



## **Monthly Economic and Financial Developments June 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: July 27, August 31, September 28, October 26, November 30, December 21

# Monthly Economic and Financial Developments

## June 2016

### 1. Domestic Economic Developments

Preliminary indicators showed that domestic economic activity remained relatively mild during the review month, amid modest impulses from the tourism sector. Also foreign investment projects continued to support output in the construction sector. Reflecting seasonal impetus from cultural events, the jobless rate narrowed during the first half of the year, although staying incrementally firmer when compared to the same period of 2015. Domestic energy costs rose marginally in June, due in part to some increase in global oil prices, while the fiscal deficit was higher over the eleven months of FY2015/16, as spending growth exceeded the value added tax (VAT)-led revenue improvement. On the monetary front, both bank liquidity and external reserves expanded during June, buoyed by net foreign currency inflows from real sector activities.

Anecdotal evidence suggests that tourism sector activity stabilized in June, as the hosting of regional sporting events, along with an increase in airlift capacity from a major market, supported high-value added stopover arrivals.

The Department of Statistics' most recent labour force survey for May, indicated that the unemployment rate rose by 0.7 percentage points relative to May 2015. However compared to November 2015, the rate declined by 2.1 percentage points on a seasonal basis, benefiting from the staging of the Junkanoo Carnival activities. On a yearly basis, the number of discouraged workers fell by 37.5% to 2,470, while unemployment among youth—persons aged 15-24 years—firmed slightly by 50 basis points to 25.8%.

Reflecting mainly a slight upward trend in international oil prices since reaching a low in January 2016, domestic energy costs firmed during June. The Bahamas Power and Light (BPL) fuel charge increased by 2.3% month-on-month to 9.36 cents per kilowatt hour (kWh); although remaining 44.8% less than last year. Similarly, gasoline prices were 4.8% higher in June relative to the previous month at \$4.13 per gallon, but contracted annually by 12.7%.

The Government's budgetary operations for the eleven months of FY2015/16, showed a \$37.6 million (14.8%) increase in the deficit to \$291.5 million, vis-à-vis the comparable period of last year, as the \$244.7 million (13.7%) expansion in expenditure to \$2,032.2 million, exceeded the \$207.1 million (13.5%) growth in total revenue to \$1,740.7 million.

In terms of spending, current outlays grew by \$341.0 million (22.4%) to \$1,863.9 million over the review period. Specifically, the reclassification of 'net lending' to transfers, along with higher debt servicing costs, contributed to a \$276.7 million (40.8%) expansion in transfer payments, with subsidies and other transfers rising by \$221.9 million (48.8%) to \$676.9 million, while interest payments moved higher by \$54.8 million (24.5%) to \$278.2 million—due mainly to a \$49.3 million (33.6%) increase in the domestic currency component. In addition, spending on goods and services advanced by \$51.1 million (20.2%) to \$303.7 million, while payments for wages and salaries expanded by \$13.1 million (2.2%) to \$605.1 million. In contrast, capital outlays contracted by \$20.8 million (11.2%) to \$164.7 million, reflecting a \$12.0 million (8.5%) reduction in capital formation and an \$8.2 million (18.3%) decline in asset acquisitions. As a result

of the reclassification exercise, net lending to public enterprises stood at just \$3.6 million, compared to \$79.2 million last year.

Tax revenue rose by \$207.9 million (15.3%) to \$1,567.8 million over the eleven months of FY2015/16, as the intake from VAT, covered eleven full months as opposed to just five months during the previous fiscal year, and also included the expansion in the tax base to insurance and real estate transactions. Collections therefore stood at to \$600.3 million, from the \$182.0 million recorded in the prior period. With the reclassification of revenue sources, either reducing or eliminating previous taxes, receipts from “other miscellaneous” taxes decreased by \$110.2 million (24.4%) to \$342.2 million, amid a \$79.2 million (75.5%) shift away from stamp taxes on real estate transfers. Further, in line with the lowering of several tariff rates to compensate for the introduction of the VAT, taxes on international trade declined by \$37.0 million (7.1%) to \$481.5 million. In addition, selective taxes on services fell by \$23.1 million (46.2%) to \$26.8 million, largely reflecting the elimination of the hotel occupancy tax in favor of VAT. In addition, receipts from business and professional fees decreased by \$27.6 million (16.3%) to \$141.8 million, while non-tax revenue firmed by \$2.5 million (1.5%) to \$172.8 million.

## 2. International Developments

Developments in the global economy were dominated by the effect of the United Kingdom’s vote to leave the European Union, termed “BREXIT”, which negatively impacted economic indicators within the country and spilled over into global currency and stock markets. In addition, growth in the major Asian economies continued to decelerate, reflecting the softness in domestic demand. Against this backdrop, all of the major central banks kept their highly accommodative monetary policy stance.

Reflecting in part the initial impact of the “BREXIT” vote in the United Kingdom (UK), several European economic indicators deteriorated during the review period. In the UK, industrial production fell by 0.5% in May, a reversal from a 2.1% increase in the prior month, due to a reduction in manufacturing output. In the external sector, the trade deficit widened by £0.3 billion to £2.3 billion, month-on-month, as the decrease in exports outweighed the decline in imports. Further, consumer prices rose by 0.5% in June, fueled by increases in air fare and recreational goods and services prices, after a 0.3% uptick a month earlier, while bad weather conditions led to retail sales declining by 0.9%—the most in six months. Despite the challenging economic conditions, the unemployment rate fell by 10 basis points to 4.9% in May—the lowest rate in eleven years—as an additional 176,000 jobs were added to payrolls. The impact of the “BREXIT” on the euro area was more muted, as most of the performance indicators improved over the review period. Specifically, retail trade sales rose by 0.4%, due mainly to gains in purchases of non-food products, after remaining stable in the prior month, while increases in prices at restaurants and rents contributed to a slight 0.1% rise in consumer prices in June, a turnaround from the similar decline in the previous month. In contrast, industrial production fell by 1.2% in May, vis-à-vis the earlier 1.1% increase in energy, capital goods and durable consumer goods production. In an effort to support the economy in the wake of the uncertainty created by the vote, the Bank of England committed to injecting an additional £250 billion through its normal financing facilities into the banking system, while maintaining its key interest rate at an historic low of 0.5%. Similarly, the European Central Bank left its benchmark interest rates unchanged.

Economic conditions in the United States were largely positive over the review month. In particular, higher manufacturing production and a weather-related surge in utilities output, supported a 0.6% advance in industrial production, vis-à-vis a 0.3% contraction in May. In addition, higher purchases at online retailers and health & personal care stores, contributed to a 0.6% advance in retail sales in June, extending the

0.5% expansion in the prior month. The outturn in the real estate market was also favorable, as the number of housing completions and starts rose on an annualized basis by 12.3% and 4.8%, respectively, while the number of building permits issued grew by 1.5%. Conditions in the labor market continued to improve, as nonfarm payrolls firmed by 287,000; although the jobless rate still rose by 20 basis points to 4.9%. In the external sector, the trade deficit widened by \$3.8 billion to \$41.1 billion in May, as an industrial supplies and materials-led \$3.4 billion rise in imports, outpaced the \$0.3 billion increase in exports. Further, consumer price inflation was unchanged at 0.2%, as the hike in energy prices offset the decline in food costs. In light of the uncertainty caused by the “BREXIT”, the Federal Reserve decided to maintain its neutral monetary policy stance.

Indications are that economic conditions in Asia remained subdued, as China’s Purchasing Manager’s Index (PMI)—a measure of private business conditions—fell by 0.1% in June to 50.0%, mainly reflecting decreases in raw materials inventory, after stabilizing in May. In a partial offset, industrial production rose marginally by 0.5% month-on-month in June, due to increased production and distribution of electricity, heating power, gas and water, following a gain of the same magnitude in the prior month. Further, retail sales firmed by 0.6%, following a slight decrease of 0.1% in the previous month. In price developments, average consumer prices fell marginally by 0.1%, after a 0.5% decline in May, as a result of reductions in the food, tobacco and liquor costs. In June, the trade surplus moved lower by US\$1.9 billion to US\$48.1 billion, with weak global demand resulting in a 4.8% contraction in the dominant export category, which outpaced the 8.4% fall in imports. Japan’s economy also showed signs of softness, as industrial production fell by 2.3% in May, a turnaround from a 0.5% uptick registered a month earlier, led by reductions in the production of chemicals, general purpose machinery and electronic parts & devices, while retail sales fell by an annualized 1.9%, representing the third consecutive month of contraction. Consumer prices rose marginally by 0.1% in May, after a 0.2% uptick in the prior month, owing to increases in the average costs for culture and recreation, fuel, light and water, as well as the furniture and household utensils’ categories. Despite the softness in the economy, conditions in the labor market remained positive, as the jobless rate steadied at a low of 3.2% in May. In this environment, the People’s Bank of China maintained its accommodative monetary policy stance, while the Bank of Japan sustained its interest rate of -0.1% on balances in current accounts held by financial institutions at the Bank and continued to conduct its money market operations.

Global oil prices trended upwards over the review period, rising slightly by 0.7% to \$49.52 per barrel in June, despite a 264,000 barrels per day (bpd) increase in OPEC’s production to 32.9 million bpd. Similarly, precious metals’ prices strengthened, as the cost of gold rose by 8.8% to \$1,322.20 per troy ounce and the price of silver increased by 17.0% to \$18.70 per troy ounce.

Stock market indices moved generally lower in June, reflecting concerns over the implications of the “BREXIT” vote for global growth and trade. As a consequence, most of the major European bourses weakened, with France’s CAC 40 and Germany’s DAX contracting by 6.0% and 5.7%, respectively; however, the UK’s FTSE 100 firmed by 4.4%, benefitting from the pass-through effects of the liquidity injection by the Bank of England. In contrast, the United States’ stock indices showed improved performances, as the Dow Jones Industrial Average (DJIA) moved higher by 0.8%, while the S&P 500 rose slightly by 0.1%. In Asia, Japan’s Nikkei 225 fell by 9.6%, while China’s SE Composite grew by 0.5%.

The U.S. dollar’s performance against the major currencies varied throughout the month of June. In particular, the dollar strengthened versus the British pound by 8.8% to £0.7511, as a direct result of the “BREXIT” vote and it also gained vis-à-vis the Chinese Yuan (by 0.9% to CNY6.6415) and the euro (by

0.2% to €0.9007). In contrast, the dollar recorded its worse decline versus the Japanese the Yen by 6.8% to ¥103.20, as investors increased their holdings of traditional “safe haven” currencies. In addition, the dollar recorded losses relative to the Swiss Franc and Canadian dollar of 1.8% to CHF0.9760 and 1.3% to CAD1.2924.

### **3. Domestic Monetary Trends June 2016 vs. 2015**

Buoyed by net foreign currency inflows related to tourism activity, bank liquidity strengthened over the review period. Excess liquid assets—a broad measure of liquidity that includes Government debt instruments—grew by \$29.6 million to \$1,509.5 million, following a \$26.4 million advance a year earlier. In addition, the narrow indicator of just cash and deposits held with the Central Bank, excess reserves, firmed by \$35.7 million to \$745.0 million, vis-à-vis a modest, \$2.6 million increase in 2015.

External reserve balances of the Central Bank grew by \$44.9 million to \$1,053.8 million at end-June 2016, outpacing the \$15.4 million expansion recorded in the previous year. This reflected a \$29.8 million increase in the Bank’s net purchase from commercial banks, in line with the gain in their net receipts from customers by \$28.9 million. The Central Bank’s net sale to the public sector—related mainly to fuel imports—contracted by \$1.9 million to \$6.2 million.

Total Bahamian dollar credit firmed by \$19.8 million, a turnaround from the \$27.8 million reduction in the prior year. This outcome was underpinned by a \$24.4 million increase in net claims on the Government, in contrast to a \$32.5 million contraction recorded a year earlier, when receipts from a \$55.0 million bond issue were utilized to repay outstanding short-term obligations. Conversely, credit to the private sector fell by \$1.6 million, compared to a \$3.6 million gain in 2015. In terms of the components, commercial loans decreased by \$38.0 million, vis-à-vis a \$4.4 million increase a year earlier, mainly reflecting balance sheet adjustments related to short-term credit. However, consumer loans expanded by \$28.9 million, following lesser growth of \$1.3 million in 2015, and residential mortgages by \$7.4 million, reversing the prior year’s \$2.0 million falloff. In addition, claims on public corporations decreased by \$2.9 million, after a \$1.1 million uptick in 2015.

In June, banks’ credit quality indicators continued to improve, as private sector loan arrears fell by \$22.5 million (2.0%) to \$1,108.1 million, while the corresponding ratio of arrears to total loans narrowed by 40 basis points to 18.6%. In terms of average age, short-term (31-90 day) delinquencies fell by \$22.5 million (7.8%) to \$264.7 million and by 38 basis points to 4.5% of total private sector loans. However, the non-performing balances steadied at \$843.4 million, accounting for 14.2% of the overall private sector loan portfolio.

The reduction in private sector arrears was broad-based. Commercial loan delinquencies fell by \$12.3 million (5.1%) to \$228.0 million, reflecting a \$9.8 million (23.3%) drop in the short-term segment to \$32.4 million and a \$2.5 million (1.3%) decline in non-accruals to \$195.6 million. In addition, mortgage arrears contracted by \$5.6 million (0.9%) to \$608.4 million, amid a \$5.9 million (3.7%) falloff in the short-term component to \$153.2 million, as opposed to a \$0.3 million (0.1%) rise in non-accrual loans to \$455.3 million. In addition, consumer loan arrears decreased by \$4.6 million (1.7%) to \$271.7 million, as short-term delinquencies fell by \$6.8 million (7.9%) to \$79.1 million, overshadowing the \$2.2 million (1.2%) rise in the non-performing segment to \$192.6 million.

Banks sustained their conservative credit risk stance, increasing provisions for loan losses by \$9.3 million (1.7%) to \$548.7 million at end-June. The ratios of total provisions to both arrears and non-performing loans, therefore rose by 1.8 and 1.1 percentage points to 49.5%, and 65.1%, respectively. In addition, banks wrote-off a total of \$3.2 million in June and recovered approximately \$2.5 million.

Total foreign currency credit contracted by \$6.7 million, a reversal from the \$7.6 million growth recorded a year earlier. This outturn reflected in part a \$3.3 million reduction in private sector credit, vis-à-vis a \$9.8 million expansion in the prior year, due mainly to a \$2.8 million decrease in commercial and “other” loans, relative to a \$10.4 million build-up a year earlier. Similarly, credit to public corporations contracted by \$2.0 million, in line with the \$2.1 million decline in 2015, while net claims on the Government were reduced by \$1.5 million, after stabilizing a year earlier.

In terms of deposits, total Bahamian dollar balances rose by \$70.6 million, a turnaround from the prior year’s \$39.0 million contraction, as a one-off transaction in the telecommunications market led to a \$102.3 million advance in demand deposits, vis-à-vis a \$19.4 million decline last year. In addition, savings balances firmed by \$22.7 million, in contrast to a \$6.7 million decrease a year ago; however, fixed deposits contracted by \$54.4 million, extending the \$12.9 million reduction in 2015.

In interest rate developments, the weighted average deposit rate at banks decreased by 22 basis points to 1.15%, with the highest rate of 4.00% recorded on fixed balances of over 12 months. In contrast, the average loan rate firmed by 19 basis points to 12.79%.

### **January-June 2016 vs. 2015**

Monetary developments for the first half of 2016 featured stronger growth in bank liquidity, due to Government’s external financing and net foreign currency inflows from real sector activity. Specifically, accretions to excess liquid assets were extended by \$30.5 million to \$195.1 million, while excess reserves firmed by \$255.6 million, outpacing the \$53.0 million gain a year earlier.

External reserves strengthened by \$244.9 million to \$1,053.8 million, relative to the \$171.3 million expansion last year. In the underlying developments, the Bank’s net sale to the public sector was significantly lower at \$2.7 million, from \$142.6 million in the previous period, supported by the receipt of loan proceeds and lower expenditures for fuel imports. In contrast, the Bank’s net intake from commercial banks declined by \$74.7 million to \$236.0 million, as the net purchase from the private sector narrowed by \$53.5 million to \$240.2 million.

Bahamian dollar credit contracted by \$20.9 million over the review period, albeit a slowdown from the \$62.6 million decrease recorded in 2015. In the underlying developments, net claims on the Government firmed by \$29.1 million, compared to a \$17.4 million net repayment in the preceding year. In addition, credit to the rest of the public sector rose further by \$5.2 million, following a \$2.2 million gain in 2015. In contrast, the decline in private sector credit widened to \$55.2 million from \$47.4 million a year earlier, as commercial loans fell more noticeably by \$48.6 million, compared to \$6.1 million in the prior period. Providing some offset, consumer credit recovered by \$17.1 million from a \$12.1 million contraction in the previous year, while the reduction in mortgages eased by \$5.6 million to \$23.7 million.

Banks’ credit quality indicators improved further over the review period. Total private sector loan arrears declined by \$111.5 million (9.1%) to \$1,108.1 million, with the ratio of arrears to total private sector loans narrowing by 1.7 percentage points to 18.6%. In terms of the various segments, non-performing loans—

arrears in excess of 90 days and on which banks have stopped accruing interest—contracted by \$63.2 million (7.0%) to \$843.4 million, reducing the attendant ratio, by 93 basis points, to 14.2%. Similarly, the short-term component decreased by \$48.3 million (15.4%) to \$264.7 million, and fell by 77 basis points to 4.5% of total private sector loans.

By loan type, the reduction in total arrears was primarily due to a contraction in the dominant mortgage segment by \$88.8 million (12.7%) to \$608.4 million, largely due to a \$65.3 million (12.5%) decrease in the non-performing category—partly related to the sale of some non-performing claims—and a \$23.5 million (13.3%) falloff in the short-term segment. Similarly, consumer loan arrears narrowed by \$25.8 million (8.7%) to \$271.7 million, amid respective reductions in both the short and long term components of \$16.8 million (17.5%) and \$9.0 million (4.5%). Conversely, an \$11.1 million (6.0%) increase in the non-performing category, which outpaced an \$8.0 million (19.9%) falloff in short-term delinquencies, led to a \$3.1 million (1.4%) rise in commercial arrears to \$228.0 million.

Banks raised their loan provisions by \$18.3 million (3.5%) over the six-month period to \$548.7 million. As a result, the ratio of provisions to both arrears and non-performing loans moved higher, by 6.0 and 6.6 percentage points to 49.5% and 65.1%, respectively. During the review period, banks also wrote-off an estimated \$29.9 million in delinquent loans and recovered approximately \$14.0 million.

Domestic foreign currency credit declined by \$93.9 million over the six months, in contrast to a nearly stable stock over the same period of 2015. This reflected a \$39.3 million net repayment by the Government, compared to a \$5.7 million advance a year earlier. Similarly, credit to the rest of the public sector fell by \$18.8 million, vis-à-vis an \$11.1 million gain in the previous year. Moreover, the reduction in private sector credit more than doubled to \$35.8 million, attributed partly to a decrease in mortgages of \$15.7 million.

Accretions to total Bahamian dollar deposits quickened by \$155.6 million to \$217.4 million, reflecting growth in demand deposits of \$207.6 million, compared to \$112.4 million a year earlier. Similarly, gains in savings balances firmed to \$67.9 million from \$61.8 million, while the falloff in fixed deposits slackened by \$54.2 million to \$58.1 million.

#### **4. Outlook and Policy Implications**

Expectations are that the domestic economy will maintain its mildly positive growth path over the near-term, supported by gains in tourism sector output and medium to small-scale foreign investment-related construction activity. The net impact of the “BREXIT” vote is not expected to overturn the base-line trends. Such effects, if they materialise, are likely to be more evident over the medium-term, in line with the US economy’s reaction. Since the June vote, the accumulated responses in US financial market indicators have been very muted, while the Federal Reserve’s latest assessment was tilted more in favour of strengthening of the US economy over the medium-term. As a counterweight to developments inside the US, any protracted depreciation of European currencies against the dollar could reduce The Bahamas’ relative tourism competitiveness.

In this environment, labour market conditions are projected to gradually improve over the long-term, while inflationary pressures are poised to remain well contained, although further recovery in oil prices is forecasted over the remainder of the year.

The outlook for the fiscal sector will continue to depend on the success of the Government's measures to strengthen revenue collections and restrain expenditure growth.

Liquidity in the banking system is expected to remain elevated, reflecting the sustained weakness in private sector credit and banks conservative stance, as the high level of loan delinquencies unwind slowly. Nevertheless, banks are poised to remain well capitalized, thereby mitigating any financial stability concerns.

The outturn for foreign reserves, which have grown robustly since the start of the year, will be influenced by the performance of the main foreign exchange earning sectors and the traditional increase in demand in the latter half of the year to facilitate holiday-related spending.

# Recent Monetary and Credit Statistics

(B\$ Millions)

JUNE						
Value		Change		Change YTD		
2015	2016	2015	2016	2015	2016	

## 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	546.27	744.95	2.55	35.68	53.00	255.59
1.2 Excess Liquid Assets	1,306.49	1,509.51	26.36	29.62	164.60	195.10
1.3 External Reserves	958.09	1,053.79	15.42	44.90	171.33	244.88
1.4 Bank's Net Foreign Assets	-419.53	-317.55	0.28	27.67	14.45	135.76
1.5 Usable Reserves	417.76	400.47	12.63	21.07	157.64	105.34

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>6,289.49</b>	<b>6,190.57</b>	<b>13.38</b>	<b>-4.91</b>	<b>-63.47</b>	<b>-90.96</b>
a. B\$ Credit	5,982.45	5,950.60	3.61	-1.64	-47.40	-55.18
of which: Consumer Credit	2,138.58	2,185.97	1.27	28.93	-12.08	17.13
Mortgages	3,069.80	3,049.03	-2.03	7.43	-29.26	-23.71
Commercial and Other Loans B\$	774.06	715.59	4.37	-38.00	-6.06	-48.60
b. F/C Credit	307.05	239.97	9.77	-3.26	-16.07	-35.77
of which: Mortgages	102.48	66.17	-0.62	-0.46	0.27	-15.65
Commercial and Other Loans F/C	204.56	173.81	10.39	-2.81	-16.33	-20.13
<b>2.2 Central Government (net)</b>	<b>2,019.57</b>	<b>2,204.33</b>	<b>-32.57</b>	<b>22.95</b>	<b>-11.69</b>	<b>-10.21</b>
a. B\$ Loans & Securities	2,277.73	2,513.72	-27.33	23.52	4.75	46.97
Less Deposits	256.69	299.82	5.21	-0.88	22.14	17.89
b. F/C Loans & Securities	0.00	0.00	0.00	-0.11	0.00	-36.62
Less Deposits	1.46	9.57	0.03	1.34	-5.70	2.69
<b>2.3 Rest of Public Sector</b>	<b>334.12</b>	<b>293.54</b>	<b>-1.00</b>	<b>-4.91</b>	<b>13.35</b>	<b>-13.58</b>
a. B\$ Credit	99.45	83.25	1.14	-2.91	2.23	5.24
b. F/C Credit	234.67	210.29	-2.14	-2.00	11.12	-18.82
<b>2.4 Total Domestic Credit</b>	<b>8,643.21</b>	<b>8,688.49</b>	<b>-20.17</b>	<b>13.14</b>	<b>-61.83</b>	<b>-114.72</b>
a. B\$ Domestic Credit	8,102.93	8,247.75	-27.79	19.84	-62.57	-20.85
b. F/C Domestic Credit	540.27	440.74	7.61	-6.70	0.74	-93.87

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	1,891.24	2,039.39	-19.38	102.32	112.37	207.64
a. Central Bank	18.36	11.27	7.08	-1.15	-5.20	-1.76
b. Banks	1,872.88	2,028.12	-26.46	103.47	117.58	209.40
3.2 Savings Deposits	1,129.57	1,219.21	-6.73	22.71	61.75	67.85
3.3 Fixed Deposits	3,026.80	2,957.94	-12.85	-54.42	-112.28	-58.09
3.4 Total B\$ Deposits	6,047.60	6,216.54	-38.97	70.60	61.84	217.40
3.5 F/C Deposits of Residents	246.53	256.97	-11.29	5.73	4.48	21.38
<b>3.6 M2</b>	<b>6,272.34</b>	<b>6,473.95</b>	<b>-43.37</b>	<b>85.39</b>	<b>55.15</b>	<b>238.28</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>15.27</b>	<b>16.28</b>	<b>0.35</b>	<b>0.49</b>	<b>2.62</b>	<b>3.31</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>92.84</b>	<b>82.94</b>	<b>1.43</b>	<b>0.25</b>	<b>12.64</b>	<b>0.89</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>88.66</b>	<b>80.65</b>	<b>0.97</b>	<b>0.51</b>	<b>13.96</b>	<b>1.93</b>
	Value		Year to Date		Change	
	2015	2016	2015	2016	Month	YTD

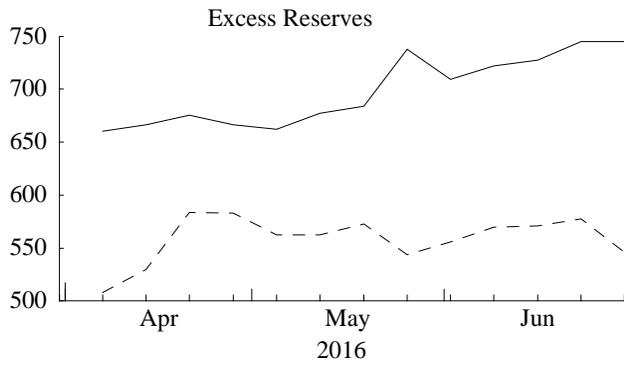
## 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>14.24</b>	<b>45.95</b>	<b>168.12</b>	<b>233.23</b>	<b>31.71</b>	<b>65.11</b>
a. Net Purchase/(Sale) from/to Banks	22.29	52.12	310.69	235.96	29.83	-74.73
i. Sales to Banks	7.00	11.50	26.10	60.75	4.50	34.65
ii. Purchases from Banks	29.29	63.62	336.79	296.71	34.33	-40.09
b. Net Purchase/(Sale) from/to Others	-8.06	-6.17	-142.57	-2.73	1.89	139.85
i. Sales to Others	52.97	31.56	363.92	309.10	-21.41	-54.82
ii. Purchases from Others	44.91	25.39	221.34	306.37	-19.52	85.03
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>25.00</b>	<b>53.87</b>	<b>293.64</b>	<b>240.18</b>	<b>28.87</b>	<b>-53.47</b>
a. Sales to Customers	414.38	295.26	2,023.49	2,003.46	-119.12	-20.03
b. Purchases from Customers	439.38	349.13	2,317.13	2,243.64	-90.25	-73.50
<b>4.3 B\$ Position (change)</b>	<b>-10.28</b>	<b>-10.36</b>				

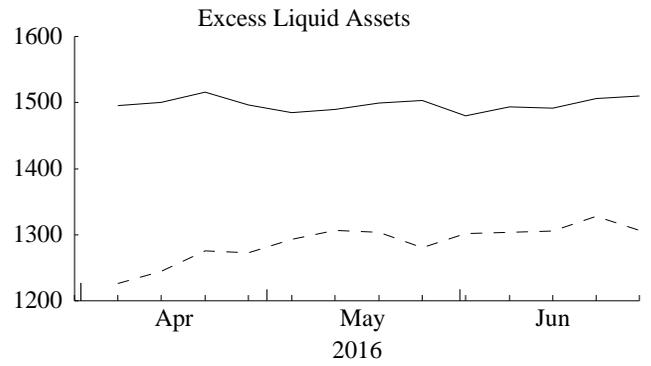
## 5.0 EXCHANGE CONTROL SALES

<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>

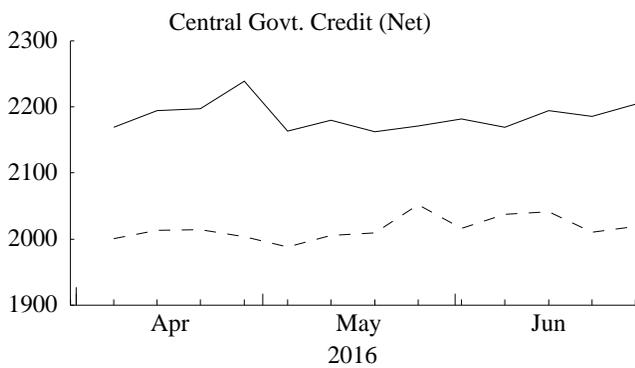
## SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



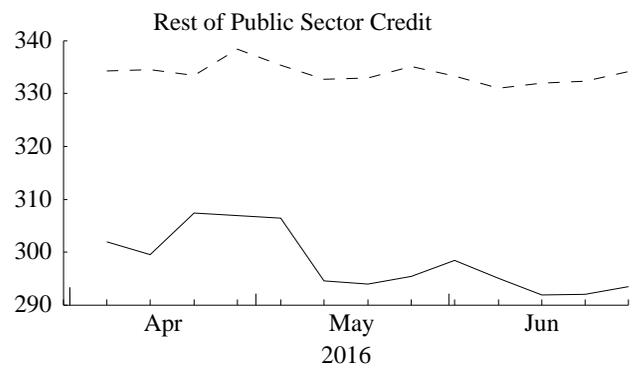
— 2016  
- - - 2015



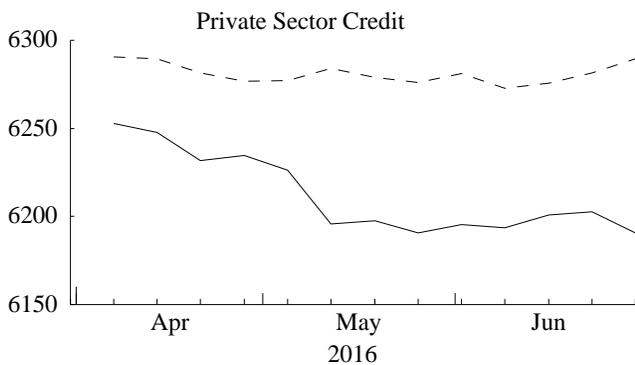
— 2016  
- - - 2015



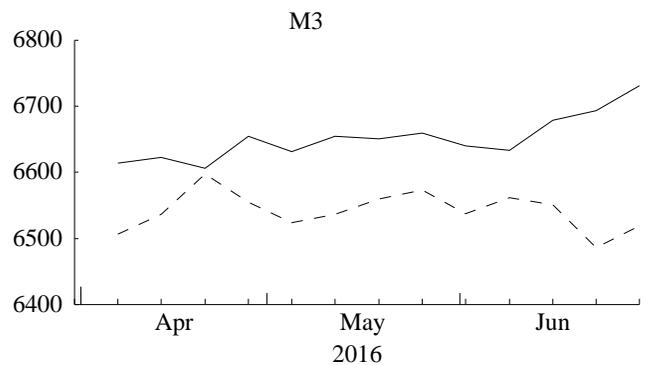
— 2016  
- - - 2015



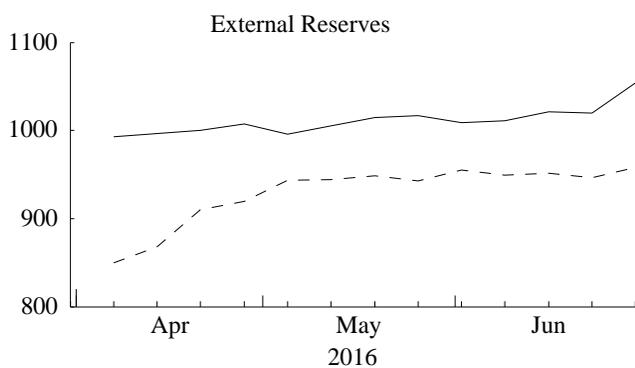
— 2016  
- - - 2015



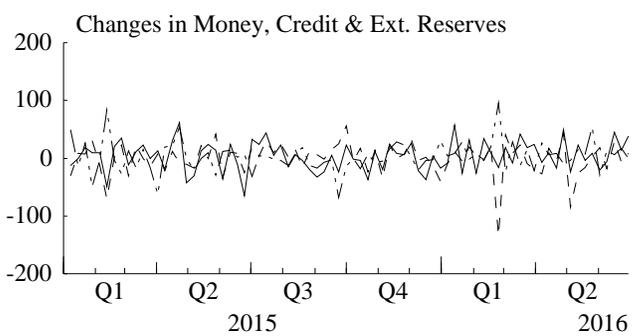
— 2016  
- - - 2015



— 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	0.5	1.5	1.9	0.8	12.0	N/A
United States	2.4	2.2	0.1	0.8	5.3	4.9
Euro-Area	1.7	1.6	0.0	0.4	10.9	10.3
<i>Germany</i>	<i>1.5</i>	<i>1.6</i>	<i>0.1</i>	<i>0.5</i>	<i>4.6</i>	<i>4.6</i>
Japan	0.5	0.3	0.8	-0.2	3.4	3.3
China	6.9	6.6	1.4	1.8	4.1	4.1
United Kingdom	2.2	1.7	0.1	0.8	5.4	5.0
Canada	1.1	1.4	1.1	1.3	6.9	7.3
<i>Source: IMF World Economic Outlook July 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
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
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

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	June-15	May-16	June-16	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.8971	0.8993	0.9007	0.15	-2.22	0.40
Yen	122.50	110.72	103.20	-6.79	-14.04	-15.76
Pound	0.6364	0.6905	0.7511	8.78	10.69	18.04
Canadian \$	1.2494	1.3093	1.2924	-1.29	-6.56	3.44
Swiss Franc	0.9355	0.9938	0.9760	-1.79	-2.59	4.33
Renminbi	6.2081	6.5822	6.6415	0.90	2.28	6.98

*Source: Bloomberg as of June 30, 2016*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	June 2015	May 2016	June 2016	Mthly % Change	YTD % Change
Gold / Ounce	1172.42	1215.33	1322.20	8.79	24.57
Silver / Ounce	15.74	15.99	18.72	17.02	35.05
Oil / Barrel	61.18	49.16	49.52	0.73	35.56

*Source: Bloomberg as of June 30, 2016*

<b>E. Equity Market Valuations – June 30, 2016 (% change)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	5.04	0.80	0.09	4.39	-5.95	-5.68	-9.63	0.45
3 month	4.80	1.38	1.90	5.33	-3.37	-2.86	-7.06	-2.47
YTD	7.67	2.90	2.69	4.20	-8.62	-9.89	-18.17	-17.22
12-month	13.50	1.76	1.73	-0.26	-11.54	-11.56	-23.03	-31.51

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
<b>o/n</b>	0.42	0.30	-0.37
<b>1 Month</b>	0.81	0.50	-0.30
<b>3 Month</b>	1.02	0.67	-0.27
<b>6 Month</b>	1.16	0.76	-0.19
<b>9 Month</b>	1.10	0.81	-0.12
<b>1 year</b>	1.36	0.95	-0.06

*Source: Bloomberg as of June 30, 2016*

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

	VALUE												CHANGE					
	May. 04	May. 11	May. 18	May. 25	Jun. 01	Jun. 08	Jun. 15	Jun. 22	Jun. 29	May. 04	May. 11	May. 18	May. 25	Jun. 01	Jun. 08	Jun. 15	Jun. 22	Jun. 29
<b>I. External Reserves</b>	995.83	1,005.73	1,014.87	1,016.86	1,008.90	1,011.23	1,021.07	1,020.11	1,053.80	-11.72	9.90	9.14	1.99	-7.96	2.33	9.84	-0.96	33.70
<b>II. Net Domestic Assets (A + B + C + D)</b>	169.34	168.59	171.08	218.91	211.15	214.69	208.68	225.61	216.71	9.63	-0.75	2.49	47.83	-7.76	3.54	-6.01	16.93	-8.89
<b>A. Net Credit to Gov<sup>t</sup>(i + ii + iii - iv)</b>	496.99	499.05	488.91	544.82	538.96	543.68	543.54	544.62	545.38	10.42	2.06	-10.14	55.91	-5.86	4.73	-0.15	1.08	0.76
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	258.33	258.33	258.37	258.40	255.15	258.42	258.43	258.48	258.52	0.05	0.00	0.04	0.03	-3.25	3.27	0.01	0.05	0.03
iii) Treasury Bills	124.74	124.74	124.74	171.47	171.47	171.47	171.47	171.47	171.42	10.68	0.00	0.00	46.73	0.00	0.00	0.00	0.00	-0.05
iv) Deposits	20.73	18.68	28.85	19.70	22.32	20.87	21.02	19.99	19.22	0.31	-2.06	10.17	-9.15	2.62	-1.45	0.15	-1.03	-0.78
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-9.13	-11.16	0.63	-7.53	-8.87	-11.34	-13.31	-0.71	-7.72	0.01	-2.03	11.79	-8.16	-1.34	-2.47	-1.98	12.60	-7.01
i) BDB Loans	3.55	3.55	3.55	3.55	3.55	3.55	3.55	3.55	3.55	0.00	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	12.68	14.71	2.92	11.08	12.42	14.89	16.86	4.26	11.27	-0.01	2.03	-11.79	8.16	1.34	2.47	1.98	-12.60	7.01
<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>	-318.53	-319.31	-318.47	-318.39	-318.94	-317.66	-321.55	-318.30	-320.95	-0.80	-0.78	0.83	0.08	-0.55	1.28	-3.89	3.24	-2.65
<b>III. Monetary Base</b>	1,165.17	1,174.32	1,185.94	1,235.76	1,220.04	1,225.92	1,229.74	1,245.71	1,270.51	-2.09	9.15	11.62	49.82	-15.72	5.87	3.83	15.97	24.80
A. Currency in Circulation	357.18	353.29	352.78	356.11	349.02	355.44	345.27	342.15	344.65	6.66	-3.89	-0.51	3.33	-7.09	6.43	-10.18	-3.11	2.50
B. Bank Balances with CBOB	807.99	821.04	833.17	879.66	871.03	870.47	884.48	903.56	925.86	-8.75	13.04	12.13	46.49	-8.63	-0.55	14.00	19.08	22.30

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

