



## **Monthly Economic and Financial Developments December 2017**

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:

2018: February 26, April 3, April 30, June 4, July 2, July 30, September 3, October 1, October 29, December 3, December 17.



# Monthly Economic and Financial Developments (MEFD) December 2017

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## 1. Domestic Economic Developments

### Overview

Preliminary indicators suggest that domestic economic activity continued to improve gradually during the review period. Growth in visitor departures from the country's main airport supported gains in tourism sector output, while foreign investment-related projects remained the dominant driver of construction sector activity. In labour market developments, the All Bahamas unemployment rate rose slightly as the gains in private sector hiring's were countered by a reduction in Government employment and the addition of new graduates to the labour force. Reflecting an expansion in revenue and a reduction in expenditure, the fiscal deficit narrowed over the first five months of FY2017/2018. Further, bank liquidity contracted in December, owing in part an increase in short-term credit to the Government, while sustained public sector demand, contributed to the decline in external reserves.

### Real Sector

#### Tourism

The latest available data from the Nassau Airport Development Company Ltd. (NAD) showed that the year-on-year improvement in visitor arrivals—which commenced in October—was sustained in December. Specifically, total departing visitor traffic, net of domestic departures, firmed by 5.1%, extending the 4.1% expansion registered a year earlier. Underlying this outcome, non-US international departures strengthened by 14.5%, a reversal from a 4.2% decline in December 2016. In addition, departures to the main United States market firmed by an additional 3.4%, after the 5.7% increase registered in the prior period.

An analysis of longer-term trends for the year revealed that despite periods of growth during the fourth quarter, declines during earlier months contributed to a 0.8% softening in the number of international departures from the Nassau airport in 2017, relative to a gain of 1.0% in the prior year. In particular, the high volume U.S. component decreased by 0.6%, a reversal from a 1.9% uptick in the previous period, while non-U.S. international departures fell by an additional 1.8%, after a 4.1% contraction in 2016.

#### Employment

Based on data from the Department of Statistics' Labour Force Survey for November 2017, the All Bahamas unemployment rate firmed by 20 basis points relative to the previous six-month period to 10.1%, but was still 1.5 percentage points lower versus November 2016. By major job market, the jobless rates in New Providence and Abaco grew by 20 and 80 basis points, respectively over the six-month period; however they still improved, by 2.3 and by 0.5 percentage points, vis-à-vis the same period of 2016. On a positive note, Grand Bahama unemployment rate fell by 30 basis points compared to May and by 120 basis points relative to November 2016, to 12.1%.

Amidst the addition of a new cohort of graduates in June, the unemployment rate among young persons (15 to 24 years old) increased by 2.1 percentage points during the six-month period to 22.0%; while the number of discouraged workers advanced by 5.7% to 2,035 persons.

### Fiscal Sector

Data on the Government's budgetary operations for the first five months of FY2017/18, showed that the deficit narrowed by \$85.8 million (33.8%) to \$168.1 million. Underpinning this development was a \$28.9 million (4.1%) increase in total receipts to \$738.0 million, and a \$56.9 million (5.9%) reduction in total expenditure, to \$906.1 million.

The improvement in revenue was undergirded by a \$27.2 million (4.3%) rise in tax receipts to \$659.2 million, amid a \$15.7 million (6.0%) increase in value-added tax (VAT) collections. Broad-based gains also occurred for most of the remaining categories, with receipts from taxes on international trade firming by \$7.7 million (3.7%)—due mainly to higher excise taxes. In addition, business & professional fees rose by \$6.0 million (46.2%), on account of gains in general business license fees, while higher gaming tax revenue was responsible for the \$1.5 million (15.5%) advance in selective taxes on services. Further, “other” miscellaneous taxes were virtually unchanged, as the \$7.4 million (42.6%) falloff in unclassified stamp taxes, negated gains in motor vehicle and property taxes. In addition, non-tax receipts firmed by \$1.7 million (2.3%) to \$78.7 million, buttressed by an expansion in proceeds from fines, forfeits and administrative fees, which eclipsed decreased in income from other sources.

The reduction in expenditure was solely attributed to a halving in capital outlays, by \$61.0 million, to \$59.7 million. The ratcheting down of hurricane-related spending decreased infrastructure expenditure by \$48.1 million (48.8%), while asset acquisitions declined by \$13.0 million (58.3%). In contrast, current expenditure edged-up by \$4.3 million (0.5%) to \$846.4 million, driven by a \$40.0 million (9.4%) increase in consumption outlays. Specifically, spending for wages and salaries grew by \$22.7 million (7.9%), and purchases of goods and services advanced by \$17.2 million (12.4%), mainly on account of a \$23.1 million increase in “other” contractual services. In contrast, transfer payments declined by \$35.8 million (8.6%), underpinned by a reduction in health-related subsidy payments.

## **2. Domestic Monetary Trends**

### **December 2017 vs. 2016**

#### **Liquidity**

Reflecting in part an expansion in short-term credit to the Government, banking sector liquidity contracted in December, as excess liquid assets—a broad measure of liquidity—fell by \$50.8 million to \$1,798.3 million, extending the prior year’s \$25.2 million reduction. Similarly, the smaller excess reserves decreased by \$61.5 million to \$857.6 million, after an \$85.1 million falloff in the comparable period of last year.

On a year-to-date basis, liquidity rose sharply, buttressed by the receipt of net proceeds from the Government’s US\$750 million external bond issue. Specifically, growth in excess liquid assets paced almost three-fold faster to \$351.2 million, while excess reserves strengthened further by \$133.8 million, following a \$234.4 million expansion in 2016.

#### **External Reserves**

During December, external reserves fell by \$27.3 million to \$1,408.3 million, following a \$35.7 million decrease in the previous year. In the underlying developments, the Central Bank’s net purchase from commercial banks firmed by \$4.3 million to \$14.2 million, as the latter’s transactions with the private sector reversed from a net sale of \$8.5 million in 2016, to a net purchase of \$32.6 million. In addition, the Bank’s net sale to the public sector slowed by \$2.6 million, to \$40.3 million.

External reserve developments for the year were dominated by the receipt of proceeds from the Government’s international bond issue, which resulted in a five-fold increase in reserve growth to \$506.2 million. In particular, the Bank purchased a net of \$429.5 million from the public sector, in contrast to a \$200.2 million net sale in the prior year. However, as private sector spending on imports strengthened, the net purchase from commercial banks contracted to \$57.2 million from \$276.9 million a year ago, reflecting the \$173.8 million falloff in the net purchase from commercial banks’ customers to \$94.3 million.

#### **Domestic Credit**

##### **Bahamian Dollar Credit**

During the review period, total Bahamian dollar credit grew by \$55.7 million, vis-à-vis a nearly stable outcome in 2016. Growth in net credit to the Government continued at \$54.9 million vis-à-vis \$62.6 million the previous year.

However, private sector credit was relatively unchanged, in contrast to a contraction of \$61.3 million a year earlier, when entities sold off a portion of their non-performing assets. Specifically, the value of mortgages stabilized, after 2016's \$59.7 million reduction, while commercial and other loans firmed by \$6.0 million, after the prior period's \$5.9 million falloff; however, consumer loans fell by \$5.8 million, vis-a-vis a \$4.3 million increase in 2016. In addition, credit to the rest of the public sector firmed marginally by \$0.6 million, a turnaround from a \$1.0 million easing last year.

Over the entire year, total Bahamian dollar credit contracted by \$328.0 million, reversing a \$294.5 million expansion from a year ago. Reflecting the Government's use of part proceeds from its external bond issue to repay outstanding advances, net claims on the sovereign declined by \$159.6 million, a turnaround from a \$357.6 million expansion in the prior year, while credit to the rest of the public sector fell by \$7.1 million, vis-a-vis 2016's \$29.3 million growth. Further, claims on the private sector decreased by \$161.3 million, as one bank sold an additional tranche of its NPLs, extending the \$92.4 million falloff noted in 2016. An analysis by loan type, showed that consumer loans decreased by \$49.9 million, in contrast to a \$78.6 million expansion a year ago, while the reductions in both mortgages and commercial and other loans slowed to \$78.8 million and \$32.6 million, from \$111.9 million and \$59.1 million, respectively, a year earlier.

### Foreign Currency Credit

Domestic foreign currency credit fell by \$3.0 million in December, after a \$9.0 million decline last year. In particular, net claims on the Government stabilized, following a \$2.3 million decrease a year ago. Further, foreign currency credit to the rest of the public sector contracted by \$4.7 million, in line with a falloff of the same magnitude in 2016. In contrast, claims on the private sector firmed by \$2.7 million, overturning the previous year's \$1.9 million contraction, as both mortgages and commercial loans noted upturns of \$0.8 million and \$1.9 million, respectively.

On a yearly basis, domestic foreign currency credit decreased by \$43.7 million, following a \$100.7 million reduction in the prior period. Underpinning this outcome, the contraction in net claims on the Government tapered to \$0.6 million, from \$33.9 million in 2016, while the decline in credit to the rest of the public sector slowed by \$2.5 million to \$27.9 million. Similarly, the reduction in claims on the private sector was more than halved to \$15.0 million, as the declines in mortgages and commercial loans eased to \$5.9 million and \$9.1 million, from \$13.8 million and \$22.6 million, respectively.

### Credit Quality

Reflecting mainly loan write-offs by several entities, banks' credit quality indicators improved in December, with total private sector arrears falling by \$15.2 million (1.7%) to \$884.8 million, and by a corresponding 23 basis points to 15.4% of total loans. A breakdown by category revealed that non-performing loans (NPLs)—arrears in excess of 90 days and on which banks have ceased accruing interest—fell by \$8.1 million (1.4%) to \$567.5 million, while the ratio to total loans decreased by 12 basis points to 9.9%. Similarly, short term arrears (31-90 days), decreased by \$7.1 million (2.2%) to \$317.4 million, with the corresponding ratio to total loans falling by 11 basis points to 5.5%.

The decline in delinquencies was led by the consumer segment, which fell by \$12.6 million (4.7%), as both short-term arrears and NPLs decreased by \$9.8 million (8.6%), and by \$2.9 million (1.8%), respectively. In addition, commercial arrears softened by \$2.4 million (2.6%), due to a \$6.7 million (9.3%) increase in NPLs, which overshadowed the \$4.2 million (18.2%) decline in the 31-90 day segment. Conversely, mortgage delinquencies steadied at \$534.1 million, with the \$1.6 million (0.9%) reduction in the short-term segment, negating the \$1.5 million (0.4%) uptick in the non-accrual component.

Given the improvement in credit quality, banks lowered their provisions for total loan losses by \$8.7 million (2.0%) to \$423.6 million during December, resulting in the ratio of total provisions to both arrears and NPLs softening by 16 and 46 basis points to 47.9% and 74.7%, respectively. In addition, banks wrote-off a total of \$20.0 million in bad debts, and recovered approximately \$1.3 million.

During the year, total private sector arrears contracted by \$125.8 million (12.5%), owing mainly to the sale of a portion of one entity's non-performing loan portfolio to the Government entity Resolve Corporation. As a consequence, the ratio of delinquencies to total loans fell by 1.7 percentage points. An analysis by average age showed that the value of NPLs contracted by \$161.6 million (22.2%) and by 13.7 percentage points as a portion of total loans, while short-term delinquencies were reduced by \$35.8 million (12.7%), however, the corresponding loan ratio firmed by 2.4 percentage points over the 12-month period.

The reduction in arrears over the year was mainly attributed to the commercial segment, as the sale of non-performing assets led to a \$125.1 million (65.8%) improvement in non-accruals, overshadowing the \$14.6 million (34.7%) increase in the short-term category. Providing a slight offset, mortgage arrears grew by \$13.1 million (2.5%), as short-term delinquencies rose by \$34.5 million (22.8%); however, the NPL segment fell by \$21.5 million (5.8%). Further, consumer arrears increased by a muted \$0.8 million (0.3%), as the \$15.9 million (18.0%) rise in short-term delinquencies eclipsed a \$15.1 million (8.9%) decline in NPLs.

In line with the fall in arrears, banks reduced their total provisions by \$91.2 million (17.7%) in 2017, resulting in a 3.1 percentage point contraction in the ratio of provisions to total arrears; however, the corresponding NPL ratio, firmed by 4.0 percentage points. In addition, banks' write-offs totaled \$128.3 million, and recoveries amounted to \$27.1 million.

### Deposits

Over the review month, total Bahamian dollar deposits fell by \$16.1 million, a reversal from a \$1.2 million increase in 2016. Fixed balances contracted by \$21.1 million, a turnaround from a \$4.6 million gain in the prior year. In addition, the growth in savings deposits slowed to \$2.0 million, from \$23.5 million in the previous period, while demand deposits grew by \$3.0 million, after a \$26.9 million falloff in the preceding year.

Over the 12-month period, the growth in total Bahamian dollar deposits was more than halved to \$117.2 million, as accretions to both demand and savings deposits slowed by \$186.8 million and by \$68.3 million, to \$171.0 million and \$74.0 million, respectively. In contrast, the decline in fixed deposits narrowed by \$17.8 million to \$127.8 million.

### Interest Rates

In Interest rate developments, the weighted average deposit rate waned by 11 basis points over the month and by 17 basis points relative to 2016, to 1.02%, with the highest rate of 4.50% offered on balances of over 12 months in December. In contrast, the weighted average loan rate rose by 4 basis points on a monthly basis to 11.39%, but was one percentage point lower vis-à-vis the prior year.

## **3. Domestic Outlook and Policy Implications**

Expectations are that the domestic economy will grow modestly in 2018, supported by gains in tourism, as major properties either ratchet-up their operations or return to full capacity after an extended period of closure. In addition, a number of varied-scale foreign investment projects should support activity in the construction sector. As a result, employment conditions are projected to improve, with the majority of the near-term gains accruing to the tourism and construction sectors. Meanwhile, consumer price inflation is likely to remain relatively benign, although rising global oil prices may lead to upward pressure on domestic fuel costs.

The performance of the fiscal sector—as measured by the deficit and corresponding debt indicators—will continue to depend on the success of the Government's initiatives to improve revenue administration and curtail expenditure growth.

In the monetary sector, liquidity levels are poised to remain elevated, reflecting the constrained private sector credit environment as banks retain their conservative lending stance and clients continue to deleverage. In this environment credit quality indicators are anticipated to gradually improve, reflecting banks' on-going efforts to address the NPLs on their balance sheets, as well as potential asset sales. Nevertheless, expectations are that banks should remain adequately capitalized, thereby mitigating any financial stability concerns.

External reserves are poised to remain above international benchmarks, supported by foreign currency inflows from real sector activities; although some softening in balances is expected during the year as domestic demand for imports continue to strengthen.

## APPENDIX

### *International Developments*

Global economic trends remained positive over the review period, as the United States maintained its steady growth momentum, while European markets were relatively stable. In addition, Asian economies continued to grow at a moderate pace, as higher global demand buoyed their export sectors. Against this backdrop, the IMF raised its forecast for global growth in 2018 to 3.9%, from 3.7% in its previous estimates, citing an anticipated positive impact of the recent tax policy changes in the United States.

Preliminary data showed that the United States' economy remained on a relatively robust upward trajectory during the review period. Specifically, the value of retail sales rose by 0.4% in December, after the prior month's 0.9% gain. Further, the monthly trade deficit firmed by \$1.6 billion to \$50.5 billion in December, attributed to increased imports of consumer goods, capital goods and industrial supplies & materials. In the labour market, the jobless rate steadied at 4.1% for the third consecutive month in December, as employers' payrolls expanded by 148,000. In terms of consumer prices, the inflation rate softened to 0.1% in December, from 0.4% in the previous month, as energy costs declined. Given the prevailing economic conditions, the Federal Reserve sustained its programme aimed at normalising interest rates over the near-term. As a consequence, the Bank raised its target for the Federal Funds rate by 25 basis points to the 1.25-1.50% range in December.

Developments in Europe were mainly positive over the latter part of 2017. Specifically, in the United Kingdom, industrial production edged-up by 0.4% in November, after the previous month's 0.2% gain. Similarly in the euro area, industrial production grew by 1.0%, extending October's 0.4% expansion. The UK's trade deficit narrowed by £2.1 billion during the three months to November, mainly on account of increased exports of automobiles. Further, the volume of retail trade in the euro area grew by 1.5% in November, a turnaround from the prior period's 1.1% reduction, while the unemployment rate narrowed by 10 basis points to 8.7%. In December, consumer prices rose by 1.4%, following a 1.5% gain a month earlier. In monetary developments, both the Bank of England and the European Central Bank maintained their accommodative monetary policy stances, with their respective key bank rates being held steady.

Asian economies maintained their growth momentum during the review period. In China, the economy expanded by an estimated 6.8% in the fourth quarter, following an increase of the same magnitude in the prior three-month period. Further retail sales firmed by 0.8% in November, and grew by 10.3% on an annual basis, while the manufacturing Purchasing Managers Index (PMI) softened by 20 basis points to 51.6% in December. In the external sector, China reported a US\$25.6 billion trade surplus in December, compared to the prior month's balance of US\$27.9 billion, while Japan's trade surplus narrowed to ¥112.2 billion in November, from ¥280.7 billion a month earlier. In China, consumer prices rose by 0.3% in December, after being unchanged a month earlier, while a similar trend occurred in Japan, with a 0.7% monthly inflation rate in November, after prices stabilised a month earlier. Further, the country's jobless rate narrowed by 10 basis points to 2.7%. On the monetary front, the People's Bank of China tightened its monetary stance by raising its 7-day reverse repo rate, by 5 basis points to 2.5%, while the Bank of Japan maintained its highly accommodative monetary policy position.

Commodity markets registered broad-based price gains during December, as severe cold in the Northern hemisphere, combined with on-going production cuts by major producers, led to the price of crude oil rising by a further 8.7% in December, to \$66.60 per barrel. Moreover, reflecting the weakening in the US dollar, precious metals appreciated, with gold and silver costs higher by 2.2% and 3.1%, at \$1,303.05 per troy ounce and \$16.94 per troy ounce, respectively.

The major equity markets had mixed performances in December. In the United States, the Dow Jones Industrial Average (DJIA) rose by 1.8%, while the S&P 500 reported a 1.0% gain. Similarly in Europe, the United Kingdom's FTSE 100 index firmed by 4.9%; however, France's CAC 40 and Germany's DAX narrowed by 1.1% and 0.8%, respectively, due to the uncertainty regarding the impact of the US' interest rate hike. Meanwhile, in Asia, Japan's Nikkei 225 rose marginally by 0.2%; however, China's SE composite softened by 0.3%.

The US dollar weakened relative to most of the major currencies during the review month. In particular, the dollar declined versus the Canadian dollar by 2.5% at CAD\$1.2573 and by 1.5% vis-à-vis the Chinese Yuan to CNY6.5067. More muted decreases were registered against the Swiss Franc (1.0%) and Euro (0.8%) to CHF0.9742 and €0.8330, respectively. In contrast the dollar appreciated relative to the Japanese Yen by 0.1% to ¥112.69, and was relatively unchanged against the British Pound at £0.7396.

# Recent Monetary and Credit Statistics

(B\$ Millions)

<b>DECEMBER</b>						
Value		Change		Change YTD		
2016	2017	2016	2017	2016	2017	

## 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	723.72	857.55	-85.09	-61.49	234.35	133.83
1.2 Excess Liquid Assets	1,447.08	1,798.28	-25.22	-50.83	132.67	351.20
1.3 External Reserves	902.07	1,408.29	-35.67	-27.31	93.16	506.22
1.4 Bank's Net Foreign Assets	-131.16	-170.99	59.02	6.21	322.16	-39.84
1.5 Usable Reserves	243.85	668.90	-5.70	-5.21	-51.28	425.05

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>6,152.76</b>	<b>5,976.47</b>	<b>-63.26</b>	<b>2.92</b>	<b>-128.77</b>	<b>-176.29</b>
a. B\$ Credit	5,913.37	5,752.07	-61.34	0.27	-92.42	-161.30
of which: Consumer Credit	2,247.43	2,197.53	4.26	-5.75	78.58	-49.90
Mortgages	2,960.82	2,882.00	-59.74	0.04	-111.92	-78.81
Commercial and Other Loans B\$	705.12	672.54	-5.87	5.98	-59.08	-32.58
b. F/C Credit	239.39	224.40	-1.92	2.65	-36.35	-14.99
of which: Mortgages	68.04	62.20	-1.65	0.80	-13.77	-5.85
Commercial and Other Loans F/C	171.35	162.21	-0.27	1.85	-22.58	-9.14
<b>2.2 Central Government (net)</b>	<b>2,538.18</b>	<b>2,378.01</b>	<b>60.21</b>	<b>54.89</b>	<b>323.64</b>	<b>-160.17</b>
a. B\$ Loans & Securities	2,751.16	2,608.96	36.61	41.80	284.42	-142.21
Less Deposits	208.79	226.14	-25.92	-13.05	-73.15	17.36
b. F/C Loans & Securities	0.00	0.00	0.00	0.00	-36.62	0.00
Less Deposits	4.19	4.81	2.32	-0.04	-2.68	0.61
<b>2.3 Rest of Public Sector</b>	<b>305.88</b>	<b>270.90</b>	<b>-5.71</b>	<b>-4.18</b>	<b>-1.24</b>	<b>-34.98</b>
a. B\$ Credit	107.31	100.20	-0.97	0.55	29.30	-7.11
b. F/C Credit	198.57	170.70	-4.75	-4.73	-30.54	-27.87
<b>2.4 Total Domestic Credit</b>	<b>8,997.00</b>	<b>8,625.38</b>	<b>-8.80</b>	<b>52.67</b>	<b>193.79</b>	<b>-371.62</b>
a. B\$ Domestic Credit	8,563.05	8,235.08	0.23	55.67	294.45	-327.97
b. F/C Domestic Credit	433.95	390.30	-9.03	-3.00	-100.66	-43.65

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	2,189.51	2,360.47	-26.93	2.98	357.76	170.97
a. Central Bank	15.77	14.07	6.42	-4.39	2.74	-1.70
b. Banks	2,173.74	2,346.41	-33.35	7.37	355.02	172.67
3.2 Savings Deposits	1,293.65	1,367.67	23.50	2.01	142.29	74.01
3.3 Fixed Deposits	2,870.46	2,742.65	4.63	-21.11	-145.57	-127.81
3.4 Total B\$ Deposits	6,353.62	6,470.79	1.20	-16.12	354.48	117.17
3.5 F/C Deposits of Residents	378.46	302.02	67.77	3.19	142.86	-76.43
<b>3.6 M2</b>	<b>6,647.37</b>	<b>6,777.80</b>	<b>19.86</b>	<b>10.74</b>	<b>411.70</b>	<b>130.43</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>13.57</b>	<b>20.78</b>	<b>-0.58</b>	<b>-0.44</b>	<b>0.60</b>	<b>7.21</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>70.14</b>	<b>97.62</b>	<b>0.71</b>	<b>0.42</b>	<b>-11.91</b>	<b>27.48</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>68.52</b>	<b>95.23</b>	<b>0.39</b>	<b>0.97</b>	<b>-10.20</b>	<b>26.71</b>

Value		Year to Date		Change	
2016	2017	2016	2017	Month	YTD

## 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>-33.02</b>	<b>-26.06</b>	<b>76.64</b>	<b>486.73</b>	<b>6.96</b>	<b>410.09</b>
a. Net Purchase/(Sale) from/to Banks	9.87	14.21	276.86	57.19	4.34	-219.67
i. Sales to Banks	17.40	6.90	256.39	364.83	-10.50	108.44
ii. Purchases from Banks	27.27	21.11	533.25	422.02	-6.16	-111.23
b. Net Purchase/(Sale) from/to Others	-42.89	-40.26	-200.22	429.53	2.63	629.76
i. Sales to Others	70.09	59.65	669.29	1,172.08	-10.44	502.79
ii. Purchases from Others	27.20	19.39	469.07	1,601.61	-7.81	1,132.54
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>-8.50</b>	<b>32.58</b>	<b>268.11</b>	<b>94.27</b>	<b>41.07</b>	<b>-173.83</b>
a. Sales to Customers	383.09	364.67	4,229.09	4,450.91	-18.42	221.82
b. Purchases from Customers	374.60	397.25	4,497.19	4,545.18	22.65	47.99
<b>4.3 B\$ Position (change)</b>	<b>2.53</b>	<b>-23.76</b>				

## 5.0 EXCHANGE CONTROL SALES

<b>5.1 Current Items</b>	<b>488.05</b>	<b>ND</b>	<b>4,549.21</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>
<b>of which Public Sector</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>
a. Nonoil Imports	146.48	ND	1,511.03	ND	ND	ND
b. Oil Imports	51.57	ND	429.97	ND	ND	ND
c. Travel	39.93	ND	272.04	ND	ND	ND
d. Factor Income	21.24	ND	253.85	ND	ND	ND
e. Transfers	25.74	ND	258.23	ND	ND	ND
f. Other Current Items	203.08	ND	1,824.08	ND	ND	ND
<b>5.2 Capital Items</b>	<b>22.61</b>	<b>ND</b>	<b>201.08</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>
<b>of which Public Sector</b>	<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>

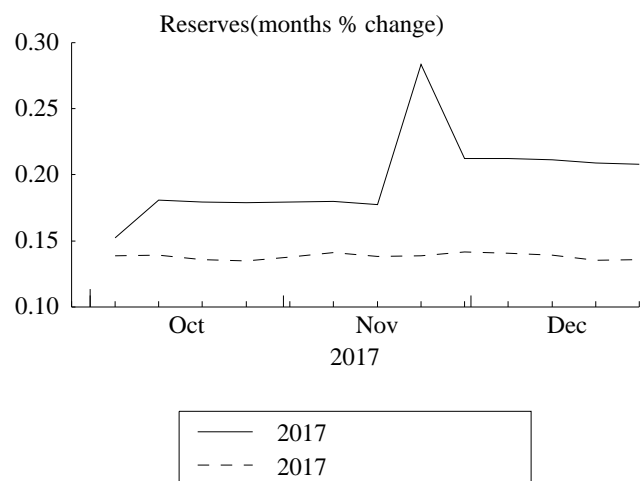
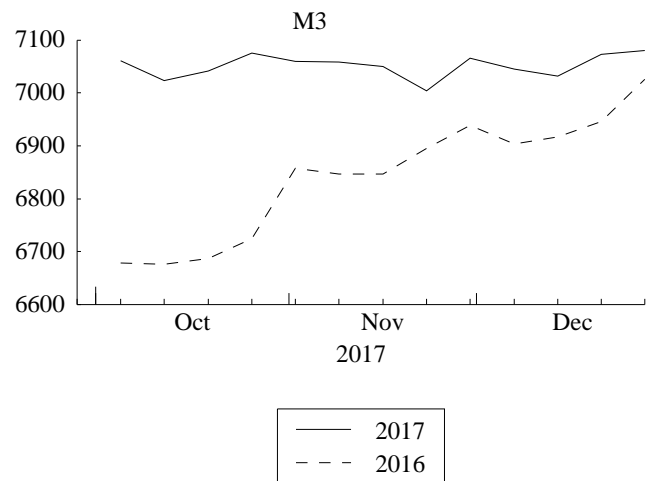
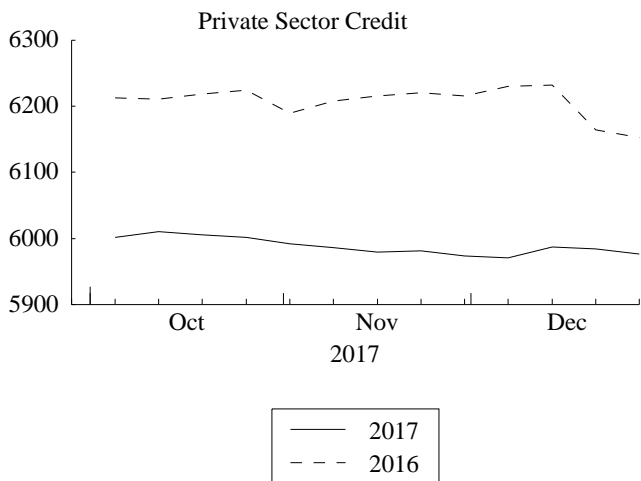
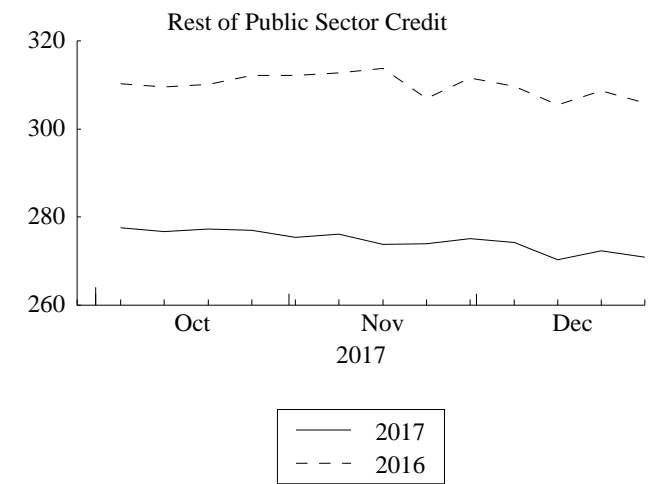
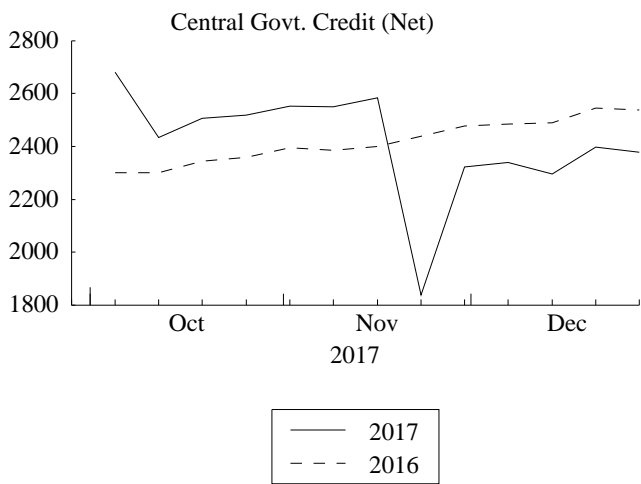
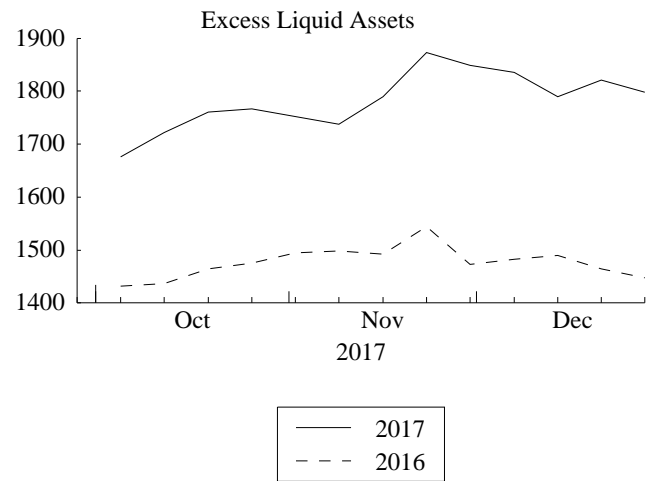
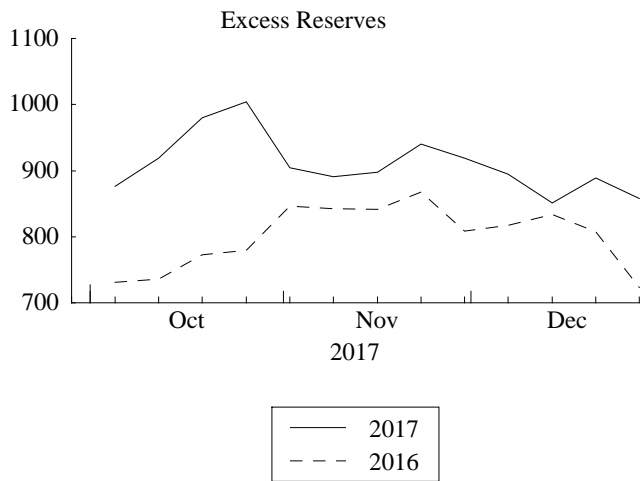
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: DECEMBER 28, 2016 and DECEMBER 27, 2017

Exchange Control Sales figures are as at month end.

Notes: 1.0, 2.0 and 3.0 YTD change reflects change of current month over previous year end; for 4.0 and 5.0 change is over corresponding period of previous year.



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



## Selected International Statistics

<b>A: Selected Macroeconomic Projections (Annual % Change and % of labor force)</b>						
	Real GDP		Inflation Rate		Unemployment	
	2016	2017	2016	2017	2016	2017
Bahamas	0.2	1.8	-0.4	2.4	11.6	9.9
United States	1.5	2.2	1.3	2.1	4.9	4.4
Euro-Area	1.8	2.1	0.2	1.5	10.0	9.2
<i>Germany</i>	<i>1.9</i>	<i>2.0</i>	<i>0.4</i>	<i>1.6</i>	<i>4.2</i>	<i>3.8</i>
Japan	1.0	1.5	-0.1	0.4	3.1	2.9
China	6.7	6.8	2.0	1.8	4.0	4.0
United Kingdom	1.8	1.7	0.7	2.6	4.9	4.4
Canada	1.5	3.0	1.4	1.6	7.0	6.5
<i>Source: IMF World Economic Outlook October 2017, 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
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
March 2016	4.50	0.00	1.00	0.25-0.50	0.50
April 2016	4.50	0.00	1.00	0.25-0.50	0.50
May 2016	4.50	0.00	1.00	0.25-0.50	0.50
June 2016	4.50	0.00	1.00	0.25-0.50	0.50
July 2016	4.50	0.00	1.00	0.25-0.50	0.50
August 2016	4.50	0.00	1.00	0.25-0.50	0.25
September 2016	4.50	0.00	1.00	0.25-0.50	0.25
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

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	Dec-16	Nov-17	Dec-17	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.9506	0.8401	0.8330	-0.84	-12.37	-12.37
Yen	117.00	112.54	112.69	0.13	-3.68	-3.68
Pound	0.8093	0.7393	0.7396	0.04	-8.61	-8.61
Canadian \$	1.3442	1.2897	1.2573	-2.51	-6.46	-6.46
Swiss Franc	1.0200	0.9836	0.9742	-0.96	-4.49	-4.49
Renminbi	6.9502	6.6048	6.5067	-1.49	-6.38	-6.38

*Source: Bloomberg as of December 31, 2017*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	December 2016	November 2017	December 2017	Mthly % Change	YTD % Change
Gold / Ounce	1152.27	1274.94	1303.05	2.20	13.09
Silver / Ounce	15.92	16.44	16.94	3.07	6.41
Oil / Barrel	56.82	61.29	66.60	8.66	17.21

*Source: Bloomberg as of December 31, 2017*

<b>E. Equity Market Valuations – December 31, 2017 (% change)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-0.31	1.84	0.98	4.93	-1.12	-0.82	0.18	-0.30
3 month	10.60	10.33	6.12	4.27	-0.32	0.69	11.83	-1.25
YTD	6.47	25.08	19.42	7.63	9.26	9.09	19.10	6.56
12-month	6.47	25.08	19.42	7.63	9.26	9.09	19.10	6.56

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
<b>o/n</b>	1.42	0.68	-0.42
<b>1 Month</b>	1.55	0.50	-0.41
<b>3 Month</b>	1.71	0.51	-0.38
<b>6 Month</b>	1.85	0.57	-0.33
<b>9 Month</b>	1.95	0.78	-0.29
<b>1 year</b>	2.14	0.87	-0.27

*Source: Bloomberg as of December 31, 2017*

# SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

	VALUE												CHANGE											
	Nov. 01	Nov. 08	Nov. 15	Nov. 22	Nov. 29	Dec. 06	Dec. 13	Dec. 20	Dec. 27	Nov. 01	Nov. 08	Nov. 15	Nov. 22	Nov. 29	Dec. 06	Dec. 13	Dec. 20	Dec. 27						
<b>I. External Reserves</b>	1,206.42	1,210.77	1,194.57	1,900.63	1,435.60	1,430.37	1,420.14	1,412.12	1,408.29	0.58	4.36	-16.21	706.06	-465.03	-5.23	-10.23	-8.02	-3.83						
<b>II. Net Domestic Assets (A + B + C + D)</b>	248.80	222.34	243.83	-415.48	41.47	22.61	-14.81	56.44	34.39	-90.49	-26.46	21.49	-659.31	456.95	-18.86	-37.42	71.24	-22.04						
<b>A. Net Credit to Gov<sup>1</sup>( i + ii + iii - iv)</b>	635.23	635.59	596.95	-62.33	396.75	403.93	331.47	407.96	395.34	-81.95	0.36	-38.64	-659.28	459.08	7.18	-72.46	76.49	-12.63						
i) Advances	134.66	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	0.00						
ii) Registered Stock	305.06	305.06	272.10	272.12	272.17	272.18	272.21	275.00	275.02	-19.31	0.00	-32.97	0.02	0.06	0.01	0.02	2.79	0.02						
iii) Treasury Bills	219.60	219.60	208.96	17.12	17.12	17.12	17.12	17.12	7.43	-60.64	0.00	-10.64	-191.84	0.00	0.00	0.00	0.00	-9.69						
iv) Deposits	24.10	23.74	18.77	486.22	27.20	20.02	92.51	18.81	21.77	2.01	-0.36	-4.97	467.45	-459.02	-7.17	72.48	-73.70	2.96						
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-42.75	-28.24	-10.31	-12.49	-15.51	-20.24	-10.52	-10.79	-11.32	-5.82	14.51	17.93	-2.18	-3.02	-4.72	9.72	-0.27	-0.53						
i) BDB Loans	2.95	2.95	2.95	2.95	2.95	2.75	2.75	2.75	2.75	0.00	0.00	0.00	0.00	0.00	-0.20	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	45.70	31.19	13.26	15.44	18.46	22.99	13.27	13.54	14.07	5.82	-14.51	-17.93	2.18	3.02	4.52	-9.72	0.27	0.53						
<b>C. Loans to/Deposits with Banks</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
<b>D. Other Items (Net)*</b>	-343.68	-385.00	-342.81	-340.66	-339.77	-361.09	-335.76	-340.74	-349.63	-2.72	-41.32	42.20	2.15	0.89	-21.32	25.33	-4.98	-8.89						
<b>III. Monetary Base</b>	1,455.22	1,433.12	1,438.40	1,485.15	1,477.06	1,452.98	1,405.33	1,468.56	1,442.68	-89.92	-22.10	5.28	46.75	-8.08	-24.08	-47.65	63.22	-25.87						
A. Currency in Circulation	382.08	388.62	384.38	387.04	385.71	402.23	406.82	425.23	439.14	2.14	6.54	-4.24	2.66	-1.33	16.52	4.58	18.42	13.91						
B. Bank Balances with CBOB	1,073.14	1,044.49	1,054.02	1,098.10	1,091.35	1,050.75	998.52	1,043.32	1,003.54	-92.05	-28.64	9.52	44.09	-6.75	-40.60	-52.23	44.81	-39.78						

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

