



# Quarterly Economic Review

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# REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

## DOMESTIC ECONOMIC DEVELOPMENTS

### OVERVIEW

The domestic economy's mildly positive growth trajectory was sustained during the fourth quarter of 2017. Tourism output increased, given the relatively mild impact of hurricanes on the domestic hotel sector, compared to a more significant retrenchment after the passage of Hurricane Mathew in 2016. Favourable momentum was also provided from the increase in room capacity from the ratcheting-up of operations at the multi-billion dollar Baha Mar resort. In addition, foreign investment-related activity, and to a lesser extent ongoing post-hurricane rebuilding work, provided impetus to the construction sector. As a consequence, labour market conditions continued to gradually improve; although the seasonal increase in the labour force due to new and returning job seekers, led to an uptick in the unemployment rate over the six months to November. Reflecting the pass-through effects of higher international oil prices, domestic inflation increased over the review period; however on average, price gains remained relatively subdued.

Preliminary data for the second quarter of FY2017/18, showed that the Government's overall deficit narrowed considerably. This outturn was attributed to a capital spending-led reduction in aggregate expenditure, combined with an increase in total revenue. Deficit financing was obtained primarily from external sources, and was dominated by a US\$750.0 million external bond issue, which also supported sizeable debt refinancing operations.

In monetary developments, both bank liquidity and external reserves expanded during the fourth quarter, bolstered by the receipt of the net proceeds from the Government's external borrowing activities. In addition, banks' credit quality indicators improved during the review quarter, reflecting sustained credit restructuring measures and loan write-offs. Further, the latest available performance indicators showed an improvement in overall bank profitability during the third quarter, due mainly to lower operating costs and a decline in provisioning for bad debt. Bank's capital levels also remained robust at end-December—well in excess of regulatory requirements.

On the external side, the estimated current account deficit deteriorated during the fourth quarter, in comparison to the prior year when significant hurricane-related re-insurance inflows were received. In contrast, the surplus on the capital and financial account expanded, reflecting the impact of the Government's external bond issue.

### REAL SECTOR

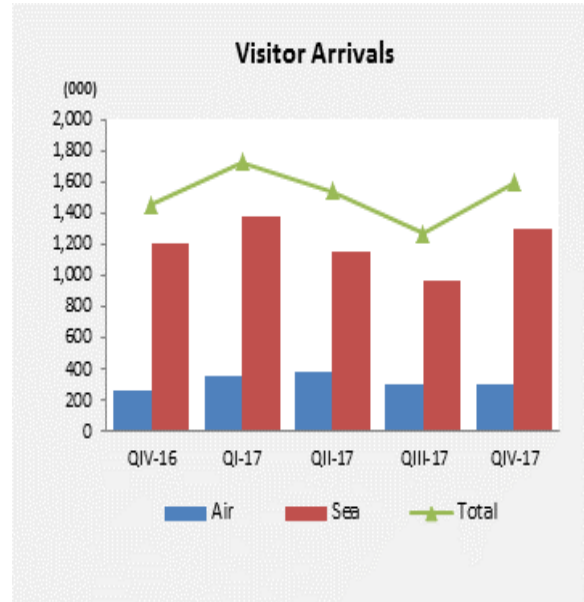
#### TOURISM

Preliminary evidence suggests that tourism sector output improved during the final quarter of 2017, in comparison to the prior year when the passage of Hurricane Mathew affected travel itineraries and led to the temporary closure of several resorts for repairs. In addition, the sector benefitted from the increase in room capacity from the Baha Mar resort.

According to data from the Ministry of Tourism, total visitor arrivals rose by 8.4% during the fourth quarter, a turnaround from the prior year's weather-related contraction of 1.7%. Underpinning this outturn, the

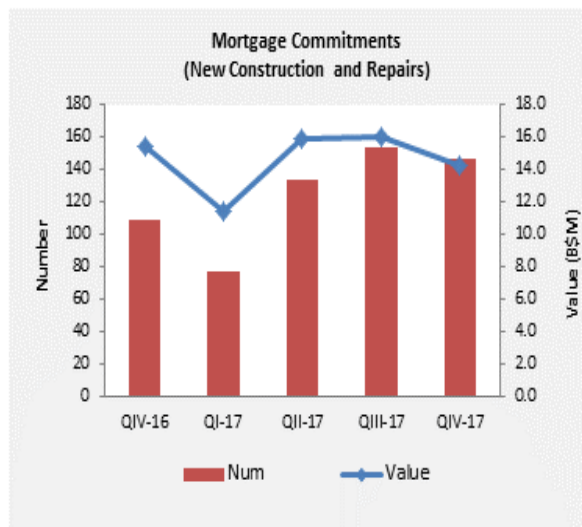
high value-added air segment increased by 14.4% to 0.3 million, in contrast to an 11.4% fall in the previous year. Similarly, the dominant sea component—which comprised 81.0% of the total—grew by 7.1% to 1.3 million, outpacing the 0.7% uptick a year earlier.

A breakdown by major ports of entry, showed that visitors to the Family Islands expanded by 29.8% to 0.6 million over the three-month period, a reversal from the prior year’s 6.1% reduction. This outturn reflected respective gains of 29.9% and 28.9% in both sea and air passengers. Further, Grand Bahama showed signs of modest improvement, following the severe hurricane-related setback of the prior year. Reflecting this outturn, total arrivals advanced by 13.6% to 0.1 million, in contrast to a 53.1% plunge in the previous year, as the air and sea components grew by 13.9% and 13.5%, respectively. In contrast, total visitors to New Providence declined by 2.0% to 0.9 million, vis-a-vis a 14.1% increase in the comparative period of 2016, with the 5.7% decrease in the dominant sea segment, offsetting the 11.1% rise in the air component.



**CONSTRUCTION**

Construction sector output benefitted from a number of varied-scale foreign investment projects, and to a lesser extent, post-hurricane rebuilding work. Further, domestic private sector activity showed signs of modest improvement, after a sluggish performance for almost a decade.



As an indicator of domestic activity, total mortgage disbursements for new construction and repairs—as reported by commercial banks, insurance companies and the Bahamas Mortgage Corporation—grew by 44.3% to \$28.9 million, a turnaround from the prior year’s 39.9% reduction. The dominant residential component rose by 38.9% to \$27.8 million, in contrast to a 35.5% decline in 2016. Further, funding for commercial developments totalled \$1.1 million, after registering no disbursements a year earlier.

Expectations are that activity in the domestic economy will continue to improve over the near-term, as mortgage commitments for new buildings and repairs—a forward looking indicator—rose in number by 37 to

146, but fell in value, by 7.7% (\$1.2 million) to \$14.2 million. This outturn reflected solely growth in the residential segment, as there were no new commercial commitments approved during the review period.

In terms of interest rates, the average financing cost for residential mortgages narrowed by 20 basis points to 7.5%, while the corresponding commercial rate stabilized at 7.8%, in comparison to the prior year.

## **EMPLOYMENT**

Labour market conditions continued to improve on an annual basis, despite a modest half-year rise in the jobless rate to November 2017. Information from the Department of Statistics' Labour Force Survey for the six-month period, showed that the jobless rate edged-up by 20 basis points to 10.1%, as the rise in the number of employed workers by 3,575, to 203,730, did not fully absorb the expansion in the labour force by 4,645 to 226,680. The latter reflected the seasonal uptick in school graduates and an increase in the number of discouraged workers by 5.7% to 2,035. In contrast, in comparison to November 2016, the jobless rate fell by 150 basis points, supported by the on-boarding of employees for the Baha Mar resort and short-term construction-related hirings.

A disaggregation by major job centres over the six-month period, showed that the unemployment rates for New Providence and Abaco, rose by 20 and 80 basis points to 10.6% and 8.6%, respectively. In contrast, the jobless rate in Grand Bahama fell by 30 basis points to 12.1%. However, for the 12-months to November the unemployment rates were lower for all the major markets, with rates in New Providence, Grand Bahama and Abaco declining by 2.3, 1.2 and 0.5 percentage points, respectively.

## **PRICES**

During the fourth quarter, domestic consumer price inflation—as measured by changes in the Retail Price Index for The Bahamas—advanced by 46 basis points to 0.7%, in comparison to the same period of 2016. Reflecting in part the pass-through effects of the rise in global oil prices, average costs for transport firmed by 4.1%, after registering a 0.9% decline a year earlier. Further, average prices for recreation & culture and restaurant & hotel, reversed from declines of 1.2% and 3.4% in 2016, to respective gains of 0.9% and 0.6% over the review quarter. In addition, the average decline in education costs slowed by 70 basis points to 0.1%, while the reduction in average costs for alcoholic beverages, tobacco & narcotics and miscellaneous goods & services was relatively stable at 0.1% and 0.04%, respectively. In a modest offset, inflation rates slowed for furnishing, household equipment & related maintenance (by 1.0 percentage point to 0.2%), communication (by 90 basis points to 1.0%), housing, water, gas, electricity & other fuels—the most heavily weighted component—(by 60 basis points to 0.3%) and food & non-alcoholic beverages (by 20 basis points to 0.9%). Similarly, the indices for clothing & footwear and health decreased by 2.4% and 0.2%, vis-à-vis respective gains of 0.5% and 0.4% recorded a year earlier.

On an annual basis, average consumer prices firmed by 1.5% in 2017, a reversal from a 0.4% decrease in the previous year. Underlying this development, average costs for housing, water, gas, electricity & other fuels, rose by 3.7%, restaurant & hotels, by 2.3% and transport, by 2.0%, after recording respective reductions of 1.1%, 1.3% and 4.0% in the prior year. In addition, inflation quickened for communication, by 1.6 percentage points to 3.4%, alcoholic beverages, tobacco & narcotics, by 80 basis points to 1.6% and recreation & culture, by 80 basis points to 1.3%. Further, the decline in average costs for food & non-alcoholic beverages tapered by 80 basis points to 0.1%. In contrast, average prices decreased for education, by 0.2%, furnishing, household equipment & routine maintenance, by 1.4%, “other” goods & services, by 0.7% and clothing & footwear, by 1.2%, vis-à-vis year earlier gains of 5.6%, 1.3%, 0.9% and 0.7%, respectively.

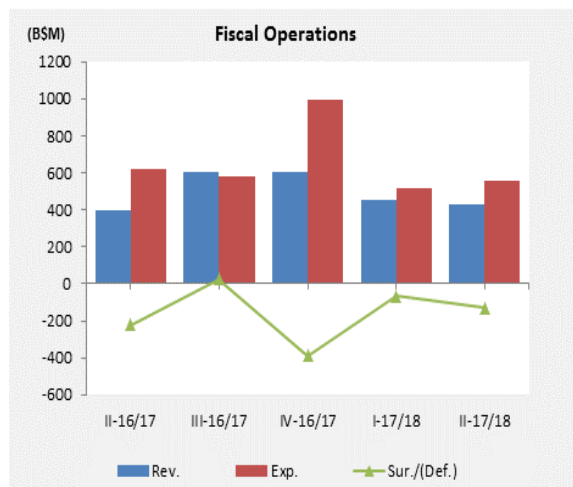
## FISCAL OPERATIONS

### OVERVIEW

Provisional data on the Government's operations for the second quarter of FY2017/18, showed that the deficit contracted by \$91.3 million (41.3%) to \$129.9 million, relative to the comparative period of FY2016/17. Underpinning this outturn, total expenditure decreased sharply by \$66.4 million (10.7%) to \$556.3 million, while aggregate revenue firmed by \$24.9 million (6.2%) to \$426.4 million.

### REVENUE

Tax receipts—which constituted 86.5% of total revenue—grew by \$5.2 million (1.4%) to \$368.6 million. In terms of the sub-components, value-added tax (VAT) collections increased by \$6.6 million (4.7%) to \$148.4 million, while motor vehicle taxes firmed by \$4.0 million (79.8%) to \$9.0 million, benefitting from the Government's revenue enhancement measures. In addition, taxes on international trade expanded by \$3.3 million (2.6%) to \$128.9 million, owing largely to gains in excise and export tax receipts by \$2.6 million (4.8%) and by \$0.8 million (31.9%), respectively, while departure taxes firmed by \$1.7 million (7.5%) to \$24.9 million, supported by an increase in air arrivals. Providing some offset, other "unallocated" taxes declined by more



Government Revenue By Source (Oct. - Dec.)				
	FY16/17		FY17/18	
	B\$M	%	B\$M	%
Property Tax	20	5.0	20	4.7
Selective Services Tax	6	1.6	6	1.3
Business. & Prof Lic. Fees	6	1.5	5	1.3
Motor Vehicle Tax	5	1.3	9	2.1
Departure Tax	23	5.8	25	5.8
Import Duties	69	17.3	69	16.2
Stamp Tax from Imports	--	--	--	--
Excise Tax	54	13.4	56	13.2
Export Tax	3	0.6	3	0.8
Stamp Tax from Exports	--	--	--	--
Other Stamp Tax	26	6.4	23	5.4
Value Added Tax	142	35.3	148	34.8
Other Tax Revenue	10	2.4	3	0.7
Fines, Forfeits, etc.	35	8.8	41	9.6
Sales of Govt. Property	0	0.0	0	0.0
Income	3	0.7	17	3.9
Other Non-Tax Rev.	0	0.0	0	--
Capital Revenue	0	0.0	0	--
Grants	0	--	--	--
Less: Refunds	0	0.0	(0)	(0.1)
<b>Total</b>	<b>401</b>	<b>100.0</b>	<b>426</b>	<b>100.0</b>

than two-thirds (\$6.5 million), to \$3.0 million, while other "miscellaneous" stamp taxes fell by \$2.5 million (9.7%) to \$23.1 million. Further, selective taxes on services (mainly gaming), contracted by \$0.8 million (12.7%) to \$5.7 million, while business & professional license fees, as well as property taxes, decreased by \$0.7 million (11.6%) and by \$0.4 million (1.8%) to \$5.4 million and \$19.8 million, respectively.

Non-tax receipts—at 13.5% of the total—expanded by \$19.7 million (51.8%) to \$57.7 million. Underlying this outturn was a sharp increase in income from other "miscellaneous" sources, by \$13.6 million to \$15.4 million, reflecting the timing-related receipt of payments associated with a long-term lease. In addition, the net intake from public enterprises firmed by \$0.4 million (37.3%) to \$1.4 million. Further, inflows from fines, forfeits and administrative fees rose by \$5.7 million (16.3%) to \$40.9 million, partially reflecting increased immigration-related payments.

## **EXPENDITURE**

The contraction in total expenditure was led by a \$45.9 million (52.5%) reduction in capital outlays, to \$41.5 million. Similarly, current spending fell by \$20.5 million (3.8%) to \$514.9 million, while net lending to public corporations remained negligible, in line with the prior year's levels.

By economic categorization, the decline in current spending was largely attributed to a \$20.8 million (8.0%) decrease in transfer payments to \$238.2 million. Notably, subsidies and other transfers fell by \$27.3 million (13.6%) to \$173.1 million, outstripping the \$6.4 million (10.9%) rise in interest payments to \$65.1 million. In this regard, general subsidies declined by \$22.3 million (22.2%) to \$78.2 million, occasioned by a falloff in health-related spending. In addition, transfers to public corporations & provisions for contingencies, contracted by \$10.3 million (23.7%) to \$33.3 million, while transfers abroad and to non-profit institutions, decreased by \$1.1 million (20.2%) to \$4.3 million, and by \$0.5 million (4.5%), to \$9.6 million. In contrast, transfers to households rose by \$9.9 million (27.5%) to \$46.1 million, reflecting insurance payouts following the resolution of outstanding private sector claims. Consumption outlays also rose slightly by \$0.4 million (0.1%) to \$276.7 million, as personal emoluments moved higher by \$4.3 million (2.5%), overshadowing the \$3.9 million (3.9%) decrease in goods & services outlays.

On a functional basis, the falloff in recurrent expenditure was driven by an \$18.2 million (19.3%) decline in payments for health services to \$76.1 million, in contrast to the prior year, when spending increased to facilitate the implementation of National Health Insurance (NHI). Similarly, outlays for economic services decreased by \$7.3 million (11.8%) to \$55.0 million, as declines of \$6.3 million and \$2.2 million were recorded for outflows related to public works & water supply, and tourism services, respectively. Further, payments for other community & social services decreased by \$5.0 million (41.8%) to \$7.0 million, while outlays for general public service were reduced by \$2.0 million (1.1%) to \$175.8 million, as disbursements for general administration declined by \$3.1 million (2.3%) to \$129.2 million, offsetting the \$1.1 million (2.4%) rise in public order & safety costs, to \$46.6 million. In addition, education-related expenditure also decreased by \$0.4 million (0.5%) to \$70.6 million. Conversely, social benefits & services spending rose by \$4.0 million (8.9%) to \$49.6 million, as outflows for public assistance almost doubled to \$16.0 million, outpacing a \$4.3 million (30.9%) decline in general administration & research expenses. Further, spending for housing services firmed to \$2.4 million from \$1.0 million in 2016, while defense outlays increased by \$0.5 million (3.9%) to \$13.3 million.

The reduction in capital spending reflected a falloff in infrastructure outlays to \$38.1 million from \$77.2 million in the previous year, due to the winding-down of repair work following the 2016 hurricane. Similarly, asset acquisitions decreased by two-thirds (66.2%) to \$3.4 million, as the other "miscellaneous" component, grew by a lesser \$0.4 million, compared to \$7.6 million in the prior year. In contrast, equity investments, in mainly public/private partnership-related entities, firmed by \$3.0 million, compared to negligible levels a year earlier.

## **FINANCING AND THE NATIONAL DEBT**

Budgetary financing for the deficit was dominated by a US\$750 million external bond issue, and US\$200 million in foreign currency loans. On the domestic side, funding from internal sources amounted to \$232.7 million, and comprised mainly Government bonds (\$232.0 million), while net Treasury bill issues accounted for the remaining \$0.7 million. Reflecting significant refinancing operations, debt repayments totalled \$884.9 million, of which 48.3% went towards retiring Bahamian dollar debt, while external repayments accounted for the remaining 51.7%.



As a consequence of these developments, the Direct Charge on the Government rose by \$303.0 million (4.4%) over the three-month period, and by \$862.3 million (13.7%) year-on-year, to \$7,177.9 million at end-December 2017. Similarly, as a ratio to GDP, the Direct Charge firmed by 1.3 percentage points over the quarter and increased by 4.8 percentage points on an annual basis, to 60.9% of GDP at year-end. Bahamian dollar obligations accounted for the bulk (63.6%) of the total debt stock, while the remainder (36.4%) related to foreign currency liabilities.

A breakdown by creditor showed that commercial banks held the largest portion of local debt (43.3%), followed by “other” private and institutional investors (33.8%), public corporations (13.2%), the Central Bank (9.1%), and other local financial institutions (0.6%). Government bonds comprised the dominant share of domestic currency debt, at 76.5%, and featured an average maturity of 8.5 years, a slight falloff from the 9.3 years recorded a year earlier. In addition, Treasury bills and loans & advances accounted for much smaller shares of 14.4% and 9.1%, respectively.

Government’s contingent liabilities contracted by \$8.5 million (1.2%) over the previous quarter, and by \$30.4 million (4.1%), year-on-year, to \$704.2 million. As a result of these developments, the National Debt—which includes contingent liabilities—rose by \$294.5 million (3.9%) over the three-month period, and by \$831.9 million (11.8%) on an annual basis, to \$7,882.0 million at end-2017. In addition, the National Debt-to-GDP ratio was estimated at 66.8% at end-December, reflecting a gain of 1.0 percentage point over the three-month period and an increase of 4.2 percentage points year-on-year.

#### **PUBLIC SECTOR FOREIGN CURRENCY DEBT**

Public sector foreign currency debt rose by \$484.0 million (16.2%) to \$3,472.1 million during the fourth quarter, and by \$825.4 million (31.2%) relative to the same period of last year. Over the review period, new drawings of \$953.4 million, overshadowed amortization payments of \$474.3 million. In terms of the components, the Government’s outstanding liabilities—which accounted for 75.3% of the total—grew by \$497.4 million (23.5%) to \$2,614.0 million over the quarter; however, the public corporations’ debt stock fell by \$13.4 million (1.5%) to \$858.1 million.

Reflecting significant refinancing operations for short-term borrowings prior to the external bond issue in November, total foreign currency debt service payments surged to \$514.0 million, compared to \$66.2 million in 2016. This outturn largely reflected the increase in the Government’s segment to \$485.5 million from \$31.3 million a year earlier, as mainly refinancing payments were estimated at \$457.7 million, compared to amortisation payments of \$7.1 million in the previous period. Meanwhile, the Government’s interest charges grew by \$3.6 million (14.9%) to \$27.7 million. In contrast, the public corporations’ debt service payments were reduced by \$6.3 million (18.2%) to \$28.6 million, due to a decrease in amortization outlays by \$6.3 million (32.1%) to \$13.3 million, while interest charges stabilized at \$15.3 million. After adjusting for refinancing activities, the Government’s debt service to revenue ratio firmed by 50 basis points to 8.3%, year-on-year, while the debt service to exports ratio fell by 40 basis points to 8.2%.

<b>Estimates of the Debt-to-GDP Ratios</b>			
<b>December (%)</b>			
	<b>2015<sub>p</sub></b>	<b>2016<sub>p</sub></b>	<b>2017<sub>p</sub><sup>*</sup></b>
<b>Direct Charge</b>	52.5	56.1	60.9
<b>National Debt</b>	59.3	62.6	66.8
<b>Total Public Sector Debt</b>	60.6	64.8	69.5
<b>Source: The Central Bank of The Bahamas and the Department of Statistics</b>			
<i>*GDP estimate for 2017 is derived from the IMF projections.</i>			

A breakdown by creditor profile, showed that the bulk of the foreign currency debt was held by international capital market investors (47.5%), followed by non-resident financial institutions (34.4%), multilateral institutions (8.1%), domestic banks (7.4%) and bilateral companies (2.6%). At end-December, the average age of outstanding foreign currency debt stood at 11.0 years, a decrease from the 12.3 years recorded in 2016. The majority of the stock was denominated in United States dollars (84.5%), with the euro, Swiss Franc and the Chinese Yuan accounting for significantly smaller portions of 8.5%, 3.7% and 3.3%, respectively.

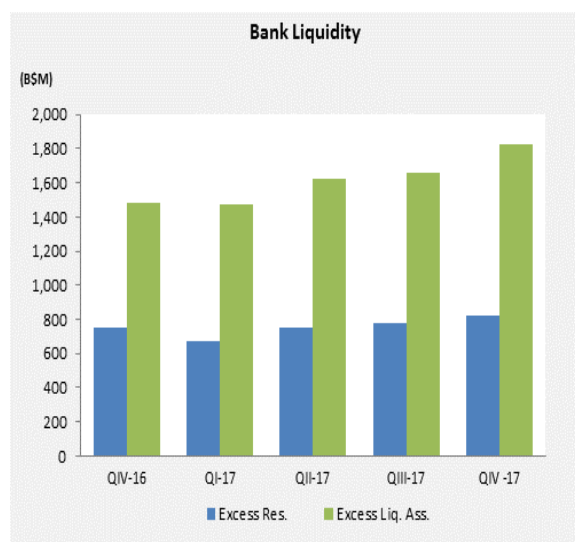
## MONEY, CREDIT AND INTEREST RATES

### OVERVIEW

Buoyed by the receipt of net proceeds from Government’s external borrowings, both bank liquidity and external reserves expanded over the review period, as underlying balance sheet trends reflected a reduction in domestic credit, in contrast to a modest growth in deposits. Meanwhile, banks’ credit quality indicators improved, attributed mainly to entities’ on-going credit restructuring measures, as well as loan write-offs. The latest performance indicators for the third quarter of 2017, showed an improvement in overall bank profitability, due to reductions in operating costs and provisions for bad debts, combined with revenue gains. In addition, the weighted average interest rate spread narrowed further, led by a falloff in average lending rates, and a rise in deposit rates.

### LIQUIDITY

Net free cash reserves of the banking system rose by \$43.8 million (5.6%) to \$819.2 million, albeit lower than the prior year’s \$53.3 million (7.7%) growth—representing a higher 12.3% of Bahamian dollar deposits, compared to 11.5% in 2016. Reflecting in large measure a rise in banks’ Treasury bill holdings, the broader surplus liquid assets expanded by \$162.5 million (9.8%) to \$1,825.9 million, extending 2016’s \$56.0 million (3.9%) accumulation. At end-December, surplus liquid assets stood 161.7% above the statutory minimum, relative to the 134.8% in the previous year.



### DEPOSITS AND MONEY

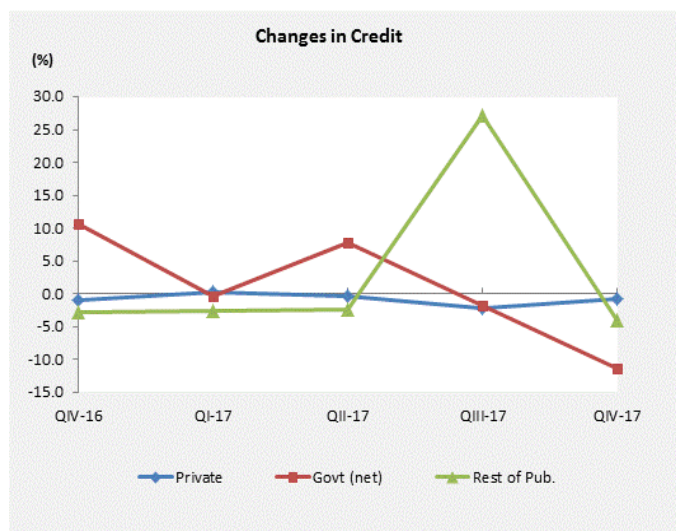
The overall money supply (M3), grew by \$24.9 million (0.4%) to \$7,037.3 million, significantly below last year’s \$355.0 million (5.4%) growth, when balances were buffeted by hurricane-related re-insurance inflows and external payments from the resumption of work on a major foreign investment project. In terms of the components, narrow money (M1) advanced at a slower pace of \$47.4 million (1.8%), after 2016’s \$162.5 million (7.1%) build-up. This outturn reflected a private sector-led increase in demand deposits, by \$39.2 million (1.7%), as opposed to the \$137.5 million (6.7%) growth in the previous year. In addition, currency in active circulation firmed by \$8.3 million (2.9%), after a gain of \$25.0 million (9.8%) in 2016. Accretions to broad money (M2), also moderated to \$32.1 million (0.5%), from \$240.6 million (3.8%) a year earlier, inclusive of a private sector-led gain in savings balances of \$3.1 million (0.2%), compared to an increase of \$77.0 million (6.3%) in the prior year, while fixed balances decreased by \$18.5 million (0.7%), vis-à-vis a \$1.1 million uptick in 2016. In contrast to a \$114.4 million (59.2%) expansion in the prior period,

when re-insurance receipts boosted balances, foreign currency deposits fell by \$7.2 million (2.5%), reflecting a decline in private sector deposits.

By category, Bahamian dollar fixed deposits constituted the largest share of the money stock, at 38.9%, followed by demand balances at 33.5% and savings deposits at 19.5%. In addition, currency in active circulation and residents' foreign currency deposits accounted for significantly smaller shares of 4.2% and 3.9%, respectively.

### DOMESTIC CREDIT

Reflecting mainly the use of external debt proceeds to reduce the Government's outstanding domestic debt obligations—and added retrenchment in the private sector—total domestic credit contracted by \$366.9 million (4.0%) during the fourth quarter. This more than reversed a hurricane rebuilding-related gain of \$167.3 million (1.9%) a year earlier. The dominant Bahamian dollar segment—which comprised the majority (95.6%) of the total—decreased by \$352.5 million (4.0%), vis-à-vis a \$188.2 million (2.2%) expansion in the previous year. Further declines were registered in foreign currency credit, albeit narrowed to \$14.4 million (3.6%), from \$20.9 million (4.6%) in the prior year.



An analysis by sector, showed that banks' net claims on the Government declined by \$304.3 million (11.3%), a turnaround from a \$243.9 million (10.6%) build-up in 2016, when hurricane-recovery financing was obtained from several commercial banks. Similarly, the reduction in credit to the rest of the public sector nearly doubled to \$19.7 million (4.0%), while the retrenchment in credit to private sector narrowed by one-third to \$42.9 million (0.7%).

Distribution of Bank Credit By Sector (End-December)				
	2017		2016	
	B\$M	%	B\$M	%
Agriculture	6.5	0.1	7.4	0.1
Fisheries	2.4	0.0	10.0	0.1
Mining & Quarrying	2.0	0.0	1.9	0.0
Manufacturing	34.9	0.5	23.1	0.3
Distribution	200.5	3.0	167.5	2.4
Tourism	11.0	0.2	14.7	0.2
Enter. & Catering	48.5	0.7	73.5	1.1
Transport	33.7	0.5	41.1	0.6
Construction	275.1	4.2	360.3	5.2
Government	442.2	6.7	502.7	7.3
Public Corps.	201.9	3.1	233.5	3.4
Private Financial	18.4	0.3	19.5	0.3
Prof. & Other Ser.	36.8	0.6	57.7	0.8
Personal	5,120.0	77.5	5,183.2	75.3
Miscellaneous	174.0	2.6	191.2	2.8
<b>TOTAL</b>	<b>6,607.9</b>	<b>100.0</b>	<b>6,887.3</b>	<b>100.0</b>

In terms of private sector credit, personal loans, which accounted for the largest share of total Bahamian dollar claims (81.8%), declined by \$28.2 million (0.6%); although lower than the \$70.3 million (1.4%) reduction in 2016. The outturn was largely explained by a \$22.3 million (1.0%) contraction in consumer loans, combined with a \$5.2 million (0.2%) falloff in residential mortgages and a \$0.7 million (1.1%) decline in overdrafts.

A detailed breakdown of consumer credit revealed decreases for private cars (\$5.9 million), home improvement (\$5.9 million), "miscellaneous" purposes (\$3.5 million), debt consolidation (\$3.5 million), land purchases (\$3.4 million), travel (\$1.6 million) and

education (\$1.1 million). More muted declines of less than \$1.0 million each, were recorded for medical, furnishings & domestic appliances and commercial vehicles. In contrast, outstanding credit card balances firmed by \$3.9 million, while lending for taxis & rented cars was relatively flat.

The remaining private sector loan categories featured net repayments for construction (\$14.7 million), fisheries (\$6.5 million), transport (\$5.1 million), manufacturing (\$4.2 million) and entertainment & catering (\$2.0 million). Further, smaller contractions of less than \$1.0 million were also noted for tourism, private financial institutions, “miscellaneous” and agriculture. However, net lending expanded for distribution, professional & other services and mining & quarrying, by \$21.9 million, \$4.7 million and \$0.2 million, respectively.

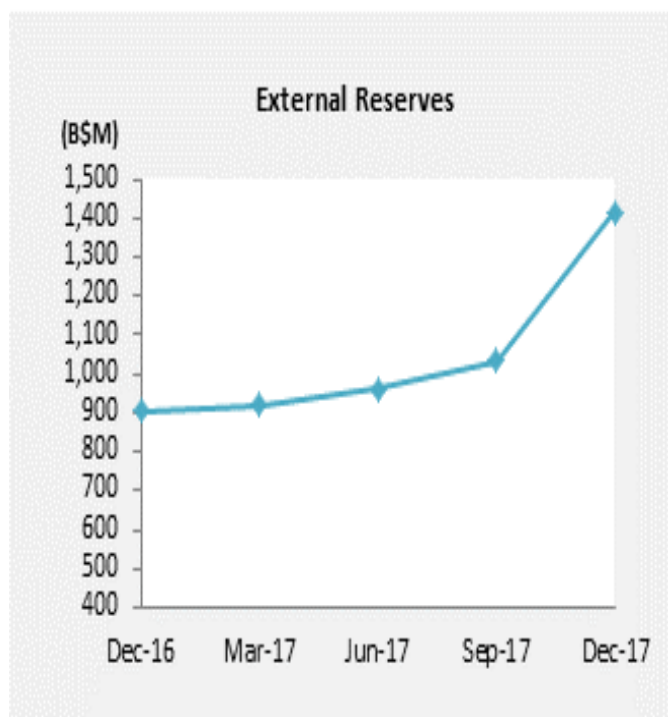
### MORTGAGES

During the fourth quarter, data obtained from commercial banks, insurance companies and the Bahamas Mortgage Corporation, showed that the total value of mortgages outstanding decreased by \$77.6 million (2.5%) to \$3,057.1 million, following an asset sale-led \$117.0 million (3.6%) contraction a year earlier. The decline in the dominant residential component (at 94.2% of the total) moderated to \$10.3 million (0.4%) from \$149.4 million (4.9%) in the prior period, for an ending balance of \$2,880.6 million. Further, the commercial component fell by \$67.3 million (27.6%) to \$176.5 million, vis-à-vis a \$32.4 million (15.3%) expansion in 2016. At end-December, domestic banks held the bulk of outstanding mortgages (88.1%), followed by insurance companies and the Bahamas Mortgage Corporation at 6.5% and 5.5%, respectively.

### THE CENTRAL BANK

The Bank’s net claims on Government decreased by \$367.3 million (48.1%) during the fourth quarter, reflecting the utilisation of part proceeds from the \$750 million external bond issue, to reduce Treasury bill and long-term securities’ (BGRS) holdings. This was a turnaround from a \$48.1 million (7.2%) expansion in the prior year. Further, the Bank’s net liability to the rest of the public sector decreased by \$4.4 million (32.1%) compared to the prior year, when the exposure expanded modestly. In addition, net liabilities to commercial banks firmed by a lesser \$1.2 million (0.1%), compared to \$28.3 million (2.9%) last year, while the seasonal rise in currency liabilities to the private sector measured \$8.3 million (2.9%), as compared to \$24.9 million (9.8%) in 2016.

Buoyed by the Government’s foreign currency borrowings, external reserves improved by \$380.2 million (36.8%) to \$1,414.1 million during the fourth quarter, outpacing 2016’s \$5.1 million (0.6%) gain. In the underlying transactions, the Bank’s net foreign currency purchase surged to \$373.8 million, compared to \$3.5 million in 2016, as transactions with the Government reversed to a net purchase of \$469.2 million, from a net sale of \$7.9 million a year earlier. Further, the Bank’s



net sale to public corporations—mainly for fuel purchases—decreased by \$18.8 million to \$84.0 million. In contrast, the Bank also sold a net of \$11.3 million to the commercial banks, as opposed to a net purchase of \$114.2 million in the previous year, when reinsurance and other payment-related inflows were received through the private sector.

At end-December, the stock of external reserves was equivalent to an estimated 23.0 weeks of current years merchandise imports (inclusive of oil purchases), relative to 16.5 weeks in 2016. After adjusting for the 50% statutory requirement on the Central Bank’s Bahamian dollar liabilities, “useable” reserves rose by \$424.8 million to \$668.7 million.

### DOMESTIC BANKS

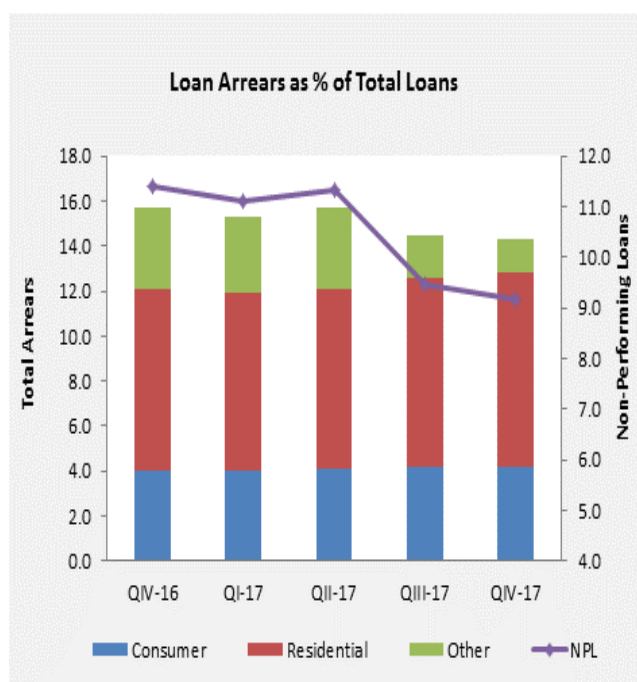
Reflecting Government’s short-term debt repayments, domestic banks’ net foreign liabilities contracted by \$3.5 million (1.4%) during the fourth quarter, albeit significantly lower than the \$149.3 million (39.8%) decline last year.

Credit from domestic banks was almost unchanged, vis-à-vis a \$119.1 million (1.4%) gain in the prior year. Specifically, the expansion in net claims on the Government tapered to \$63.0 million (3.3%) from \$195.8 million (11.9%) in the previous year, when long-term hurricane-recovery financing was provided to the sovereign. In addition, credit to the public corporations decreased by \$19.4 million (4.0%), following a \$12.0 million (2.9%) decline in 2016. In a slight offset, the reduction in private sector credit slowed to \$42.9 million (0.7%), from \$64.7 million (1.0%) in the prior year.

Banks’ total deposit liabilities—inclusive of Government balances—advanced by \$20.8 million (0.3%) to \$6,926.0 million, significantly lower than 2016’s \$312.2 million (4.8%) growth. In the underlying components, gains in private sector balances tapered to \$32.6 million (0.5%), from \$315.8 million (5.3%) in the previous year, when re-insurance and investment-related inflows boosted deposits. Further, public corporations’ balances declined by \$11.5 million (3.2%), a reversal from a \$9.1 million (2.6%) gain in the prior period. Conversely, the contraction in the Government’s deposits slowed to \$0.4 million (0.2%), from \$12.7 million (6.4%) in the preceding year.

At end-December, the majority of deposit liabilities remained denominated in Bahamian dollars (95.9%), with foreign currency placements (largely in US dollars) representing the remainder. An analysis by holder, revealed that private individuals held the bulk (50.1%) of total local currency accounts, followed by business firms (30.4%), private financial institutions (6.7%), non-profit organizations (4.9%), public corporations (4.1%), the Government (2.9%) and public financial institutions (0.9%).

Disaggregated by classification, fixed deposits represented the largest share (42.1%) of deposits, followed by demand and savings balances, with shares of 37.2% and 20.7%, respectively. Analyzed by range of value and



number, the majority of accounts (87.6%), held Bahamian dollar balances of less than \$10,000, but comprised only 5.8% of the total value. Accounts with balances between \$10,000 and \$50,000 constituted 8.4% of the total number and 10.9% of the overall value, while deposits in excess of \$50,000 represented a mere 4.0% of the total, but a dominant 83.3% of the aggregate value.

### **CREDIT QUALITY**

Reflecting mainly sustained credit restructuring measures and loan write-offs, banks' credit quality indicators improved during the fourth quarter, with total private sector loan arrears declining by \$27.4 million (3.0%) over the three-month period, and by \$125.8 million (12.5%), year-on-year, to \$884.8 million. In addition, the ratio of arrears to total private sector loans narrowed by 0.4 and by 1.7 percentage points, respectively, on a quarterly and annual basis, to 15.4%.

A breakdown by the average age of delinquencies, showed that over the quarter, the non-performing segment (NPL)—arrears in excess of 90 days and on which banks stopped accruing interest—contracted by \$29.6 million (5.0%) to \$567.5 million, resulting in a 46 basis point reduction in the relevant ratio to 9.9% of total private sector loans. This is the first time the NPL ratio fell below 10.0% since April, 2010. In contrast, the short-term (31-90 day) segment rose by \$2.2 million (0.7%) to \$317.4 million, resulting in the correspondent ratio increasing by 7 basis points to 5.5% of total private sector loans.

A disaggregation of the various components, showed that the reduction in total private sector loan arrears was due mainly to a \$28.6 million (23.7%) decrease in the commercial component to \$92.4 million, resulting in a 3.8 percentage point fall in the associated loan ratio to 12.7%. Similarly, consumer arrears decreased by \$7.8 million (2.9%) to \$258.3 million, as the attendant ratio eased by 22 basis points to 11.0% of total loans. In contrast, mortgage delinquencies—at a dominant 60.4% of the total—rose by \$9.0 million (1.7%) to \$534.1 million, as the relevant ratio firmed by 37 basis points to 20.0%.

### **CAPITAL ADEQUACY AND PROVISIONS**

Banks maintained robust capital levels during the fourth quarter, as the ratio of capital to risk-weighted assets firmed by 83 basis points to 32.5%; remaining well in excess of the Bank's regulatory prescribed target and trigger ratios of 17.0% and 14.0%, respectively. Banks still maintained their conservative stance, with just a \$0.9 million (0.2%) reduction in total provisions for bad debts to \$423.6 million. Consequently, the corresponding ratios of provisions to non-performing loans and total arrears increased by 3.6 and 1.4 percentage points, to 74.7% and 47.9%, respectively. Banks also wrote-off a total of \$46.3 million in delinquent loans and recovered approximately \$5.0 million.

### **BANK PROFITABILITY**

Reflecting reductions in operating costs and provisions for bad debts, during the third quarter of 2017—the latest available data—banks' overall profitability grew by 43.0% (\$17.5 million) to \$58.0 million. In particular, the net interest margin advanced by 4.7% to \$137.9 million, underpinned by a 2.5% increase in interest income to \$154.1 million, and a 13.2% falloff in interest expense to \$16.1 million. In addition, commission & foreign exchange fee income rose by 18.1% to \$6.9 million, contributing to a 5.2% uptick in the gross earnings margin to \$144.8 million.

In addition, banks' total operating outlays decreased by \$5.5 million (5.7%) to \$91.4 million, due mainly to reductions in staff expenses, by \$3.8 million (9.0%) to \$37.7 million, other "miscellaneous" operating costs—including professional and rental expense—by \$1.0 million (2.1%) to \$46.8 million, and occupancy

outlays, by \$0.8 million (9.9%) to \$6.8 million. Further, domestic banks' net "non-core" operations recorded a net profit of \$4.6 million, a reversal from a slight \$0.1 million net loss in the prior year. This outturn reflected an \$8.1 million (26.7%) decline in provisions for bad debt and a \$0.2 million (3.8%) falloff in depreciation costs, which overshadowed a \$3.5 million (10.3%) reduction in other "non-interest" earnings to \$30.8 million.

As a result of these developments, banks' profitability ratios improved as a percentage of average assets, in comparison to the same period last year. Specifically, the gross earnings margin ratio firmed by 15 basis points to 5.65%, as both the interest margin and commission & foreign exchange ratios expanded by 12 and 4 basis points, to 5.39% and 0.27%, respectively. Further, the 30 basis point narrowing in the operating cost ratio to 3.57%, contributed to a 46 basis point gain in the net earnings margin ratio to 2.09%. After accounting for reductions in bad debt provisions and depreciation costs, the net income ratio firmed by 64 basis points to 2.27%.

### INTEREST RATES

During the review quarter, the commercial banks' weighted average interest rate spread declined by 21 basis points to 10.45 percentage points. This was explained by a 16 basis point softening in the average lending rate to 11.48%, and a slight 5 basis point rise in the average deposit rate to 1.03%.

In terms of deposits, the average rate on savings balances firmed marginally by 4 basis points to 0.72%. In contrast, the average rate on fixed deposits fell and the range tightened to 0.62%-1.57%, from 0.63%-1.61% in the previous quarter. In addition, the rate offered on demand deposits steadied at 0.29%.

With regards to lending, the average rate for commercial mortgages and overdrafts increased by 1.0 and 0.8 percentage points, to 7.75% and 10.94%, respectively. Similarly, the average costs for consumer loans and residential mortgages firmed by 28 and 9 basis points, to 13.64% and 5.50%, respectively.

Among other key interest rates, the average 90-day Treasury bill rate fell by 49 basis points to 1.28%, while the Central Bank's Discount rate and the commercial banks' Prime rate were unchanged at 4.00% and 4.25%, respectively.

Banking Sector Interest Rates			
Period Average (%)			
	Qtr. IV <u>2016</u>	Qtr. III <u>2017</u>	Qtr. IV <u>2017</u>
<b>Deposit Rates</b>			
Demand Deposits	0.29	0.29	0.29
Savings Deposits	0.87	0.68	0.72
Fixed Deposits			
Up to 3 months	0.90	0.74	0.88
Up to 6 months	1.00	0.63	0.62
Up to 12 months	1.57	1.11	1.14
Over 12 months	2.15	1.61	1.57
<b>Weighted Avg Deposit</b>	<b>1.22</b>	<b>0.98</b>	<b>1.03</b>
<b>Lending Rates</b>			
Residential mortgages	6.13	5.41	5.50
Commercial mortgages	8.33	6.75	7.75
Consumer loans	13.96	13.36	13.64
Other Local Loans	7.21	5.92	7.35
Overdrafts	11.09	10.12	10.94
<b>Weighted Avg Loan Rate</b>	<b>12.68</b>	<b>11.64</b>	<b>11.48</b>

### CAPITAL MARKETS DEVELOPMENTS

Domestic capital market developments were generally positive over the review quarter. Broad-based gains in share prices led to the Bahamas International Securities Exchange (BISX) Index increasing by 6.5% to 2,063.57 points, a reversal from a slight 0.5% reduction in 2016. Similarly, market capitalization advanced by 12.3% to \$4.4 billion, extending the 3.3% gain a year earlier.

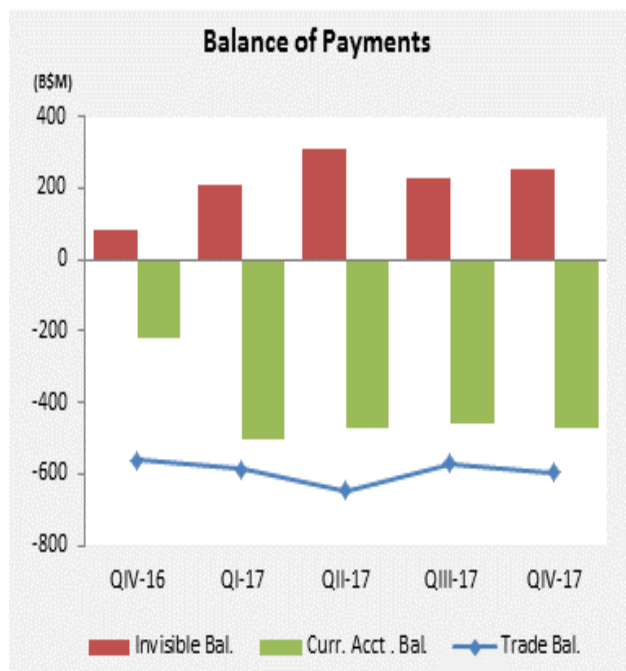
In terms of activity, the volume of shares traded on the exchange dipped by 1.4% to 1,714,335, following a sharp increase of 90.9% in the same quarter of 2016, when a major telecommunications provider listed two new debt issues. In addition, the aggregate value of shares declined by 44.7% to \$8.2 million, after the 54.4% expansion a year earlier.

At end-December, the number of publicly traded securities listed on the exchange remained unchanged at 52, and comprised 20 common share listings, 13 preference shares and 19 debt tranches.

## INTERNATIONAL TRADE AND PAYMENTS

Provisional estimates for the fourth quarter of 2017 showed a widening in the current account deficit to an estimated \$472.6 million, from \$221.4 million in the previous year. Underlying this development was a reversal in current transfer transactions to a net outflow from significant re-insurance related net receipts in the prior year, combined with a worsening in the merchandise trade deficit. In contrast, the surplus on the capital and financial account expanded by \$80.9 million to \$525.3 million, as the Government’s external borrowing activities led to a sharp increase in net “miscellaneous” investment inflows.

The estimated merchandise trade deficit rose by \$35.2 million (6.3%) to \$596.6 million, owing to a \$28.1 million (4.1%) increase in imports to \$721.1 million, and a \$7.1 million (5.4%) falloff in exports to \$124.5 million. Specifically, reflecting mainly the upward trajectory in global oil prices, net payments for fuel purchases advanced by \$22.7 million (21.9%) to \$126.4 million. Similarly, net non-oil imports grew by \$20.4 million (4.2%) to \$504.7 million. An analysis of the fuel components indicated that the average cost of aviation gas increased more than two-fold to \$144.98 per barrel from \$50.00 per barrel in the comparative quarter last year. Additional price gains were noted for motor gas (by 13.4% to \$77.99) and gas oil (by 4.3% to \$65.48), while the price of propane stabilized at \$36.86 per barrel. In a slight offset, the average cost for jet fuel declined by 2.7% to \$63.70 per barrel.



The estimated surplus on the services account more than doubled to \$250.6 million, from \$82.3 million in the prior year. Contributing to this development, net travel receipts—the largest component of the services account—grew by \$51.2 million (11.2%) to \$508.9 million, as tourism output recovered following the hurricane-related falloff in 2016. Further, construction services net outflows fell sharply to \$18.5 million from \$135.4 million in 2016, when arrears payments were made to foreign workers for a major resort development. In addition, net payments for Government services narrowed sharply to \$1.5 million from \$42.0 million, owing primarily to a decline in disbursements for resident Government operations. In addition, net external payments for royalty & license fees decreased by \$1.0 million (29.5%) to \$2.3 million and net receipts related to offshore companies’ local expenses, stabilized at \$30.7 million. In contrast, net outflows for transportation services rose by \$25.6 million (40.7%) to \$88.3 million, led by higher net external payments for passenger and air & freight services, combined with a falloff in inflows from port &



airport charges. Further, net outflows for other “miscellaneous” services firmed by \$12.4 million (9.5%) to \$143.6 million, while the net outflows for insurance services rose by \$3.2 million (10.1%) to \$34.8 million, attributed to a rise in non-merchandise insurance payments.

The deficit on the income account narrowed by \$25.4 million (23.1%) to \$84.5 million, mainly on account of a \$24.4 million (24.4%) reduction in net investment income outflows to \$75.9 million. Notably, private companies’ net interest and dividend payments were reduced by one-third (\$26.9 million) to \$53.3 million, based on a decrease in non-bank entities’ remittances by \$35.0 million (39.8%) to \$53.1 million. The latter outstripped the turnaround in commercial banks’ transactions to a net outflow of \$0.2 million, vis-à-vis a net inflow of \$8.0 million in 2016. In contrast, net official interest payments grew by \$2.4 million (12.0%) to an estimated \$22.6 million, due in large measure to a rise in the Government’s expenses on external debt. Further, net labour income remittances fell marginally by \$0.9 million (9.7%) to \$8.6 million.

Current transfers were reversed to a \$42.0 million net outflow from a \$367.6 million net receipt in the prior year, when significant re-insurance inflows from claims related to Hurricane Matthew were received. Underlying this outturn was a sharp reduction in other “miscellaneous” transfer inflows to \$7.4 million from \$374.0 million in 2016. Further, workers’ remittances more than doubled to \$74.2 million from \$26.8 million; however, Government’s net receipts increased by \$4.5 million (21.9%) to \$24.8 million.

The expansion in the surplus on the capital and financial account was primarily explained by a significant increase in net debt related inflows by \$97.8 million (22.8%) to \$527.1 million, as the Government’s external borrowings contributed to a considerable rise in net public sector receipts, to \$484.6 million from a mere \$14.1 million a year earlier. In addition, the repayment of domestic banks’ net short-term liabilities tapered to \$3.3 million from \$149.3 million in 2016, when developments were affected by re-insurance receipts to the private sector. Conversely, private sector loan-based financing inflows declined markedly to \$45.8 million from a major foreign investment-related increase to \$564.5 million in the prior period. In contrast, net direct investment inflows fell by two-thirds (\$15.9 million) to \$8.0 million. However, net portfolio investment outflows rose slightly by \$0.6 million to \$5.5 million. Further, the deficit on the capital account edged-up by \$0.5 million to \$4.4 million, reflecting higher migrant transfers.

As a result of these developments, and after adjusting for net errors and omissions, the surplus on the overall balance, which corresponds to the change in Central Banks’ external reserves, expanded to \$380.2 million, from a mere \$5.1 million in 2016.

## **INTERNATIONAL ECONOMIC DEVELOPMENTS**

The global economy maintained its modest growth trajectory during the fourth quarter, supported by sustained expansions in the major markets. Against this backdrop, labour market conditions continued to improve, while inflation rates firmed modestly, reflecting the pass-through effects of the increase in global oil prices. After almost a decade of implementing accommodative monetary policy measures, most of the major central banks began to normalise their policy stance by raising their key policy rates and reducing the size of their “quantitative easing” programmes.

The major economies maintained their positive growth trajectories over the review period. In the United States, real GDP growth slowed by 70 basis points to 2.5% in the fourth quarter, over the prior three-month period, reflecting a decline in private inventory investment and a rise in imports. Trends were similar for the euro area, as the real output expansion eased to 0.6% from 0.7% in the third quarter, underpinned by a construction-related slowdown in Germany’s output growth. Real GDP growth in the United Kingdom also slackened by 10 basis points to 0.5%, quarter-on-quarter, as gains in the service sector were tempered by

the decline in construction sector output. In Asia, the growth in Japan's economic output moderated to an annualized 0.5%, from 2.2% in the previous three-month period, reflecting declines in public sector and housing investments, which overshadowed increases in consumer spending and capital expenditure. However, buoyed by a recovery in exports, real output in China advanced by 6.9%, slightly higher than the 6.8% growth recorded in the September quarter.

In line with the positive growth rates in the major economies, employment conditions generally improved over the review period. Specifically, the jobless rate in the United States narrowed by 20 basis points to 4.1% over the third quarter, as non-farm payroll gains were recorded in the healthcare, construction, manufacturing and food services sectors. Similarly, the unemployment rate in Japan fell by 20 basis points to 2.6%, reflecting job growth in the information and communications industries, while China's jobless rate fell slightly by 5 basis points to 3.9%. In contrast, the relevant rate in the euro area increased by 30 basis points to 9.0% in the fourth quarter, vis-à-vis the previous three-month period, amid lower employment levels in the Czech Republic, Malta and Germany, while the unemployment rate in the United Kingdom firmed by 10 basis points to 4.4%.

Inflation in the major markets remained relatively subdued in the fourth quarter; although energy costs continued to firm modestly. Specifically, the growth in average consumer prices in the United States slowed by 10 basis points to an annualized 2.1% in December, over the prior quarter, underpinned by lower energy costs. Similarly, the euro area's annualized inflation rate narrowed by 10 basis points to 1.4% in the last three months of the year, owing to reductions in the prices for energy, food, alcohol & tobacco. Reflecting mainly a decline in clothing costs, average price gains in the United Kingdom narrowed slightly to 2.7% from 2.8% in the previous three-month period. In contrast, Japan's annual inflation rate edged-up by 40 basis points to 1.1%, due to higher prices for fuel, light and water. In addition, China's year-on-year inflation rate firmed to 1.8%, from 1.6% in the third quarter, amid gains in the cost for food, tobacco and liquor.

Currency market developments were mixed over the review quarter. Specifically, the dollar appreciated relative to the Canadian dollar, the Swiss Franc and the Japanese Yen, by 0.8% to CAD\$1.26, 0.6% to CHF0.97 and by 0.1% to ¥112.69, respectively. In contrast, the dollar depreciated vis-à-vis the Chinese Yuan, (by 1.9% to CNY6.65), the euro, (by 1.6% to €0.83) and the British pound, (by 0.9% to £0.74).

Buoyed by sustained global economic growth and the plans by the United States administration to further stimulate the economy through a series of tax cut measures, most of the major equity markets improved during the fourth quarter. Specifically, in the United States, the Dow Jones Industrial Average (DJIA) and S&P 500 indices rose by 6.1% and 10.3%, respectively. Similarly, European bourses advanced, with the United Kingdom's FTSE100 index firming by 4.3%, while Germany's DAX rose by 0.3%; however, France's CAC 40 fell by 0.3%. The performances of the equity markets in Asia varied, with Japan's Nikkei 225 rising by 11.8%, while China's SE Composite fell by 1.3%, as regulators continued to implement measures aimed at reducing the amount of leverage in the economy.

Reflecting ongoing production cuts by major OPEC and non-OPEC producers following a year-long agreement on quotas reached in December 2016, coupled with a weather-related rise in heating oil demand, average crude oil prices strengthened by 27.3% over the three-month period to \$66.60 per barrel at end-December. In the precious metals market, both gold and silver costs rose by 1.8% to \$1,303.05 per troy ounce and by 1.7% to \$16.94 per troy ounce, respectively.

Most of major economies recorded a deterioration in their trade positions over the review quarter, when compared with the previous three-month period. In the United States, the trade deficit widened by 17.5%

to an estimated \$152.3 billion, as the 5.0% rise in imports—of mainly consumer goods—outpaced the 2.2% growth in exports. Similarly, the United Kingdom’s trade deficit increased sharply by 54.3% to £10.8 billion, due largely to a 3.8% increase in mainly fuel-related imports, combined with a decline of the same magnitude in exports. In contrast, the euro area’s trade surplus expanded by 7.5% to €70.6 billion during the review quarter, supported by a 5.6% gain in exports, which outweighed the 5.2% rise in imports. In Asia, Japan’s trade surplus contracted by 37.6% to ¥746.5 billion, as the 9.7% growth in imports of mainly fuel products, outstripped the 6.8% machinery-led rise in exports.

Given the improving economic conditions and relatively low inflation environment, the major central banks either maintained or tightened their accommodative monetary policy stance over the review quarter. In the United States, the Federal Reserve sustained its programme aimed at normalizing interest rates, by raising its target for the Federal Funds rate by an additional 25 basis points to the 1.25%-1.50% range in December. The Bank also continued to reduce the size of its asset purchase programme by a further \$10.0 billion per month during the quarter. In addition, the Bank of England increased its key policy rate by 25 basis points to 0.5% in November—the first rate hike in 10 years—in a bid to contain inflation; although it maintained its £435 billion “quantitative easing” programme. Further, the European Central Bank sustained its policy rate at a historic low of 0.00-0.25%; however, the Bank also signalled its intension to reduce the size of its asset purchase programme in the coming year. In Asia, the People’s Bank of China raised its 7-day reverse repo rate by 5 basis points to 2.5%, in a bid to promote monetary stability, and reduce the risks to the financial sector from excessive credit supply. In contrast, the Bank of Japan sustained its highly accommodative monetary policy stance, in an effort to achieve its 2.0% inflation target.

## **STATISTICAL APPENDIX (TABLES I-I6)**

**TABLE 1  
FINANCIAL SURVEY**

Period	2013	2014	2015	2016				2017			
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.
<b>(B\$ Millions)</b>											
<b>Net foreign assets</b>	46.7	286.4	280.2	482.6	656.2	524.1	678.5	607.3	739.5	778.5	1,162.3
Central Bank	741.6	787.7	811.9	994.9	1,052.1	898.8	904.0	920.5	960.0	1,033.9	1,414.1
Domestic Banks	(694.9)	(501.2)	(531.7)	(512.4)	(395.9)	(374.7)	(225.4)	(313.2)	(220.5)	(255.3)	(251.8)
<b>Net domestic assets</b>	6,270.6	6,103.7	6,093.7	6,013.8	5,920.8	6,050.8	6,251.4	6,277.6	6,403.0	6,233.6	5,874.8
Domestic credit	8,957.1	8,870.5	8,966.2	8,900.4	8,810.5	8,961.1	9,128.4	9,116.4	9,285.7	9,211.0	8,844.0
Public sector	2,406.0	2,503.6	2,666.4	2,614.3	2,574.1	2,725.7	2,957.6	2,936.4	3,128.7	3,185.2	2,861.1
Government (net)	1,946.6	2,024.0	2,198.0	2,150.9	2,100.6	2,307.5	2,551.4	2,540.2	2,741.6	2,693.0	2,388.7
Rest of public sector	459.4	479.7	468.4	463.4	473.5	418.2	406.3	396.1	387.0	492.1	472.5
Private sector	6,551.1	6,366.9	6,299.7	6,286.1	6,236.4	6,235.5	6,170.8	6,180.1	6,157.0	6,025.8	5,982.9
Other items (net)	(2,686.5)	(2,766.8)	(2,872.4)	(2,886.6)	(2,889.6)	(2,910.3)	(2,877.0)	(2,838.8)	(2,882.7)	(2,977.4)	(2,969.2)
<b>Monetary liabilities</b>	6,317.2	6,390.0	6,373.8	6,498.8	6,577.2	6,575.1	6,930.1	6,885.2	7,142.8	7,012.4	7,037.3
Money	1,641.2	1,995.7	2,071.2	2,143.1	2,198.0	2,298.0	2,460.6	2,430.2	2,659.3	2,606.6	2,654.0
Currency	214.4	232.8	246.6	246.9	247.6	255.5	280.5	281.5	294.1	284.3	292.6
Demand deposits	1,426.8	1,762.9	1,824.7	1,896.1	1,950.4	2,042.5	2,180.1	2,148.7	2,365.2	2,322.3	2,361.5
Quasi-money	4,676.0	4,394.3	4,302.6	4,355.8	4,379.2	4,277.0	4,469.5	4,455.0	4,483.5	4,405.8	4,383.3
Fixed deposits	3,288.0	3,101.9	2,966.5	2,970.9	2,931.2	2,865.2	2,866.3	2,840.5	2,779.3	2,756.4	2,737.9
Savings deposits	1,114.0	1,067.5	1,148.3	1,178.5	1,217.3	1,218.6	1,295.6	1,316.7	1,380.9	1,368.1	1,371.2
Foreign currency	274.0	224.8	187.8	206.4	230.7	193.2	307.6	297.8	323.3	281.3	274.1
<b>(percentage changes)</b>											
<b>Total domestic credit</b>	3.1	(1.0)	1.1	(0.7)	(1.0)	1.7	1.9	(0.1)	1.9	(0.8)	(4.0)
Public sector	16.6	4.1	6.5	(2.0)	(1.5)	5.9	8.5	(0.7)	6.5	1.8	(10.2)
Government (net)	22.1	4.0	8.6	(2.1)	(2.3)	9.8	10.6	(0.4)	7.9	(1.8)	(11.3)
Rest of public sector	(1.9)	4.4	(2.4)	(1.1)	2.2	(11.7)	(2.9)	(2.5)	(2.3)	27.2	(4.0)
Private sector	(1.2)	(2.8)	(1.1)	(0.2)	(0.8)	(0.0)	(1.0)	0.1	(0.4)	(2.1)	(0.7)
<b>Monetary liabilities</b>	0.2	1.2	(0.3)	2.0	1.2	(0.0)	5.4	(0.6)	3.7	(1.8)	0.4
Money	4.2	21.6	3.8	3.5	2.6	4.6	7.1	(1.2)	9.4	(2.0)	1.8
Currency	(0.9)	8.6	5.9	0.1	0.3	3.2	9.8	0.4	4.5	(3.3)	2.9
Demand deposits	5.0	23.6	3.5	3.9	2.9	4.7	6.7	(1.4)	10.1	(1.8)	1.7
Quasi-money	(1.1)	(6.0)	(2.1)	1.2	0.5	(2.3)	4.5	(0.3)	0.6	(1.7)	(0.5)

Source: The Central Bank of The Bahamas

**TABLE 2**  
**MONETARY SURVEY**

Period	2013	2014	2015	2016				2017			
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.
<b>(B\$ Millions)</b>											
<b>Net foreign assets</b>	76.4	334.2	360.1	571.6	750.1	596.1	730.5	675.8	790.1	828.9	1,214.6
Central Bank	741.6	787.7	811.9	994.9	1,052.1	898.8	904.0	920.5	960.0	1,033.9	1,414.1
Commercial banks	(665.2)	(453.5)	(451.8)	(423.4)	(302.0)	(302.7)	(173.5)	(244.6)	(169.9)	(204.9)	(199.5)
<b>Net domestic assets</b>	6,189.3	6,002.0	5,956.8	5,872.0	5,769.5	5,921.7	6,131.5	6,161.6	6,279.0	6,132.6	5,745.4
Domestic credit	8,929.8	8,837.0	8,926.2	8,855.5	8,766.7	8,930.9	9,097.0	9,074.4	9,239.6	9,184.4	8,814.4
Public sector	2,396.6	2,492.5	2,653.2	2,604.4	2,563.2	2,710.0	2,941.4	2,925.1	3,101.5	3,175.1	2,847.4
Government (net)	1,937.7	2,013.2	2,187.2	2,143.3	2,092.1	2,292.2	2,535.5	2,529.3	2,714.8	2,683.3	2,375.3
Rest of public sector	458.9	479.3	466.0	461.0	471.2	417.8	405.9	395.8	386.7	491.8	472.1
Private sector	6,533.2	6,344.5	6,273.0	6,251.1	6,203.5	6,221.0	6,155.6	6,149.4	6,138.2	6,009.3	5,967.0
Other items (net)	(2,740.5)	(2,834.9)	(2,969.4)	(2,983.5)	(2,997.2)	(3,009.2)	(2,965.5)	(2,912.9)	(2,960.6)	(3,051.8)	(3,069.0)
<b>Monetary liabilities</b>	6,265.6	6,336.1	6,316.8	6,446.1	6,519.9	6,518.0	6,862.1	6,837.8	7,069.4	6,961.8	6,960.3
Money	1,610.9	1,955.0	2,024.9	2,101.0	2,155.6	2,257.6	2,406.8	2,397.4	2,603.7	2,568.5	2,591.4
Currency	214.4	232.8	246.6	246.9	247.6	255.5	280.5	281.5	294.1	284.3	292.6
Demand deposits	1,396.5	1,722.2	1,778.3	1,854.0	1,908.0	2,002.1	2,126.4	2,115.9	2,309.6	2,284.2	2,298.8
Quasi-money	4,654.7	4,381.1	4,291.9	4,345.1	4,364.3	4,260.5	4,455.3	4,440.4	4,465.7	4,393.4	4,368.8
Savings deposits	1,114.0	1,067.5	1,148.3	1,178.5	1,216.5	1,218.0	1,295.0	1,316.5	1,380.8	1,368.1	1,371.2
Fixed deposits	3,266.7	3,088.8	2,955.9	2,960.2	2,917.1	2,853.7	2,854.8	2,828.0	2,766.3	2,744.9	2,725.8
Foreign currency deposits	274.0	224.8	187.8	206.4	230.7	188.8	305.5	295.9	318.6	280.3	271.9
<b>(percentage change)</b>											
<b>Total domestic credit</b>	3.1	(1.0)	1.0	(0.8)	(1.0)	1.9	1.9	(0.2)	1.8	(0.6)	(4.0)
Public sector	16.9	4.0	6.4	(1.8)	(1.6)	5.7	8.5	(0.6)	6.0	2.4	(10.3)
Government (net)	22.5	3.9	8.6	(2.0)	(2.4)	9.6	10.6	(0.2)	7.3	(1.2)	(11.5)
Rest of public sector	(1.9)	4.4	(2.8)	(1.1)	2.2	(11.3)	(2.9)	(2.5)	(2.3)	27.2	(4.0)
Private sector	(1.2)	(2.9)	(1.1)	(0.3)	(0.8)	0.3	(1.1)	(0.1)	(0.2)	(2.1)	(0.7)
<b>Monetary liabilities</b>	0.3	1.1	(0.3)	2.0	1.1	(0.0)	5.3	(0.4)	3.4	(1.5)	(0.0)
Money	4.5	21.4	3.6	3.8	2.6	4.7	6.6	(0.4)	8.6	(1.4)	0.9
Currency	(0.9)	8.6	5.9	0.1	0.3	3.2	9.8	0.4	4.5	(3.3)	2.9
Demand deposits	5.4	23.3	3.3	4.3	2.9	4.9	6.2	(0.5)	9.2	(1.1)	0.6
Quasi-money	(1.1)	(5.9)	(2.0)	1.2	0.4	(2.4)	4.6	(0.3)	0.6	(1.6)	(0.6)

Source: The Central Bank of The Bahamas

**TABLE 3**  
**CENTRAL BANK BALANCE SHEET**

**(BS Millions)**

Period	2013	2014	2015	2016				2017			
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.
<b>Net foreign assets</b>	741.6	787.7	811.9	994.9	1,052.1	898.8	904.0	920.5	960.0	1,033.9	1,414.1
Balances with banks abroad	122.4	155.2	206.6	380.1	389.6	260.3	254.8	251.6	286.0	340.4	695.2
Foreign securities	551.0	544.9	521.7	511.5	559.9	536.0	550.5	569.3	571.9	590.0	614.7
Reserve position in the Fund	9.6	9.1	8.7	27.2	27.0	26.9	25.9	26.2	26.8	27.3	27.5
SDR holdings	58.6	78.5	75.0	76.2	75.7	75.5	72.7	73.4	75.2	76.3	76.8
<b>Net domestic assets</b>	374.7	375.6	340.6	333.1	387.3	513.5	555.3	520.6	647.0	582.2	212.9
Net claims on Government	493.1	523.4	493.7	487.4	546.1	668.5	716.6	690.5	826.5	763.2	395.8
Claims	545.3	571.4	523.1	511.3	568.9	696.9	731.9	711.1	860.3	781.9	419.4
Treasury bills	186.6	119.7	126.6	114.2	171.7	259.5	223.9	202.1	357.5	317.8	7.2
Bahamas registered stock	223.5	316.5	261.1	261.5	261.5	301.5	372.6	373.4	367.1	328.3	276.8
Loans and advances	135.2	135.2	135.4	135.5	135.7	135.9	135.4	135.5	135.7	135.9	135.4
Deposits	(52.1)	(48.0)	(29.4)	(23.8)	(22.9)	(28.4)	(15.3)	(20.6)	(33.8)	(18.8)	(23.6)
In local currency	(52.1)	(48.0)	(29.4)	(23.8)	(22.9)	(28.4)	(15.3)	(20.6)	(33.8)	(18.8)	(23.6)
In foreign currency	-	-	-	-	-	-	-	-	-	-	-
Deposits of rest of public sector	(11.7)	(26.0)	(17.3)	(13.6)	(17.8)	(7.5)	(12.6)	(15.7)	(19.3)	(21.8)	(17.2)
Credit to commercial banks	-	-	-	-	-	-	-	-	-	-	-
Official capital and surplus	(140.0)	(152.3)	(163.7)	(158.7)	(159.3)	(159.4)	(173.1)	(172.5)	(170.8)	(169.6)	(170.8)
Net unclassified assets	23.0	21.1	19.0	9.2	9.5	3.0	15.4	9.4	1.9	2.4	(2.8)
Loans to rest of public sector	4.6	4.2	3.7	3.7	3.6	3.6	3.6	3.7	3.4	3.0	2.8
Public Corp Bonds/Securities	5.7	5.2	5.2	5.2	5.2	5.2	5.3	5.3	5.3	5.2	5.2
<b>Liabilities To Domestic Banks</b>	(710.3)	(750.2)	(733.5)	(905.8)	(1,017.8)	(983.1)	(1,011.4)	(990.7)	(1,139.6)	(1,155.8)	(1,157.0)
Notes and coins	(138.1)	(142.5)	(142.4)	(113.9)	(96.9)	(101.3)	(145.1)	(97.6)	(93.7)	(94.4)	(145.8)
Deposits	(572.2)	(607.7)	(591.1)	(791.9)	(920.9)	(881.8)	(866.3)	(893.1)	(1,046.0)	(1,061.4)	(1,011.2)
SDR allocation	(191.6)	(180.3)	(172.4)	(175.3)	(174.0)	(173.7)	(167.3)	(168.9)	(173.3)	(176.0)	(177.4)
Currency held by the private sector	(214.4)	(232.8)	(246.6)	(246.9)	(247.6)	(255.5)	(280.5)	(281.5)	(294.1)	(284.3)	(292.6)

**Source: The Central Bank of The Bahamas**

**TABLE 4**  
**DOMESTIC BANKS BALANCE SHEET**

**(BS Millions)**

Period	2013	2014	2015	2016				2017			
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.
<b>Net foreign assets</b>	(694.9)	(501.2)	(531.7)	(512.4)	(395.9)	(374.7)	(225.4)	(313.2)	(220.5)	(255.3)	(251.8)
<b>Net claims on Central Bank</b>	651.7	749.2	730.0	906.5	1,018.7	984.0	1,012.4	991.7	1,140.6	1,156.7	1,158.0
Notes and Coins	138.1	142.5	142.4	113.9	96.9	101.3	145.1	97.6	93.7	94.4	145.8
Balances	513.6	606.7	587.5	792.6	921.8	882.8	867.3	894.0	1,046.9	1,062.4	1,012.2
Less Central Bank credit	-	-	-	-	-	-	-	-	-	-	-
<b>Net domestic assets</b>	5,803.7	5,537.6	5,569.8	5,499.6	5,325.1	5,345.6	5,483.7	5,563.5	5,567.8	5,442.6	5,470.5
Net claims on Government	1,453.5	1,500.5	1,704.4	1,663.5	1,554.5	1,639.0	1,834.8	1,849.8	1,915.2	1,929.9	1,992.9
Treasury bills	392.4	454.5	662.6	680.0	627.8	557.9	531.9	489.3	475.1	506.5	611.4
Other securities	962.2	907.0	895.4	892.3	889.6	891.1	987.1	1,055.5	1,105.9	1,094.3	1,137.7
Loans and advances	253.6	352.1	416.8	419.2	404.9	389.7	502.7	516.6	516.0	528.0	442.2
Less: deposits	154.7	213.1	270.5	328.1	367.8	199.6	186.9	211.7	181.8	198.9	198.5
Net claims on rest of public sector	118.6	124.6	117.6	109.9	100.9	52.1	31.0	41.2	36.7	121.7	113.6
Securities	119.4	219.0	221.0	221.0	218.9	168.6	163.9	163.9	163.9	275.7	262.6
Loans and advances	329.8	251.3	238.4	233.6	245.8	240.7	233.5	223.3	214.4	208.3	201.9
Less: deposits	330.6	345.7	341.8	344.6	363.9	357.2	366.4	346.0	341.6	362.3	350.8
Other net claims	56.4	24.8	43.9	25.7	18.6	24.3	(2.9)	1.0	(5.2)	(4.9)	(4.4)
Credit to the private sector	6,551.1	6,366.9	6,299.7	6,286.1	6,236.4	6,235.5	6,170.8	6,180.1	6,157.0	6,025.8	5,982.9
Securities	16.6	16.8	24.4	25.9	26.7	18.6	19.6	25.8	22.4	19.4	19.1
Mortgages	3,310.3	3,211.4	3,164.7	3,165.8	3,139.8	3,139.1	3,035.5	3,024.8	3,028.0	2,972.8	2,949.5
Loans and advances	3,224.2	3,138.7	3,110.7	3,094.4	3,069.9	3,077.8	3,115.7	3,129.4	3,106.6	3,033.7	3,014.3
Private capital and surplus	(2,586.4)	(2,499.2)	(2,651.2)	(2,600.8)	(2,601.5)	(2,638.8)	(2,594.4)	(2,580.9)	(2,639.7)	(2,693.6)	(2,699.3)
Net unclassified assets	210.6	20.0	55.5	15.2	16.3	33.5	44.5	72.5	103.7	63.8	84.8
<b>Liabilities to private sector</b>	5,760.6	5,785.5	5,768.1	5,893.7	5,948.0	5,954.9	6,270.7	6,242.0	6,487.9	6,344.0	6,376.6
Demand deposits	1,593.5	1,830.6	1,868.3	1,949.9	1,998.5	2,075.0	2,287.4	2,261.3	2,482.6	2,383.5	2,420.1
Savings deposits	1,119.9	1,074.1	1,162.0	1,195.6	1,234.7	1,238.8	1,315.0	1,335.1	1,400.9	1,386.1	1,390.4
Fixed deposits	3,047.1	2,880.8	2,737.8	2,748.3	2,714.8	2,641.0	2,668.3	2,645.7	2,604.3	2,574.3	2,566.1

Source: The Central Bank of The Bahamas



**TABLE 5**  
**PROFIT AND LOSS ACCOUNTS OF BANKS IN THE BAHAMAS\***

(B\$'000s)

Period	2013	2014	2015				2016				2017		
			Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III
1. Interest Income	646,083	617,808	148,510	156,468	160,233	161,209	158,211	152,709	150,401	153,783	148,243	146,844	154,093
2. Interest Expense	117,811	98,321	21,307	21,850	21,273	20,984	20,807	20,410	18,595	18,547	18,688	16,236	16,146
<b>3. Interest Margin (1-2)</b>	<b>528,272</b>	<b>519,487</b>	<b>127,203</b>	<b>134,618</b>	<b>138,960</b>	<b>140,225</b>	<b>137,404</b>	<b>132,299</b>	<b>131,806</b>	<b>135,236</b>	<b>129,555</b>	<b>130,608</b>	<b>137,947</b>
4. Commission & Forex Income	23,278	22,484	5,657	11,373	5,590	6,910	5,756	6,636	5,802	6,648	7,417	6,993	6,854
<b>5. Gross Earnings Margin (3+4)</b>	<b>551,550</b>	<b>541,971</b>	<b>132,860</b>	<b>145,991</b>	<b>144,550</b>	<b>147,135</b>	<b>143,160</b>	<b>138,935</b>	<b>137,608</b>	<b>141,884</b>	<b>136,972</b>	<b>137,601</b>	<b>144,801</b>
6. Staff Costs	181,910	171,579	42,852	45,619	41,628	40,297	40,906	41,677	41,468	40,840	40,170	39,764	37,717
7. Occupancy Costs	30,120	27,797	7,043	7,235	6,944	5,796	6,883	7,025	7,574	7,020	6,549	6,756	6,824
8. Other Operating Costs	132,475	279,278	38,156	39,715	34,005	38,753	39,236	40,452	47,833	38,464	49,797	42,378	46,814
<b>9. Operating Costs (6+7+8)</b>	<b>344,505</b>	<b>478,654</b>	<b>88,051</b>	<b>92,569</b>	<b>82,577</b>	<b>84,846</b>	<b>87,025</b>	<b>89,154</b>	<b>96,875</b>	<b>86,324</b>	<b>96,516</b>	<b>88,898</b>	<b>91,355</b>
<b>10. Net Earnings Margin (5-9)</b>	<b>207,045</b>	<b>63,317</b>	<b>44,809</b>	<b>53,422</b>	<b>61,973</b>	<b>62,289</b>	<b>56,135</b>	<b>49,781</b>	<b>40,733</b>	<b>55,560</b>	<b>40,456</b>	<b>48,703</b>	<b>53,446</b>
11. Depreciation Costs	16,969	14,637	4,005	4,021	4,231	3,512	3,632	3,560	4,099	3,808	3,985	3,710	3,943
12. Provisions for Bad Debt	149,114	266,624	42,791	36,705	25,659	27,419	20,347	36,032	30,344	29,405	22,425	51,302	22,236
13. Other Income	98,023	103,893	27,284	24,456	27,866	31,657	32,759	32,657	34,300	33,459	30,470	37,649	30,781
<b>14. Other Income (Net) (13-11-12)</b>	<b>(68,060)</b>	<b>(177,368)</b>	<b>(19,512)</b>	<b>(16,270)</b>	<b>(2,024)</b>	<b>726</b>	<b>8,780</b>	<b>(6,935)</b>	<b>(143)</b>	<b>246</b>	<b>4,060</b>	<b>(17,363)</b>	<b>4,602</b>
<b>15. Net Income (10+14)</b>	<b>138,985</b>	<b>(114,051)</b>	<b>25,297</b>	<b>37,152</b>	<b>59,949</b>	<b>63,015</b>	<b>64,915</b>	<b>42,846</b>	<b>40,590</b>	<b>55,806</b>	<b>44,516</b>	<b>31,340</b>	<b>58,048</b>
<b>16. Effective Interest Rate Spread (%)</b>	<b>6.85</b>	<b>6.83</b>	<b>6.92</b>	<b>7.28</b>	<b>7.20</b>	<b>7.12</b>	<b>7.24</b>	<b>7.16</b>	<b>7.28</b>	<b>7.24</b>	<b>6.96</b>	<b>7.04</b>	<b>7.20</b>
<b>(Ratios To Average Assets)</b>													
Interest Margin	5.42	5.31	5.21	5.35	5.56	5.63	5.44	5.21	5.27	5.38	5.14	5.14	5.39
Commission & Forex Income	0.22	0.23	0.23	0.45	0.22	0.28	0.23	0.26	0.23	0.26	0.29	0.28	0.27
Gross Earnings Margin	5.64	5.54	5.44	5.81	5.78	5.91	5.67	5.47	5.50	5.64	5.43	5.42	5.65
Operating Costs	3.68	4.89	3.61	3.68	3.30	3.41	3.45	3.51	3.87	3.43	3.83	3.50	3.57
Net Earnings Margin	1.96	0.65	1.84	2.12	2.48	2.50	2.22	1.96	1.63	2.21	1.61	1.92	2.09
Net Income/Loss	1.43	-1.16	1.04	1.48	2.40	2.53	2.57	1.69	1.62	2.22	1.77	1.23	2.27

\*Commercial Banks and OLFIs with domestic operations

Source: The Central Bank of The Bahamas

**TABLE 6  
MONEY SUPPLY**

(B\$ Millions)

End of Period	2013	2014	2015	2016				2017			
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.
<b>Money Supply (M1)</b>	1,641.2	1,995.7	2,071.2	2,143.1	2,198.0	2,298.0	2,460.6	2,430.2	2,659.3	2,606.6	2,654.0
1) Currency in active circulation	214.4	232.8	246.6	246.9	247.6	255.5	280.5	281.5	294.1	284.3	292.6
2) Demand deposits	1,426.8	1,762.9	1,824.7	1,896.1	1,950.4	2,042.5	2,180.1	2,148.7	2,365.2	2,322.3	2,361.5
Central Bank	11.7	26.0	17.3	13.6	17.8	7.5	12.6	15.7	19.3	21.8	17.2
Domestic Banks	1,415.1	1,736.9	1,807.3	1,882.6	1,932.7	2,035.1	2,167.6	2,133.0	2,346.0	2,300.4	2,344.2
<b>Factors affecting money (M1)</b>											
1) Net credit to Government	1,946.6	2,024.0	2,198.0	2,150.9	2,100.6	2,307.5	2,551.4	2,540.2	2,741.6	2,693.0	2,388.7
Central Bank	493.1	523.4	493.7	487.4	546.1	668.5	716.6	690.5	826.5	763.2	395.8
Domestic banks	1,453.5	1,500.5	1,704.4	1,663.5	1,554.5	1,639.0	1,834.8	1,849.8	1,915.2	1,929.9	1,992.9
2) Other credit	7,010.5	6,846.5	6,768.1	6,749.5	6,709.9	6,653.6	6,577.1	6,576.2	6,544.0	6,518.0	6,455.3
Rest of public sector	459.4	479.7	468.4	463.4	473.5	418.2	406.3	396.1	387.0	492.1	472.5
Private sector	6,551.1	6,366.9	6,299.7	6,286.1	6,236.4	6,235.5	6,170.8	6,180.1	6,157.0	6,025.8	5,982.9
3) External reserves	741.6	787.7	811.9	994.9	1,052.1	898.8	904.0	920.5	960.0	1,033.9	1,414.1
4) Other external liabilities	(694.9)	(501.2)	(531.7)	(512.4)	(395.9)	(374.7)	(225.4)	(313.2)	(220.5)	(255.3)	(251.8)
5) Quasi money	4,676.0	4,394.3	4,302.6	4,355.8	4,379.2	4,277.0	4,469.5	4,455.0	4,483.5	4,405.8	4,383.3
6) Other items (net)	(2,686.5)	(2,766.8)	(2,872.4)	(2,886.6)	(2,889.6)	(2,910.3)	(2,877.0)	(2,838.8)	(2,882.7)	(2,977.4)	(2,969.2)

Source: The Central Bank of The Bahamas

**TABLE 7**  
**CONSUMER INSTALMENT CREDIT**

(B\$' 000)

End of Period	2013	2014	2015	2016				2017			
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.
<b>CREDIT OUTSTANDING</b>											
Private cars	175,407	186,731	181,447	177,367	179,811	177,103	176,178	176,368	174,265	169,892	163,974
Taxis & rented cars	1,077	853	1,026	947	879	855	777	735	770	795	796
Commercial vehicles	2,334	1,958	1,498	1,381	1,290	1,109	1,050	1,274	1,238	1,247	1,208
Furnishings & domestic appliances	7,919	7,911	8,081	7,833	7,994	8,015	8,302	8,491	9,089	9,056	8,493
Travel	33,011	30,033	36,836	36,170	38,928	43,721	41,197	40,030	42,427	47,008	45,457
Education	33,858	36,571	41,117	40,343	39,369	52,837	52,245	50,540	48,614	54,208	53,065
Medical	12,010	11,744	12,471	13,294	13,118	13,144	12,824	13,140	13,170	12,816	12,025
Home Improvements	123,943	131,723	114,265	111,294	108,346	108,671	121,959	123,739	123,237	119,768	113,898
Land Purchases	225,065	216,760	193,163	187,987	181,767	177,984	169,847	164,302	160,905	156,141	152,771
Consolidation of debt	802,727	777,804	802,034	805,547	795,914	979,674	984,569	984,153	969,146	954,528	951,071
Miscellaneous	563,322	625,074	640,154	649,073	685,088	515,430	546,313	549,889	559,433	568,221	564,703
Credit Cards	241,241	245,254	249,164	243,919	243,214	253,828	256,166	247,825	246,364	250,934	254,852
<b>TOTAL</b>	<b>2,221,914</b>	<b>2,272,416</b>	<b>2,281,256</b>	<b>2,275,155</b>	<b>2,295,718</b>	<b>2,332,371</b>	<b>2,371,427</b>	<b>2,360,486</b>	<b>2,348,658</b>	<b>2,344,614</b>	<b>2,322,313</b>
<b>NET CREDIT EXTENDED</b>											
Private cars	(2,120)	11,324	(5,284)	(4,080)	2,444	(2,708)	(925)	190	(2,103)	(4,373)	(5,918)
Taxis & rented cars	(4)	(224)	173	(79)	(68)	(24)	(78)	(42)	35	25	1
Commercial vehicles	93	(376)	(460)	(117)	(91)	(181)	(59)	224	(36)	9	(39)
Furnishings & domestic appliances	(4,091)	(8)	170	(248)	161	21	287	189	598	(33)	(563)
Travel	3,519	(2,978)	6,803	(666)	2,758	4,793	(2,524)	(1,167)	2,397	4,581	(1,551)
Education	(686)	2,713	4,546	(774)	(974)	13,468	(592)	(1,705)	(1,926)	5,594	(1,143)
Medical	647	(266)	727	823	(176)	26	(320)	316	30	(354)	(791)
Home Improvements	(3,594)	7,780	(17,458)	(2,971)	(2,948)	325	13,288	1,780	(502)	(3,469)	(5,870)
Land Purchases	(7,687)	(8,305)	(23,597)	(5,176)	(6,220)	(3,783)	(8,137)	(5,545)	(3,397)	(4,764)	(3,370)
Consolidation of debt	21,034	(24,923)	24,230	3,513	(9,633)	183,760	4,895	(416)	(15,007)	(14,618)	(3,457)
Miscellaneous	62,097	61,752	15,080	8,919	36,015	(169,658)	30,883	3,576	9,544	8,788	(3,518)
Credit Cards	(2,504)	4,013	3,910	(5,245)	(705)	10,614	2,338	(8,341)	(1,461)	4,570	3,918
<b>TOTAL</b>	<b>66,704</b>	<b>50,502</b>	<b>8,840</b>	<b>(6,101)</b>	<b>20,563</b>	<b>36,653</b>	<b>39,056</b>	<b>(10,941)</b>	<b>(11,828)</b>	<b>(4,044)</b>	<b>(22,301)</b>

Source: The Central Bank of The Bahamas

\* Includes both demand and add-on loans

**TABLE 8**  
**SELECTED AVERAGE INTEREST RATES**

Period	(%)										
	2013	2014	2015	2016				2017			
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
<b>DOMESTIC BANKS</b>											
<b>Deposit rates</b>											
Savings deposits	0.97	0.89	0.83	0.80	0.87	0.72	0.87	0.77	0.72	0.68	0.72
Fixed deposits											
Up to 3 months	1.37	1.16	1.13	1.05	0.98	0.94	0.90	0.80	0.68	0.74	0.88
Up to 6 months	1.35	1.22	1.08	1.05	1.03	0.89	1.00	0.65	0.66	0.63	0.62
Up to 12 months	2.15	1.76	1.71	1.87	1.44	1.43	1.57	1.27	1.32	1.11	1.14
Over 12 months	2.20	1.64	1.57	1.64	1.66	2.02	2.15	1.45	1.80	1.61	1.57
Weighted average rate	1.68	1.42	1.41	1.36	1.25	1.14	1.22	1.00	0.98	0.98	1.03
<b>Lending rates</b>											
Residential mortgages	7.27	7.16	6.47	6.32	6.21	6.20	6.13	6.14	6.00	5.41	5.50
Commercial mortgages	8.21	8.02	7.89	7.42	7.00	8.29	8.33	6.38	6.58	6.75	7.75
Consumer loans	13.65	13.91	14.26	13.65	14.14	14.37	13.96	13.60	13.82	13.36	13.64
Overdrafts	9.32	9.76	10.36	10.78	11.04	11.60	11.09	10.78	10.65	10.12	10.94
Weighted average rate	11.10	11.81	12.29	11.83	12.54	12.93	12.68	11.88	12.02	11.64	11.48
<b>Other rates</b>											
Prime rate	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.25	4.25	4.25	4.25
Treasury bill (90 days)	0.30	0.53	0.68	1.03	1.48	1.94	2.11	1.96	1.77	1.77	1.82
Treasury bill re-discount rate	0.80	1.03	1.18	1.53	1.98	2.44	2.61	2.46	2.27	2.27	2.32
Bank rate (discount rate)	4.50	4.50	4.50	4.50	4.50	4.50	4.33	4.00	4.00	4.00	4.00

Source: The Central Bank of The Bahamas

**TABLE 9**  
**SELECTED CREDIT QUALITY INDICATORS OF DOMESTIC BANKS**

Period	(%)										
	2013	2014	2015	2016				2017			
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
<b>Loan Portfolio</b>											
Current Loans (as a % of total loans)	<b>78.4</b>	<b>79.7</b>	<b>80.9</b>	<b>81.1</b>	<b>82.6</b>	<b>82.3</b>	<b>84.3</b>	<b>84.7</b>	<b>84.3</b>	<b>85.5</b>	<b>85.7</b>
Arrears (% by loan type)											
Consumer	5.0	5.2	4.7	4.5	4.3	4.1	4.0	4.0	4.1	4.2	4.2
Mortgage	11.0	11.0	10.9	10.8	9.6	10.0	8.1	7.9	8.0	8.3	8.6
Commercial	5.5	4.1	3.5	3.6	3.6	3.7	3.6	3.4	3.6	1.9	1.5
Public	0.1	0.0	-	-	-	0.0	-	0.0	0.0	0.0	0.0
Total Arrears	<b>21.6</b>	<b>20.3</b>	<b>19.1</b>	<b>18.9</b>	<b>17.4</b>	<b>17.7</b>	<b>15.7</b>	<b>15.3</b>	<b>15.7</b>	<b>14.5</b>	<b>14.3</b>
<b>Total B\$ Loan Portfolio</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Loan Portfolio</b>											
Current Loans (as a % of total loans)	<b>78.4</b>	<b>79.7</b>	<b>80.9</b>	<b>81.1</b>	<b>82.6</b>	<b>82.3</b>	<b>84.3</b>	<b>84.7</b>	<b>84.3</b>	<b>85.5</b>	<b>85.7</b>
Arrears (% by days outstanding)											
30 - 60 days	3.6	2.9	3.1	3.0	2.5	2.9	2.8	2.7	2.7	3.3	3.3
61 - 90 days	2.5	2.0	1.8	1.6	1.7	1.7	1.6	1.5	1.7	1.7	1.8
90 - 179 days	2.1	2.0	1.6	1.7	1.6	1.7	1.5	1.4	1.5	1.6	1.4
over 180 days	13.3	13.3	12.6	12.6	11.7	11.4	9.8	9.8	9.8	7.9	7.7
Total Arrears	<b>21.6</b>	<b>20.3</b>	<b>19.1</b>	<b>18.9</b>	<b>17.4</b>	<b>17.7</b>	<b>15.7</b>	<b>15.3</b>	<b>15.7</b>	<b>14.5</b>	<b>14.3</b>
<b>Total B\$ Loan Portfolio</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Non Accrual Loans (% by loan type)											
Consumer	21.5	23.6	22.2	21.7	22.8	20.9	23.2	23.5	23.9	26.4	27.2
Mortgage	50.7	53.8	57.4	56.3	54.0	56.1	50.7	50.3	49.6	59.5	61.4
Other Private	27.2	22.6	20.4	22.0	23.2	23.0	26.1	26.1	26.5	14.2	11.4
Public	0.6	-	-	-	-	-	-	0.0	0.0	0.0	0.0
Total Non Accrual Loans	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Provisions to Loan Portfolio</b>											
Consumer	6.1	6.5	7.1	7.4	7.3	7.2	7.4	7.1	7.1	6.6	6.1
Mortgage	5.6	8.9	9.9	10.0	10.1	9.8	8.9	7.6	7.8	8.0	8.3
Other Private	7.9	11.4	10.2	10.6	11.9	12.2	11.6	12.3	15.4	7.4	8.1
Public	-	-	-	-	-	-	-	-	-	-	-
Total Provisions to Total Loans	6.0	7.9	8.3	8.6	8.6	8.5	8.0	7.4	7.9	6.7	6.8
Total Provisions to Non-performing Loans	39.0	51.2	58.5	60.0	65.1	65.4	70.6	66.8	69.8	71.1	74.6
Total Non-performing Loans to Total Loans	15.4	15.3	14.2	14.3	13.2	13.1	11.4	11.1	11.3	9.5	9.2

**Source: The Central Bank of The Bahamas**

Figures may not sum to total due to rounding.

**TABLE 10**  
**SUMMARY OF BANK LIQUIDITY**

(B\$ Millions)

Period	2013	2014	2015	2016				2017			
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.
<b>I. Statutory Reserves</b>											
Required reserves	303.3	311.2	316.9	319.0	324.3	328.4	325.1	330.1	333.8	335.4	336.9
Average Till Cash	117.4	122.7	123.0	115.3	96.9	104.3	130.4	99.8	101.3	104.1	125.8
Average balance with central bank	593.3	676.6	598.7	782.8	895.5	921.3	945.1	902.6	982.4	1,006.7	1,030.3
Free cash reserves (period ended)	407.4	488.0	404.9	579.2	668.1	697.1	750.5	672.3	749.9	775.4	819.2
<b>II. Liquid Assets (period)</b>											
A. Minimum Required Liquid Assets	988.3	1,025.5	1,044.6	1,078.4	1,085.5	1,079.4	1,098.6	1,116.7	1,142.2	1,140.7	1,128.9
B. Net Eligible Liquid Assets	2,126.1	2,182.2	2,361.6	2,547.7	2,603.4	2,504.8	2,579.9	2,588.6	2,768.4	2,804.0	2,954.8
i) Balance with Central Bank	513.6	606.7	587.5	792.6	921.8	882.8	867.3	894.0	1,046.9	1,062.4	1,012.2
ii) Notes and Coins	138.6	143.0	142.9	114.4	97.4	101.8	145.6	98.1	94.2	94.9	146.3
iii) Treasury Bills	392.4	454.5	662.6	680.0	627.8	557.9	531.9	489.3	475.1	506.5	611.4
iv) Government registered stocks	962.2	907.0	895.4	892.3	889.6	891.1	987.1	1,055.5	1,105.9	1,094.3	1,137.7
v) Specified assets	56.6	56.0	55.6	55.6	53.5	51.0	51.0	51.0	50.9	50.8	50.8
vi) Net Inter-bank dem/call deposits	62.7	15.1	17.4	12.8	13.3	20.3	(3.0)	0.7	(4.5)	(4.9)	(3.6)
vii) Less: borrowings from central bank	-	-	-	-	-	-	-	-	-	-	-
C. Surplus/(Deficit)	1,137.7	1,156.8	1,316.9	1,469.3	1,518.0	1,425.4	1,481.3	1,471.9	1,626.2	1,663.4	1,825.9

**Source: The Central Bank of The Bahamas**

Figures may not sum to total due to rounding.

**TABLE 11  
GOVERNMENT OPERATIONS AND FINANCING**

(B\$ Millions)

Period	2015/16p	2016/17p	Budget		2016/17p				2017/18p	
			2016/17	2017/18	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II
Total Revenue & Grants	1,929.6	2,060.5	2,168.8	2,139.0	450.4	401.4	605.9	602.8	452.2	426.4
Current expenditure	2,005.0	2,339.7	2,024.4	2,231.9	469.5	535.4	505.3	829.5	483.4	514.9
Capital expenditure	231.3	390.2	242.1	230.9	65.1	87.3	75.0	162.7	34.4	41.5
Net lending	3.6	0.0	(0.1)	(2.4)	0.1	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
<b>Overall balance</b>	<b>(310.4)</b>	<b>(669.3)</b>	<b>(97.6)</b>	<b>(321.3)</b>	<b>(84.3)</b>	<b>(221.3)</b>	<b>25.6</b>	<b>(389.3)</b>	<b>(65.6)</b>	<b>(129.9)</b>
<b>FINANCING (I+II-III+IV+V)</b>	310.4	669.3	97.6	321.3	84.3	221.3	(25.6)	389.3	65.6	129.9
<b>I. Foreign currency borrowing</b>	<b>255.8</b>	<b>43.3</b>	<b>85.1</b>	<b>9.5</b>	<b>11.7</b>	<b>14.0</b>	<b>4.0</b>	<b>13.6</b>	<b>358.2</b>	<b>950.2</b>
External	205.8	43.3	85.1	9.5	11.7	14.0	4.0	13.6	358.2	950.2
Domestic	50.0	-	-	-	-	-	-	-	-	-
<b>II. Bahamian dollar borrowing</b>	<b>411.1</b>	<b>1,132.1</b>	<b>299.5</b>	<b>743.5</b>	<b>206.6</b>	<b>546.2</b>	<b>86.6</b>	<b>292.7</b>	<b>97.6</b>	<b>232.7</b>
i) Treasury bills	301.2	337.7	-	-	37.6	70.7	11.6	217.7	8.6	0.7
ii) Long-term securities	87.3	545.0	-	-	155.0	240.0	75.0	75.0	75.0	232.0
iii) Loans and Advances	22.6	249.5	-	-	14.0	235.5	-	-	14.0	-
<b>III. Debt repayment</b>	<b>322.7</b>	<b>595.1</b>	<b>287.1</b>	<b>426.2</b>	<b>146.8</b>	<b>265.1</b>	<b>88.5</b>	<b>94.8</b>	<b>140.8</b>	<b>884.9</b>
Domestic	294.3	557.1	258.9	388.6	136.2	258.0	75.2	87.7	125.9	427.2
Bahamian dollars	244.3	557.1	258.9	388.6	136.2	258.0	75.2	87.7	125.9	427.2
Internal foreign currency	50.0	-	-	-	-	-	-	-	-	-
External	28.5	38.1	28.2	37.6	10.6	7.1	13.3	7.1	14.9	457.7
<b>IV. Net Sale of Shares &amp; Other Equity</b>	-	<b>(120.2)</b>	-	-	<b>(102.5)</b>	-	<b>(17.7)</b>	-	<b>(50.0)</b>	<b>(19.0)</b>
<b>V. Cash balance change</b>	<b>(110.4)</b>	<b>227.6</b>	-	-	<b>162.3</b>	<b>25.8</b>	<b>22.7</b>	<b>16.7</b>	<b>(2.1)</b>	<b>(4.0)</b>
<b>VI. Other Financing</b>	<b>76.6</b>	<b>(18.4)</b>	-	<b>(5.5)</b>	<b>(47.0)</b>	<b>(99.6)</b>	<b>(32.8)</b>	<b>161.1</b>	<b>(197.3)</b>	<b>(145.1)</b>

Source: Treasury Monthly Printouts. Data compiled according to the International Monetary Fund's Government Finance Statistics format.

**TABLE 12  
NATIONAL DEBT**

**(B\$ '000s)**

Period	2015	2016	2017	2016				2017			
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.
<b>TOTAL EXTERNAL DEBT</b>	1,641,210	1,745,483	2,613,992	1,753,830	1,753,276	1,757,003	1,745,483	1,739,915	1,763,572	2,116,595	2,613,992
By Instrument											
Government Securities	900,000	900,000	1,650,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	1,650,000
Loans	741,210	845,483	963,992	853,830	853,276	857,003	845,483	839,915	863,572	1,216,595	963,992
By Holder											
Commercial Banks	-	-	-	-	-	-	-	-	-	-	-
Offshore Financial Institutions	-	-	-	-	-	-	-	-	-	-	-
Multilateral Institutions	221,348	216,959	209,356	220,285	214,910	219,422	216,959	217,306	216,568	216,852	209,356
Bilateral Institutions	72,352	80,846	90,688	72,009	73,093	74,671	80,846	81,594	90,323	88,949	90,688
Private Capital Markets	900,000	900,000	1,650,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	1,650,000
Other Financial Institutions	447,510	547,678	663,948	561,536	565,273	562,910	547,678	541,015	556,681	910,794	663,948
<b>TOTAL INTERNAL DEBT</b>	4,263,352	4,570,098	4,563,864	4,288,905	4,211,490	4,281,896	4,570,098	4,581,539	4,786,541	4,758,310	4,563,864
By Instrument											
Foreign Currency	36,615	-	-	50,000	-	-	-	-	-	-	-
Government Securities	-	-	-	-	-	-	-	-	-	-	-
Loans	36,615	-	-	50,000	-	-	-	-	-	-	-
Bahamian Dollars	4,226,737	4,570,098	4,563,864	4,238,905	4,211,490	4,281,896	4,570,098	4,581,539	4,786,541	4,758,310	4,563,864
Advances	134,657	134,657	134,657	134,657	134,657	134,657	134,657	134,657	134,657	134,657	134,657
Treasury Bills	816,513	793,896	655,749	843,606	856,336	857,971	793,896	730,479	870,626	862,043	655,749
Government Securities	3,072,783	3,314,783	3,492,283	3,057,783	3,047,783	3,142,783	3,314,783	3,389,783	3,454,783	3,457,783	3,492,283
Loans	202,784	326,762	281,175	202,859	172,714	146,485	326,762	326,620	326,475	303,827	281,175
By Holder											
Foreign Currency	36,615	-	-	50,000	-	-	-	-	-	-	-
Commercial Banks	36,615	-	-	50,000	-	-	-	-	-	-	-
Other Local Financial Institutions	-	-	-	-	-	-	-	-	-	-	-
Bahamian Dollars	4,226,737	4,570,098	4,563,864	4,238,905	4,211,490	4,281,896	4,570,098	4,581,539	4,786,541	4,758,310	4,563,864
The Central Bank	519,533	727,531	413,570	507,299	565,484	692,598	727,531	695,407	856,295	774,449	413,570
Commercial Banks	1,708,532	1,789,051	1,975,909	1,727,174	1,641,247	1,539,499	1,789,051	1,819,657	1,839,739	1,854,101	1,975,909
Other Local Financial Institutions	26,395	17,208	27,162	9,857	9,857	16,674	17,208	12,285	28,157	16,364	27,162
Public Corporations	650,289	600,691	602,287	637,789	632,020	620,523	600,691	610,691	612,684	603,518	602,287
Other	1,321,988	1,435,617	1,544,936	1,356,786	1,362,882	1,412,602	1,435,617	1,443,499	1,449,666	1,509,878	1,544,936
<b>TOTAL FOREIGN CURRENCY DEBT</b>	1,677,825	1,745,483	2,613,992	1,803,830	1,753,276	1,757,003	1,745,483	1,739,915	1,763,572	2,116,595	2,613,992
<b>TOTAL DIRECT CHARGE</b>	5,904,562	6,315,581	7,177,856	6,042,735	5,964,766	6,038,899	6,315,581	6,321,454	6,550,113	6,874,905	7,177,856
<b>TOTAL CONTINGENT LIABILITIES</b>	755,310	734,602	704,190	756,413	747,189	735,544	734,602	727,689	726,479	712,646	704,190
<b>TOTAL NATIONAL DEBT</b>	6,659,872	7,050,183	7,882,046	6,799,148	6,711,955	6,774,443	7,050,183	7,049,143	7,276,592	7,587,551	7,882,046

Source: Treasury Accounts & Treasury Statistical Summary Printouts

Public Corporation Reports

Creditor Statements, Central Bank of The Bahamas



**TABLE 13**  
**PUBLIC SECTOR FOREIGN CURRENCY DEBT OPERATIONS**

(B\$' 000s)

Period	2015p	2016p	2017p*	2016p				2017p			
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.**
<b>Outstanding Debt at Beginning of Period</b>	<b>2,453,016</b>	<b>2,574,001</b>	<b>2,646,751</b>	<b>2,574,001</b>	<b>2,691,398</b>	<b>2,721,880</b>	<b>2,669,275</b>	<b>2,646,751</b>	<b>2,633,273</b>	<b>2,650,423</b>	<b>2,994,750</b>
Government	1,572,394	1,677,825	1,745,483	1,677,825	1,803,830	1,753,276	1,757,003	1,745,483	1,739,915	1,763,572	2,116,595
Public Corporations	880,622	896,176	901,268	896,176	887,568	968,604	912,272	901,268	893,358	886,851	878,155
<b>Plus: New Drawings</b>	<b>188,993</b>	<b>282,333</b>	<b>1,345,496</b>	<b>129,322</b>	<b>115,822</b>	<b>14,576</b>	<b>22,613</b>	<b>7,106</b>	<b>23,739</b>	<b>361,259</b>	<b>953,392</b>
Government	143,384	166,786	1,326,043	126,406	14,723	11,653	14,004	4,037	13,629	358,171	950,206
Public Corporations	45,609	115,547	19,453	2,916	101,099	2,923	8,609	3,069	10,110	3,088	3,186
<b>Less: Amortization</b>	<b>51,486</b>	<b>193,524</b>	<b>545,715</b>	<b>19,732</b>	<b>77,224</b>	<b>69,864</b>	<b>26,704</b>	<b>24,284</b>	<b>23,682</b>	<b>26,718</b>	<b>471,031</b>
Government	21,448	83,071	493,002	8,202	57,164	10,608	7,097	13,303	7,059	14,931	457,709
Public Corporations	30,038	110,453	52,713	11,530	20,060	59,256	19,607	10,981	16,623	11,787	13,322
<b>Other Changes in Debt Stock</b>	<b>(16,522)</b>	<b>(16,059)</b>	<b>35,480</b>	<b>7,807</b>	<b>(8,116)</b>	<b>2,683</b>	<b>(18,433)</b>	<b>3,700</b>	<b>17,093</b>	<b>9,786</b>	<b>4,901</b>
Government	(16,505)	(16,057)	35,468	7,801	(8,113)	2,682	(18,427)	3,698	17,087	9,783	4,900
Public Corporations	(17)	(2)	12	6	(3)	1	(6)	2	6	3	1
<b>Outstanding Debt at End of Period</b>	<b>2,574,001</b>	<b>2,646,751</b>	<b>3,482,012</b>	<b>2,691,398</b>	<b>2,721,880</b>	<b>2,669,275</b>	<b>2,646,751</b>	<b>2,633,273</b>	<b>2,650,423</b>	<b>2,994,750</b>	<b>3,482,012</b>
Government	1,677,825	1,745,483	2,613,992	1,803,830	1,753,276	1,757,003	1,745,483	1,739,915	1,763,572	2,116,595	2,613,992
Public Corporations	896,176	901,268	868,020	887,568	968,604	912,272	901,268	893,358	886,851	878,155	868,020
<b>Interest Charges</b>	<b>133,117</b>	<b>143,735</b>	<b>152,855</b>	<b>27,926</b>	<b>43,182</b>	<b>33,155</b>	<b>39,472</b>	<b>35,106</b>	<b>39,179</b>	<b>35,559</b>	<b>43,011</b>
Government	79,963	87,477	92,969	15,038	28,354	19,931	24,154	20,474	23,759	20,987	27,749
Public Corporations	53,154	56,258	59,886	12,888	14,828	13,224	15,318	14,632	15,420	14,572	15,262
<b>Debt Service</b>	<b>184,603</b>	<b>337,259</b>	<b>698,570</b>	<b>47,658</b>	<b>120,406</b>	<b>103,019</b>	<b>66,176</b>	<b>59,390</b>	<b>62,861</b>	<b>62,277</b>	<b>514,042</b>
Government	101,411	170,548	585,971	23,240	85,518	30,539	31,251	33,777	30,818	35,918	485,458
Public Corporations	83,192	166,711	112,599	24,418	34,888	72,480	34,925	25,613	32,043	26,359	28,584
<b>Debt Service Ratio (%)</b>	<b>5.4</b>	<b>9.9</b>	<b>7.3</b>	<b>5.4</b>	<b>12.6</b>	<b>12.9</b>	<b>8.6</b>	<b>6.8</b>	<b>6.6</b>	<b>7.9</b>	<b>8.2</b>
<b>Government Debt Service/ Government Revenue (%)</b>	<b>5.3</b>	<b>9.0</b>	<b>6.5</b>	<b>4.6</b>	<b>16.1</b>	<b>6.8</b>	<b>7.8</b>	<b>5.6</b>	<b>5.1</b>	<b>7.9</b>	<b>8.3</b>
<b>MEMORANDUM</b>											
Holder Distribution (B\$ Mil):											
Banks	319.1	297.8	267.7	329.3	359.6	304.8	297.8	289.0	281.9	274.8	267.7
Offshore Financial Institutions	-	-	-	-	-	-	-	-	-	-	-
Multilateral Institutions	281.9	285.8	281.3	280.6	278.4	282.7	285.8	285.9	290.5	290.5	281.3
Bilateral Institutions	72.4	80.8	90.7	72.0	73.1	74.7	80.8	81.6	90.3	88.9	90.7
Other	1,000.6	1,082.3	1,192.4	1,109.5	1,110.8	1,107.1	1,082.3	1,076.8	1,087.7	1,440.5	1,192.4
Private Capital Markets	900.0	900.0	1,650.0	900.0	900.0	900.0	900.0	900.0	900.0	900.0	1,650.0

Source: Treasury Accounts, Treasury Statistical Printouts and Quarterly Reports from Public Corporations, Central Bank of The Bahamas.

\*Debt servicing for 2017 includes the refinancing of \$450 million in Government's external debt. Net of this transaction, the Debt Service Ratio was 7.3% and the Government Debt Service/Revenue Ratio was 6.5%.

\*\* Debt servicing for the 4th quarter of 2017 includes the refinancing of \$450 million in Government external debt. Net of these transactions, the Debt Service Ratio was 8.2% and the Government Debt Service/Revenue ratio was 8.3%.

**TABLE 14**  
BALANCE OF PAYMENTS SUMMARY\*

	(B\$ Millions)											
	2015p	2016p	2017p	2016				2017				
				Qtr.Ip	Qtr.IIp	Qtr.IIIp	Qtr.IVp	Qtr.Ip	Qtr.IIp	Qtr.IIIp	Qtr.IVp	
<b>A. Current Account Balance (I+II+III+IV)</b>	<b>(1,610.2)</b>	<b>(1,158.3)</b>	<b>(1,909.3)</b>	<b>(220.7)</b>	<b>(203.8)</b>	<b>(512.4)</b>	<b>(221.4)</b>	<b>(502.1)</b>	<b>(472.5)</b>	<b>(462.1)</b>	<b>(472.6)</b>	
<b>I. Merchandise (Net)</b>	<b>(2,433.5)</b>	<b>(2,150.2)</b>	<b>(2,404.1)</b>	<b>(508.2)</b>	<b>(499.7)</b>	<b>(581.0)</b>	<b>(561.4)</b>	<b>(587.4)</b>	<b>(647.7)</b>	<b>(572.4)</b>	<b>(596.6)</b>	
Exports	520.5	481.4	558.0	96.1	149.1	104.6	131.6	137.7	181.7	114.1	124.5	
Imports	2,954.0	2,631.6	2,962.1	604.3	648.7	685.6	693.0	725.1	829.3	686.5	721.1	
<b>II. Services (Net)</b>	<b>1,280.5</b>	<b>1,115.9</b>	<b>996.3</b>	<b>387.4</b>	<b>417.6</b>	<b>228.6</b>	<b>82.3</b>	<b>207.9</b>	<b>310.3</b>	<b>227.5</b>	<b>250.6</b>	
Transportation	(258.1)	(267.7)	(354.7)	(61.0)	(75.9)	(68.1)	(62.7)	(93.9)	(98.2)	(74.3)	(88.3)	
Travel	2,264.7	2,261.3	2,206.5	652.2	649.0	502.4	457.7	591.6	639.3	466.7	508.9	
Insurance Services	(144.8)	(155.1)	(112.6)	(32.4)	(45.5)	(45.6)	(31.6)	(17.9)	(28.0)	(31.9)	(34.8)	
Offshore Companies Local Expenses	165.7	168.8	128.6	35.2	55.2	47.5	30.9	30.8	17.5	49.5	30.7	
Other Government	(73.2)	(208.7)	(105.8)	(75.6)	(42.6)	(48.5)	(42.0)	(43.2)	(27.3)	(33.8)	(1.5)	
Other Services	(673.8)	(682.6)	(765.7)	(131.0)	(122.7)	(159.0)	(269.9)	(259.5)	(193.1)	(148.7)	(164.5)	
<b>III. Income (Net)</b>	<b>(362.9)</b>	<b>(439.9)</b>	<b>(364.3)</b>	<b>(70.0)</b>	<b>(117.7)</b>	<b>(142.3)</b>	<b>(109.9)</b>	<b>(101.9)</b>	<b>(98.2)</b>	<b>(79.7)</b>	<b>(84.5)</b>	
1. Compensation of Employees	(67.9)	(38.9)	(38.7)	(11.1)	(8.2)	(10.0)	(9.6)	(10.4)	(9.9)	(9.8)	(8.6)	
2. Investment Income	(295.0)	(401.0)	(325.6)	(58.9)	(109.5)	(132.3)	(100.3)	(91.5)	(88.4)	(69.9)	(75.9)	
<b>IV. Current Transfers (Net)</b>	<b>(94.3)</b>	<b>316.0</b>	<b>(137.1)</b>	<b>(29.9)</b>	<b>(4.0)</b>	<b>(17.7)</b>	<b>367.6</b>	<b>(20.7)</b>	<b>(36.8)</b>	<b>(37.5)</b>	<b>(42.0)</b>	
1. General Government	130.0	118.4	114.0	29.4	35.5	33.1	20.4	23.2	34.9	31.1	24.8	
2. Private Sector	(224.3)	197.6	(251.0)	(59.3)	(39.4)	(50.8)	347.2	(43.9)	(71.8)	(68.6)	(66.8)	
<b>B. Capital and Financial Account (I+II)</b> (excl. Reserves)	<b>336.7</b>	<b>461.3</b>	<b>1,592.4</b>	<b>9.6</b>	<b>63.8</b>	<b>(56.5)</b>	<b>444.4</b>	<b>321.2</b>	<b>61.5</b>	<b>684.4</b>	<b>525.3</b>	
<b>I. Capital Account (Net Transfers)</b>	<b>(20.2)</b>	<b>(13.8)</b>	<b>(26.1)</b>	<b>(4.4)</b>	<b>(2.9)</b>	<b>(2.6)</b>	<b>(3.9)</b>	<b>(9.6)</b>	<b>(3.7)</b>	<b>(8.5)</b>	<b>(4.4)</b>	
<b>II. Financial Account (Net)</b>	<b>356.9</b>	<b>475.1</b>	<b>1,618.5</b>	<b>14.0</b>	<b>66.8</b>	<b>(53.9)</b>	<b>448.3</b>	<b>330.8</b>	<b>65.2</b>	<b>692.9</b>	<b>529.6</b>	
1. Direct Investment	69.8	73.7	73.6	(16.3)	27.4	38.6	23.9	46.9	(2.8)	21.4	8.0	
2. Portfolio Investment	(12.4)	(21.7)	(16.7)	(4.2)	(5.2)	(7.4)	(4.9)	(4.4)	(4.6)	(2.2)	(5.5)	
3. Other Investments	299.4	423.1	1,561.6	34.4	44.5	(85.1)	429.3	288.2	72.6	673.7	527.1	
Central Gov't Long Term Capital	94.7	118.5	833.0	104.8	7.6	1.0	5.1	(9.3)	6.6	343.2	492.5	
Other Public Sector Capital	6.5	100.4	(19.7)	(2.6)	95.7	(1.8)	9.0	(3.1)	(2.3)	(6.4)	(7.9)	
Banks	29.6	(306.3)	26.4	(19.3)	(116.5)	(21.1)	(149.3)	87.8	(92.7)	34.7	(3.3)	
Other	168.6	510.5	721.9	(48.5)	57.8	(63.3)	564.5	212.9	161.0	302.2	45.8	
<b>C. Net Errors and Omissions</b>	<b>1,297.7</b>	<b>789.0</b>	<b>827.0</b>	<b>394.1</b>	<b>197.1</b>	<b>415.6</b>	<b>(217.8)</b>	<b>197.4</b>	<b>450.6</b>	<b>(148.4)</b>	<b>327.5</b>	
<b>D. Overall Balance (A+B+C)</b>	<b>24.3</b>	<b>92.0</b>	<b>510.1</b>	<b>183.0</b>	<b>57.2</b>	<b>(153.3)</b>	<b>5.1</b>	<b>16.5</b>	<b>39.5</b>	<b>73.9</b>	<b>380.2</b>	
<b>E. Financing (Net)</b>	<b>(24.3)</b>	<b>(92.0)</b>	<b>(510.1)</b>	<b>(183.0)</b>	<b>(57.2)</b>	<b>153.3</b>	<b>(5.1)</b>	<b>(16.5)</b>	<b>(39.5)</b>	<b>(73.9)</b>	<b>(380.2)</b>	
Change in SDR holdings	3.5	2.3	(4.0)	(1.2)	0.6	0.2	2.8	(0.6)	(1.8)	(1.1)	(0.5)	
Change in Reserve Position with the IMF	0.4	(17.3)	(1.5)	(18.5)	0.2	0.1	1.0	(0.2)	(0.7)	(0.4)	(0.2)	
Change in Ext. Foreign Assets ( ) = Increase	(28.1)	(77.0)	(504.6)	(163.3)	(57.9)	153.1	(8.9)	(15.6)	(37.0)	(72.4)	(379.5)	

Source: The Central Bank of the Bahamas

\* Figures may not sum to total due to rounding

**TABLE 15**  
**EXTERNAL TRADE**

**(BS '000s)**

Period	2015	2016	2017	2016				2017		
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III
<b>I. OIL TRADE</b>										
i) Exports	70,350	45,510	46,686	9,366	11,439	12,320	12,386	16,285	14,258	16,143
ii) Imports <sup>R</sup>	535,306	402,527	400,771	69,639	94,856	113,049	124,983	119,192	131,572	150,007
<b>II. OTHER MERCHANDISE</b>										
<b>Domestic Exports</b>										
Crawfish	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Fish Conch & other Crustacea	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other cordials & Similar Materials/Sponge	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Fruits & Veggies.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Aragonite	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other Natural Sands	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Rum/Beverages/Spirits & Vinegar	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crude Salt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Polystrene Products	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>i) Total Domestic Exports</b>	230,074	202,190	165,543	45,892	52,595	48,025	55,678	70,519	56,207	38,817
<b>ii) Re-Exports</b>	148,616	155,016	139,414	23,443	66,974	17,998	46,601	27,416	84,865	27,133
<b>iii) Total Exports (i+ii)</b>	378,690	357,206	304,957	69,335	119,569	66,023	102,279	97,935	141,072	65,950
<b>iv) Imports</b>	2,626,736	2,529,125	2,150,581	572,308	641,450	637,705	677,662	691,555	801,113	657,913
<b>v) Retained Imports (iv-ii)</b>	2,478,120	2,374,109	2,011,167	548,866	574,476	619,706	631,061	664,139	716,248	630,780
<b>vi) Trade Balance (i-v)</b>	(2,248,046)	(2,171,919)	(1,845,624)	(502,974)	(521,881)	(571,682)	(575,383)	(593,620)	(660,041)	(591,963)

Source: Department of Statistics Quarterly Statistical Summaries

**TABLE 16**  
SELECTED TOURISM STATISTICS

Period	2015	2016	2017	2016				2017			
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
<b>Visitor Arrivals</b>	<b>6,112,093</b>	<b>6,264,839</b>	<b>6,136,159</b>	<b>1,764,730</b>	<b>1,571,231</b>	<b>1,455,632</b>	<b>1,473,246</b>	<b>1,726,664</b>	<b>1,544,025</b>	<b>1,267,754</b>	<b>1,597,716</b>
Air	1,390,911	1,391,633	1,336,079	384,324	397,446	344,647	265,216	348,549	386,672	297,524	303,334
Sea	4,721,182	4,873,206	4,800,080	1,380,406	1,173,785	1,110,985	1,208,030	1,378,115	1,157,353	970,230	1,294,382
<b>Visitor Type</b>											
Stopover	1,471,808	1,481,215	n.a	403,289	431,849	374,717	271,360	n.a	n.a	n.a	n.a
Cruise	4,513,458	4,684,049	4,626,259	1,338,961	1,112,982	1,051,719	1,180,387	1,343,940	1,095,430	918,044	1,268,845
Day/Transit	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
<b>Tourist Expenditure(BS 000's)</b>	<b>2,537,532</b>	<b>2,610,096</b>	<b>n.a</b>	<b>757,229</b>	<b>739,978</b>	<b>617,281</b>	<b>495,608</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>
Stopover	2,224,289	2,312,191	n.a	665,515	659,102	547,313	440,261	n.a	n.a	n.a	n.a
Cruise	309,427	294,004	n.a	90,549	79,619	69,142	54,695	n.a	n.a	n.a	n.a
Day	3,817	3,901	n.a	1,165	1,258	826	653	n.a	n.a	n.a	n.a
<b>Number of Hotel Nights</b>	<b>2,251</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>
<b>Average Length of Stay</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>
<b>Average Hotel Occupancy Rates (%)*</b>											
New Providence	63	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Grand Bahama	55	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Other Family Islands	41	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
<b>Average Nightly Room Rates (\$)*</b>											
New Providence	233	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Grand Bahama	68	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Other Family Islands	203	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a

Source: The Ministry of Tourism