



## **Monthly Economic and Financial Developments May 2006**

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:**

2006: 31<sup>st</sup> July, 4<sup>th</sup> September, 30<sup>th</sup> October, 4<sup>th</sup> December

## ***1. Domestic Economic Developments***

During the month of May, economic activity in the domestic sector continued to be stimulated by robust tourism sector investment, domestic construction activity and firming in consumer demand. In addition, improvements in stopover visitors, combined with higher expenditures, supported a further modest expansion in tourism output during the year.

Data for the opening four months of 2006 indicated a 3.3% decrease in visitor arrivals to The Bahamas to 1,782,602. The contraction reflected continued weakness in cruise tourism, which declined by 6.8%, outstripping the 5.4% growth in air arrivals which contributed to strengthened stopovers trends. With regards to the major markets, visitors to New Providence and the Family Islands contracted by 4.6% and 8.0%, respectively. In contrast, the Grand Bahama market recorded a 15.3% expansion in overall visitors, due to robust growth in sea arrivals of 24.6%, while air tourists softened marginally.

Gains in the stopover segment were evident from the appreciated pricing and boosted occupancy levels in the hotel sector, which expanded room revenues by an estimated 9.6% to \$159.1 million during the first four months of the year. The most significant improvement was noted in the Grand Bahama market, where room revenues rose by 30.2%, due to increases in average room rates and occupied room nights by 18.6% and 9.7%, respectively. Additionally, room revenues in the Family Islands firmed by 11.7%, owing solely to a 13.7% appreciation in average daily room rates. In New Providence, revenues improved by 6.3%, reflecting firming in average daily room rates and occupied room nights, by 3.0% and 3.2%, respectively.

Reflecting higher energy costs, average consumer prices in The Bahamas rose by 2.0% in the twelve-month period ending April 2006, compared to an expansion of 1.2% in the previous year. The most significant increases were seen in average costs for food and beverages (4.0%), other goods and services (3.0%) and housing (2.7%), associated with the fuel surcharge on electricity consumption. The other components registered average price hikes of less than 2.0%, with the exception of recreation and entertainment services and clothing and footwear costs, which contracted by 1.41% and 0.9%, respectively.

Preliminary data for the first ten months of FY2005/06, showed a comparative decline in Government's deficit by 30.0% to \$88.5 million. Revenue & grants advanced by \$147.5 million (18.0%) to \$965.3 million, while expenditures firmed by \$110.0 million (12.0%) to \$1,053 million. Buttressed by higher imports, tax receipts grew by \$108.6 million (14.0%) to \$873.5 million, while the early receipt of rental payments contributed to the \$36.0 million increase in non-tax revenue to \$88.6 million. Current expenditure rose by 13.0% (\$103.7 million) to \$925.2 million, owing mainly to higher wages and salaries as well as goods and services payments, while capital expenditures almost doubled to \$88.6 million, reflecting higher outlays for infrastructure projects.

## ***2. International Developments***

It is estimated that world GDP growth will reach 4.7% in 2006, stimulated by strong expansions in the US and Chinese markets; alongside continued improvements in Japanese and Euro Zone economies. However, sustained volatility in the oil and other commodities markets continued to pose some risks for increased global inflation and slowed GDP growth rates.

Economic activity in the US expanded by 5.3% in the first quarter of 2006, compared to an increase of 1.7% in the previous three-month period. Accretions to output were underpinned by higher levels of personal consumption, exports and federal government spending. The growth in exports combined with an improvement in services, income and current transfers, resulted in the current account deficit contracting by \$14.4 billion to \$208.7 billion in the first quarter, from the fourth quarter of 2005. The improving economic situation also supported a marginal decline in the unemployment rate to 4.6% in May, compared to 5.1% in the same month of 2005. Despite escalating energy prices and slightly higher food costs, average prices rose at a slightly eased pace of 0.4% in May, on account of less upward pressures among other cost categories. Based on concerns about inflation and resource utilisation, the Federal Reserve decided to raise the federal funds and discount rates by 25 basis points each to 5.00% and 6.00%, respectively.

The Chinese economy grew by 10.2% during the March quarter, the highest rate in three years and well above the predicted output growth rate of 8.0%. The expansion was attributed to robust firming in investments, exports and industrial production. In spite of this, concerns loom regarding excess capacity in the country, due to the expansion in credit extended for investment. Policy-makers are attempting to manage growth through short-term measures, aimed at reducing investments in overheated sectors and stimulating domestic consumption. These measures include raising average lending rates, and tighter controls on investment approvals and the supply of land for development. Externally, China recorded a trade surplus of \$13 billion in May, up from \$10.5 billion in the previous month, owing mainly to a 25.1% increase in exports. Higher food and fuel prices placed upward pressure on consumer inflation, which expanded to 1.4%, while producer price inflation advanced to 2.4%.

Reflecting improvements in corporate spending, real output growth in Japan for the first quarter advanced by 3.1% on an annualised basis. Further, the hike in expenditures resulted in higher private consumption, associated with job creation and wage increases. Consequently, the unemployment rate fell to 4.1%, while non-energy costs underpinned a slowing in average consumer price increases to 0.3% in April.

The UK economy remained hamstrung by rising oil prices, which boosted imports and slowed the growth in household expenditure. As a result, GDP expansion was unchanged at 0.6% during the first quarter. The latest data indicated that annual inflation rose marginally to 2.2%, from April's level of 2.0% in May, owing to higher prices for gas and electricity as well as food and clothing. Unemployment in the quarter ending April 2006 continued to edge upward to 5.3%, compared to 5.1% in the previous three-months. With regards to the external sector, the monthly trade deficit remained unchanged at £4.0 billion in April. Despite the sluggish growth of the economy and concerns over the high level of inflation relative to the target rate of 2.0%, the Bank of England maintained its Repo Rate at 4.5% at its May meeting.

Euro Zone GDP rose by 0.6% in the first quarter versus 0.3% in the fourth quarter of 2005, supported by firming in domestic demand and increased exports. Annual inflation rose to 2.5% in May from 2.2% in April, reflecting higher prices for energy, housing and alcoholic and tobacco products. Based on provisional employment data, the number of employed persons expanded by 0.9% compared to the previous year, while the external current account deficit widened by €16.4 billion to €34.3 billion. Notwithstanding the high inflation rates, the ECB maintained its key interest rate at 2.50%.

Commodity market developments were highlighted by ongoing volatility in oil prices, driven by declining spare capacity in production and supply loss as a consequence of instability in a few supplier nations. Reports indicated that the oil markets' spare capacity is currently set at 2.0 million barrels per day versus 5.0 million in 2002. Data for May showed a marginal increase in monthly crude oil prices by 0.14% to \$71.50 per barrel. Additionally, current reports confirm that OPEC members decided against a change in output of 29.5 million barrels per day, in spite of global demand pressures. Other commodity market information highlighted a decline in the monthly price of silver in May by 8.6% to \$12.54, while gold prices decreased by 1.4% to \$645.20.

A combination of higher average price gains and expectations of future firming in interest rates in the US, contributed to a decline in all major equity market price indices at end-May 2006. The Dow Jones Industrial Average and the S&P 500 narrowed by 1.8% and 3.3%, respectively; while the European indices, specifically the FTSE 100 and CAC 40, both weakened by approximately 5.0%. Further, the German DAX contracted by 5.3%, while the largest decrease was recorded in the Nikkei 225, which fell by 8.5%.

### ***3. Domestic Monetary Trends***

Domestic and monetary trends for the month of May featured accretions in the Bahamian dollar deposit base, which overshadowed the advance in local currency credit and supported growth in the broader liquidity measure. A similar trend was observed in the monetary aggregates for the first five months of the year, resulting in higher levels of bank liquidity and external reserves. Exchange Control data showed foreign currency outflows continued to be associated with higher non-oil import demand and increased payments for fuel.

#### ***May 2006 vs. 2005***

For the month of May, banks' excess reserves narrowed by \$40.7 million to \$238.2 million, reflecting increased investments in Government paper. As a consequence, banks' excess liquid assets strengthened considerably by \$31.1 million, compared with marginal growth of \$1.1 million in the preceding year.

Accretions to external reserves moderated to \$15.7 million vis-à-vis a \$53.0 million expansion last year, linked to foreign investment inflows associated with the Cable Beach Redevelopment project. In particular, the Central Bank's net foreign currency purchase declined by \$37.1 million to \$13.4 million as the net purchase from banks was lower by \$10.5 million at \$28.4 million and transactions with the public sector were reversed to a net sale of \$15.1 million from last years' \$11.5 million net purchase. Meanwhile, commercial banks' net foreign currency purchase from customers was reduced by \$15.2 million to \$16.4 million.

Bahamian dollar credit rose by \$92.0 million, following an expansion of \$73.9 million registered last year. Specifically, credit to the private sector was higher by \$67.6 million as the increase in consumer credit was almost four times higher at \$18.3 million which contrasted with a relatively stable accretion in mortgages of \$34.5 million. In a moderate offset, the growth in net credit to Government eased to \$20.4 million from \$31.8 million during the same period in 2005, and credit to the rest of the public sector was relatively stable at \$3.9 million.

Domestic foreign currency credit growth slowed notably to \$30.6 million from the sharp run up of \$148.6 million in the previous year, when banks financed the acquisition of properties associated with the Cable Beach redevelopment project. Consequently, credit to the private sector rose marginally by \$2.0 million, compared to \$167.3 million a year ago. Meanwhile, net credit to Government and the rest of the public sector increased by \$0.8 million and \$27.8 million, respectively, in contrast to declines of \$0.9 million and \$17.8 million in the previous year.

During the review period, Bahamian dollar deposit growth strengthened to \$111.2 million from last year's \$103.0 million advance as expansions in demand and fixed deposits of \$82.4 million and \$30.4 million respectively, overshadowed the \$1.5 million reduction in savings deposits.

Regarding interest rates, the weighted average deposit rate at banks was relatively unchanged at 3.27%, with the highest rate offered of 5.75% for 12-month fixed maturities. On the lending side, the weighted average loan rate firmed by 31 basis points to 10.23%.

### *January – May 2006*

During the first five months of the year, excess reserves advanced by \$42.9 million, representing a more than three fold rise over the \$11.2 million expansion in the previous year. Similarly, accretions to excess liquid assets firmed to \$98.1 million from \$74.9 million in 2005.

External reserves growth was lowered by \$45.1 million to \$80.7 million, following last year's extraordinary inflows associated with the Cable Beach redevelopment project. As a result, Central Bank's net foreign currency purchase narrowed by 38% to \$73.6 million, with a more than four-fold rise in the net sale to the public sector to \$77.1 million. This overshadowed a \$15.7 million expansion in the net purchase from commercial banks to \$150.7 million. Additionally, commercial banks' net purchase from customers increased by \$10 million to \$140.6 million. Exchange Control sales showed that, for the five-month period, non-oil and oil imports rose by \$44.4 million and \$73.5 million, to \$615.3 million and \$186.9 million, respectively.

Underpinned by continued robust private sector demand, Bahamian dollar credit growth firmed by \$52.9 million to \$237.2 million. Private sector credit expansion more than doubled to \$257.4 million, led by strongly accelerated increases of \$72.5 million in consumer credit and \$131.3 million in mortgages. Claims on public corporations rose by \$2.2 million, a turnaround from 2005's \$2.7 million reduction. In contrast, net credit to Government fell by \$22.4 million, compared to an advance of \$66.1 million in the prior year.

Foreign currency credit expansion was approximately halved to \$84.3 million. Advances in the private sector component abated to \$39.8 million from an estimated \$179.3 million in 2005, when domestic foreign currency borrowing was partially utilized to finance property acquisitions related to the Cable Beach redevelopment project. The increase in net foreign currency claims on the Government remained relatively stable at \$1.7 million; however, the \$42.9 million growth in claims on the rest of public sector reversed the \$20.6 million decline posted a year earlier.

The Bahamian dollar deposit base recorded reduced growth of \$247.4 million, which was 6.4% less than the previous year. Increases were noted for all deposit categories, with demand deposits up by \$107.8 million, fixed deposits by \$98.4 million and savings, \$41.2 million.

#### **4. Outlook**

The outlook for The Bahamas remains positive with anticipated acceleration in economic activity into 2006, owing to improvements in the tourism and construction sectors. However, the rising cost of oil and other commodities remains a cause for concern, and will continue to be monitored during the year.

# Recent Monetary and Credit Statistics

(B\$ Millions)

	<b>MAY</b>					
	Value		Change		Change YTD	
	2005	2006	2005	2006	2005	2006
<b>1.0 LIQUIDITY &amp; FOREIGN ASSETS</b>						
1.1 Excess Reserves	302.60	238.24	-46.95	-40.71	11.21	42.86
1.2 Excess Liquid Assets	299.36	210.52	1.12	31.10	74.92	98.07
1.3 External Reserves	790.47	663.61	52.96	15.73	125.82	80.69
1.4 Bank's Net Foreign Assets	-716.71	-656.70	-143.52	-34.17	-126.96	-96.98
1.5 Usable Reserves	375.79	307.07	41.37	9.59	76.25	46.95

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>4,625.18</b>	<b>5,214.97</b>	<b>205.50</b>	<b>69.63</b>	<b>300.26</b>	<b>297.10</b>
a. B\$ Credit	4,070.08	4,713.29	38.16	67.64	120.93	257.35
of which: Consumer Credit	1,499.34	1,722.33	4.58	18.31	18.86	72.50
Mortgages	1,731.46	2,037.69	32.30	34.49	94.76	131.30
b. F/C Credit	555.10	501.67	167.34	1.99	179.33	39.75
of which: Mortgages	12.71	21.50	0.26	2.59	0.94	9.21
<b>2.2 Central Government (net)</b>	<b>620.38</b>	<b>627.17</b>	<b>30.87</b>	<b>21.24</b>	<b>67.70</b>	<b>-20.70</b>
a. B\$ Loans & Securities	739.13	730.72	28.49	-14.30	86.03	-20.19
Less Deposits	114.32	116.54	-3.30	-34.74	19.89	2.18
b. F/C Loans & Securities	0.00	16.48	0.00	0.23	0.00	3.22
Less Deposits	4.43	3.50	0.92	-0.58	-1.57	1.55
<b>2.3 Rest of Public Sector</b>	<b>320.17</b>	<b>345.03</b>	<b>-13.79</b>	<b>31.64</b>	<b>-23.36</b>	<b>45.11</b>
a. B\$ Credit	112.75	100.52	4.00	3.88	-2.72	2.22
b. F/C Credit	207.43	244.51	-17.79	27.76	-20.64	42.88
<b>2.4 Total Domestic Credit</b>	<b>5,565.73</b>	<b>6,187.16</b>	<b>222.57</b>	<b>122.51</b>	<b>344.60</b>	<b>321.50</b>
a. B\$ Domestic Credit	4,807.63	5,427.99	73.94	91.96	184.34	237.21
b. F/C Domestic Credit	758.10	759.17	148.63	30.56	160.25	84.30

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	1,151.23	1,163.43	94.46	82.35	190.48	107.81
a. Central Bank	161.92	81.45	58.76	57.52	79.53	51.58
b. Banks	989.31	1,081.99	35.70	24.83	110.94	56.23
3.2 Savings Deposits	838.03	924.11	2.85	-1.54	56.65	41.22
3.3 Fixed Deposits	2,428.67	2,675.44	5.70	30.38	16.24	98.40
3.4 Total B\$ Deposits	4,417.92	4,762.99	103.00	111.19	263.37	247.44
3.5 F/C Deposits of Residents	134.44	157.25	5.20	0.15	48.40	-2.63
<b>3.6 M2</b>	<b>4,590.73</b>	<b>4,953.14</b>	<b>109.83</b>	<b>120.41</b>	<b>254.74</b>	<b>232.12</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>17.22</b>	<b>13.40</b>	<b>0.76</b>	<b>-0.01</b>	<b>1.89</b>	<b>1.05</b>
<b>3.8 External Reserves/Base Money (%)</b>	<b>121.00</b>	<b>106.57</b>	<b>14.10</b>	<b>6.77</b>	<b>17.24</b>	<b>7.48</b>
	<b>Value</b>	<b>Year to Date</b>	<b>Change</b>			
	2005	2006	2005	2006	Month	YTD

## 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>50.45</b>	<b>13.37</b>	<b>118.19</b>	<b>73.57</b>	<b>-37.08</b>	<b>-44.62</b>
a. Net Purchase/(Sale) from/to Banks	38.95	28.43	134.99	150.70	-10.53	15.71
i. Sales to Banks	22.54	17.51	123.90	94.22	-5.04	-29.68
ii. Purchases from Banks	61.50	45.94	258.89	244.92	-15.56	-13.97
b. Net Purchase/(Sale) from/to Others	11.50	-15.06	-16.81	-77.13	-26.56	-60.32
i. Sales to Others	41.83	33.54	131.39	170.25	-8.29	38.86
ii. Purchases from Others	53.33	18.48	114.58	93.12	-34.85	-21.47
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>31.64</b>	<b>16.40</b>	<b>130.64</b>	<b>140.60</b>	<b>-15.24</b>	<b>9.96</b>
a. Sales to Customers	250.39	306.70	1,155.44	1,288.25	56.32	132.81
b. Purchases from Customers	282.03	323.10	1,286.08	1,428.85	41.08	142.77
<b>4.3 B\$ Position (change)</b>	<b>-0.46</b>	<b>1.49</b>				

## 5.0 EXCHANGE CONTROL SALES

<b>5.1 Current Items</b>	<b>237.62</b>	<b>291.90</b>	<b>1,171.17</b>	<b>1,378.10</b>	<b>54.29</b>	<b>206.93</b>
<b>of which Public Sector</b>	<b>34.28</b>	<b>36.47</b>	<b>148.28</b>	<b>212.87</b>	<b>2.19</b>	<b>64.59</b>
a. Nonoil Imports	115.49	120.05	570.95	615.31	4.56	44.36
b. Oil Imports	33.31	44.76	113.46	186.92	11.45	73.45
c. Travel	16.86	22.38	86.25	94.03	5.51	7.78
d. Factor Income	13.32	24.71	87.66	71.93	11.39	-15.73
e. Transfers	6.23	5.47	34.57	29.09	-0.76	-5.48
f. Other Current Items	52.41	74.54	278.27	380.82	22.13	102.55
<b>5.2 Capital Items</b>	<b>10.97</b>	<b>10.87</b>	<b>74.89</b>	<b>69.75</b>	<b>-0.10</b>	<b>-5.14</b>
<b>of which Public Sector</b>	<b>1.40</b>	<b>0.00</b>	<b>12.04</b>	<b>13.28</b>	<b>-1.40</b>	<b>1.24</b>
<b>5.3 Bank Remittances</b>	<b>0.00</b>	<b>12.00</b>	<b>56.90</b>	<b>109.00</b>	<b>12.00</b>	<b>52.10</b>

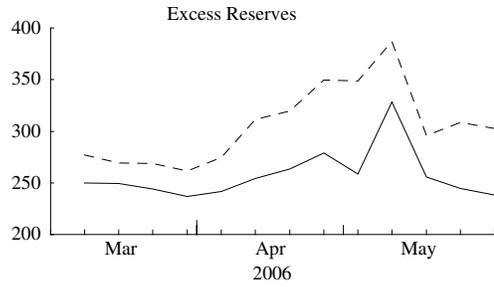
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: JUNE 01, 2005 and MAY 31, 2006

Exchange Control Sales figures are as at month end.

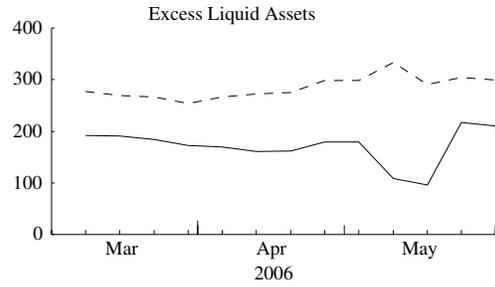
Notes: 1.0, 2.0 and 3.0 YTD change reflects change of current month over previous year end; for 4.0 and 5.0 change is over corresponding period of previous year.

Components may not sum to totals due to round-off error.

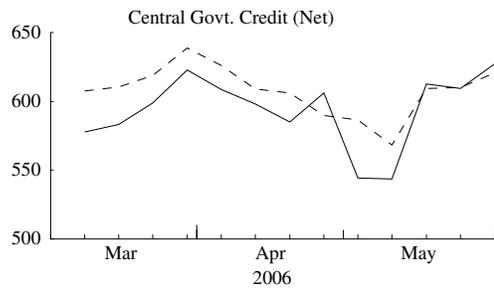
## SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



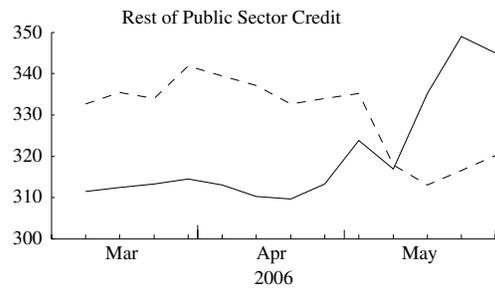
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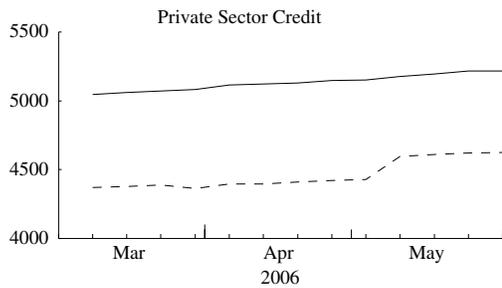
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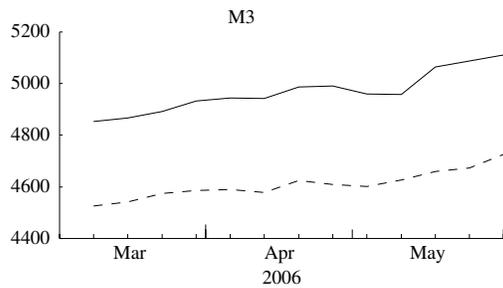
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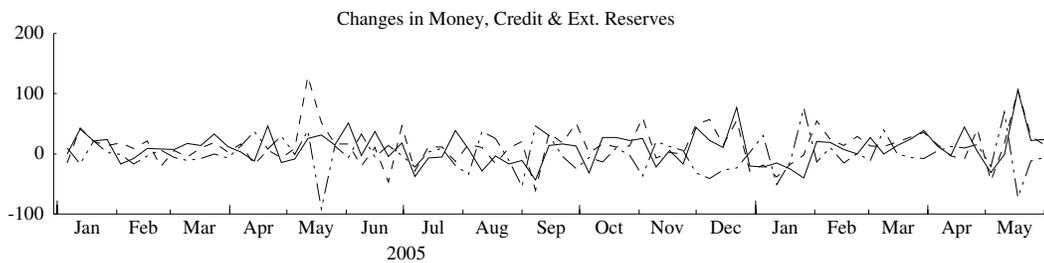
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## Selected International Statistics

<b>A: Selected Macroeconomic Projections (Annual % Change and % of labor force)</b>						
	<b>Real GDP</b>		<b>Inflation Rate</b>		<b>Unemployment</b>	
	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>
Bahamas	3.5	3.5	2.2	n/a	10.2	n/a
United States	3.5	3.4	3.4	3.2	5.1	4.9
Euro-Area	1.3	2.0	2.2	2.1	8.6	8.3
<i>Germany</i>	<i>0.9</i>	<i>1.3</i>	<i>1.9</i>	<i>1.8</i>	<i>9.1</i>	<i>8.7</i>
Japan	2.7	2.8	-0.3	0.3	4.4	4.1
United Kingdom	1.8	2.5	2.1	1.9	4.8	4.9
Canada	2.9	3.1	2.2	1.8	6.8	6.6
<i>Sources: IMF World Economic Outlook , April 2006</i>						

<b>B: Official Interest Rates - Selected Countries (%)</b>					
<i>With effect from</i>	<b>CBOB</b>	<b>ECB (EU)</b>	<b>Federal Reserve (US)</b>		<b>Bank of England</b>
	<b>Bank Rate</b>	<b>Refinancing Rate</b>	<b>Primary Credit Rate</b>	<b>Target Funds Rate</b>	<b>Repo Rate</b>
April 2005	5.25	2.00	3.75	2.75	4.75
May 2005	5.25	2.00	4.00	3.00	4.75
June 2005	5.25	2.00	4.25	3.25	4.75
July 2005	5.25	2.00	4.25	3.25	4.75
August 2005	5.25	2.00	4.50	3.50	4.50
September 2005	5.25	2.00	4.75	3.75	4.50
October 2005	5.25	2.00	4.75	3.75	4.50
November 2005	5.25	2.00	5.00	4.00	4.50
December 2005	5.25	2.25	5.25	4.25	4.50
January 2006	5.25	2.25	5.50	4.50	4.50
February 2006	5.25	2.25	5.50	4.50	4.50
March 2006	5.25	2.50	5.75	4.75	4.50
April 2006	5.25	2.50	5.75	4.75	4.50
May 2006	5.25	2.50	6.00	5.00	4.50

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	May-05	Apr-06	May-06	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.8127	0.7915	0.7808	-1.4	-5.1	-5.5
Yen	108.57	113.83	112.65	-1.0	-3.9	1.6
Pound	0.5503	0.5477	0.5348	-2.3	-4.8	-4.2
Canadian \$	1.2548	1.117	1.1016	-1.4	-3.3	-10.1
Swiss Franc	1.2483	1.2387	1.2192	-1.6	-4.6	-4.9

*Source: Bloomberg May 31, 2006*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	May 2005	April 2006	May 2006	Mthly % Change	YTD % Change
Gold / Ounce	417.25	654.42	645.2	-1.4	13.4
Silver / Ounce	7.40	13.72	12.54	-8.6	27.4
Oil / Barrel	50.5	71.4	71.50	0.14	8.1

*Source: Bloomberg May 31, 2006*

<b>E. Equity Market Valuations – May 2006 (%chg)</b>							
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225
1 month	3.01	-1.75	-3.33	-4.97	-4.98	-5.28	-8.51
3 month	9.19	0.53	-2.39	-4.04	-5.57	-4.64	-9.33
YTD	10.59	2.82	-0.90	-0.63	-0.36	0.33	-7.10
12-month	27.94	8.69	6.41	11.94	16.57	24.13	33.52

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
o/n	5.01	4.60	2.50
<b>1 Month</b>	5.09	5.59	2.75
<b>3 Month</b>	5.17	4.63	2.88
<b>6 Month</b>	5.26	4.68	3.09
<b>9 Month</b>	5.35	4.76	3.19
<b>1 year</b>	5.34	4.91	3.38

*Source: Bloomberg, as at May 31, 2006*

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

	VALUE												CHANGE					
	Apr. 05	Apr. 12	Apr. 19	Apr. 26	May. 03	May. 10	May. 17	May. 24	May. 31	Apr. 05	Apr. 12	Apr. 19	Apr. 26	May. 03	May. 10	May. 17	May. 24	May. 31
<b>I. External Reserves</b>	642.98	633.72	641.83	647.89	654.88	663.87	664.13	661.54	663.61	5.76	-9.26	8.12	6.06	6.99	9.00	0.26	-2.59	2.07
<b>II. Net Domestic Assets (A + B + C + D)</b>	-28.47	-9.82	-5.06	1.33	-23.08	30.33	-35.75	-49.63	-40.89	-0.30	18.65	4.76	6.39	-24.41	53.40	-66.08	-13.88	8.74
<b>A. Net Credit to Gov<sup>1</sup>(i + ii + iii - iv)</b>	110.33	109.98	101.59	122.96	94.25	143.87	144.08	126.07	129.49	-2.97	-0.35	-8.39	21.37	-28.71	49.62	0.21	-18.01	3.42
i) Advances	76.99	76.99	76.99	76.99	76.99	76.99	76.99	61.99	61.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-15.00	0.00
ii) Registered Stock	73.52	73.35	73.23	73.19	73.20	75.70	75.67	76.19	75.94	-0.25	-0.17	-0.13	-0.03	0.01	2.50	-0.03	0.52	-0.25
iii) Treasury Bills	-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
iv) Deposits	40.17	40.36	48.62	27.21	55.93	8.81	8.58	12.11	8.45	2.72	0.18	8.26	-21.41	28.72	-47.12	-0.24	3.53	-3.66
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-41.04	-19.74	-10.55	-16.76	-19.14	-15.99	-79.15	-77.58	-74.29	5.23	21.30	9.19	-6.21	-2.37	3.14	-63.16	1.57	3.29
i) BDB Loans	7.24	7.24	7.24	7.16	7.16	7.16	7.16	7.16	7.16	0.00	0.00	0.00	-0.08	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	48.27	26.98	17.79	23.92	26.30	23.15	86.31	84.74	81.45	-5.23	-21.30	-9.19	6.14	2.37	-3.14	63.16	-1.57	-3.29
<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>	-97.76	-100.06	-96.11	-104.87	-98.19	-97.55	-100.69	-98.12	-96.09	-2.57	-2.30	3.95	-8.77	6.68	0.64	-3.14	2.56	2.03
<b>III. Monetary Base</b>	614.51	623.89	636.77	649.22	631.80	694.20	628.38	611.91	622.73	5.46	9.39	12.87	12.45	-17.42	62.40	-65.82	-16.47	10.81
A. Currency in Circulation	255.27	262.30	261.97	254.21	258.18	251.73	247.42	248.92	265.26	3.71	7.03	-0.33	-7.76	3.97	-6.45	-4.31	1.50	16.34
B. Bank Balances with CBOB	359.24	361.60	374.80	395.01	373.62	442.47	380.96	362.99	357.46	1.74	2.35	13.20	20.21	-21.39	68.85	-61.51	-17.97	-5.53

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

## FISCAL/REAL SECTOR INDICATORS

(\$ MILLIONS)

(% change represents current month from previous month)

	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE		
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	
<b>Fiscal Operations:</b>																											
1. Government Revenue & Grants	73.8	90.6	78.7	84.7	60.5	85.6	74.5	79.7	92.3	102.9	85.351	90.405	87.05	111.1	75.6	102.0	91.7	98.1	98.4	109.2	98.4	109.2	98.1	98.4	109.2	98.1	98.4
% change	-42.1%	-30.7%	6.9%	4.5%	-31.5%	21.8%	-2.8%	-19.2%	23.9%	29.0%	-7.5%	-12.5%	1.9%	22.9%	-11.7%	-8.1%	21.3%	-3.6%	7.2%	11.3%	7.2%	11.3%	-3.6%	7.2%	11.3%	-3.6%	7.2%
2. Import Duties	24.259	34.324	31.752	37.387	24.3	32.7	31.4	31.5	28.672	42.868	18.115	31.848	64.687	45.1	30.837	41.293	33.9	42.5	38.098	36.9	42.5	38.098	42.5	38.098	36.9	42.5	38.098
% change	-56.6%	-29.0%	30.6%	8.9%	-33.9%	12.5%	29.2%	-3.4%	-8.9%	34.3%	-56.8%	-24.8%	256.9%	41.9%	-52.3%	-8.3%	6.6%	2.9%	15.9%	-12.7%	15.9%	-12.7%	2.9%	15.9%	-12.7%	2.9%	15.9%
3. Recurrent Expenditure	81.0	84.7	78.0	81.6	81.9	84.5	85.3	85.1	82.9	98.0	56.9	95.0	90.6	97.9	88.1	96.2	81.0	93.0	95.0	91.0	95.0	91.0	93.0	95.0	91.0	95.0	91.0
% change	19.0%	-13.6%	-3.7%	8.1%	5.0%	-7.5%	4.1%	16.1%	-2.8%	3.2%	-31.8%	-3.0%	59.2%	3.0%	-1.6%	-1.6%	-9.1%	-3.3%	17.2%	-2.1%	17.2%	-3.3%	17.2%	-2.1%	17.2%	-3.3%	17.2%
4. Capital Expenditure	1.6	5.5	3.8	6.0	5.1	14.9	3.7	7.4	5.7	7.8	7.0	8.4	3.3	6.6	7.4	11.3	4.5	13.4	7.6	7.3	13.4	7.6	13.4	7.6	7.3	13.4	7.6
% change	-87.6%	-83.0%	137.7%	9.6%	34.2%	147.6%	-27.4%	-50.3%	33.9%	-7.8%	21.2%	38.1%	-32.0%	-29.2%	122.1%	71.9%	-39.0%	68.1%	68.1%	45.0%	68.1%	68.1%	45.0%	68.1%	45.0%	68.1%	45.0%
5. Deficit/Suplus*	-12.0	0.3	-6.9	-4.0	-28.4	-17.1	-17.1	-24.6	1.2	-5.7	-20.6	-20.6	-12.8	0.8	-23.5	-9.4	3.0	-13.7	-8.9	5.1	-8.9	5.1	-13.7	-8.9	5.1	-13.7	-8.9
% change	-127.6%	-101.0%	-42.6%	-121.4%	311.3%	316.4%	47.6%	-107.0%	-107.0%	-76.8%	-100.3%	-37.9%	-103.7%	-103.7%	83.4%	-128.6%	-172.8%	45.9%	-394.8%	-156.9%	-394.8%	-156.9%	45.9%	-394.8%	-156.9%	45.9%	-394.8%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC		YEAR TO DATE		
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	
<b>Debt, **</b>																											
6. Total Debt	2,097.8	2,309.2	2,097.8	2,310.0	2,095.7	2,290.4	2,135.9	2,288.5	2,138.9	2,214.4																	
% change	0.00%	3.11%	-0.04%	0.03%	-0.02%	-0.69%	1.86%	-0.05%	-0.42%	1.12%																	
7. External Debt	284.6	286.5	284.5	287.3	284.4	287.7	283.5	286.3	284.6	286.3																	
% change	0.00%	0.67%	-0.02%	0.26%	-0.04%	0.12%	-0.33%	-0.47%	0.39%	0.00%																	
8. Internal FIC Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0																	
% change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%																	
9. Bahamian Dollar Debt	1,813.3	2,022.7	1,813.3	2,022.7	1,812.3	2,002.7	1,852.3	2,002.2	1,842.3	2,028.1																	
% change	0.00%	3.79%	0.00%	0.00%	-0.05%	-0.99%	2.21%	-0.02%	-0.54%	1.29%																	
10. Total Amortization	0.0	1.0	10.1	20.6	0.9	1.9	10.0	25.7																			

11. Total Public Sector FIC Debt	
2005	557.4
2006	548.2
% change	-1.6%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC		YEAR TO DATE		
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	
<b>Real Sector Indicators</b>																											
12. Retail Price Index	116.3	117.8	116.4	117.8	116.5	117.8	117.2	118.9	117.2	118.9																	
% change	1.0%	0.26%	0.10%	-0.07%	0.09%	0.02%	0.7%	1.0%	0.7%	1.0%																	
13. Tourist arrivals (000s)	416.4	388.4	417.3	393.8	513.0	593.5	495.9	496.9																			
% change, over previous year	-4.2%	-6.7%	7.6%	-3.6%	30.2%	15.3%	-13.3%	0.2%																			
14. Air arrivals (000s)	104.0	109.8	126.6	138.7	165.3	171.6	146.4	159.3																			
% change, over previous year	-3.3%	5.6%	14.8%	2.4%	38.8%	3.7%	-15.3%	9.6%																			
15. Occupied Room Nights	170.9	187.7	189.3	202.0	241.2	241.5	211.8	216.6																			
% change, over previous year	-3.3%	9.8%	0.8%	6.7%	19.2%	0.1%	-12.3%	2.2%																			
16. Res. Mortgage Commitments New Const.																											
% change, over previous year																											

\* Includes Net Lending to Public Corporations  
 \*\* Debt figures pertain to central government only unless otherwise indicated  
 P - provisional  
 Annualized GDP Real Price data are averages.