



## **Monthly Economic and Financial Developments January 2019**

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



## 1. Domestic Economic Developments

### Overview

Preliminary economic indicators suggest that the Bahamian economy maintained its modest growth pace during January 2019, reflecting gains in the tourism sector and ongoing foreign investment projects. The latest price developments through October 2019, continued to be dominated by the impact of the hike in the value added tax (VAT) rate, while increased tax receipts supported the decline in the Government's deficit during the first half of FY2018/2019. In monetary developments, both banking liquidity and external reserves expanded in January 2019, buoyed by net foreign currency inflows from tourism-related activity.

### Real Sector

#### Tourism

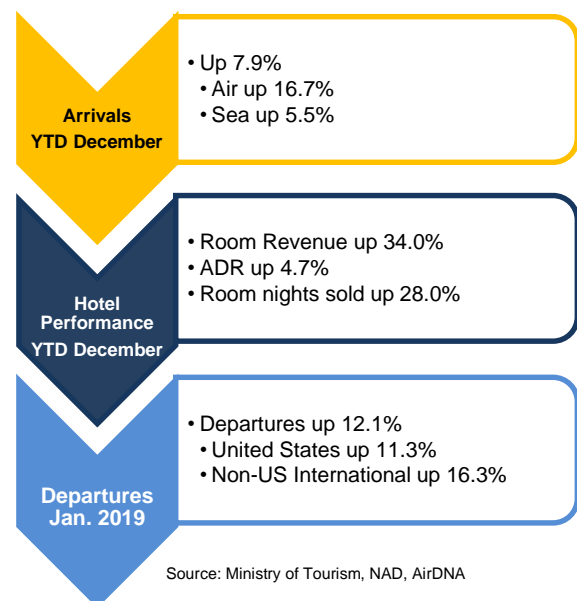
The tourism sector continued to exhibit positive momentum over the review period, benefiting from improved conditions in key source markets, as well as increased room capacity in both high and lower-end markets.

The latest official data from the Ministry of Tourism, revealed that during December, total arrivals rose by 10.0%, surpassing the 0.5% uptick recorded in the prior year. Specifically, air arrivals advanced by 12.7%, outpacing 2017's 10.1% expansion, while the larger sea component rose by 9.2%, reversing the 1.9% decline a year earlier.

A breakdown by major port of entry, showed that arrivals to New Providence—at 62.8% of the total—strengthened by 30.2%, vis-à-vis a 4.9% contraction a year earlier, amid gains in both the sea and air segments of 36.6% and 15.6%, respectively. Similarly, total visitors to Grand Bahama firmed by 20.8%, a turnaround from an 18.6% decrease during the previous year, supported by gains in both air arrivals (26.6%) and sea traffic (19.8%). However, Family Island arrivals contracted by 18.8%, to reverse the 14.0% gain of a year earlier. This outcome was underpinned by a 21.3% decline in the sea component—as major cruise lines decreased the number of port calls to Abaco and the Berry Islands—while visitors by air softened by 0.4%.

Expansionary trends were noted overall for 2018, as total arrivals grew by 7.9% to 6.6 million—representing the strongest growth in eight years; this reversed a 2.1% reduction in 2017. It was supported by the highest expansion in air visitors in over a decade, of 16.7%, with traffic to New Providence firming by 19.2%, as the Baha Mar resort completed its phased opening, while visitors to the Family Islands and Grand Bahama also improved, by 10.6% and 5.4%, respectively. The cruise sector grew by 5.5% during the year, with support from the Family Island (15.7%) and Grand Bahama (9.6%) components; although the

Chart 1: Tourism Indicators at a Glance



dominant New Providence market declined by 1.5%, as gains during the latter part of the year were negated by the weak performance earlier in 2018.

In line with the improvement in stopover arrivals, preliminary statistics from the Bahamas Hotel and Tourism Association (BHTA) and the Ministry of Tourism for a sample of hotels in Nassau and Paradise Island, showed a 46.0% increase in room revenue during December, amid gains in the number of room nights sold of 21.0%, and the average daily room rate (ADR) of 21.0% to \$366.92. Further, the addition of high-end capacity, led to room revenue strengthening by 34.0% in 2018, as room nights sold advanced by 28.0%, and the ADR firmed by 4.7% to \$250.57.

More recent developments for January 2019, from the Nassau Airport Development Company Ltd. (NAD), revealed that total departures through the main airport—net of domestic passengers—firmed by 22.1%, outstripping the 8.0% increase a year earlier. In particular, U.S. departures firmed by 24.5%, vis-à-vis a 7.2% advance in 2018, while non-U.S. international departures expanded by 11.1%, after a similar gain a year earlier.

Preliminary indicators for the short-term rental market in January were also improved, as data from AirDNA showed a 37.0% advance in total booked listings, relative to the same period in 2018, with gains in both entire place bookings (34.9%) and private room bookings (44.9%). Meanwhile, the ADR for hotel comparable listings—which is more comparable across periods—firmed by 5.0% to \$142.40; however, the ADR for entire place listings decreased by 1.7% to \$330.35.

A breakdown of the short-term rental data, revealed that the dominant New Providence market noted gains in both the entire place and private room bookings, of 23.7% and 25.8%, respectively; although increased competition contributed to the decline in the respective ADRs by 9.0% and 2.1% to \$266.46 and \$118.18. Away from the capital, the majority of the listings relate to the entire place category. In Exuma, the inventory for this segment rose by 43.8%, while the associated ADR firmed by 19.0% to \$406.0. Similarly, in Abaco and Grand Bahama, entire place listings advanced by 32.7% and 50.0%, respectively. Conversely, the ADR for Abaco and Grand Bahama contracted by 26.6% to \$264.49 and by 5.8% to \$171.01, placing them at the more affordable end of the spectrum.

### *Prices*

During the twelve months to October 2018, inflation—as measured by the All Bahamas Retail Price Index—firmed by 83 basis points to 2.2%, reflecting the ongoing impact of the July 2018 hike in the VAT rate. In terms of the components, after registering declines in 2017, average costs for restaurant and hotels firmed by 4.8%; recreation & culture, by 3.9% and food & non-alcoholic beverages by 2.6%. Similarly, inflation rates quickened for transport (5.3%) and healthcare (1.9%). In a slight offset, accretions to average costs for the housing, water, gas and electricity—the largest component—tapered by 1.1 percentage points to 2.5%, while clothing & footwear, furnishing & household equipment and education, recorded price declines during the period.

In terms of domestic energy costs, both diesel and gasoline prices fell, by 3.0% and 4.1%, month-on-month to \$4.55 and \$4.73 per gallon during December; however, on a yearly basis, the average cost for both components firmed by 12.3% and 7.0%, respectively.

### **Fiscal Sector**

Provisional data on the Government's operations for the first half of FY2018/19, showed a \$79.7 million (31.4%) reduction in the deficit to \$174.2 million, relative to the comparable period of the previous fiscal year. This outturn reflected a \$129.5 million (14.7%) expansion in total revenue to \$1,010.3 million, which eclipsed the \$49.9 million (4.4%) increase in expenditure to \$1,184.6 million.

Aggregate revenue gains were largely attributed to a \$117.1 million (14.9%) increase in tax receipts, to \$902.0 million. Specifically, with the 4.5 percentage point rise in the VAT rate to 12.0%, total collections firmed by \$81.2 million (25.5%) to \$399.5 million, while stamp taxes associated with financial and real estate transactions, rose two-fold to \$107.7 million, due to Government’s measures to streamline taxes on real estate transactions. In contrast, taxes on international trade fell by \$12.1 million (6.0%), owing to broad-based declines in customs and other trade-related levies. In addition, non-tax receipts firmed by \$12.4 million (5.4%) to \$108.3 million, as income from the sale of goods & services and fines, penalties & forfeits, advanced by \$9.2 million and \$2.5 million, respectively.

The expansion in total outlays was due solely to a \$93.9 million (9.4%) increase in recurrent spending to \$1,097.6 million. In particular, purchases of goods and services—mainly associated with financial transactions—firmed by \$44.5 million (25.0%). In addition, subsidies rose by \$28.1 million (20.0%), reflecting higher healthcare outlays. Smaller gains were also recorded for interest payments, by \$19.2 million (13.6%), transfers, by \$14.7 million (23.7%) and social assistance, by \$5.3 million (30.0%), while wages and salaries contracted by \$27.6 million (7.4%). Total capital expenditure narrowed by \$44.0 million (33.6%) to \$86.9 million, on account of a \$46.8 million (41.6%) reduction in the acquisition of “other fixed assets”.

## 2. Domestic Monetary Trends

### January 2019 vs. 2018

#### Liquidity

Buoyed by net foreign currency inflows from real sector activity, banks’ excess liquid assets—a broad liquidity measure—rose by \$49.4 million, to \$1,612.9 million during January, following a \$53.7 million expansion in the corresponding period of 2018. Similarly, excess cash reserves grew by \$35.9 million to \$694.9 million, a slowdown from the \$69.4 million expansion a year earlier.

#### External Reserves

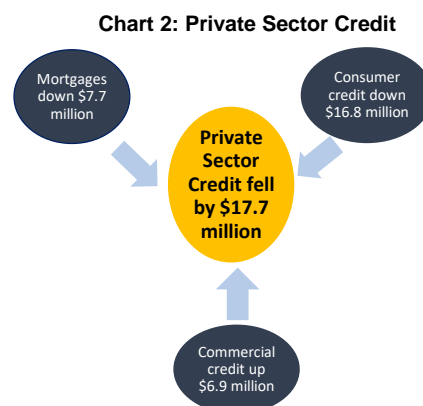
External reserves firmed by \$30.7 million to \$1,268.4 million in January, after an increase of \$52.2 million in the prior period. In the underlying developments, the Central Bank’s net purchase from commercial banks expanded by \$90.7 million to \$111.9 million, as banks’ net purchase from their consumers climbed by \$98.8 million to \$102.4 million. In contrast, the Bank’s transactions with the public sector reversed from a \$26.7 million net intake in 2018, when Government received proceeds from its external loan, to a net sale of \$103.8 million; the majority of which related to a domestic entity’s refinancing activity.

#### Domestic Credit

##### Bahamian Dollar Credit

Bahamian dollar credit contracted by \$31.4 million in January, following a \$52.1 million decline in the same period of 2018. Underlying this outcome, the reduction in net claims on the Government narrowed to \$8.5 million, from \$42.0 million. In contrast, credit to the rest of the public sector fell by \$5.2 million, vis-à-vis a \$0.9 million gain in 2018.

Moreover, the decline in private sector credit was extended by \$6.8 million to \$17.7 million, as growth in



Source: Central Bank of the Bahamas

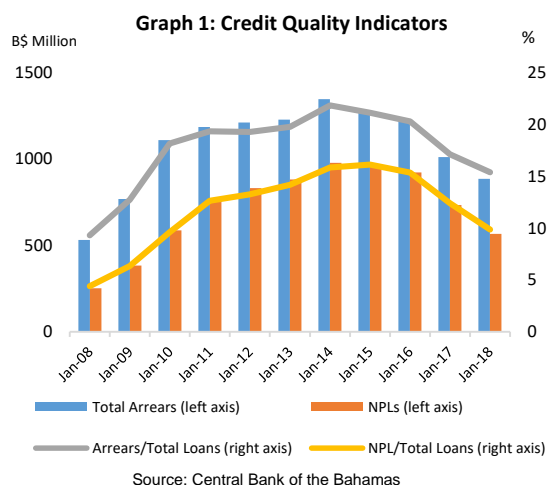
commercial credit tapered to \$6.9 million, from \$17.8 million last year, while consumer loans and mortgages fell further by \$16.8 million and \$7.7 million, relative to \$19.9 million and \$8.8 million in 2018.

### Foreign Currency Credit

Domestic foreign currency credit contracted by \$2.5 million, after a \$7.0 million reduction in the prior year. In particular, claims on the private sector decreased by \$1.8 million, following a \$4.7 million decline in 2018, as the contraction in commercial credit outpaced the gain in mortgages. Further, credit to the rest of the public sector decreased further by \$0.8 million. In contrast, net claims on the Government rose marginally by \$0.5 million, after a \$1.3 million reduction in 2018.

### Credit Quality

Reflecting the ongoing gains in the economy, banks' credit quality indicators continued to improve over the review period. Specifically, total private sector arrears decreased by \$10.7 million (1.3%), to \$799.1 million, and ratio to total private sector loans contracted by 18 basis points to 14.1%—the lowest rate in 10 years. The reduction was due mainly to an \$18.6 million (6.4%) decline in short-term arrears (31 to 90 days) to \$274.3 million, while the corresponding ratio fell by 32 basis points to 4.8%. In a partial offset, non-performing loans (NPLs), firmed by \$7.9 million (1.5%) to \$524.9 million and by 14 basis points, to 9.2% of total private sector loans.



Disaggregated by loan type, the overall decrease in arrears was mainly attributed to a \$15.7 million (3.2%) contraction in mortgage delinquencies to \$483.7 million, as both the short and long-term components fell by \$9.4 million (5.7%) and \$6.4 million (1.9%), respectively. In addition, consumer loan arrears softened by \$0.7 million (0.3%) to \$228.6 million, as the 31-90-day segment decreased by \$8.4 million (8.8%), in contrast to the \$7.7 million (5.8%) rise in NPLs. In contrast, the commercial component rose by \$5.7 million (7.0%), due to a \$6.6 million (13.7%) rise in long-term delinquencies, which overshadowed the \$0.8 million (2.5%) falloff in short-term arrears.

In line with the uptick in non-accruals, banks increased their provisions for loan losses by \$8.5 million (1.9%) to \$447.0 million. As a consequence, the ratio of total provisions to arrears firmed by 1.8 percentage points to 55.9%. In addition, the total provisions to NPL ratio edged-up by 35 basis points to 85.2%. At the end of January, banks' write-offs and recoveries amounted to \$6.2 million and \$1.2 million, respectively.

On a year-on-year basis, the total arrears ratios moved lower by 1.3 percentage points, as both the short-term and NPL rates softened, by 70 and 59 basis points, respectively. Broad-based reductions were recorded across all loan categories, with the mortgage, consumer and commercial arrears rates narrowing by 1.7, 1.2 and 0.3 percentage points, respectively.

### Deposits

Total Bahamian dollar deposits contracted by \$45.0 million in January, a reversal from 2018's growth of \$25.8 million. This outturn reflected declines in fixed and demand balances by \$30.0 million and \$28.3

million, vis-à-vis gains of \$8.2 million and \$26.6 million in the prior year. In contrast, savings balances rose by \$13.4 million, a turnaround from an \$8.9 million reduction in 2018.

### **Interest Rates**

In interest rate developments, the weighted average deposit rate at banks fell by 27 basis points to 0.61%, with the highest rate of 4.50% recorded on fixed deposits of over 12 months. Similarly, the average loan rate moved lower by 58 basis points to 10.00%.

### **3. Domestic Outlook**

The domestic economy is expected to continue to experience modest growth during 2019, benefitting from sustained gains in tourism output, in addition to foreign investment-related construction activity. Against this backdrop, it is anticipated that employment conditions should continue to improve gradually. On the prices front, inflation is poised to remain mild, although modest firming should occur in the near-term, due to the pass-through effects of the increase in the VAT rate.

With regard to the fiscal sector, efforts to reduce the deficit and gradually improve the corresponding debt indicators, will continue to hinge on the effectiveness of the Government's measures to curtail expenditure growth and increase revenue.

In the banking sector, liquidity is likely to remain buoyant, as households continue to reduce their debt overhang and banks maintain a conservative lending stance. In addition, external reserves are projected to remain above international benchmarks, underpinned by the seasonal uptick in foreign currency inflows during the winter months; although increased pressure on external balances is likely to be exerted over the latter half of the year.

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

In the context of a relatively positive economic outlook, highlighted by an improving tourism sector performance, positive impetus from foreign investment projects and a favourable external reserves' outlook, the Bank will maintain its current monetary policy posture.

Nevertheless, downside risks still remain, including the possible negative spill overs from the ongoing global trade disputes on the domestic economy. In addition, on the domestic front, the high level of banking sector liquidity may have an adverse impact on external reserves over the medium-term, if the surplus funds are employed to support rapid expansion in consumer-based credit. In this context, the Bank's policy initiatives, such as the establishment of a credit bureau and a reduction in holdings of Government paper, should mitigate the effects of the liquidity overhang on external reserves.



## APPENDIX

### *International Developments*

Despite the disruptions caused by the partial United States' Government shutdown and the ongoing trade dispute between the US and China, indications are that the global economy maintained its growth momentum over the review period. In this environment, labour market conditions remained healthy, while inflation stayed relatively benign, reflecting the softness in aggregate demand. Given these developments, all of the major central banks kept their accommodative monetary policy stances.

Economic conditions within the United States continued to be marred by uncertainty caused by the ongoing "trade war" and a partial Government shutdown. Nevertheless, the economy continued to expand, as evidenced by the addition of 304,000 persons to non-farm payrolls in February; although temporary gains to the labour force from Federal Government furloughs, led to the unemployment rate rising slightly by 10 basis points to 4.0%. In contrast, industrial production decreased by 0.6%, relative to a 0.1% advance in January, as automobile output contracted. Similarly, retail sales declined by 1.2% in December—the biggest fall in more than nine years—while consumer prices were unchanged for the third consecutive month. In this environment, the Federal Reserve left its key policy rates unchanged.

Developments within the European economies remained subdued over the review period, as uncertainty surrounding Britain's potential "Brexit" deal, continued to influence economic indicators. In the euro area, declines in the demand for non-food products resulted in a 1.6% contraction in retail sales, vis-à-vis a 0.6% increase in the prior period. In contrast, the UK's retail sales firmed by 1.0%, relative to a 0.7% falloff in the previous month. Further, the euro area's industrial production fell by 0.9% in December, albeit lower than the prior month's 1.7% reduction, while the 0.5% decline in the UK's production, extended the 0.4% falloff recorded a month earlier. In labour developments, the euro area's unemployment rate steadied at 7.9%, while the jobless rate in the UK declined by 10 basis points to 4.1%. On the external front, the euro area's trade surplus softened, by €2.0 billion (10.5%) to €17.0 billion, as the €26.5 billion (13.1%) decline in exports, eclipsed the €24.5 billion (13.3%) reduction in imports. Given the softening in fuel costs, consumer prices in both the UK and euro area fell by 0.3% and 0.2%, respectively, in January, following identical contractions of 0.3% a month earlier. In view of these developments, both the Bank of England and the European Central Bank maintained their accommodative policy stances.

Economic conditions within the major Asian economies varied over the review period, but were mainly subdued. In particular, China's trade surplus narrowed from US\$57.2 billion to US\$39.2 billion in January, reflecting a \$14.2 billion increase in imports, alongside a \$3.7 billion falloff in exports. Further, the country's industrial production rose by 0.5% in December, up from 0.4% in the prior month, while Japan's output eased by 0.1%, after a 1.1% reduction in November. Similarly, growth in China's retail sales edged-up by 10 basis points to 0.6% in December, while the gain in Japan's sales narrowed by the same magnitude to 1.3%. In labour market developments, Japan's unemployment rate fell by 10 basis points to 2.4% in December, following an identical increase a month earlier. Meanwhile in China, consumer prices decreased by 0.5% in January, after remaining stable in the previous month. Against this backdrop, both the Bank of Japan and the People's Bank of China maintained their accommodative monetary policy positions.

Crude oil prices rose by 15.0%, to \$61.89 per barrel in January, following a 15-month low in December, as OPEC's oil production fell by 0.8 million barrels per day, to an average of 5.7 million barrels per day. In the precious metals market, the price of silver firmed by 3.7% to \$16.06 per troy ounce, while the cost of gold increased by 3.0%—for its fourth consecutive monthly gain—to \$1,321.21 per troy ounce.

Reflecting in part the uncertainty caused by the actions taken by Governments in several of the major economies, stock markets globally recorded broad-based declines in January. Specifically, in the United States, the DJIA and S&P500 declined by 4.4% and 4.2%, respectively. Similarly, in Europe, significant losses were recorded for Germany's DAX (15.3%), France's CAC 40 (8.9%) and the United Kingdom's FTSE (7.5%), while Asian markets also recorded declines, with China's SE Composite and Japan's Nikkei 225 falling sharply by 25.8%, and by 10.1%, respectively.

Amid the ongoing trade conflicts and political tensions, the U.S. dollar weakened against most of the major currencies during the review period. In particular, the U.S. dollar depreciated versus the Canadian dollar by 3.8% to CAD1.3125, the British pound by 2.7% to £0.7629, the Chinese Renminbi by 2.6% to CNY6.7004, and the Japanese Yen by 0.8% to ¥108.87. In a slight offset, the U.S. dollar appreciated relative to the Swiss Franc by 1.3% to CHF0.9944 and the euro by 0.2% to €0.8735.

# Recent Monetary and Credit Statistics

(B\$ Millions)

| JANUARY |      |        |      |            |      |  |
|---------|------|--------|------|------------|------|--|
| Value   |      | Change |      | Change YTD |      |  |
| 2018    | 2019 | 2018   | 2019 | 2018       | 2019 |  |

## 1.0 LIQUIDITY & FOREIGN ASSETS

|                               |          |          |       |        |       |        |
|-------------------------------|----------|----------|-------|--------|-------|--------|
| 1.1 Excess Reserves           | 926.99   | 694.87   | 69.43 | 35.94  | 69.43 | 35.94  |
| 1.2 Excess Liquid Assets      | 1,851.99 | 1,612.92 | 53.71 | 49.39  | 53.71 | 49.39  |
| 1.3 External Reserves         | 1,460.53 | 1,268.38 | 52.24 | 30.67  | 52.24 | 30.67  |
| 1.4 Bank's Net Foreign Assets | -131.78  | -105.76  | 39.21 | -17.50 | 39.21 | -17.50 |
| 1.5 Usable Reserves           | 685.00   | 588.34   | 16.10 | 32.78  | 16.10 | 32.78  |

## 2.0 DOMESTIC CREDIT

|                                     |                 |                 |               |               |               |               |
|-------------------------------------|-----------------|-----------------|---------------|---------------|---------------|---------------|
| <b>2.1 Private Sector</b>           | <b>5,960.84</b> | <b>5,871.13</b> | <b>-15.63</b> | <b>-19.47</b> | <b>-15.63</b> | <b>-19.47</b> |
| a. B\$ Credit                       | 5,741.15        | 5,644.09        | -10.92        | -17.68        | -10.92        | -17.68        |
| of which: Consumer Credit           | 2,177.59        | 2,106.80        | -19.94        | -16.84        | -19.94        | -16.84        |
| Mortgages                           | 2,873.23        | 2,864.45        | -8.78         | -7.74         | -8.78         | -7.74         |
| Commercial and Other Loans B\$      | 690.34          | 672.83          | 17.80         | 6.89          | 17.80         | 6.89          |
| b. F/C Credit                       | 219.69          | 227.04          | -4.72         | -1.78         | -4.72         | -1.78         |
| of which: Mortgages                 | 61.70           | 72.71           | -0.50         | 0.59          | -0.50         | 0.59          |
| Commercial and Other Loans F/C      | 157.99          | 154.32          | -4.22         | -2.38         | -4.22         | -2.38         |
| <b>2.2 Central Government (net)</b> | <b>2,334.69</b> | <b>2,505.24</b> | <b>-43.32</b> | <b>-8.01</b>  | <b>-43.32</b> | <b>-8.01</b>  |
| a. B\$ Loans & Securities           | 2,587.93        | 2,752.19        | -21.03        | 23.58         | -21.03        | 23.58         |
| Less Deposits                       | 247.13          | 248.00          | 20.99         | 32.04         | 20.99         | 32.04         |
| b. F/C Loans & Securities           | 0.00            | 7.00            | 0.00          | -0.00         | 0.00          | -0.00         |
| Less Deposits                       | 6.11            | 5.95            | 1.30          | -0.45         | 1.30          | -0.45         |
| <b>2.3 Rest of Public Sector</b>    | <b>270.72</b>   | <b>312.98</b>   | <b>-0.17</b>  | <b>-6.04</b>  | <b>-0.17</b>  | <b>-6.04</b>  |
| a. B\$ Credit                       | 101.05          | 124.00          | 0.85          | -5.23         | 0.85          | -5.23         |
| b. F/C Credit                       | 169.67          | 188.98          | -1.03         | -0.81         | -1.03         | -0.81         |
| <b>2.4 Total Domestic Credit</b>    | <b>8,566.29</b> | <b>8,689.38</b> | <b>-59.09</b> | <b>-33.83</b> | <b>-59.09</b> | <b>-33.83</b> |
| a. B\$ Domestic Credit              | 8,183.00        | 8,272.28        | -52.08        | -31.37        | -52.08        | -31.37        |
| b. F/C Domestic Credit              | 383.29          | 417.10          | -7.01         | -2.45         | -7.01         | -2.45         |

## 3.0 DEPOSIT BASE

|   |                 |                 |              |               |              |               |
|---|-----------------|-----------------|--------------|---------------|--------------|---------------|
| 3.1 Demand Deposits                                 | 2,387.07        | 2,457.66        | 26.60        | -28.34        | 26.60        | -28.34        |
| a. Central Bank                                     | 21.50           | 49.84           | 7.44         | -15.59        | 7.44         | -15.59        |
| b. Banks  | 2,365.57        | 2,407.82        | 19.16        | -12.75        | 19.16        | -12.75        |
| 3.2 Savings Deposits                                | 1,358.74        | 1,443.12        | -8.92        | 13.36         | -8.92        | 13.36         |
| 3.3 Fixed Deposits                                  | 2,750.81        | 2,530.68        | 8.16         | -29.96        | 8.16         | -29.96        |
| 3.4 Total B\$ Deposits                              | 6,496.62        | 6,431.46        | 25.84        | -44.95        | 25.84        | -44.95        |
| 3.5 F/C Deposits of Residents                       | 329.31          | 383.90          | 27.29        | 16.98         | 27.29        | 16.98         |
| <b>3.6 M2</b>                                       | <b>6,777.63</b> | <b>6,728.48</b> | <b>-0.17</b> | <b>-82.69</b> | <b>-0.17</b> | <b>-82.69</b> |
| <b>3.7 External Reserves/M2 (%)</b>                 | <b>21.55</b>    | <b>18.85</b>    | <b>0.77</b>  | <b>0.68</b>   | <b>0.77</b>  | <b>0.68</b>   |
| <b>3.8 Reserves/Base Money (%)</b>                  | <b>98.32</b>    | <b>100.06</b>   | <b>0.70</b>  | <b>2.77</b>   | <b>0.70</b>  | <b>2.77</b>   |
| <b>3.9 External Reserves/Demand Liabilities (%)</b> | <b>94.16</b>    | <b>93.26</b>    | <b>-1.07</b> | <b>2.54</b>   | <b>-1.07</b> | <b>2.54</b>   |

| Value |      | Year to Date |      | Change |     |
|-------|------|--------------|------|--------|-----|
| 2018  | 2019 | 2018         | 2019 | Month  | YTD |

## 4.0 FOREIGN EXCHANGE TRANSACTIONS

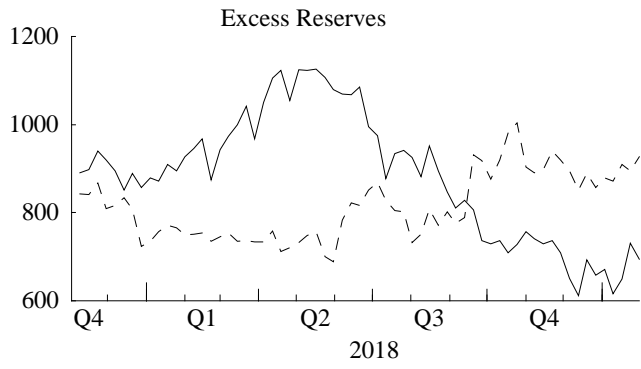
|   |              |               |              |               |               |               |
|---|--------------|---------------|--------------|---------------|---------------|---------------|
| <b>4.1 Central Bank Net Purchase/(Sale)</b> | <b>47.88</b> | <b>8.08</b>   | <b>47.88</b> | <b>8.08</b>   | <b>-39.80</b> | <b>-39.80</b> |
| a. Net Purchase/(Sale) from/to Banks        | 21.16        | 111.90        | 21.16        | 111.90        | 90.74         | 90.74         |
| i. Sales to Banks                           | 44.01        | 0.00          | 44.01        | 0.00          | -44.01        | -44.01        |
| ii. Purchases from Banks                    | 65.17        | 111.90        | 65.17        | 111.90        | 46.73         | 46.73         |
| b. Net Purchase/(Sale) from/to Others       | 26.72        | -103.82       | 26.72        | -103.82       | -130.54       | -130.54       |
| i. Sales to Others                          | 68.67        | 153.14        | 68.67        | 153.14        | 84.47         | 84.47         |
| ii. Purchases from Others                   | 95.40        | 49.32         | 95.40        | 49.32         | -46.08        | -46.08        |
| <b>4.2 Banks Net Purchase/(Sale)</b>        | <b>3.66</b>  | <b>102.41</b> | <b>3.66</b>  | <b>102.41</b> | <b>98.75</b>  | <b>98.75</b>  |
| a. Sales to Customers                       | 463.04       | 548.28        | 463.04       | 548.28        | 85.24         | 85.24         |
| b. Purchases from Customers                 | 466.70       | 650.69        | 466.70       | 650.69        | 184.00        | 184.00        |
| <b>4.3 B\$ Position (change)</b>            | <b>-6.26</b> | <b>-21.54</b> |              |               |               |               |

## 5.0 EXCHANGE CONTROL SALES

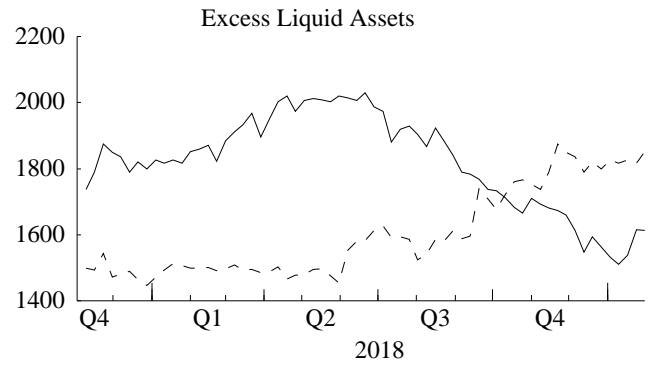
|                               |               |           |               |           |           |           |
|-------------------------------|---------------|-----------|---------------|-----------|-----------|-----------|
| <b>5.1 Current Items</b>      | <b>448.76</b> | <b>ND</b> | <b>448.76</b> | <b>ND</b> | <b>ND</b> | <b>ND</b> |
| <b>of which Public Sector</b> | <b>54.46</b>  | <b>ND</b> | <b>54.46</b>  | <b>ND</b> | <b>ND</b> | <b>ND</b> |
| a. Nonoil Imports             | 138.22        | ND        | 138.22        | ND        | ND        | ND        |
| b. Oil Imports                | 55.41         | ND        | 55.41         | ND        | ND        | ND        |
| c. Travel                     | 24.75         | ND        | 24.75         | ND        | ND        | ND        |
| d. Factor Income              | 28.03         | ND        | 28.03         | ND        | ND        | ND        |
| e. Transfers                  | 32.56         | ND        | 32.56         | ND        | ND        | ND        |
| f. Other Current Items        | 169.79        | ND        | 169.79        | ND        | ND        | ND        |
| <b>5.2 Capital Items</b>      | <b>17.23</b>  | <b>ND</b> | <b>17.23</b>  | <b>ND</b> | <b>ND</b> | <b>ND</b> |
| <b>of which Public Sector</b> | <b>0.88</b>   | <b>ND</b> | <b>0.88</b>   | <b>ND</b> | <b>ND</b> | <b>ND</b> |
| <b>5.3 Bank Remittances</b>   | <b>0.00</b>   | <b>ND</b> | <b>0.00</b>   | <b>ND</b> | <b>ND</b> | <b>ND</b> |



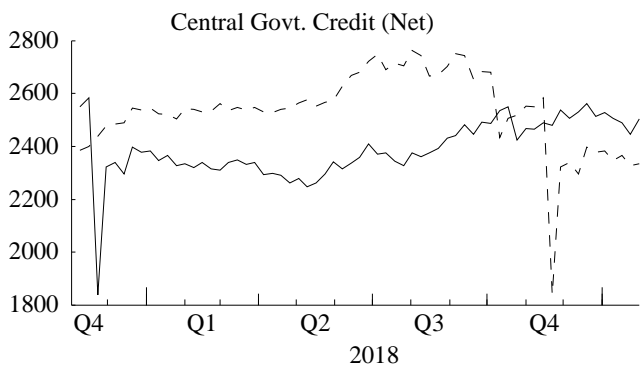
## SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



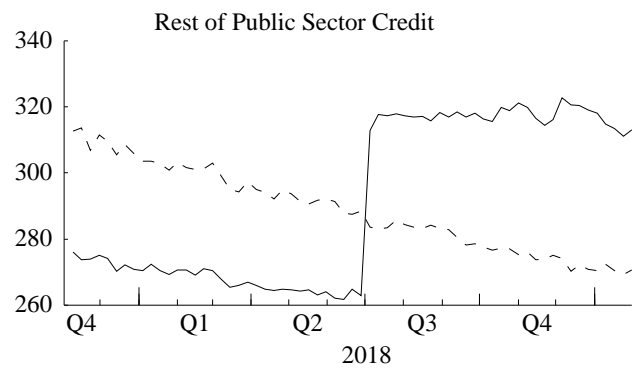
— 2019  
- - - 2018



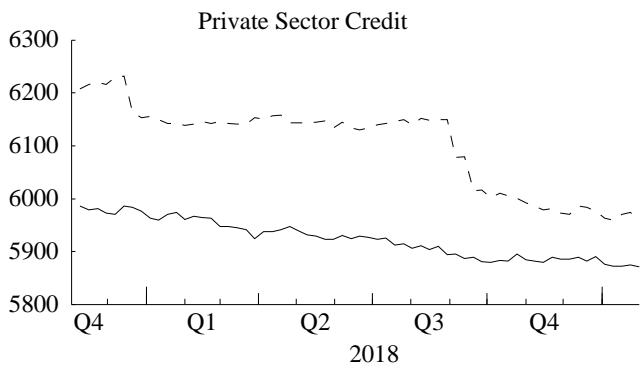
— 2019  
- - - 2018



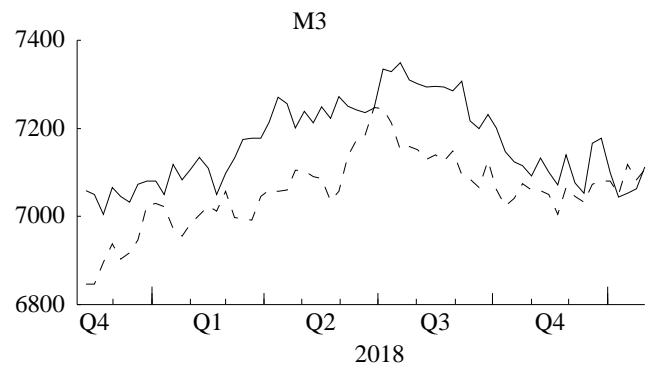
— 2019  
- - - 2018



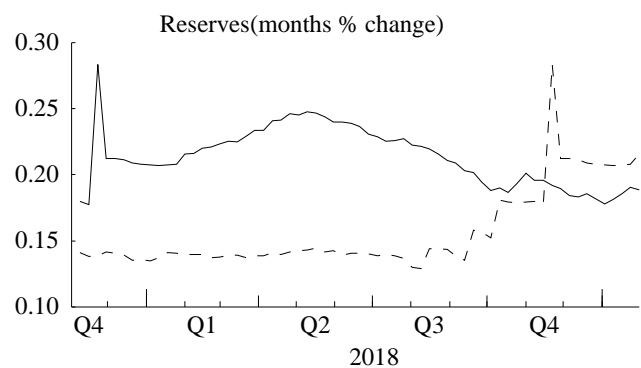
— 2019  
- - - 2018



— 2019  
- - - 2018



— 2019  
- - - 2018



— 2019  
- - - 2019

## Selected International Statistics

| <b>A: Selected Macroeconomic Projections<br/>(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                | 10.7        |
| 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>       |
| 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                   |
| January 2019   | 4.00             | 0.00                    | 3.00                        | 2.25-2.50                | 0.75                   |

## Selected International Statistics

| <b>C. Selected Currencies<br/>(Per United States Dollars)</b> |        |        |        |                   |                 |                   |
|---|--------|--------|--------|-------------------|-----------------|-------------------|
| Currency  | Jan-18 | Dec-18 | Jan-19 | Mthly %<br>Change | YTD %<br>Change | 12-Mth%<br>Change |
| Euro  | 0.8055 | 0.8719 | 0.8735 | 0.18              | 0.18            | 8.44              |
| Yen   | 109.19 | 109.70 | 108.87 | -0.76             | -0.76           | -0.29             |
| Pound   | 0.7047 | 0.7837 | 0.7629 | -2.65             | -2.65           | 8.26              |
| Canadian \$   | 1.2315 | 1.3641 | 1.3125 | -3.78             | -3.78           | 6.58              |
| Swiss Franc   | 0.9313 | 0.9816 | 0.9944 | 1.30              | 1.30            | 6.78              |
| Renminbi  | 6.2887 | 6.8785 | 6.7004 | -2.59             | -2.59           | 6.55              |

*Source: Bloomberg as of January 31, 2019*

| <b>D. Selected Commodity Prices (\$)</b> |                 |                  |                 |                   |                 |
|--|-----------------|------------------|-----------------|-------------------|-----------------|
| Commodity                                | January<br>2018 | December<br>2018 | January<br>2019 | Mthly %<br>Change | YTD %<br>Change |
| Gold / Ounce                             | 1345.15         | 1282.45          | 1321.21         | 3.02              | 3.02            |
| Silver / Ounce                           | 17.34           | 15.50            | 16.06           | 3.67              | 3.67            |
| Oil / Barrel                             | 69.05           | 53.80            | 61.89           | 15.04             | 15.04           |

*Source: Bloomberg as of January 31, 2019*

| <b>E. Equity Market Valuations – January 31, 2019 (% change)</b> |       |       |            |          |        |        |               |        |
|--|-------|-------|------------|----------|--------|--------|---------------|--------|
|  | BISX  | DJIA  | S&P<br>500 | FTSE 100 | CAC 40 | DAX    | Nikkei<br>225 | SE     |
| 1 month  | 0.94  | -4.40 | -4.24      | -7.50    | -8.92  | -15.29 | -10.06        | -25.75 |
| 3 month  | 4.94  | 3.72  | 2.39       | -1.24    | -3.38  | -7.64  | -3.17         | -18.44 |
| YTD  | 0.94  | -4.40 | -4.24      | -7.50    | -8.92  | -15.29 | -10.06        | -25.75 |
| 12-month   | -2.39 | 7.17  | 7.87       | 3.58     | 5.54   | 5.82   | 3.79          | 3.64   |

*Sources: Bloomberg and BISX*

| <b>F: Short Term Deposit Rates in Selected Currencies (%)</b> |      |      |       |
|---|------|------|-------|
|   | USD  | GBP  | EUR   |
| <b>o/n</b>  | 2.42 | 0.70 | -0.43 |
| <b>1 Month</b>  | 2.50 | 0.77 | -0.39 |
| <b>3 Month</b>  | 2.74 | 0.92 | -0.33 |
| <b>6 Month</b>  | 2.81 | 1.03 | -0.25 |
| <b>9 Month</b>  | 2.90 | 1.06 | -0.20 |
| <b>1 year</b>   | 2.92 | 1.25 | -0.14 |

*Source: Bloomberg as of January 31, 2019*

# SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

|  | VALUE    |          |          |          |          |          |          |          |          |         |         |         | CHANGE  |         |         |         |         |         |  |  |  |  |  |  |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|--|--|--|--|--|
|  | Dec. 05  | Dec. 12  | Dec. 19  | Dec. 26  | Jan. 02  | Jan. 09  | Jan. 16  | Jan. 23  | Jan. 30  | Dec. 05 | Dec. 12 | Dec. 19 | Dec. 26 | Jan. 02 | Jan. 09 | Jan. 16 | Jan. 23 | Jan. 30 |  |  |  |  |  |  |
| <b>I. External Reserves</b>                          | 1,238.10 | 1,226.56 | 1,261.30 | 1,237.71 | 1,197.36 | 1,212.18 | 1,242.19 | 1,275.50 | 1,268.38 | -45.37  | -11.54  | 34.75   | -23.60  | -40.34  | 14.82   | 30.01   | 33.31   | -7.12   |  |  |  |  |  |  |
| <b>II. Net Domestic Assets (A + B + C + D)</b>       | -12.71   | -45.14   | 22.85    | 34.54    | 54.35    | -10.13   | -15.48   | 16.31    | -0.73    | -20.12  | -32.43  | 67.99   | 11.68   | 19.82   | -64.48  | -5.36   | 31.79   | -17.04  |  |  |  |  |  |  |
| <b>A. Net Credit to Gov't (i + ii + iii - iv)</b>    | 412.55   | 420.93   | 456.19   | 450.26   | 498.51   | 475.37   | 435.36   | 432.80   | 417.92   | -46.86  | 8.38    | 35.27   | -5.94   | 48.25   | -23.13  | -40.01  | -2.56   | -14.89  |  |  |  |  |  |  |
| i) Advances  | 134.66   | 134.66   | 119.66   | 119.66   | 119.66   | 119.66   | 94.66    | 94.66    | 108.66   | -15.00  | 0.00    | -15.00  | 0.00    | 0.00    | 0.00    | -25.00  | 0.00    | 14.00   |  |  |  |  |  |  |
| ii) Registered Stock                                 | 246.06   | 246.08   | 246.30   | 246.32   | 246.35   | 246.54   | 246.66   | 246.75   | 246.85   | 0.13    | 0.01    | 0.22    | 0.02    | 0.04    | 0.19    | 0.12    | 0.09    | 0.10    |  |  |  |  |  |  |
| iii) Treasury Bills                                  | 46.29    | 54.28    | 110.65   | 110.65   | 155.57   | 133.71   | 133.71   | 133.71   | 104.75   | -24.91  | 8.00    | 56.37   | 0.00    | 44.92   | -21.86  | 0.00    | 0.00    | -28.96  |  |  |  |  |  |  |
| iv) Deposits   | 14.46    | 14.09    | 20.41    | 26.37    | 23.08    | 24.53    | 39.66    | 42.31    | 42.34    | 7.08    | -0.37   | 6.33    | 5.96    | -3.29   | 1.45    | 15.13   | 2.65    | 0.03    |  |  |  |  |  |  |
| <b>B. Rest of Public Sector (Net) (i + ii - iii)</b> | -77.33   | -69.70   | -78.63   | -62.93   | -72.47   | -66.28   | -69.85   | -57.34   | -47.34   | -10.17  | 7.63    | -8.93   | 15.69   | -9.54   | 6.19    | -3.57   | 12.50   | 10.01   |  |  |  |  |  |  |
| i) BDB Loans   | 2.50     | 2.50     | 2.50     | 2.50     | 2.50     | 2.50     | 2.50     | 2.50     | 2.50     | -0.13   | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |  |  |  |  |  |  |
| ii) BMC Bonds  | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |  |  |  |  |  |  |
| iii) Deposits  | 79.83    | 72.20    | 81.13    | 65.43    | 74.97    | 68.78    | 72.35    | 59.84    | 49.84    | 10.04   | -7.63   | 8.93    | -15.69  | 9.54    | -6.19   | 3.57    | -12.50  | -10.01  |  |  |  |  |  |  |
| <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>                         | -347.93  | -396.36  | -354.72  | -352.79  | -371.68  | -419.22  | -380.99  | -359.15  | -371.31  | 36.90   | -48.44  | 41.65   | 1.93    | -18.89  | -47.54  | 38.23   | 21.84   | -12.15  |  |  |  |  |  |  |
| <b>III. Monetary Base</b>                            | 1,225.38 | 1,181.42 | 1,284.16 | 1,272.24 | 1,251.72 | 1,202.05 | 1,226.71 | 1,291.81 | 1,267.65 | -65.49  | -43.96  | 102.73  | -11.91  | -20.53  | -49.66  | 24.66   | 65.10   | -24.16  |  |  |  |  |  |  |
| A. Currency in Circulation                           | 417.33   | 425.22   | 444.40   | 455.14   | 446.29   | 430.58   | 412.05   | 403.13   | 410.18   | 9.52    | 7.89    | 19.19   | 10.74   | -8.85   | -15.71  | -18.53  | -8.91   | 7.04    |  |  |  |  |  |  |
| B. Bank Balances with CBOB                           | 808.06   | 756.21   | 839.75   | 817.10   | 805.42   | 771.47   | 814.66   | 888.67   | 857.47   | -75.01  | -51.85  | 83.55   | -22.65  | -11.68  | -33.95  | 43.19   | 74.01   | -31.20  |  |  |  |  |  |  |

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

