



**Recent Economic Trends**  
Selected Data

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## ***Recent Economic Developments and Prospects***

Indications are that the Bahamian economy grew marginally in 2003. Tourism expenditure, which rose slightly, only benefited from increased cruise activity however, as the stopover segment remained sluggish. Compared to 2002, construction output was weaker, given reduced net foreign investments and a slowdown in the mortgages growth which support local housing investments.

Nevertheless, bank liquidity and external reserves ended the year at higher levels, as a result of the ceiling that the Central Bank maintained on bank lending. This helped restrain the private sector's net use of foreign exchange.

With the public sector finances having stabilized since September 11, the Government is on course to realize a further reduction its deficit during the current fiscal year, modestly in line with budgetary projections. Still, there is a sizeable revenue shortfall relative to expenditures that is not expected to diminish substantially before the next fiscal year.

It should be noted that local economic trends continue to be driven by developments in the United States, where consumer and investor confidence gradually improved following the end of the war in Iraq. Tourism however, benefited less directly, since the job security concerns that influenced travel spending dissipated more slowly. In particular, US firms took advantage of increased productivity either to delay the pace at which they hired new workers, or to continue with downsizing activities despite improving sales prospects.

With the US economy expected to grow at a faster pace in 2004, the outlook for The Bahamas has improved. Most notable is the associated prospects for resumed growth in stopover tourism, which could also be fueled by the significantly depreciated US dollar that has made travel to Europe and Asia more expensive for Americans.

Increased foreign investments should also boost economic activity, provided that construction begins on the substantial projects approved by the Government in 2003.

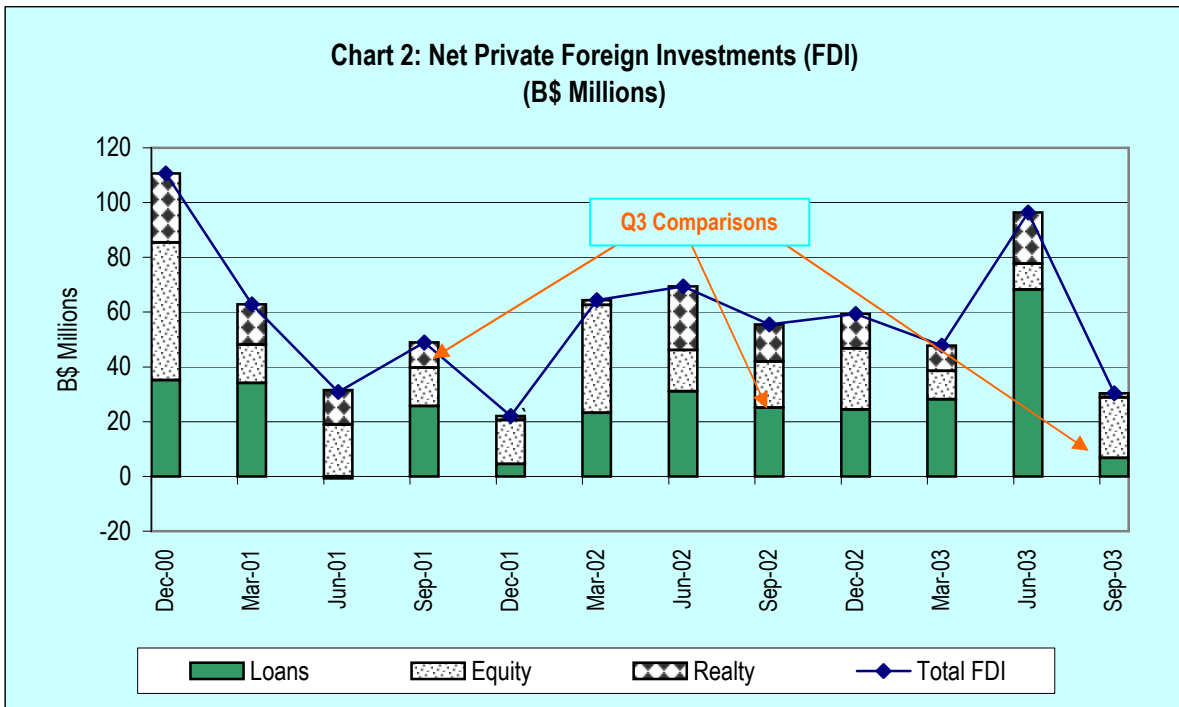
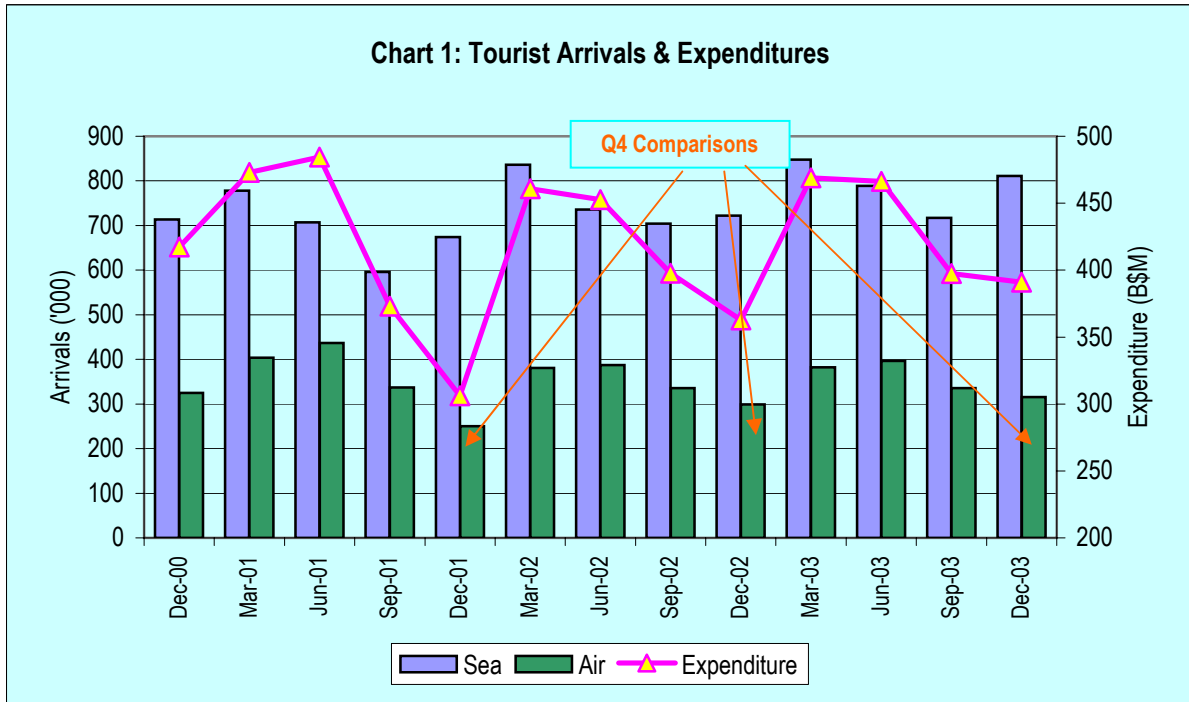
Consistent with the timing of any improvements in the economy, measured in both significantly strengthened net foreign exchange inflows and Government revenues, the Central Bank should also be more open to relaxing some of the controls that have been maintained on bank lending since 2001.

**The Bahamas**  
**Selected Economic Indicators (2000-2003)**

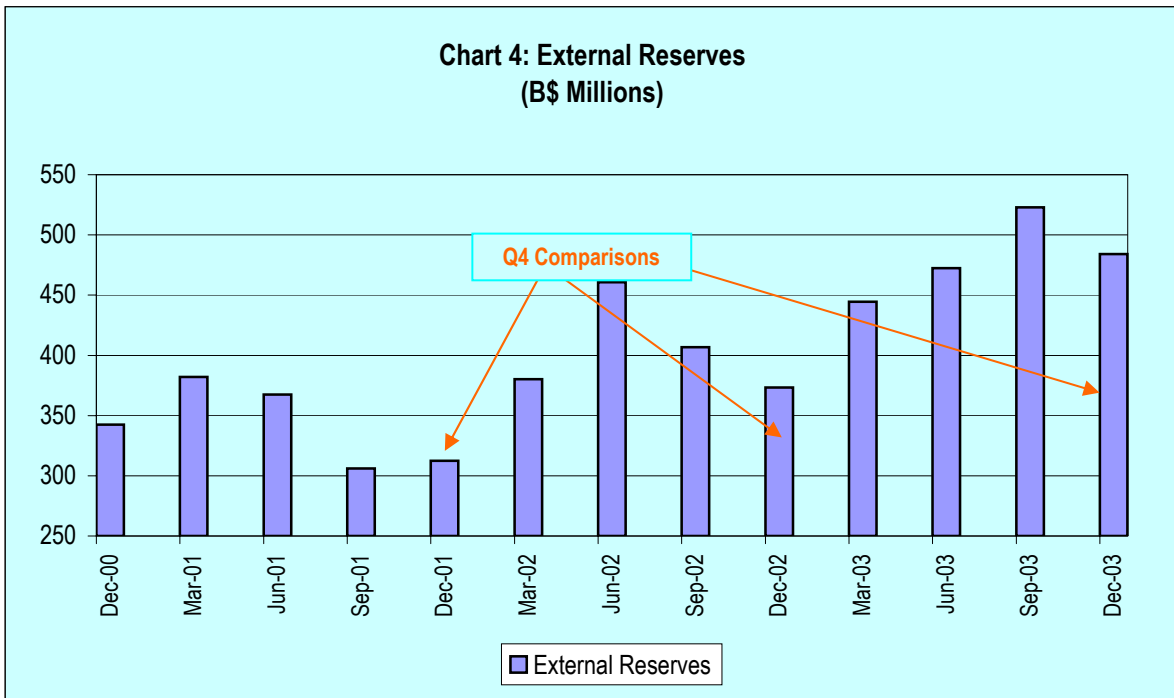
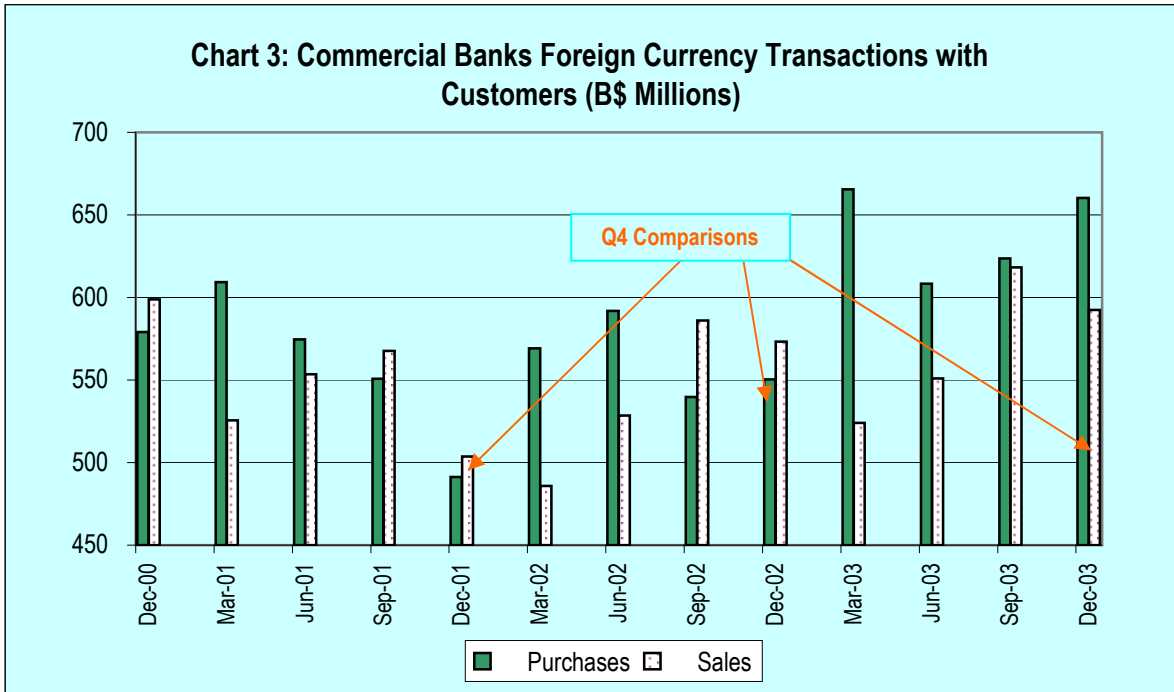
	2000	2001	2002	2003	July-Dec	
					2002	2003
<b>1. Tourism</b>						
<b>Total Visitors (Thousands)</b>	4,203.8	4,182.7	4,406.0	4,594.0	2,065.8	2,179.2
Air	1,481.5	1,428.1	1,402.9	1,429.0	635.0	650.8
Sea	2,722.3	2,754.5	3,003.1	3,165.0	1,430.8	1,528.4
<b>Tourist Expenditures (B\$ Millions)</b>	1,719.2	1,636.5	1,673.9	n/a	592.7	n/a
		[Jan - Sept]	1,311.2	1,334.9		
<b>2. Private Foreign Investment (B\$Million)</b>						
<b>Total Net Inflows</b>	469.1	164.7	248.6	n/a	114.9	n/a
		[Jan - Sept]	189.2	174.6		
<b>3. Commercial Banks Foreign Exchange Transactions (B\$ Millions)</b>						
Purchases	2,326.2	2,226.1	2,251.1	2,557.9	1,090.0	1,283.9
Sales	2,265.3	2,150.4	2,173.7	2,285.8	1,159.4	1,210.7
<b>Net Purchase (Sale)</b>	60.9	75.7	77.3	272.1	-69.4	73.2
<b>4. External Reserves</b>						
<b>Total Reserves (B\$ Millions)</b>	342.6	312.4	373.2	484.1		
Change in External Reserves (B\$ Millions)	-61.4	-30.2	60.8	110.9	-87.5	11.6
Equivalent Weeks of Non-oil Imports	9.7	10.1	13.1	17.5		
<b>5. Public Finance B\$Millions (Calendar Year)</b>						
<b>Total Revenue</b>	937.2	920.3	888.9	924.3	448.6	446.1
(Of which) Customs Duties and Stamp	512.4	514.8	493.4	514.3	236.2	234.8
<b>Total Expenditures</b>	951.6	1,015.6	1,023.2	1,063.9	481.8	501.8
Current Expenditure	818.8	863.1	918.7	961.9	430.3	462.6
Capital Expenditure	98.9	92.9	99.5	63.9	35.2	24.1
Net lending to Public Enterprises	33.9	59.6	5.0	38.2	16.3	15.2
<b>Deficit</b>	-14.4	-95.3	-134.3	-139.6	-33.1	-55.8

Source: Central Bank of The Bahamas Quarterly Statistical Digest  
and Quarterly Economic Review

## The Bahamas: Selected Economic Trends (Quarterly)



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