \$0.1 million uptick in 2015, as a reduction in commercial and “other” loans outstripped an increase in the mortgage component. Further, credit to public corporations declined by \$2.1 million, extending a year-earlier reduction of \$1.3 million. In contrast, net claims on the Government rose by \$1.4 million, in line with the prior year’s \$1.3 million expansion.

Bahamian dollar deposits strengthened by \$24.5 million, a reversal from a \$5.2 million drawdown a year ago, as fixed deposits firmed by \$19.3 million, vis-a-vis the preceding year’s \$39.9 million contraction. In a slight offset, accretions to demand deposits slackened by \$9.9 million to \$10.8 million, while savings deposits decreased by \$5.6 million, a turnaround from 2015’s \$14.1 million gain.

In terms of interest rates, the weighted average deposit rate at banks grew by 37 basis points to 1.55%, with the highest rate of 5.00% offered on fixed balances of over 12 months. By comparison, the weighted average loan rate firmed marginally, by 8 basis points to 11.74%.

#### 4. Outlook and Policy Implications

Expectations are that the domestic economy will maintain its mildly positive upward trajectory during the year, reflecting a further expansion in the tourism sector, amid growth in several key source markets and the implementation of a number of private/public sector initiatives. In addition, construction activity will continue to be supported by foreign investment-led projects in both the capital and the Family Islands. Further, resumed work on the stalled multi-billion dollar Baha Mar development, would provide additional stimulus to the economy and improve employment conditions over the near-term. Inflationary pressures are likely to remain relatively subdued, as global oil prices should remain low for an extended period, due the weakness in global demand.

Expectations are that a more marked consolidation in the overall fiscal deficit should be experienced, due to the seasonal acceleration in VAT and business license collections over the rest of the fiscal year—particularly during March and April. As a result, the corresponding deficit and debt indicators are projected to improve over the near-term.

Monetary sector developments will be dominated by the persistence of robust levels of bank liquidity, due to weakness in private sector credit, as consumers continue to deleverage given the high level of arrears, as well as banks' conservative lending practises. Moreover, banks should remain well capitalized, with prudential ratios which exceed regulatory requirements. Near-term forecasts suggest that the build-up in external reserves will persist over the first half of the year, supported by real sector activity, while the traditional increase in foreign currency demand during the remaining months should be mitigated by the fall in oil prices.

# Recent Monetary and Credit Statistics

(B\$ Millions)

<b>FEBRUARY</b>						
Value		Change		Change YTD		
2015	2016	2015	2016	2015	2016	

## 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	555.30	624.75	49.82	96.92	62.03	135.39
1.2 Excess Liquid Assets	1,192.43	1,455.48	20.08	108.30	50.54	141.07
1.3 External Reserves	811.46	951.84	14.74	110.55	24.70	142.93
1.4 Bank's Net Foreign Assets	-403.42	-429.67	24.86	31.50	30.56	23.65
1.5 Usable Reserves	275.97	369.20	2.67	55.35	15.85	74.07

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>6,318.08</b>	<b>6,263.34</b>	<b>-8.39</b>	<b>-7.47</b>	<b>-34.88</b>	<b>-18.19</b>
a. B\$ Credit	6,004.08	6,001.04	-8.45	2.87	-25.77	-4.75
of which: Consumer Credit	2,143.03	2,160.53	-2.27	-3.40	-7.63	-8.31
Mortgages	3,087.97	3,072.68	-1.13	-3.64	-11.09	-0.06
Commercial and Other Loans B\$	773.08	767.83	-5.06	9.90	-7.05	3.63
b. F/C Credit	314.00	262.30	0.07	-10.34	-9.11	-13.44
of which: Mortgages	103.58	81.85	2.20	0.22	1.36	0.04
Commercial and Other Loans F/C	210.42	180.45	-2.13	-10.56	-10.48	-13.48
<b>2.2 Central Government (net)</b>	<b>2,023.48</b>	<b>2,181.29</b>	<b>-48.20</b>	<b>-62.75</b>	<b>-7.79</b>	<b>-33.25</b>
a. B\$ Loans & Securities	2,263.79	2,442.37	-48.88	-63.10	-9.19	-24.37
Less Deposits	238.45	295.98	0.65	1.06	3.90	14.05
b. F/C Loans & Securities	0.21	36.62	0.21	0.00	0.21	0.00
Less Deposits	2.06	1.71	-1.12	-1.41	-5.10	-5.17
<b>2.3 Rest of Public Sector</b>	<b>322.29</b>	<b>304.32</b>	<b>-1.39</b>	<b>-1.34</b>	<b>1.52</b>	<b>-2.80</b>
a. B\$ Credit	101.02	78.12	-0.13	0.77	3.79	0.11
b. F/C Credit	221.27	226.20	-1.26	-2.11	-2.28	-2.92
<b>2.4 Total Domestic Credit</b>	<b>8,664.06</b>	<b>8,749.09</b>	<b>-57.78</b>	<b>-71.73</b>	<b>-40.98</b>	<b>-54.12</b>
a. B\$ Domestic Credit	8,130.43	8,225.54	-58.11	-60.52	-35.07	-43.06
b. F/C Domestic Credit	533.63	523.55	0.34	-11.20	-5.91	-11.06

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	1,821.51	1,919.17	20.69	10.83	42.64	87.42
a. Central Bank	13.44	15.23	-6.25	6.03	-10.13	2.21
b. Banks	1,808.07	1,903.94	26.94	4.80	52.77	85.21
3.2 Savings Deposits	1,101.30	1,156.63	14.10	-5.63	33.49	5.26
3.3 Fixed Deposits	3,090.88	3,022.27	-39.94	19.31	-48.20	6.24
3.4 Total B\$ Deposits	6,013.69	6,098.06	-5.16	24.51	27.93	98.93
3.5 F/C Deposits of Residents	263.61	232.35	26.50	-3.16	21.56	-3.24
<b>3.6 M2</b>	<b>6,226.05</b>	<b>6,313.18</b>	<b>-10.40</b>	<b>23.21</b>	<b>8.87</b>	<b>77.51</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>13.03</b>	<b>15.08</b>	<b>0.26</b>	<b>1.70</b>	<b>0.38</b>	<b>2.10</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>79.24</b>	<b>86.22</b>	<b>-1.93</b>	<b>2.52</b>	<b>-0.95</b>	<b>4.17</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>75.77</b>	<b>81.68</b>	<b>-0.34</b>	<b>1.93</b>	<b>1.07</b>	<b>2.96</b>
	Value		Year to Date		Change	
	2015	2016	2015	2016	Month	YTD

## 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>15.40</b>	<b>107.96</b>	<b>26.23</b>	<b>137.84</b>	<b>92.56</b>	<b>111.60</b>
a. Net Purchase/(Sale) from/to Banks	35.58	43.72	68.41	68.89	8.14	0.48
i. Sales to Banks	0.00	0.00	14.80	15.34	0.00	0.54
ii. Purchases from Banks	35.58	43.72	83.21	84.24	8.14	1.03
b. Net Purchase/(Sale) from/to Others	-20.19	64.24	-42.18	68.94	84.43	111.12
i. Sales to Others	76.04	71.10	142.14	102.77	-4.94	-39.37
ii. Purchases from Others	55.85	135.35	99.97	171.72	79.49	71.75
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>36.60</b>	<b>48.68</b>	<b>65.82</b>	<b>85.31</b>	<b>12.09</b>	<b>19.49</b>
a. Sales to Customers	310.43	364.02	619.79	654.80	53.60	35.00
b. Purchases from Customers	347.02	412.70	685.61	740.10	65.68	54.49
<b>4.3 B\$ Position (change)</b>	<b>-22.63</b>	<b>-22.57</b>				

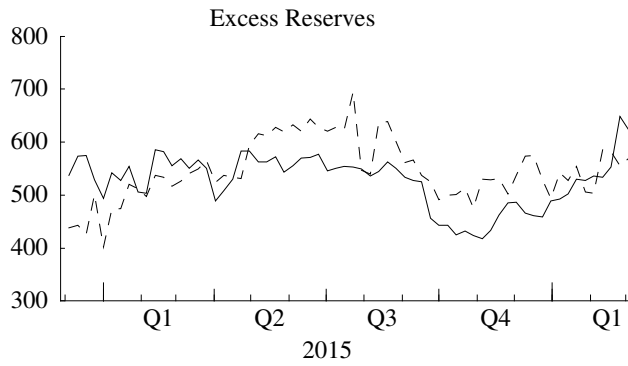
## 5.0 EXCHANGE CONTROL SALES

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

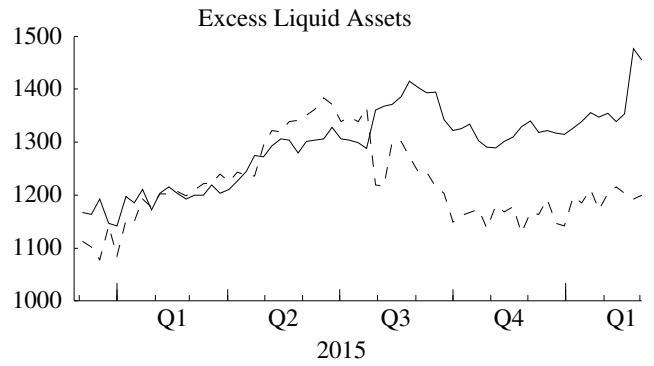


# SELECTED MONEY AND CREDIT INDICATORS

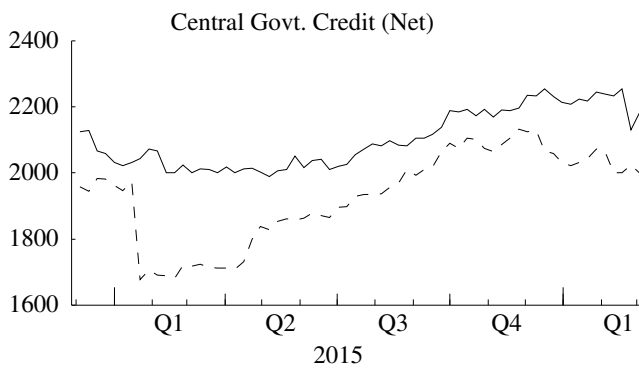
(B\$ Millions)



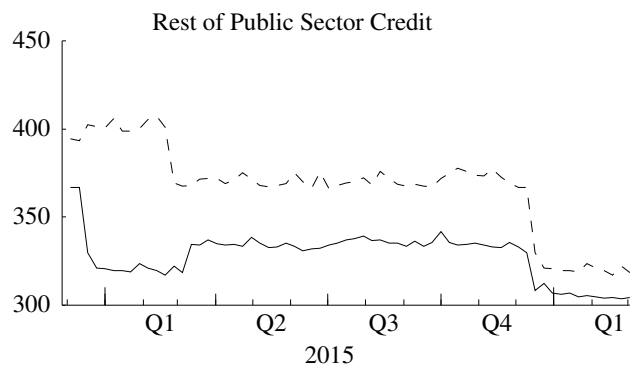
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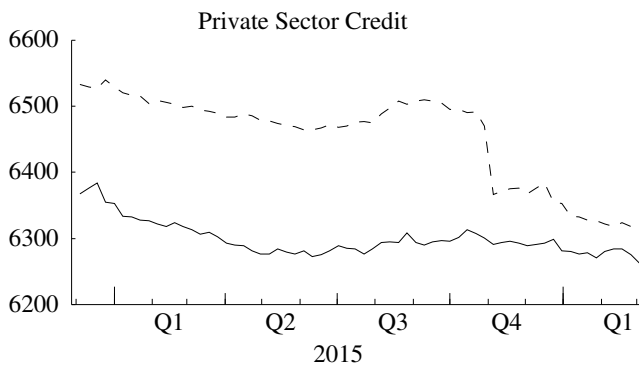
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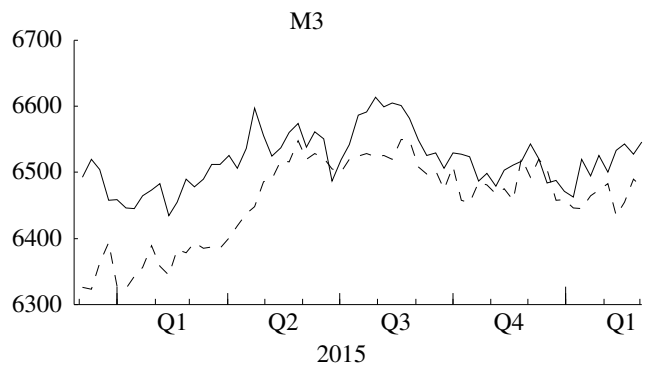
— 2016  
- - - 2015



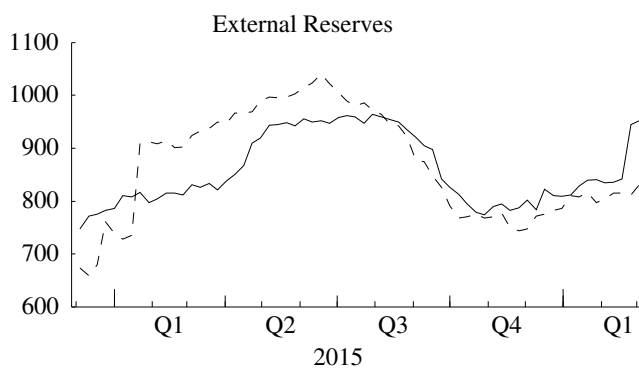
— 2016  
- - - 2015



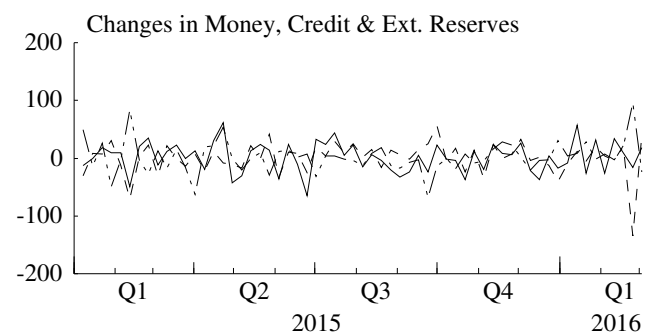
— 2016  
- - - 2015



— 2016  
- - - 2015



— 2016  
- - - 2015



— 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	
	2015	2016	2015	2016	2015	2016
Bahamas	1.2	2.2	1.7	1.3	12.0	N/A
United States	2.6	2.6	0.1	1.1	5.3	4.9
Euro-Area	1.5	1.7	0.2	1.0	11.0	10.5
<i>Germany</i>	<i>1.5</i>	<i>1.7</i>	<i>0.2</i>	<i>1.2</i>	<i>4.7</i>	<i>4.7</i>
Japan	0.6	1.0	0.7	0.4	3.5	3.5
China	6.8	6.3	1.5	1.8	4.1	4.1
United Kingdom	2.5	2.2	0.1	1.5	5.6	5.5
Canada	1.0	1.7	1.0	1.6	6.8	6.8
<i>Source: IMF World Economic Outlook January 2016, Department of Statistics</i>						

<b>B: Official Interest Rates – Selected Countries (%)</b>					
<i>With effect</i>	CBOB	ECB (EU)	Federal Reserve (US)		Bank of England
<i>from</i>	Bank Rate	Refinancing Rate	Primary Credit Rate	Target Funds Rate	Repo Rate
February 2014	4.50	0.25	0.75	0-0.25	0.50
March 2014	4.50	0.25	0.75	0-0.25	0.50
April 2014	4.50	0.25	0.75	0-0.25	0.50
May 2014	4.50	0.25	0.75	0-0.25	0.50
June 2014	4.50	0.15	0.75	0-0.25	0.50
July 2014	4.50	0.15	0.75	0-0.25	0.50
August 2014	4.50	0.15	0.75	0-0.25	0.50
September 2014	4.50	0.05	0.75	0-0.25	0.50
October 2014	4.50	0.05	0.75	0-0.25	0.50
November 2014	4.50	0.05	0.75	0-0.25	0.50
December 2014	4.50	0.05	0.75	0-0.25	0.50
January 2015	4.50	0.05	0.75	0-0.25	0.50
February 2015	4.50	0.05	0.75	0-0.25	0.50
March 2015	4.50	0.05	0.75	0-0.25	0.50
April 2015	4.50	0.05	0.75	0-0.25	0.50
May 2015	4.50	0.05	0.75	0-0.25	0.50
June 2015	4.50	0.05	0.75	0-0.25	0.50
July 2015	4.50	0.05	0.75	0-0.25	0.50
August 2015	4.50	0.05	0.75	0-0.25	0.50
September 2015	4.50	0.05	0.75	0-0.25	0.50
October 2015	4.50	0.05	0.75	0-0.25	0.50
November 2015	4.50	0.05	0.75	0-0.25	0.50
December 2015	4.50	0.05	1.00	0.25-0.50	0.50
January 2016	4.50	0.05	1.00	0.25-0.50	0.50
February 2016	4.50	0.05	1.00	0.25-0.50	0.50

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	Feb-15	Jan-16	Feb-16	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.8932	0.9232	0.9197	-0.38	-0.16	2.97
Yen	119.61	121.14	112.69	-6.98	-6.14	-5.79
Pound	0.6478	0.7020	0.7185	2.35	5.88	10.93
Canadian \$	1.2516	1.3977	1.3540	-3.13	-2.11	8.18
Swiss Franc	0.9542	1.0232	0.9984	-2.42	-0.36	4.63
Renminbi	6.2671	6.5754	6.5540	-0.33	0.93	4.58

*Source: Bloomberg as of February 29, 2016*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	February 2015	January 2015	February 2016	Mthly % Change	YTD % Change
Gold / Ounce	1213.22	1283.77	1238.74	10.78	16.71
Silver / Ounce	16.60	17.26	14.90	4.49	7.53
Oil / Barrel	61.14	48.40	35.98	5.54	-1.51

*Source: Bloomberg as of February 29, 2016*

<b>E. Equity Market Valuations – January 31, 2016 (% chg)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-0.78	0.30	-0.41	0.22	-1.44	-3.09	-8.51	-1.81
3 month	-0.77	-6.79	-7.12	-4.07	-12.18	-16.58	-18.84	-21.98
YTD	-1.08	-5.21	-5.47	-2.33	-6.11	-11.61	-15.80	-24.05
12-month	8.27	-8.91	-8.19	-12.23	-12.08	-16.72	-14.74	-18.80

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
<b>o/n</b>	0.37	0.38	-0.25
<b>1 Month</b>	0.70	0.50	-0.18
<b>3 Month</b>	0.73	0.58	-0.15
<b>6 Month</b>	1.15	0.77	-0.14
<b>9 Month</b>	1.30	0.87	-0.10
<b>1 year</b>	1.37	1.03	-0.05

*Source: Bloomberg as of February 29, 2016*

**SUMMARY ACCOUNTS OF THE CENTRAL BANK**  
(B\$ Millions)

	VALUE										CHANGE									
	Jan. 06	Jan. 13	Jan. 20	Jan. 27	Feb. 03	Feb. 10	Feb. 17	Feb. 24	Jan. 06	Jan. 13	Jan. 20	Jan. 27	Feb. 03	Feb. 10	Feb. 17	Feb. 24				
<b>I. External Reserves</b>	811.60	829.13	839.89	841.30	834.69	836.45	842.14	945.24	2.69	17.53	10.76	1.41	-6.61	1.76	5.68	103.10				
<b>II. Net Domestic Assets (A + B + C + D)</b>	160.53	152.95	164.50	163.78	179.39	170.99	184.03	176.96	-16.46	-7.57	11.54	-0.71	15.61	-8.40	13.03	-7.07				
<b>A. Net Credit to Gov't (i + ii + iii - iv)</b>	486.75	477.44	476.98	482.60	501.73	491.91	496.18	485.98	-5.85	-9.31	-0.46	5.61	19.14	-9.82	4.27	-10.20				
i) Advances	134.66	134.66	134.66	134.66	134.66	134.66	134.66	134.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
ii) Registered Stock	257.70	257.60	257.63	257.71	257.79	257.82	257.89	257.90	-0.52	-0.10	0.03	0.09	0.08	0.03	0.06	0.01				
iii) Treasury Bills	126.54	126.54	126.54	126.54	136.14	136.14	136.11	124.09	0.00	0.00	0.00	0.00	9.60	0.00	-0.03	-12.02				
iv) Deposits	32.14	41.35	41.84	36.31	26.86	36.71	32.47	30.66	5.33	9.20	0.49	-5.53	-9.46	9.86	-4.24	-1.82				
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-16.99	-14.67	-2.33	-5.50	-11.16	-10.88	-0.44	0.32	-7.67	2.32	12.34	-3.18	-5.65	0.28	10.44	0.75				
i) BDB Loans	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	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				
iii) Deposits	20.69	18.37	6.03	9.20	14.86	14.58	4.14	3.38	7.67	-2.32	-12.34	3.18	5.65	-0.28	-10.44	-0.75				
<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				
<b>D. Other Items (Net)*</b>	-309.23	-309.82	-310.16	-313.31	-311.18	-310.03	-311.71	-309.34	-2.95	-0.59	-0.33	-3.15	2.12	1.15	-1.68	2.37				
<b>III. Monetary Base</b>	972.13	982.09	1,004.39	1,005.08	1,014.08	1,007.45	1,026.16	1,122.20	-13.77	9.95	22.30	0.69	9.00	-6.64	18.72	96.03				
A. Currency in Circulation	366.88	351.74	346.54	331.62	343.16	338.62	332.02	335.13	-18.38	-15.15	-5.20	-14.92	11.53	-4.53	-6.60	3.11				
B. Bank Balances with CBOB	605.25	630.35	657.85	673.46	670.93	668.82	694.14	787.07	4.61	25.10	27.50	15.61	-2.53	-2.10	25.32	92.92				

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

