



Quarterly Economic Review

June, 2013

Vol. 22, No. 2

The Quarterly Economic Review is a publication of The Central Bank of The Bahamas, prepared by The Research Department for issue in March, June, September and December. It replaces the former Quarterly Review which was last published for March 1992. All correspondence pertaining to the Economic Review should be addressed to:

The Manager
Research Department
The Central Bank of The Bahamas
P. O. Box N-4868
Nassau, Bahamas

www.centralbankbahamas.com

email address: research@centralbankbahamas.com

QUARTERLY ECONOMIC REVIEW

Volume 22, No. 2
June, 2013

CONTENTS

	PAGE
1. REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS	
DOMESTIC ECONOMIC DEVELOPMENTS	1
FISCAL OPERATIONS	1
REAL SECTOR	5
TOURISM	5
CONSTRUCTION	5
PRICES	6
MONEY, CREDIT & INTEREST RATES	7
CAPITAL MARKETS DEVELOPMENTS	12
INTERNATIONAL TRADE & PAYMENTS	12
INTERNATIONAL ECONOMIC DEVELOPMENTS	13
2. STATISTICAL APPENDIX (TABLES 1-16)	16

REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

DOMESTIC ECONOMIC DEVELOPMENTS

Preliminary indications are that domestic economic conditions were relatively subdued during the second quarter of 2013, reflecting ongoing weakness in the key tourism sector, amid a decline in the high value-added air segment and slackened growth in sea arrivals. However, construction activity continued to be supported by foreign investment-led resort developments in both New Providence and several Family Islands—although domestic housing and other private sector real estate projects were restrained. Consumer price domestic inflation was relatively benign over the review period, due to generally lower international commodity prices.

The overall fiscal deficit deteriorated over the eleven months of FY2012/13, reflecting a combination of a tax-led reduction in revenue collections and higher spending. Deficit financing was obtained primarily from domestic sources, mainly in the form of Treasury bills and Government bonds.

Monetary developments continued to feature elevated levels of bank liquidity, reflecting the sustained weakness in private sector demand and modest net foreign inflows from real sector activities. With the persistence of high unemployment and challenging business conditions, there was no improvement in banks' loan arrears, and as banks responded by augmenting provisioning against loan losses, their overall profitability levels were adversely impacted.

Preliminary external sector data for the second quarter showed a more than two-fold deterioration in the current account deficit vis-à-vis the same period last year, as a surge in payments for foreign investment-related construction services narrowed the surplus on the services account. The capital and financial account surplus also contracted, as direct investment inflows fell below the prior year's level, which were boosted by the sale of a major resort to a foreign investor.

FISCAL OPERATIONS

OVERVIEW

The overall fiscal deficit deteriorated by 49.3% (\$146.6 million) to \$444.0 million during the eleven months of FY2012/13, due to a combination of a 5.9% (\$78.8 million) decline in revenue to \$1,250.3 million and a 4.2% (\$67.8 million) expansion in spending to \$1,694.3 million.

REVENUE

The decrease in revenue was mainly driven by a 5.1% (\$59.8 million) reduction in tax collections, which comprised the bulk (89.7%) of total receipts, to \$1,120.9 million. Taxes on international trade transactions were lower by 15.1% (\$99.1 million), with the 26.8% fall-off in receipts from excise taxes representing a return to trend levels, following the year-earlier surge when a public entity repaid outstanding arrears. Smaller declines were noted for import and export taxes, of 4.6% (\$14.7 million) and 13.5% (\$1.8 million), respectively. The yield from property sales and financial related stamp taxes lessened by 17.9% (\$18.3 million) and 9.8% (\$5.4 million), respectively. In a partial offset, collections of property taxes, selective taxes on services and professional license fees grew by 7.0% (\$6.4 million), 3.5% (\$1.6 million) and 1.3% (\$1.5 million), respectively. Reflecting the collection of prior period receipts, departure taxes firmed to \$13.5 million from a mere \$0.3 million.

Non-tax revenue, at 10.3% of the total, softened by 1.0% (\$1.3 million) to \$129.3 million. A \$7.6 million gain in receipts from the operations of the public enterprises was countered by a \$15.1 million contraction in dividend and other property-related income flows. In contrast, receipts from fines, forfeits & administration fees, as well as the sale of government property, grew by \$5.7 million (7.0%) and \$0.5 million (37.9%) to \$86.9 million and \$1.7 million, respectively. No capital revenue was recorded over the period, compared to \$17.7 million in the previous year, arising from the sale of Government's headquarters.

Government Revenue By Source				
(Apr. - May)				
	FY11/12		FY12/13	
	B\$M	%	B\$M	%
Property Tax	8.3	3.4	12.5	5.2
Selective Services Tax	10.6	4.3	12.1	5.0
Busines. & Prof Lic. Fees	39.3	15.8	39.1	16.1
Motor Vehicle Tax	5.7	2.3	6.0	2.5
Departure Tax	22.6	9.1	23.4	9.6
Import Duties	63.9	25.7	54.6	22.4
Stamp Tax from Imports	3.4	1.4	3.2	1.3
Excise Tax	35.4	14.3	44.2	18.2
Export Tax	2.9	1.2	1.8	0.8
Stamp Tax from Exports	--	--	--	--
Other Stamp Tax	46.2	18.6	30.8	12.7
Other Tax Revenue	-4.8	-1.9	5.4	2.2
Fines, Forfeits, etc.	14.4	5.8	16.3	6.7
Sales of Govt. Property	0.1	0.0	--	--
Income	2.7	1.1	4.0	1.7
Other Non-Tax Rev.	--	--	--	--
Capital Revenue	--	--	--	--
Grants	--	--	0.1	--
Less: Refunds	2.6	1.0	10.2	4.2
Total	248.1	100.0	243.4	100.0

EXPENDITURE

Growth in spending was explained by gains in both current expenditure, by 4.5% (\$59.8 million) to \$1,393.6 million and capital outlays, by 7.7% (\$15.0 million) to \$210.7 million. In a slight offset, net lending narrowed by 7.2% (\$7.0 million) to \$90.1 million.

By economic classification, the increase in current payments was fueled by a 7.6% (\$38.8 million) gain in transfer payments to \$549.6 million, alongside a 2.5% (\$20.9 million) rise in consumption spending to \$844.0 million, which reflected gains in personal emoluments (\$19.3 million) and purchases of goods and services (\$1.6 million). Under transfers, increased subsidies for health care boosted subsidies and other transfers by 9.2% (\$30.4 million), with smaller hikes registered for transfers to households and public corporations, of \$8.3 million and \$3.2 million, respectively. Reflecting higher debt levels, interest payments firmed by 4.7% (\$8.5 million) and comprised increases in both internal and external disbursements, of \$3.4 million and \$5.1 million, respectively.

By functional categorization, recurrent outlays included a \$16.8 million (7.6%) increase in spending on

health to \$238.2 million, while higher expenditures for old age, disability & services and general administration elevated amounts targeted for social benefits and services, by \$15.7 million (15.4%) to \$117.5 million. Outlays for education also rose by \$10.3 million (4.5%) to \$241.6 million, and for general public service and defense, by \$9.2 million (2.4%) to \$399.2 million and \$2.7 million (6.2%) to \$46.3 million, respectively. In a partial offset, reduced spending on tourism (\$5.5 million), labour employment services (\$3.0 million), and public works & water supply (\$2.6 million), contributed to a \$1.8 million (1.2%) reduction in expenditure for economic services to \$144.2 million, while payments relating to other community & social services decreased by \$1.6 million (9.2%) to \$16.2 million.

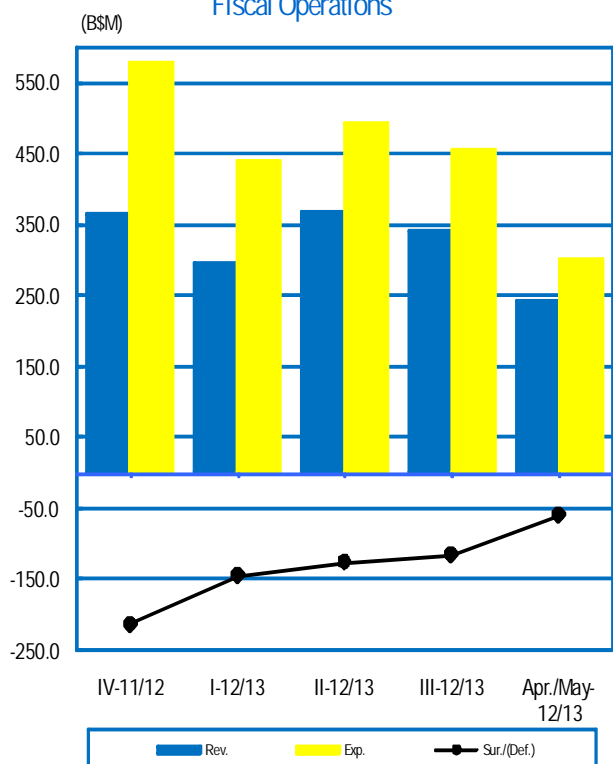
Growth in capital spending was driven by a \$12.1 million expansion in transfers to non-financial public enterprises, to \$12.9 million, reflecting Government's purchase of equipment for an airport. Outlays for infrastructure developments also grew, by \$11.3 million (7.1%) to \$170.8 million. In contrast, asset acquisitions contracted by \$8.4 million (25.3%) to \$24.7 million, as a \$14.0 million (78.4%) decline in land purchases back to normalized levels, outstripped an \$8.4 million rise in other "miscellaneous" assets.

On a functional basis, the increase in capital spending was mainly attributed to a \$12.4 million (31.8%) expansion in general public service outlays to \$51.2 million. Similarly, disbursements for economic services grew by \$3.6 million (2.8%) to \$134.2 million, reflecting a \$12.1 million elevation in spending on transportation, which outweighed the \$8.8 million reduction in capital payments related to public works and water supply, while spending on defense firmed by \$1.4 million to \$2.3 million.

FINANCING AND THE NATIONAL DEBT

During the eleven-month period, budgetary financing totaled \$702.9 million, comprising domestic issuance of bonds (\$325.0 million), Treasury bills (\$324.9 million), and loans and advances (\$53.0 million), together with external loan draw-downs of \$229.3 million. Government also repaid \$258.2 million in outstanding debt, the majority of which (\$247.0 million) was used to retire Bahamian dollar obligations.

Fiscal Operations



During the second quarter, the Direct Charge on the Government firmed by 3.4% (\$154.7 million) and stood 19.9% (\$776.3 million) higher over last year, at \$4,681.3 million—of which 77.6% was Bahamian dollar dominated debt. At end-June, commercial banks held the majority of the Government's internal debt, at 38.3%, followed by private and institutional investors (28.8%), public corporations (19.3%), the Central Bank (13.5%) and other local financial institutions (0.3%). By instrument, long-term government securities made up the majority of debt, at 79.0%, with Treasury bills and loans and advances accounting for smaller shares of 16.2% and 4.8%, respectively.

Government's guaranteed debt firmed slightly by \$1.6 million (0.3%) over the review period to \$594.9 million, while the National Debt—which includes contingent liabilities—rose by 3.1% (\$156.3 million) when compared to the previous quarter, and was 18.1% (\$809.8 million) higher relative to last year at \$5,276.8 million.

PUBLIC SECTOR FOREIGN CURRENCY DEBT

Foreign currency public sector debt edged up by 0.1% (\$1.7 million) to \$1,877.2 million in the June quarter

compared to the previous three-month period, and was 22.0% (\$338.1 million) above the comparable period a year earlier, as new drawings of \$11.1 million overshadowed \$9.4 million in amortization payments. Government's foreign currency debt, which accounted for the majority (56.0%) of the total, firmed marginally by 0.1% (\$0.6 million) to \$1,050.5 million, while the public corporations' segment (44.0%), increased by 0.1% (\$1.2 million) to \$826.7 million.

In comparison to the previous year, debt service disbursements expanded by 79.4% (\$18.8 million) to \$42.4 million. The Government's portion grew by \$17.4 million to \$26.4 million, which comprised amortization payments of \$4.8 million and interest payments of \$21.6 million. Similarly, the public corporations' debt service payments rose by \$1.4 million (9.5%) to \$15.9 million, with amortization and interest payments of \$4.5 million and \$11.4 million, respectively. By end-June, the debt service ratio fell by 6.4 percentage points to 4.9% over the prior year.

As at end-June, the largest holders of foreign currency debt were non-resident investors (34.4%) and private capital markets (32.0%), with commercial banks, multilateral institutions and bilateral companies accounting for smaller shares, of 17.8%, 13.3% and 2.6%, respectively. The average maturity of the foreign debt stock was 14.5 years, down from 15.6 years in 2012; the highest proportion was dominated in US Dollars (97.1%), followed by Chinese Yuan (2.7%) and euros (0.2%).

2013/2014 BUDGET HIGHLIGHTS

Government's FY2013/14 Budget articulated specific measures aimed at boosting revenue collections and restricting the growth in spending, in a bid to reduce and then eliminate the deficit over the medium term, and by extension, slow the level of deterioration in the country's debt indicators. Based on the estimates, the deficit is budgeted to contract to 5.1% of GDP in FY2013/14 from the projected outturn of 6.1% in the prior period, while the debt-to-GDP ratio is anticipated to increase by 3.3 percentage points to 56.4%, relative to the 53.1% expected outcome for FY2012/13.

On the revenue side, the Government's suite of measures to broaden the tax base and enhance the collection process includes the introduction of a Value Added Tax (VAT) regime in July, 2014, the creation of a

Central Revenue Agency, which will be charged with collecting a variety of taxes and fees presently handled by various agencies, and the modernization of the Customs Department and the Real Property Tax system. Among the other proposals are an adjustment in the excise tax schedule for motor vehicles to one based on the value of the vehicle rather than engine size, and a new excise stamp tax for tobacco products, aimed at minimizing revenue loss from this category of taxes. In an effort to simplify the Business License Fee regime, a revised schedule is to be introduced, which will eliminate most of the special rate categories, while also broadening the base to include commercial banks and public corporations. Specifically, a new Business Licence fee for commercial banks will be introduced, at a rate of 3.0% of gross revenue. Key tax incentives included the removal of the \$0.40 stamp tax fee on electronic banking payments, to encourage this method of payment, and an extension of the Stamp Tax exemption for first-time home owners for an additional five years.

Reflecting the reclassification of certain categories of taxes as non-tax receipts and the removal of some fuel-related taxes, overall tax collections are expected to decline by 6.1% (\$85.4 million) to \$1,325.8 million relative to FY2012/13. However, with non-tax revenue budgeted to expand by 31.7% (\$38.3 million) to \$159.4 million, overall revenue is projected to contract more modestly by 2.8% (\$42.4 million) to \$1,493.2 million. Underlying the reduction in tax revenue, taxes on international trade & transactions are budgeted to contract by 15.5% (\$120.8 million) to \$660.2 million, owing in part to the reduction in excise tax receipts by \$85.8 million, as Government announced the removal of excise duties on fuel imports for power generation. Import taxes are set to decline by \$16.2 million, and the associated stamp taxes, by \$17.9 million, reflecting the elimination of the taxes levied on Customs entries. Similarly, property tax receipts are expected to contract by \$6.1 million (5.2%) to \$110.6 million, and departure taxes are poised to fall by \$5.2 million (4.5%) to \$109.3 million. Smaller declines are budgeted for selective taxes on services and motor vehicle taxes, of \$3.0 million (5.2%) to \$54.6 million and \$1.8 million (5.7%) to \$29.4 million, respectively. In a partial offset, the yield from business and professional licenses fees is forecasted to increase by \$40.8 million (29.3%) to \$180.0 million, supported by the expansion in the tax base to capture new entities, while all other stamp

tax receipts are positioned to grow by \$9.9 million (5.6%) to \$186.3 million.

Improvements in non-tax revenue are expected to accrue from gains in collections of fines, forfeits & administrative fees, of \$31.3 million (34.0%) to \$123.5 million, occasioned in part by the introduction of Customs processing fees on imports. The income related transactions are expected to increment by \$7.1 million (25.5%) to \$34.8 million, due primarily to higher receipts from returns on property and other investments (\$6.5 million).

Total expenditure is projected to contract by \$154.9 million (7.4%) to \$1,928.1 million, owing mainly to a \$122.9 million (34.3%) narrowing in capital outlays to \$235.3 million, as Government ratchets down its infrastructure development programme. Recurrent spending is also set to recede by \$43.8 million (2.6%) to \$1,635.2 million, whereas net lending is expected to grow by \$11.8 million (25.8%) to \$57.6 million.

By economic classification, recurrent spending on consumption is budgeted to fall by \$79.4 million (7.6%) to \$964.1 million, reflecting a \$94.6 million (23.1%) decline in disbursements for goods & services, partly related to the reclassification of certain promotional incentives to other categories, which would counter the \$15.1 million (2.4%) increase in personal emoluments. In contrast, transfer payments are targeted to grow by \$35.6 million (5.6%) to \$671.1 million, as the increase in the stock of debt elevates interest payments by \$22.9 million, while a \$40.4 million rise in subsidies is projected to overshadow broad-based declines in other transfers.

On a functional basis, spending cuts are budgeted across most categories. Current expenditure declines are projected for payments for general public services (\$19.6 million), education (\$13.0 million), economic services (\$10.7 million), social benefits (\$9.6 million), health (\$9.4 million), and other community & social services (\$3.1 million).

The reduction in capital expenditure reflects mainly a 47.1% contraction in spending on infrastructure development, to \$165.0 million, as the pace of capital project activity slows. In addition, no transfers to public corporations are anticipated, compared to \$2.2 million in the prior year, while those to non-financial public enterprises are set to decline by \$0.3 million to \$2.2 million. However,

outlays for the acquisition of assets are poised to increase by \$26.2 million (62.6%) to \$68.0 million, due to higher expenditure on the purchase of equipment for the security services and land acquisitions. In a modest offset, equity investment is anticipated to be reduced by \$7.5 million.

Budgetary financing for FY2013/14 is estimated at \$521.3 million, with Bahamian currency expected to provide the bulk of the funding (\$465.8 million), down 9.1% (\$46.4 million) from the prior period, while external loans are projected to supply the remaining \$55.5 million, a reduction of almost two-thirds from FY2012/13. Debt repayment is expected to contract by \$29.6 million (25.8%) to \$85.2 million, the majority of which (\$66.8 million) is allotted for internal Bahamian dollar obligations. As a consequence, the Budget projects that the Direct Charge on the Government will grow by \$419.0 million over the year to \$4,875 million, compared to the previous estimates, a slowdown from a forecasted increase of \$828.0 million in the prior fiscal year.

REAL SECTOR

TOURISM

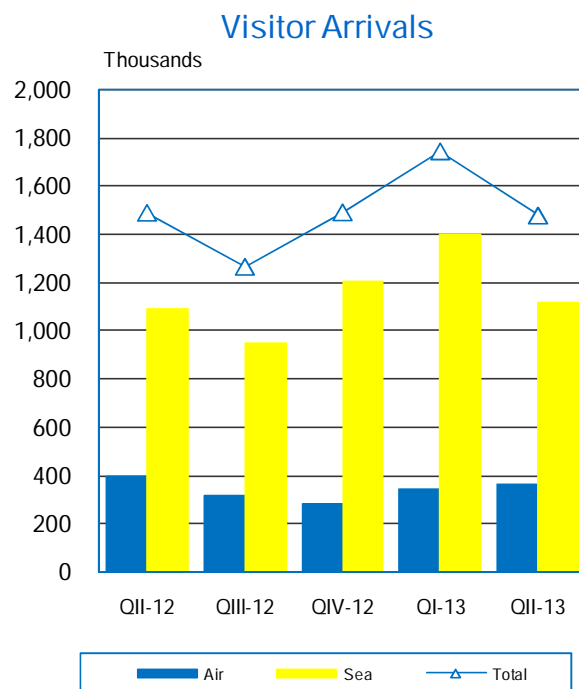
Initial data suggests that tourism output remained sluggish during the second quarter, occasioned by a reduction in the high value-added air segment, amid sustained softness in several of the key source markets, increased competition from regional destinations and a modest reduction in room inventory. As a consequence, hotel performance indicators were less favourable, as lower occupancy rates offset slight gains in average daily receipts (ADRs).

Total visitor arrivals for the second quarter fell by 0.7% to 1.5 million, a reversal from an 8.2% advance in the corresponding period of 2012. In a turnaround from last year's 9.3% gain, air arrivals contracted by 8.7%, while the growth in sea passengers slackened to 2.1% from 7.8%.

By the major ports of entry, visitors to New Providence grew by 6.9%, albeit, considerably below the year-earlier 17.4% expansion, as the 16.1% hike in sea traffic offset the 8.8% decline in air arrivals. In Grand Bahama, the 3.7% drop in visitors was in line with last year's 3.5%

falloff, and reflected decreases in both the air and sea segments, by 18.9% and 1.2%, respectively. Following slight growth of 0.2% in 2012, tourist arrivals to the Family Islands contracted by 12.7%, paced by a 14.3% reduction in sea passengers and a lesser drop of 3.3% in air visitors.

Provisional hotel sector data from a sample of major properties on New Providence and Paradise Island for the second quarter, showed an estimated 12.4% contraction in hotel room revenues relative to the same period a year earlier. Lower room inventories for three properties influenced a decrease in average hotel occupancy rates, by 6.8 percentage points to 68.7%, which offset a marginal rise in the average daily room rate (ADR) to \$235.95.



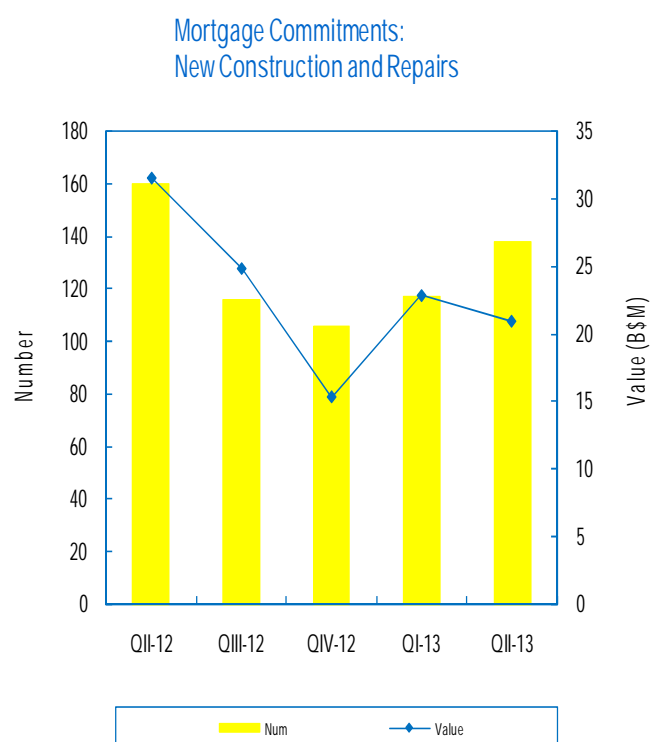
CONSTRUCTION

Output in the construction sector expanded during the second quarter, buoyed by sustained foreign investment activity and some support from public sector infrastructure developments. However, domestic private sector output remained tepid, amid the general weakness in domestic demand, and the high levels of non-performing mortgages, which engendered more conservative lending practices by banks.

Mortgage disbursements for new construction and repairs—as reported by commercial banks, insurance companies and the Bahamas Mortgage Corporation—fell by 15.1% to \$23.8 million, after a 24.9% decline a year ago. The dominant residential segment decreased by 8.0% to \$23.8 million, following a sharp reduction in 2012, while the commercial component had no recorded disbursements for the period, versus \$2.2 million in the prior three months.

PRICES

Amid signs of softness in global commodity prices, average consumer price inflation—measured by changes in the Retail Price Index (RPI)—decelerated to just 0.19% from 2.32% in the prior year. Underlying this development was a significant slowdown in accretions to average food & non-alcoholic beverage costs, by 2.86 percentage points to 0.55%, alongside average cost easings for furnishing, household equipment & routine maintenance, clothing & footwear, health and education, by 2.29, 1.36, 0.87 and 0.83 percentage points to 0.65%, 0.73%, 0.86% and 1.66%, respectively. Smaller declines in average price gains were recorded for the remaining categories, with the exception of transportation and housing, water, gas, electricity & other fuels—the largest component in the Index—which fell by 0.87%, and 0.06% compared to increases of 1.27% and 3.71%, respectively, a year earlier. The decline in average prices for communication broadened to 4.10% from 1.82% in 2012. In a slight offset, the average cost for recreation was relatively unchanged, compared to a marginal falloff in the prior period, and hotel & restaurant inflation rose to 3.82% from 2.16% a year earlier.



The subdued conditions in the domestic market are expected to persist over the near-term, as mortgage commitments for new buildings and repairs—a forward looking indicator—contracted in number, by 22 to 138, and in value, by one-third to \$20.9 million. In terms of the components, the residential segment was lower by 22 in number to 137 and by \$10.0 million in value to \$20.7 million, while commercial loan approvals stabilized at 1 with value down by \$0.6 million to \$0.2 million.

Lending conditions were more favourable, as the average interest rate on commercial mortgages decreased, year-on-year, by 70 basis points to 8.1%; and the average residential rate narrowed by 20 basis points to 8.0%.

Retail Price Index

(Annual % Changes)
June

Items	Weight	2012		2013	
		Index	%	Index	%
Food & Non-Alcoholic Beverages	120.4	104.4	3.4	105.0	0.6
Alcohol, Tobacco & Narcotics	6.4	103.7	1.9	105.2	1.4
Clothing & Footwear	37.76	100.7	2.1	101.4	0.7
Housing, Water, Gas, Electricity	334.83	108.2	3.7	108.2	-0.1
Furn. & Household, Maintenance	64.26	106.6	2.9	107.2	0.6
Health	44.5	104.1	1.7	105.0	0.9
Transportation	119.13	114.9	1.3	113.9	-0.9
Communication	41.19	100.8	-1.8	96.7	-4.1
Rec., & Culture	22.73	103.0	0.0	103.0	0.0
Education	30.05	106.1	2.5	107.9	1.7
Restaurant & Hotels	38.24	104.5	2.2	108.5	3.8
Misc. Goods & Svcs.	140.52	101.5	0.6	102.1	0.6
ALL ITEMS	1000	106.3	2.3	106.5	0.2

Fuel price developments were mixed during the second quarter. The cost of gasoline increased by 2.1% to \$5.46 per gallon, while diesel prices fell by 1.9% to \$5.15 per gallon and, on a yearly basis, the cost of both fuels contracted by 4.0% and 3.7%, respectively. Further, the Bahamas Electricity Corporation's fuel charge advanced over the quarter by 11.0% to 28.35 cents per kilowatt hour (kWh), and by 4.7% on an annual basis.

MONEY, CREDIT AND INTEREST RATES

OVERVIEW

Reflecting the persistent softness in private sector demand, alongside net foreign currency inflows related to real sector activities, both bank liquidity and external reserves expanded modestly during the review period. Banks' credit quality indicators deteriorated further over the three-month period, as private individuals and businesses continued to face challenges, amid subdued economic conditions. The most recent bank performance indicators for the first quarter of 2013 showed a reduction in overall profitability, due to increased provisioning against bad debt and lower interest income, while the weighted average interest rate spread widened, as the decrease in the deposit rate overshadowed the falloff in the lending rate.

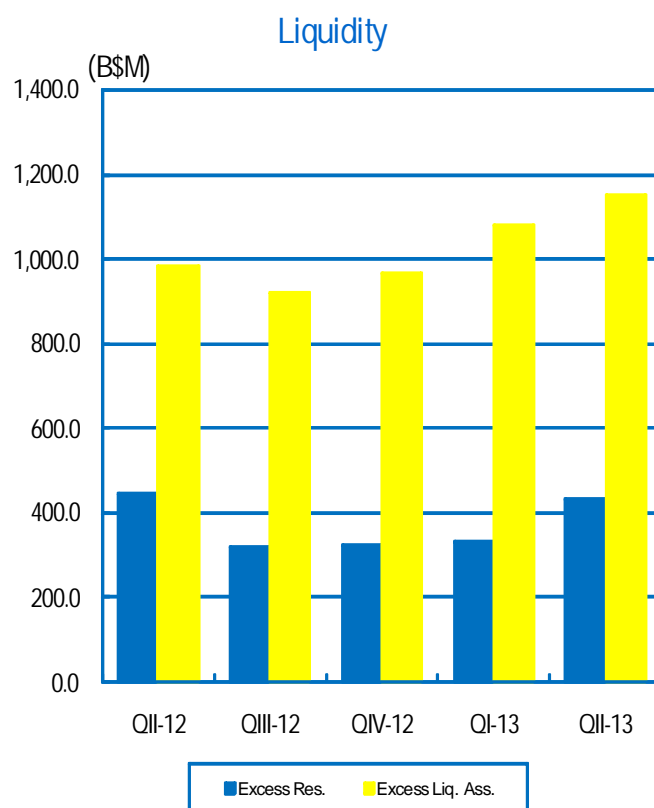
LIQUIDITY

During the review quarter, net free cash reserves of the banking system expanded by \$100.6 million (30.4%) to \$431.8 million, extending the \$68.8 million increase registered in 2012, and represented a slightly lower 7.1% of deposit liabilities in comparison to 7.2% a year earlier. In addition, the broader surplus liquid assets firmed by \$73.1 million (6.8%) to \$1,153.3 million, outpacing the prior year's gain of \$51.0 million (5.5%), and exceeding the statutory requirement by 116.0%, relative to 99.1% in 2012.

DEPOSITS & MONEY

The expansion in the overall money supply (M3) slowed to \$26.9 million (0.4%) from \$75.5 million (1.2%) in 2012, for an end-June balance of \$6,455.7 million. In terms of the components, narrow money (M1) rose by \$62.6 million (3.9%), following the year-earlier \$46.1 million (3.1%) build-up, reflecting a \$63.6 million (4.6%)

private sector-led rise in demand deposits which outweighed the slight \$1.0 million (0.5%) contraction in currency in circulation. Growth in broad money (M2) narrowed to \$18.8 million (0.3%) from 2012's \$90.5 million (1.5%). Underlying this outturn was a significant reduction in fixed deposit balances, by \$61.8 million, behind a \$15.6 million decline last year, as private sector firms reduced their balances, while accretions to savings deposits tapered to \$17.9 million (1.6%) from \$59.9 million (5.5%) in the previous period. Further, foreign currency deposits grew by \$8.1 million (3.3%), reversing the \$14.9 million (5.7%) falloff posted a year ago, due largely to an \$11.1 million (4.8%) gain in private placements, which negated the \$2.9 million (14.5%) reduction in public sector deposits.



Fixed deposits continued to form the largest component of the money stock (53.2%), with demand balances and savings deposits accounting for smaller shares, of 22.3% and 17.2%, respectively. In addition, foreign currency deposits and currency in active circulation comprised the smallest proportions, at 4.0% and 3.3%, respectively.

DOMESTIC CREDIT

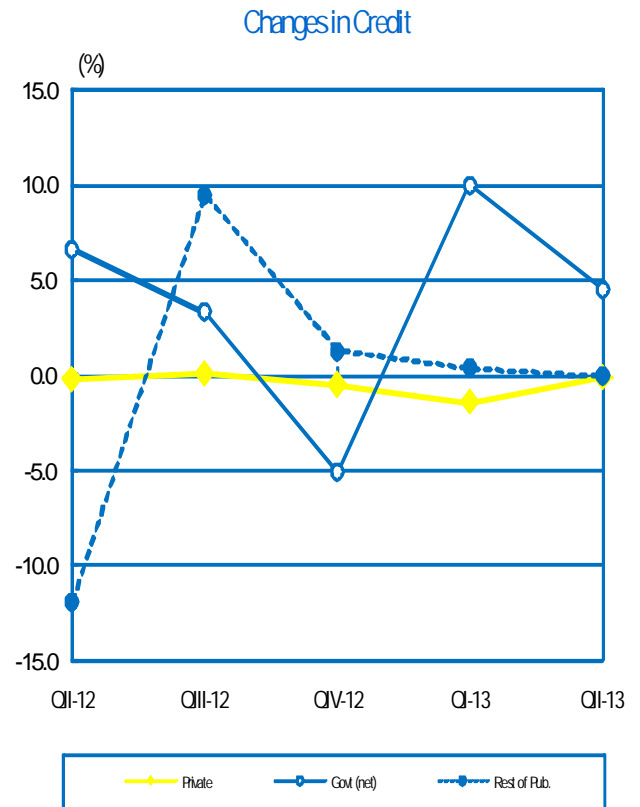
Buoyed by increased short-term lending to the Government, growth in total domestic credit accelerated to \$70.8 million during the second quarter from \$32.3 million a year earlier. By currency composition, Bahamian dollars—at an estimated 92.1% of total credit—firmed by \$72.6 million (0.9%), extending the previous year's \$62.6 million (0.8%) expansion. In contrast, foreign currency credit fell by \$1.7 million (0.2%), vis-a-vis the year-earlier public corporation-led contraction of \$30.3 million (4.1%).

Net claims on the Government advanced by \$78.3 million (4.5%), after a \$100.1 million (6.6%) expansion in 2012, as commercial banks increased their advances and holdings of Treasury bills. In addition, credit to the rest of the public sector grew modestly by \$0.2 million, in contrast to a \$56.2 million decline in 2012, when the proceeds of an entity's bond issue were used to settle outstanding liabilities. In line with the softness in consumer demand, and the conservative lending posture of banks, private sector claims fell by an additional \$7.6 million (0.1%), following the prior year's \$11.6 million (0.2%) contraction, as both the foreign currency and Bahamian dollar components declined by \$4.1 million (1.1%) and \$3.5 million (0.1%), respectively. Personal loans, which comprised the majority (73.8%) of outstanding private sector credit, fell by \$9.1 million (0.2%), in contrast to a \$21.9 million (0.4%) upturn last year. This outturn reflected declines in overdrafts and consumer loans, by \$11.6 million (13.4%) and \$3.8 million (0.2%), respectively, which overshadowed modest growth in residential mortgages of \$5.6 million (0.2%).

A detailed breakdown of consumer loans showed that decreases were recorded for debt consolidation (\$6.7 million), home improvement (\$3.7 million) and credit cards (\$2.0 million). More muted declines of less than \$1.0 million were noted for education, furnishing & domestic appliances, land purchases and commercial vehicle loans. In a modest offset, gains were registered for private cars and travel, of \$8.1 million and \$1.8 million, respectively, with smaller increases of under \$1.0 million recorded for miscellaneous, medical and taxi & rental car loans.

Among the remaining private sector credit categories, the largest net repayments were posted for professional & other services (\$9.0 million), miscellaneous (\$6.4

million), tourism (\$4.5 million) and entertainment & catering (\$1.7 million). In contrast, slight increases occurred for distribution, manufacturing, private financial institutions and construction, of \$8.0 million, \$6.5 million, \$6.0 million, and \$3.4 million, respectively.



MORTGAGES

Information reported by banks, insurance companies and the Bahamas Mortgage Corporation showed that total mortgages outstanding rose by \$13.0 million (0.4%) to \$3,291.1 million, following the prior year's \$19.6 million (0.6%) gain. By category, the dominant residential component (at 93.9% of the total), grew by \$4.6 million (0.1%) to \$3,091.9 million, after an \$11.1 million (0.4%) upturn in the prior period. In addition, commercial mortgages—which comprised the remaining 6.1% of the total stock—firmed by \$8.4 million (4.4%) to \$199.2 million, in line with the year-earlier \$8.5 million (4.3%) expansion. At end-June, domestic banks held the largest share of outstanding mortgages (89.1%), followed by insurance companies (5.8%) and the Bahamas Mortgage Corporation (5.1%).

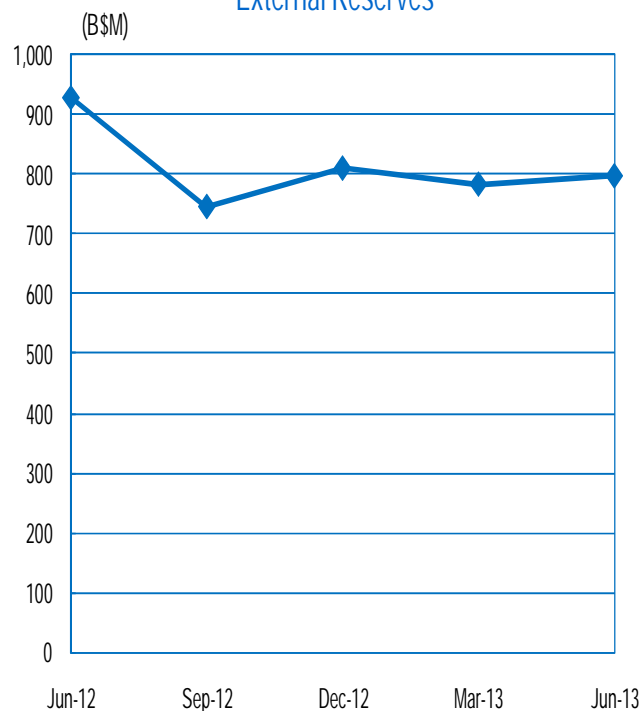
Distribution of Bank Credit By Sector				
	End-June			
	2012		2013	
	B\$M	%	B\$M	%
Agriculture	13.8	0.2	15.4	0.2
Fisheries	6.5	0.1	7.3	0.1
Mining & Quarry	2.6	0.0	2.2	0.0
Manufacturing	41.3	0.6	48.6	0.7
Distribution	173.4	2.4	217.8	3.1
Tourism	66.8	0.9	55.1	0.8
Enter. & Catering	65.8	0.9	60.4	0.9
Transport	36.6	0.5	41.7	0.6
Construction	430.5	6.0	409.3	5.8
Government	253.8	3.5	164.0	2.3
Public Corps.	292.7	4.1	340.8	4.9
Private Financial	16.3	0.2	21.9	0.3
Prof. & Other Ser.	115.5	1.6	103.8	1.5
Personal	5,207.1	72.4	5,180.1	73.8
Miscellaneous	465.5	6.5	352.9	5.0
TOTAL	7,188.2	100.0	7,021.3	100.0

THE CENTRAL BANK

During the quarter, the Central Bank's net claim on the Government advanced by \$22.2 million (5.1%) to \$460.7 million, after a \$23.5 million (7.7%) upturn in the prior year, on account of higher Treasury bill holdings. Similarly, an almost three-fold increase in the deposits of a public entity boosted net liabilities to the rest of the public sector more than two-fold, to \$10.9 million from \$4.6 million, while the Bank's liabilities to commercial banks firmed by \$48.1 million (6.9%) to \$749.2 million, buoyed by a build-up in deposits.

External reserves rose by \$13.9 million (1.8%) over the review period, a slowdown from the year earlier gain of \$38.0 million. Underlying this outcome, total net purchases eased by one-third to \$10.2 million, as generally lower receipts from real sector activities curtailed the net purchase from commercial banks by \$24.1 million (21.7%) to \$86.7 million. While the Bank's net purchase from the Government fell by \$11.3 million to \$4.0 million, and the net sale to public corporations—largely for fuel purchases—decreased by \$11.7 million (14.5%) to \$80.6 million.

External Reserves



At end-June, external reserves stood at \$797.1 million, \$130.9 million less than the year-earlier level, resulting in a decline in the non-oil merchandise import cover to 16.1 weeks from 18.3 weeks in the same period last year. After adjusting for the 50% statutory requirement on the Bank's Bahamian dollar liabilities, "useable" reserves fell by \$147.3 million to \$292.8 million.

DOMESTIC BANKS

Growth in commercial bank lending continued to reflect increased net claims on the Government, of \$56.1 million (4.3%), although moderating from 2012's \$76.7 million (6.3%) accretion. In addition, credit to the public corporations edged up by \$0.5 million, a reversal from the \$56.0 million (12.0%) contraction recorded in the prior period. Private sector credit fell by \$7.6 million (0.1%), extending the year-earlier \$11.6 million (0.2%) contraction. Following a \$9.3 million (1.6%) reduction in 2012, commercial banks' net foreign liabilities grew by \$7.1 million (1.4%).

Banks total deposit liabilities increased by \$15.8 million (0.3%) to \$6,351.7 million, a slowdown from the previous period's \$73.4 million (1.2%) expansion. This

outturn reflected sharply reduced accretions to private sector deposits, by \$57.5 million to \$19.5 million. The contraction in deposits of the Government widened to \$6.1 million (4.6%) from \$0.2 million (0.1%), and public corporations' balances recovered by \$2.5 million (0.6%), from a \$3.4 million (0.8%) decline in 2012.

At end-June, the dominant share of banks' deposit liabilities was held in Bahamian currency (95.9%), with US dollars and other currencies representing smaller proportions of 3.9% and 0.2%, respectively. A breakdown by depositor type showed that private individuals accounted for more than half (53.8%) of the total Bahamian dollar deposits, followed by business firms (30.1%), public corporations (5.5%), private financial institutions (4.2%), other entities (3.4%), the Government (2.1%) and public financial institutions (0.9%).

By category, fixed deposits comprised a commanding 57.2% of banks' deposit liabilities, followed by demand and savings balances, with shares of 24.6% and 18.2%, respectively. The largest number of deposits was concentrated in the under \$10,000 category (89.0%), but these constituted only 6.3% of the total value. In addition, accounts between \$10,000 and \$50,000 represented 7.3% of the total number and 10.9% of the aggregate value, while deposits in excess of \$50,000 accounted for 3.7% of the total, but a dominant 82.8% of the aggregate value.

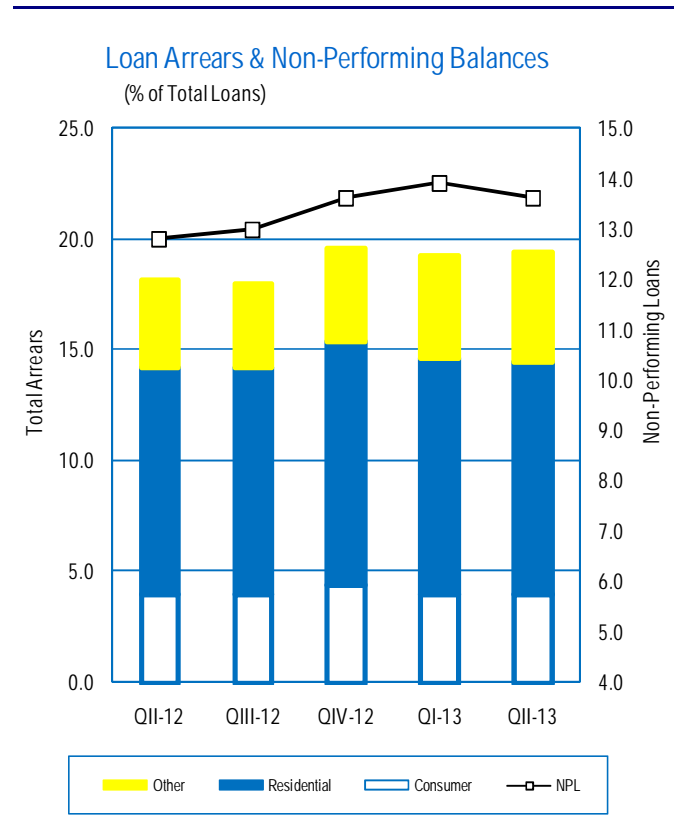
CREDIT QUALITY

Reflecting the ongoing weakness in the domestic economy and debt servicing challenges confronting consumers and businesses, banks' credit quality indicators showed some deterioration over the review period. Total private sector loan arrears advanced by \$10.0 million (0.8%) over the quarter and by \$42.6 million (3.6%) on an annual basis, to \$1,227.0 million. The corresponding ratio of private sector arrears to total loans rose over the three-month period and the prior year, by 19 and 91 basis points, respectively, to 19.9%.

The increase in total arrears was solely linked to a \$17.1 million (5.9%) worsening in the commercial segment, to \$308.8 million, elevating the attendant ratio to total loans by 1.8 percentage points on a quarterly basis and by 5.6 percentage points, year-on-year, to 30.0%. Conversely, mortgage delinquencies—at 54.3% of total arrears—improved by \$6.4 million (1.0%) to \$666.0

million, and the associated loan ratio fell by 22 basis points over the quarter, but firmed by 5 basis points on a yearly basis to 21.5%. Similarly, consumer arrears moved marginally lower, by \$0.7 million (0.3%) to \$252.2 million, which translated into respective quarterly and year-on-year declines of 10 and 16 basis points in the corresponding loan ratio, to 12.3%.

A disaggregation of the average age of delinquencies showed that growth was largely due to a \$24.6 million (7.2%) build-up in the short-term (31-90 day) component to \$364.2 million, which represented 40 and 26 basis points advances in the quarterly and annual loan ratio to 5.9%. For non-performing loans—those in excess of 90 days and on which banks stopped accruing interest—a notable decline in commercial delinquencies occasioned a \$14.6 million (1.7%) falloff in arrears to \$862.8 million. This led to a reduction in the corresponding loan ratio of 22 basis points to 14.0% over the quarter, although firming by 66 basis points during the year.



In response to these developments, commercial banks increased their provisions against loan losses, by \$8.0 million (2.0%) to \$408.2 million during the second

quarter—incrementing the ratio of provisions to total loans by 14 basis points to 6.5%. As a proportion of arrears and non-performing loans, total provisions firmed by 0.4 and 1.7 percentage points, to 33.3% and 47.3%, respectively.

BANK PROFITABILITY

Reflecting increased provisions for bad debts and broad-based declines in core revenues, bank profitability contracted during the first quarter of 2013—the latest available data—by 20.2% (\$8.3 million) to \$32.7 million, following a 38.5% (\$25.6 million) fall-off in the year earlier period.

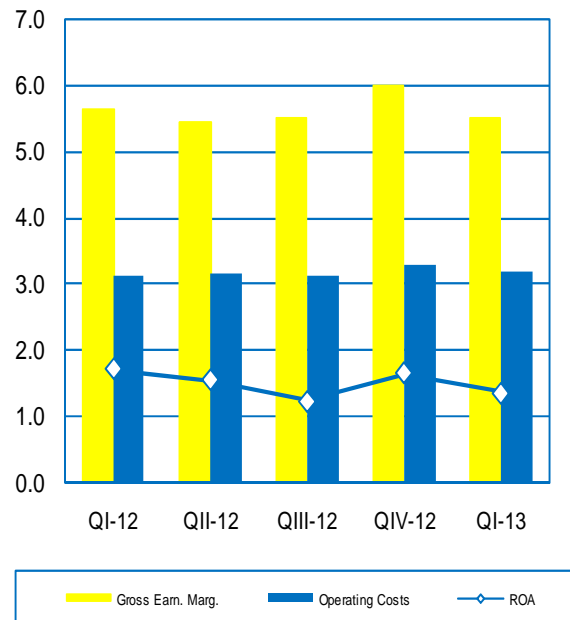
The net interest margin decreased by 1.1% (\$1.5 million) to \$127.7 million, as the 21.2% (\$8.3 million) reduction in interest expense was surpassed by the 5.8% (\$9.7 million) falloff in interest income. In addition, earnings from commission & foreign exchange transactions decreased by 10.1% (\$0.6 million), a reversal from the 6.9% (\$0.4 million) rise recorded in 2012, and contributed to the 1.5% (\$2.1 million) narrowing in the gross earnings margin to \$133.3 million.

Total operating costs were \$2.7 million (3.7%) higher, at \$77.0 million. Underlying this outcome were gains in other “miscellaneous” operating expenses, by 9.1% (\$2.6 million), and occupancy costs, by 2.2% (\$0.2 million), while staff outlays steadied at \$39.1 million. Similarly, losses on non-core activities firmed by 17.1% (\$3.5 million) to \$23.6 million, underpinned by a 13.5% (\$5.1 million) rise in banks provisioning for bad debts, which overshadowed a 7.1% (\$1.5 million) increase in non-core income and a slight 4.1% (\$0.1 million) reduction in depreciation costs.

As a result of these developments, banks’ profitability ratios—as measured relative to average assets—worsened during the three-month period. The interest margin ratio narrowed by 10 basis points to 5.29%, while the commission & foreign exchange income ratio moved lower by 3 basis points, resulting in the gross earning margin ratio falling by 13 basis points to 5.52%. Further, the increase in the operational cost ratio, by 9 basis points to 3.19%, contributed to a contraction in the net earnings margin ratio of 22 basis points to 2.33%. Amid higher net losses from non-core activities, the net income ratio declined by 36 basis points to 1.35%.

Domestic Banks' Profitability

(% of Avg. Assets)



INTEREST RATES

During the June quarter, commercial banks’ weighted average interest rate spread widened by 17 basis points to 9.16 percentage points, reflecting a reduction in the average deposit rate, by 23 basis points to 1.69%, which overshadowed the 6 basis points softening in the average lending rate to 10.85%.

Buoyed by the build-up in bank liquidity, deposit rates softened over the period. The average rate on savings deposits decreased by 15 basis points to 0.96%, while the corresponding rate on demand balances increased by 3 basis points to 0.33%. Similarly, the average interest rate on fixed deposits moved lower and within a narrower range of 1.41% - 2.29% from 1.48% - 2.59% in the prior year.

On the lending side, commercial and residential mortgage rates contracted by 49 and 38 basis points, to 7.57% and 7.13%, respectively, while the average rate on consumer loans fell more modestly by 4 basis points to 13.51%. In contrast, average overdraft rates firmed by 41 basis points to 9.48%.

Regarding other key interest rates, the average Treasury bill rate advanced by 12 basis points to 0.29%; however, the Central Bank's Discount Rate and the commercial banks' Prime rate were unchanged at 4.50% and 4.75%, respectively.

Banking Sector Interest Rates			
Period Average (%)			
	Qtr. II	Qtr. I	Qtr. II
	2012	2013	2013
Deposit Rates			
Demand Deposits	0.47	0.30	0.33
Savings Deposits	1.67	1.11	0.96
Fixed Deposits			
Up to 3 months	1.71	1.48	1.41
Up to 6 months	2.09	1.63	1.59
Up to 12 months	2.68	2.59	2.06
Over 12 months	2.53	2.49	2.29
Weighted Avg Deposit Rate	2.08	1.92	1.69
Lending Rates			
Residential mortgages	7.61	7.51	7.13
Commercial mortgages	8.35	8.06	7.57
Consumer loans	13.41	13.55	13.51
Other Local Loans	8.19	7.58	8.29
Overdrafts	10.61	9.07	9.48
Weighted Avg Loan Rate	10.99	10.91	10.85

CAPITAL MARKETS DEVELOPMENTS

Local equity market activity improved modestly during the review period, with the volume of shares traded higher by 0.4 million (60.3%) at 1.0 million, and the corresponding value firming by 12.2% (\$0.5 million) to \$4.2 million. Owing to an overall uptick in share prices, the Bahamas International Securities Exchange (BISX) All Share Index advanced by 1.2% to 1,406.7 points, a reversal from a slight 0.2% decline a year earlier. In contrast, market capitalization decreased by 10.1% to \$2,663.0 million, vis-a-vis a 0.8% gain in the corresponding 2012 period, as the maturity and subsequent delisting of a firm's Medium Term notes led to the total number of securities listed on the exchange declining by 1 to 26 at end-June.

INTERNATIONAL TRADE AND PAYMENTS

Preliminary estimates for the second quarter of 2013 showed a doubling in the external deficit, by \$236.9 million to \$451.7 million, relative to the comparative 2012 period. Underlying this outturn was a significant reduction in the services account surplus, linked to foreign-investment related payments, as well as an increase in the merchandise trade deficit. The surplus on the capital and financial account also contracted, by \$173.3 million (43.4%) to \$226.3 million, occasioned by lower net investment inflows.

The estimated merchandise trade deficit expanded by \$50.3 million (8.7%) to \$629.0 million. This reflected an advance in payments for imports, by \$44.2 million (5.5%) to \$853.0 million, combined with a modest \$6.0 million (2.6%) falloff in exports to \$224.0 million. In particular, buoyed by increased capital outlays, net non-oil imports advanced by \$68.3 million (15.3%) to \$513.3 million; however, a contraction in import volumes led to a \$41.2 million (17.3%) decrease in the fuel import bill to \$197.1 million. Broad-based declines were registered for almost all categories of oil products, as the per barrel cost for aviation gas fell by 30.9% to \$128.7; gas oil, by 10.4% to \$116.3; propane, by 9.3% to \$56.98 and motor gas, by 3.6% to \$131.8. In contrast, average costs for jet fuel rose by 19.1% to \$132.45 per barrel.

The surplus on the services account narrowed by \$179.3 million (42.3%) to \$244.6 million, explained primarily by an increase in foreign investment activity, net construction service outflows surged to \$119.0 million from \$27.7 million last year. Net payments for transportation services were also up by \$9.5 million (13.9%) to \$77.3 million, buoyed by higher outlays for air and sea freight services, while net outflows for insurance and royalty and license fees rose by \$3.8 million and \$2.4 million, to \$35.3 million and \$4.9 million, respectively. Reflective of the mildness in tourism sector activity, estimated net travel receipts were lower by \$62.3 million (10.7%) at \$517.6 million, and net inflows from offshore companies local expenses decreased by \$28.2 million (59.1%) to \$19.5 million. Conversely, the net inflow for Government services grew by \$3.4 million (67.1%) to \$8.5 million, while the net outflow for other "miscellaneous" services lessened by \$14.7 million (18.5%) to \$64.6 million.

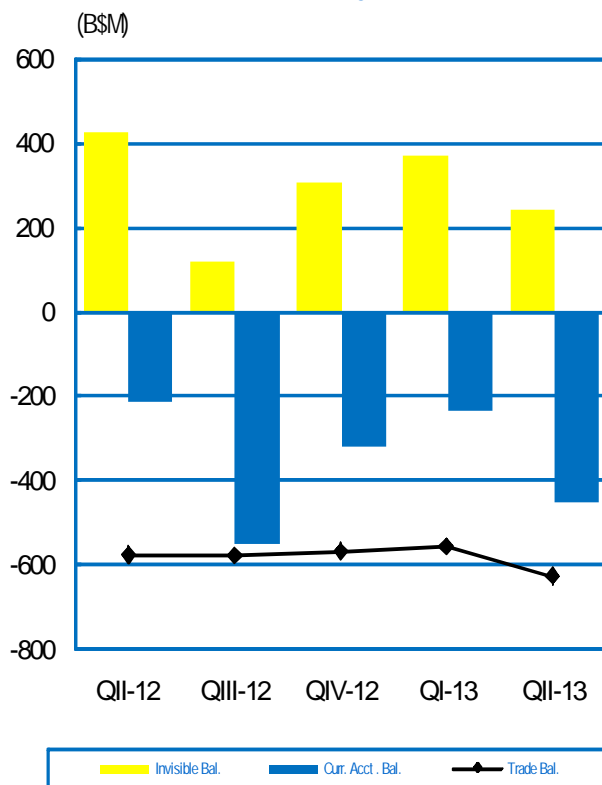
The income account deficit broadened by \$12.3 million (18.9%) to \$77.7 million, primarily explained by a \$16.3 million rise in net investment income outflows to \$68.0 million. In particular, interest, dividend and profit payments were higher by \$17.7 million (54.3%), as non-bank profit repatriations firmed by \$16.8 million (43.4%) to \$55.3 million, and commercial banks' net inflows declined by \$1.0 million (16.4%) to \$5.0 million. In contrast, net official outflows fell by \$1.5 million (7.7%) to \$17.7 million, occasioned by a \$1.7 million (7.1%) decrease in the Government's net interest payments, to \$21.6 million, which eclipsed the \$0.2 million (4.4%) falloff in the Central Bank's net investment income inflow to \$3.9 million. Net workers' remittances also fell by \$3.9 million (28.8%) to \$9.7 million.

Net current transfer inflows almost doubled to \$10.4 million from \$5.4 million last year. A \$5.9 million (23.8%) decline in worker remittances to \$18.9 million, dominated a \$0.9 million (31.1%) increase in other "miscellaneous" net transfer outflows to \$3.8 million, while the net inflow to the Government steadied at \$33.1 million.

The contraction in the surplus on the capital and financial account was due primarily to a significant reduction in direct investment inflows, by \$173.4 million (67.8%) to \$82.5 million. In particular, the net receipt from equity investments decreased to \$54.2 million from \$254.6 million a year earlier, when a major resort was sold to one of its creditors. In contrast, net real estate receipts rose by \$27.0 million to \$28.3 million, as high-end property sales sustained their modest recovery. Net portfolio investment outflows firmed by \$2.1 million (33.3%) to \$8.3 million, reflecting debt securities acquisitions of \$6.3 million, versus negligible levels a year ago, while the net outflow for equity acquisitions lessened by two-thirds to \$2.1 million. Conversely, other 'miscellaneous' investments were slightly higher by \$2.2 million at \$153.4 million, boosted by a more than two-fold rise in net inflows from "other" private sector transactions—related, mainly, to loan financing for foreign investment projects—to \$141.1 million from \$66.1 million last year. In addition, domestic banks' short-term transactions were reversed to a net inflow of \$7.1 million from a net outflow of \$9.3 million in 2012. By contrast, the public sector's net capital inflow was significantly lower at \$5.3 million from \$94.4 million a year ago, when a public entity issued Secured Notes to non-resident investors.

As a result of these developments, and after adjusting for net errors and omissions, the surplus on the overall balance, which mainly reflects the change in the Central Bank's external reserves, declined by \$24.0 million to \$13.9 million.

Balance of Payments



INTERNATIONAL ECONOMIC DEVELOPMENTS

The global economy showed signs of modest growth during the second quarter, buoyed by sustained—although muted—gains in Asia and the United States markets, while the euro zone appeared to emerge from its recession. Against this backdrop, labour market conditions improved marginally as employee payrolls expanded, while weakness in global consumer demand continued to restrain inflationary pressures. Despite the improving economic conditions, central banks either maintained or intensified their highly accommodative monetary policy stance, in an effort to support their economies. However, concerns that the Federal Reserve would be reducing the size of its asset purchase programme in the near-term, pared gains in several major

equity markets and led to a broad-based decline in the value of the United States Dollar.

Economic conditions in the United States improved over the review period, benefitting from growth in non-residential fixed investment and strengthened exports. Real GDP rose by an annualized 2.5% in the three months ended June, outpacing the 1.1% uptick recorded in the first quarter. Gains in the services sector underpinned the doubling in real output in the United Kingdom, to 0.6% quarter-on-quarter, over the preceding three-month period. Although several euro-zone countries remained mired in recession over the review period, overall output rose by 0.3% for the first time in six quarters, led by gains in Germany and France, the region's two largest economies. Asia's performance was mixed, as China's economic growth slowed modestly to 7.5% year-on-year, down from the prior period's 7.7% expansion. Although Japan registered its third quarterly rise, of an annualized 2.6% in the three months ended June, this was below the previous period's 3.8% gain, due primarily to a decline in corporate capital spending.

Despite signs of improving labour market conditions globally, jobless rates remained relatively unchanged in most major economies. In the United States, the unemployment rate steadied at 7.6% at end-June vis-à-vis end-March, as a general increase in the labour force negated gains in employee payrolls of 535,000. Similarly, the jobless rate in the United Kingdom remained at 7.8% for the second consecutive quarter, following the employment of an additional 69,000 persons. Reflecting the persistently high rates of joblessness in Spain and Greece, the quarterly unemployment rate for the entire euro zone stabilized at a record 12.1% at end-June. More favourable employment conditions persisted in Asia, where Japan's jobless rate fell by 30 basis points to 3.9% and China's rate was unchanged at 4.1%.

Amid weak consumer demand and signs of slower growth in major commodity importing economies, inflationary pressures were relatively subdued. In the United States, higher energy costs led to a slight uptick in the pace of average annual consumer price increases, by 30 basis points to 1.8% by end-June. Over the same period, consumer price inflation in the United Kingdom firmed marginally by 10 basis points to 2.9%, owing primarily to higher costs for clothing & footwear. Lower prices for energy and services softened accretions to average costs

in the euro zone by 30 basis points to 2.0% in the 12-months-ended June. China's year-on-year consumer price inflation advanced to 2.7% in the second quarter, from 2.1% in the prior period, due mainly to higher food prices, while Japan's deflationary cycle continued, as a 0.3% fall in average consumer prices extended the preceding quarter's 0.6% contraction.

In the foreign exchange markets, the United States dollar depreciated against most major currencies over the review period. The dollar declined by 1.5% relative to the euro, to €0.77, and fell marginally versus the Swiss Franc and British pound, by 0.4% and 0.1%, to CHF 0.95 and £0.66, respectively. In mixed movements vis-à-vis Asian currencies, the dollar decreased against the Chinese Yuan, by 1.2% to CNY6.14, but appreciated against the Japanese yen, by 5.2% to ¥99.14, as the Bank of Japan's measures to further loosen monetary policy aided in the weakening of the yen. The dollar also gained by 3.4% relative to the Canadian dollar, to CDN\$1.05.

The performances of the major stock indices varied, reflecting mainly domestic factors. Although US markets briefly moved lower when the Federal Reserve indicated that it may taper its bond purchase programme, positive economic indicators resulted in the Dow Jones Industrial Average (DIJA) and the Standard & Poor's 500 (S&P 500) registering similar quarterly increases, of 2.3% and 2.7%, respectively. In Europe, signs of economic improvements contributed to Germany's DAX and France's CAC 40 rising by 2.1% and 0.2%, respectively, although uncertainty over the US central bank's future policy actions and constrained credit markets in China led to the United Kingdom's FTSE 100 declining by 3.1%. In Asia, buoyed by the Bank of Japan's announced stimulus measures, Japan's Nikkei 225 firmed by 10.3%; whereas, China's SE Composite fell 11.5%, amid concerns over tightening credit markets and slowing economic growth.

Reflecting softness in demand and increased production, crude oil prices fell over the quarter, by 6.3% to US\$102.57 per barrel. In addition, a combination of facts, including a potential change in US monetary policy in the short-term, contributed to the prices of gold and silver plunging, by 22.7% and 30.5%, to \$1,234.53 per ounce and \$19.68 per ounce, respectively.

All major central banks either sustained or heightened their highly accommodative monetary policy pro-

grammes during the quarter. In the United States, with the unemployment rate remaining above its 6½% target, the Federal Reserve (FED) kept the target range for the federal funds rate between 0.0% and 0.25% and maintained its “quantitative easing” programmes. However, the Chairman intimated that the pace of asset purchases may be reduced later in the year, if labour market conditions improve further. Faced with an inflation rate above its 2% target, the Bank of England held its Bank rate at 0.5% and maintained the size of its Asset Purchase Programme at £375 billion. Amid slightly improving but fragile conditions in the euro zone, the European Central Bank decided to provide further support to the economy—cutting the refinancing rate by 25 basis points to 0.50% and the marginal lending rate by 50 basis points to 1.00% in May—the first rate reduction since July, 2012. As economic performance softened for Asian economies, the People’s Bank of China injected liquidity into the banking system to ease money market tensions, and the Bank of Japan introduced a stimulus programme, aimed at increasing its purchases of Japanese government bonds (JGBs) and exchange-traded funds (ETFs).

Most major economies experienced an improvement in their terms of trade during the review quarter, having benefitted from gains in exports that outstripped import growth. In the United States, the trade deficit narrowed by 4.2% to \$118.5 billion in the second quarter. The United Kingdom’s trade in goods and services deficit also shrank, by 3.6% to £5.9 billion, while the improvements in the region’s economies contributed to the euro area’s trade surplus widening by 64.5% to €45.9 billion. In Asia, China’s quarterly trade surplus broadened by 50.3% to US\$64.8 billion, and Japan’s trade deficit narrowed by 25.8% to ¥2,065.4 billion, as a weaker yen buoyed gains in exports.

STATISTICAL APPENDIX
(Tables 1-16)

STATISTICAL APPENDIX

Table 1	Financial Survey
Table 2	Monetary Survey
Table 3	Central Bank Balance Sheet
Table 4	Domestic Banks Balance Sheet
Table 5	Profit and Loss Accounts of Banks in The Bahamas
Table 6	Money Supply
Table 7	Consumer Installment Credit
Table 8	Selected Average Interest Rates
Table 9	Selected Credit Quality Indicators of Domestic Banks
Table 10	Summary of Bank Liquidity
Table 11	Government Operations and Financing
Table 12	National Debt
Table 13	Public Sector Foreign Currency Debt Operations
Table 14	Balance of Payments Summary
Table 15	External Trade
Table 16	Selected Tourism Statistics

The following symbols and conventions are used throughout this report:

1. n.a. not available
2. -- nil
3. p provisional
4. r revised
5. Due to rounding, the sum of separate items may differ from the total

TABLE 1
FINANCIAL SURVEY

End of Period	2008	2009	2010	2011				2012				2013	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
(B\$ Millions)													
Net foreign assets	(140.9)	134.1	152.1	312.0	571.5	382.1	280.8	308.9	356.2	117.6	208.4	266.2	273.0
Central Bank	562.9	816.0	860.4	975.1	1076.1	955.6	884.8	890.0	928.0	745.8	810.2	783.2	797.1
Domestic Banks	(703.8)	(681.9)	(708.3)	(663.1)	(504.6)	(573.5)	(604.0)	(581.1)	(571.8)	(628.2)	(601.8)	(517.0)	(524.1)
Net domestic assets	6,064.9	5,898.2	6,038.9	5,916.0	5,779.9	5,969.9	6,029.6	6,120.9	6,149.1	6,222.5	6,095.3	6,162.5	6,182.7
Domestic credit	7,909.1	8,039.7	8,448.2	8,302.3	8,213.2	8,415.2	8,536.9	8,666.5	8,698.8	8,797.2	8,685.0	8,753.8	8,824.6
Public sector	1,372.3	1,443.8	1,875.5	1,817.0	1,710.3	1,815.7	1,889.4	1,998.8	2,042.7	2,135.4	2,055.7	2,216.8	2,295.2
Government (net)	924.0	1,023.9	1,413.7	1,366.8	1,259.2	1,401.4	1,439.2	1,524.8	1,624.9	1,678.0	1,592.2	1,751.4	1,829.6
Rest of public sector	448.3	419.9	461.8	450.2	451.1	414.3	450.2	474.0	417.8	457.4	463.5	465.4	465.7
Private sector	6,536.8	6,595.9	6,572.7	6,485.3	6,502.9	6,599.5	6,647.5	6,667.7	6,656.1	6,661.8	6,629.3	6,537.0	6,529.4
Other items (net)	(1,844.2)	(2,141.5)	(2,409.3)	(2,386.3)	(2,433.3)	(2,445.3)	(2,507.3)	(2,545.6)	(2,549.7)	(2,574.7)	(2,589.7)	(2,591.3)	(2,641.9)
Monetary liabilities	5,924.0	6,032.3	6,191.1	6,228.0	6,351.4	6,352.0	6,310.4	6,429.8	6,505.3	6,340.1	6,303.7	6,428.7	6,455.7
Money	1,274.5	1,283.6	1,335.2	1,340.0	1,425.7	1,423.9	1,434.8	1,486.7	1,532.8	1,509.8	1,574.9	1,590.9	1,653.5
Currency	205.8	207.8	194.5	194.3	194.1	202.1	196.9	203.5	207.3	208.2	216.5	216.7	215.6
Demand deposits	1,068.7	1,075.8	1,140.6	1,145.7	1,231.6	1,221.8	1,237.9	1,283.2	1,325.5	1,301.6	1,358.4	1,374.2	1,437.9
Quasi-money	4,649.5	4,748.7	4,855.9	4,888.0	4,925.7	4,928.1	4,875.6	4,943.1	4,972.5	4,830.3	4,728.8	4,837.8	4,802.2
Fixed deposits	3,427.7	3,521.4	3,615.4	3,647.3	3,663.3	3,676.3	3,605.9	3,596.7	3,581.0	3,488.4	3,444.1	3,496.8	3,434.9
Savings deposits	1,020.4	995.4	1,015.8	1,039.9	1,040.0	1,037.5	1,063.7	1,084.8	1,144.8	1,110.2	1,069.0	1,091.7	1,109.7
Foreign currency	201.4	231.9	224.7	200.8	222.4	214.3	206.0	261.6	246.7	231.7	215.7	249.4	257.6
(percentage changes)													
Total domestic credit	6.4	1.7	5.1	(1.7)	(1.1)	2.5	1.4	1.5	0.4	1.1	(1.3)	0.8	0.8
Public sector	12.9	5.2	29.9	(3.1)	(5.9)	6.2	4.1	5.8	2.2	4.5	(3.7)	7.8	3.5
Government (net)	6.6	10.8	38.1	(3.3)	(7.9)	11.3	2.7	5.9	6.6	3.3	(5.1)	10.0	4.5
Rest of public sector	28.4	(6.3)	10.0	(2.5)	0.2	(8.2)	8.7	5.3	(11.9)	9.5	1.3	0.4	0.0
Private sector	5.1	0.9	(0.4)	(1.3)	0.3	1.5	0.7	0.3	(0.2)	0.1	(0.5)	(1.4)	(0.1)
Monetary liabilities	5.1	1.8	2.6	0.6	2.0	0.0	(0.7)	1.9	1.2	(2.5)	(0.6)	2.0	0.4
Money	(2.0)	0.7	4.0	0.4	6.4	(0.1)	0.8	3.6	3.1	(1.5)	4.3	1.0	3.9
Currency	(8.0)	1.0	(6.4)	(0.1)	(0.1)	4.1	(2.6)	3.3	1.9	0.4	4.0	0.1	(0.5)
Demand deposits	(0.7)	0.7	6.0	0.4	7.5	(0.8)	1.3	3.7	3.3	(1.8)	4.4	1.2	4.6
Quasi-money	7.2	2.1	2.3	0.7	0.8	0.0	(1.1)	1.4	0.6	(2.9)	(2.1)	2.3	(0.7)

Source: The Central Bank of The Bahamas

TABLE 2
MONETARY SURVEY

End of Period	2008	2009	2010	2011				2012				2013	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
(B\$ Millions)													
Net foreign assets	(123.6)	167.3	113.9	266.4	516.9	385.2	287.5	304.3	362.6	119.4	214.2	272.6	262.9
Central Bank	562.9	816.0	860.4	975.1	1076.1	955.6	884.8	890.0	928.0	745.8	810.2	783.2	797.1
Commercial banks	(686.5)	(648.7)	(746.6)	(708.7)	(559.2)	(570.4)	(597.3)	(585.7)	(565.4)	(626.4)	(596.0)	(510.6)	(534.2)
Net domestic assets	6,018.5	5,832.9	6,040.6	5,919.4	5,793.2	5,924.9	5,978.9	6,054.3	6,086.5	6,168.5	6,034.8	6,105.6	6,107.7
Domestic credit	7,882.7	8,000.0	8,417.1	8,273.2	8,187.4	8,389.4	8,509.0	8,637.2	8,669.0	8,767.5	8,655.5	8,726.4	8,797.1
Public sector	1,369.3	1,428.3	1,861.0	1,802.2	1,702.2	1,806.7	1,879.5	1,986.7	2,030.1	2,122.5	2,042.8	2,203.9	2,282.5
Government (net)	921.0	1,008.4	1,404.6	1,357.4	1,251.2	1,392.9	1,429.8	1,513.2	1,612.7	1,665.7	1,579.9	1,739.0	1,817.3
Rest of public sector	448.3	419.9	456.4	444.8	451.0	413.8	449.7	473.5	417.3	456.8	462.9	464.9	465.2
Private sector	6,513.4	6,571.7	6,556.1	6,470.9	6,485.2	6,582.6	6,629.5	6,650.4	6,638.9	6,645.0	6,612.7	6,522.5	6,514.6
Other items (net)	(1,864.2)	(2,167.1)	(2,376.5)	(2,353.8)	(2,394.2)	(2,464.5)	(2,530.1)	(2,582.9)	(2,582.5)	(2,599.0)	(2,620.7)	(2,620.8)	(2,689.4)
Monetary liabilities	5,894.9	6,000.2	6,154.6	6,185.8	6,310.1	6,308.6	6,266.4	6,358.6	6,449.1	6,287.9	6,249.0	6,378.2	6,370.6
Money	1,257.6	1,261.9	1,314.7	1,316.4	1,401.5	1,398.4	1,408.2	1,448.9	1,496.8	1,485.3	1,541.9	1,562.0	1,598.3
Currency	205.8	207.8	194.5	194.3	194.1	202.1	196.9	203.5	207.3	208.2	216.5	216.7	215.6
Demand deposits	1,051.8	1,054.1	1,120.2	1,122.1	1,207.4	1,196.3	1,211.3	1,245.5	1,289.5	1,277.1	1,325.4	1,345.3	1,382.7
Quasi-money	4,637.3	4,738.3	4,839.8	4,869.4	4,908.6	4,910.2	4,858.2	4,909.7	4,952.3	4,802.6	4,707.1	4,816.3	4,772.3
Savings deposits	1,020.2	995.3	1,015.8	1,039.9	1,040.0	1,037.5	1,063.7	1,084.8	1,144.7	1,110.1	1,069.0	1,091.6	1,109.7
Fixed deposits	3,415.8	3,511.1	3,601.8	3,632.1	3,649.4	3,660.6	3,592.3	3,580.7	3,567.3	3,476.5	3,428.4	3,481.0	3,418.7
Foreign currency deposits	201.3	231.9	222.2	197.4	219.2	212.1	202.2	244.2	240.3	216.0	209.7	243.7	243.9
(percentage change)													
Total domestic credit	6.5	1.5	5.2	(1.7)	(1.0)	2.5	1.4	1.5	0.4	1.1	(1.3)	0.8	0.8
Public sector	12.9	4.3	30.3	(3.2)	(5.6)	6.1	4.0	5.7	2.2	4.6	(3.8)	7.9	3.6
Government (net)	6.6	9.5	39.3	(3.4)	(7.8)	11.3	2.6	5.8	6.6	3.3	(5.2)	10.1	4.5
Rest of public sector	28.4	(6.3)	8.7	(2.5)	1.4	(8.2)	8.7	5.3	(11.9)	9.5	1.3	0.4	0.1
Private sector	5.2	0.9	(0.2)	(1.3)	0.2	1.5	0.7	0.3	(0.2)	0.1	(0.5)	(1.4)	(0.1)
Monetary liabilities	5.2	1.8	2.6	0.5	2.0	(0.0)	(0.7)	1.5	1.4	(2.5)	(0.6)	2.1	(0.1)
Money	(1.7)	0.3	4.2	0.1	6.5	(0.2)	0.7	2.9	3.3	(0.8)	3.8	1.3	2.3
Currency	(8.0)	1.0	(6.4)	(0.1)	(0.1)	4.1	(2.6)	3.3	1.9	0.4	4.0	0.1	(0.5)
Demand deposits	(0.3)	0.2	6.3	0.2	7.6	(0.9)	1.3	2.8	3.5	(1.0)	3.8	1.5	2.8
Quasi-money	7.2	2.2	2.1	0.6	0.8	0.0	(1.1)	1.1	0.9	(3.0)	(2.0)	2.3	(0.9)

Source: The Central Bank of The Bahamas

TABLE 3
CENTRAL BANK BALANCE SHEET

End of Period	(B\$ Millions)												
	2008	2009	2010	2011				2012				2013	
				Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.
Net foreign assets	562.9	816.0	860.4	975.1	1,076.1	955.6	884.8	890.0	928.0	745.8	810.2	783.2	797.1
Balances with banks abroad	205.8	270.9	175.2	265.7	298.5	183.2	115.0	124.1	164.9	5.4	216.5	200.7	209.1
Foreign securities	347.4	356.2	499.7	518.5	584.9	584.4	585.0	579.4	580.4	554.8	555.7	545.4	550.8
Reserve position in the Fund	9.6	9.8	9.6	9.9	10.0	9.8	9.6	9.7	9.5	9.6	9.6	9.4	9.4
SDR holdings	0.1	179.1	175.9	181.0	182.7	178.2	175.2	176.8	173.2	176.0	28.4	27.7	27.8
Net domestic assets	76.9	73.3	156.7	148.4	111.9	179.9	187.4	194.9	218.0	249.4	280.1	323.7	357.4
Net claims on Government	198.8	182.1	259.8	244.6	213.8	282.7	289.2	304.9	328.3	357.1	394.7	438.6	460.6
Claims	202.9	202.8	274.3	261.7	222.2	291.3	300.8	315.8	333.5	368.5	404.8	460.7	484.9
Treasury bills	6.3	--	--	--	--	19.9	26.2	20.0	21.5	63.5	129.6	187.0	209.5
Bahamas registered stock	124.6	105.8	162.3	149.7	148.2	160.9	164.0	165.2	174.3	169.4	169.5	168.0	169.7
Loans and advances	72.0	97.0	112.0	112.0	74.0	110.6	110.6	130.6	137.7	135.6	105.7	105.7	105.7
Deposits	(4.1)	(20.7)	(14.5)	(17.0)	(8.4)	(8.6)	(11.6)	(10.9)	(5.2)	(11.4)	(10.1)	(22.1)	(24.3)
In local currency	(4.1)	(20.7)	(14.5)	(17.0)	(8.4)	(8.6)	(11.6)	(10.9)	(5.2)	(11.4)	(10.1)	(22.1)	(24.3)
In foreign currency	--	--	--	--	--	--	--	--	--	--	--	--	--
Deposits of rest of public sector	(10.4)	(15.8)	(15.4)	(7.5)	(9.4)	(10.4)	(7.1)	(14.8)	(12.9)	(10.6)	(14.7)	(10.3)	(16.4)
Credit to commercial banks	--	--	--	--	--	--	--	--	--	--	--	--	--
Official capital and surplus	(125.9)	(140.5)	(132.0)	(133.6)	(134.9)	(136.6)	(139.2)	(140.5)	(141.1)	(142.0)	(139.3)	(143.0)	(143.0)
Net unclassified assets	7.1	40.5	38.0	38.5	36.0	37.9	38.4	39.2	37.8	39.0	33.7	32.8	50.7
Loans to rest of public sector	6.5	6.2	5.6	5.6	5.6	5.4	5.2	5.2	5.0	5.0	4.8	4.8	4.6
Public Corp Bonds/Securities	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Liabilities To Domestic Banks	(439.0)	(486.5)	(631.0)	(731.9)	(794.8)	(739.1)	(684.3)	(688.8)	(749.9)	(595.1)	(682.6)	(703.7)	(751.8)
Notes and coins	(117.6)	(111.8)	(113.2)	(84.5)	(85.7)	(79.7)	(126.9)	(80.6)	(83.5)	(86.7)	(127.4)	(95.6)	(93.7)
Deposits	(321.4)	(374.7)	(517.8)	(647.4)	(709.1)	(659.4)	(557.4)	(608.2)	(666.4)	(508.4)	(555.2)	(608.1)	(658.1)
SDR allocation	(15.8)	(195.0)	(191.6)	(197.3)	(199.1)	(194.3)	(191.0)	(192.7)	(188.8)	(191.9)	(191.2)	(186.5)	(187.1)
Currency held by the private sector	(205.8)	(207.8)	(194.5)	(194.3)	(194.1)	(202.1)	(196.9)	(203.5)	(207.3)	(208.2)	(216.5)	(216.7)	(215.6)

Source: The Central Bank of The Bahamas

TABLE 4
DOMESTIC BANKS BALANCE SHEET

End of Period	(B\$ Millions)												
	2008	2009	2010	2011				2012				2013	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
Net foreign assets	(703.8)	(681.9)	(705.8)	(663.1)	(504.6)	(573.5)	(604.0)	(581.1)	(571.8)	(628.2)	(601.8)	(517.0)	(524.1)
Net claims on Central Bank	439.9	487.4	631.9	733.1	795.7	739.9	687.0	689.8	753.8	596.5	690.7	705.3	752.7
Notes and Coins	117.6	111.8	113.2	84.5	85.7	79.7	126.9	80.6	83.5	86.7	127.4	95.6	93.7
Balances	322.3	375.6	518.7	648.6	710.0	660.2	560.1	609.2	670.3	509.8	563.3	609.8	659.0
Less Central Bank credit	--	--	--	--	--	--	--	--	--	--	--	--	--
Net domestic assets	5,534.1	5,564.4	5,567.7	5,465.3	5,346.5	5,510.7	5,579.5	5,675.9	5,679.5	5,748.1	5,586.9	5,610.8	5,590.0
Net claims on Government	725.2	843.0	1,152.3	1,122.2	1,045.4	1,118.6	1,150.0	1,219.9	1,296.6	1,320.9	1,197.5	1,312.8	1,368.9
Treasury bills	180.2	214.0	293.7	294.8	253.3	281.6	275.4	301.6	321.6	274.6	219.3	342.1	378.6
Other securities	533.5	704.6	799.6	799.4	772.9	811.1	847.6	848.7	840.7	965.5	961.1	957.2	954.3
Loans and advances	145.8	76.5	180.3	148.0	141.0	143.4	145.7	189.3	253.8	207.3	152.4	147.6	164.0
Less: deposits	134.3	152.1	121.3	120.1	121.8	117.5	118.7	119.7	119.5	126.5	135.3	134.1	128.0
Net claims on rest of public sector	3.4	(25.7)	(31.9)	(47.2)	(66.2)	(54.4)	0.4	41.2	(11.5)	46.6	61.2	57.1	55.1
Securities	97.5	107.0	115.6	115.6	114.6	115.1	117.4	119.4	119.4	119.4	119.4	119.4	119.4
Loans and advances	343.6	305.9	339.8	328.2	330.1	293.0	326.8	348.7	292.6	332.1	338.4	340.4	340.8
Less: deposits	437.7	438.6	487.3	491.0	510.9	462.5	443.8	426.9	423.5	404.9	396.6	402.7	405.2
Other net claims	(0.1)	(8.1)	(3.4)	(10.1)	(38.2)	(21.2)	5.5	(19.3)	(14.6)	(4.6)	(15.7)	(13.5)	(6.9)
Credit to the private sector	6,536.8	6,595.9	6,572.7	6,485.3	6,502.9	6,599.5	6,647.6	6,667.6	6,656.1	6,661.9	6,629.3	6,537.0	6,529.4
Securities	28.8	27.2	17.4	16.0	12.8	14.8	16.4	14.4	14.3	14.0	14.1	14.2	12.9
Mortgages	2,819.7	2,949.6	3,192.4	3,218.6	3,218.9	3,226.1	3,227.6	3,232.9	3,255.1	3,275.8	3,275.4	3,273.7	3,300.1
Loans and advances	3,688.3	3,619.1	3,363.0	3,250.7	3,271.2	3,358.6	3,403.6	3,420.3	3,386.7	3,372.1	3,339.8	3,249.1	3,216.3
Private capital and surplus	(1,864.6)	(2,033.0)	(2,281.9)	(2,254.5)	(2,295.3)	(2,305.7)	(2,357.8)	(2,419.6)	(2,436.1)	(2,473.5)	(2,535.2)	(2,515.7)	(2,577.5)
Net unclassified assets	133.4	192.3	159.9	169.7	197.9	173.9	133.8	186.1	189.0	196.8	249.8	233.1	221.0
Liabilities to private sector	5,270.2	5,370.0	5,493.7	5,535.3	5,637.5	5,677.1	5,662.5	5,784.6	5,861.5	5,716.4	5,675.8	5,799.1	5,818.6
Demand deposits	1,150.2	1,204.2	1,249.6	1,237.1	1,307.2	1,302.4	1,325.6	1,410.6	1,442.3	1,406.7	1,442.7	1,493.9	1,552.3
Savings deposits	1,024.1	1,003.5	1,017.8	1,042.7	1,043.5	1,040.5	1,067.1	1,088.0	1,148.1	1,114.1	1,074.1	1,096.8	1,116.4
Fixed deposits	3,095.9	3,162.3	3,226.3	3,255.5	3,286.8	3,334.2	3,269.8	3,285.9	3,271.1	3,195.6	3,159.0	3,208.4	3,149.9

Source: The Central Bank of The Bahamas

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

(B\$'000s)

Period	2008	2009	2010	2011				2012				2013
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I
1. Interest Income	760,159	728,878	742,174	186,517	182,266	164,729	168,979	168,204	165,179	163,140	170,532	158,479
2. Interest Expense	278,219	244,468	225,990	51,951	49,265	45,075	39,658	39,034	37,892	35,607	32,364	30,765
3. Interest Margin (1-2)	481,940	484,410	516,184	134,566	133,001	119,654	129,321	129,170	127,287	127,533	138,168	127,714
4. Commission & Forex Income	32,328	22,005	22,820	5,822	5,685	5,567	6,052	6,224	5,145	5,701	5,935	5,593
5. Gross Earnings Margin (3+4)	514,268	506,415	539,004	140,388	138,686	125,221	135,373	135,394	132,432	133,234	144,103	133,307
6. Staff Costs	148,364	149,222	158,233	39,277	42,611	41,395	41,676	39,136	41,456	40,230	41,526	39,139
7. Occupancy Costs	23,409	23,417	23,964	5,743	6,283	7,048	6,712	7,019	7,036	8,081	7,608	7,175
8. Other Operating Costs	91,867	87,245	107,051	23,872	26,089	30,424	26,753	28,138	27,582	26,815	29,379	30,695
9. Operating Costs (6+7+8)	263,640	259,884	289,248	68,892	74,983	78,867	75,141	74,293	76,074	75,126	78,513	77,009
10. Net Earnings Margin (5-9)	250,628	246,531	249,756	71,496	63,703	46,354	60,232	61,101	56,358	58,108	65,590	56,298
11. Depreciation Costs	13,412	14,134	15,238	3,587	3,519	3,777	1,810	3,521	3,469	3,041	3,333	3,378
12. Provisions for Bad Debt	82,204	121,092	124,686	23,937	21,056	31,799	24,711	37,789	36,123	48,570	45,616	42,894
13. Other Income	120,334	96,990	111,284	22,516	25,854	22,721	26,429	21,124	20,981	23,142	23,037	22,633
14. Other Income (Net) (13-11-12)	24,718	(38,236)	(28,640)	(5,008)	1,279	(12,855)	(92)	(20,186)	(18,611)	(28,469)	(25,912)	(23,639)
15. Net Income (10+14)	275,346	208,295	221,116	66,488	64,982	33,499	60,140	40,915	37,747	29,639	39,678	32,659
16. Effective Interest Rate Spread (%)	6.51	6.34	6.17	5.88	6.24	6.16	6.28	6.44	6.40	6.44	6.36	6.64
(Ratios To Average Assets)												
Interest Margin	5.39	5.31	5.60	5.69	5.64	5.07	5.47	5.39	5.23	5.27	5.74	5.29
Commission & Forex Income	0.36	0.24	0.25	0.25	0.24	0.24	0.26	0.26	0.21	0.24	0.25	0.23
Gross Earnings Margin	5.75	5.55	5.84	5.93	5.88	5.30	5.72	5.65	5.45	5.51	5.99	5.52
Operating Costs	2.95	2.85	3.14	2.91	3.18	3.34	3.18	3.10	3.13	3.11	3.26	3.19
Net Earnings Margin	2.80	2.70	2.71	3.02	2.70	1.96	2.55	2.55	2.32	2.40	2.72	2.33
Net Income	3.09	2.28	2.40	2.81	2.75	1.42	2.54	1.71	1.55	1.23	1.65	1.35

*Commercial Banks and OLFIs with domestic operations

Source: The Central Bank of The Bahamas

TABLE 6
MONEY SUPPLY

(B\$ Millions)

End of Period	2008	2009	2010	2011				2012				2013	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
Money supply (M1)	1,274.5	1,283.6	1,335.2	1,340.0	1,425.7	1,423.9	1,434.8	1,486.7	1,532.8	1,509.8	1,574.9	1,590.9	1,653.5
1) Currency in active circulation	205.8	207.8	194.5	194.3	194.1	202.1	196.9	203.5	207.3	208.2	216.5	216.7	215.6
2) Demand deposits	1,068.7	1,075.8	1,140.6	1,145.7	1,231.6	1,221.8	1,237.9	1,283.2	1,325.5	1,301.6	1,358.4	1,374.2	1,437.9
Central Bank	10.4	15.9	15.4	7.5	9.4	10.4	7.1	14.8	12.9	10.6	14.8	10.3	16.4
Domestic Banks	1,058.3	1,059.9	1,125.2	1,138.2	1,222.2	1,211.4	1,230.8	1,268.4	1,312.6	1,291.0	1,343.6	1,363.9	1,421.5
Factors affecting money (M1)													
1) Net credit to Government	924.0	1,023.9	1,413.7	1,366.8	1,259.2	1,401.4	1,439.2	1,524.8	1,624.9	1,678.0	1,592.2	1,751.4	1,829.6
Central Bank	198.8	180.9	261.4	244.6	213.8	282.8	289.2	304.9	328.3	357.1	394.7	438.6	460.7
Domestic Banks	725.2	843.0	1,152.3	1,122.2	1,045.4	1,118.6	1,150.0	1,219.9	1,296.6	1,320.9	1,197.5	1,312.8	1,368.9
2) Other credit	6,985.1	7,015.8	7,034.5	6,935.5	6,954.0	7,013.8	7,097.7	7,141.7	7,073.9	7,119.2	7,092.8	7,002.4	6,995.0
Rest of public sector	448.3	419.9	461.8	450.2	451.1	414.3	450.2	474.0	417.8	457.4	463.5	465.4	465.6
Private sector	6,536.8	6,595.9	6,572.7	6,485.3	6,502.9	6,599.5	6,647.5	6,667.7	6,656.1	6,661.8	6,629.3	6,537.0	6,529.4
3) External reserves	562.9	816.0	860.4	975.1	1,076.1	955.6	884.8	890.0	928.0	745.8	810.2	783.2	797.1
4) Other external liabilities (net)	(703.8)	(681.9)	(708.3)	(663.1)	(504.6)	(573.5)	(604.0)	(581.1)	(571.8)	(628.2)	(601.8)	(517.0)	(524.1)
5) Quasi money	4,649.5	4,748.7	4,855.9	4,888.0	4,925.7	4,928.1	4,875.6	4,943.1	4,972.5	4,830.3	4,728.8	4,837.8	4,802.2
6) Other items (net)	(1,844.2)	(2,141.5)	(2,409.3)	(2,386.3)	(2,433.4)	(2,445.3)	(2,507.3)	(2,545.6)	(2,549.7)	(2,574.7)	(2,589.7)	(2,591.3)	(2,641.9)

Source: The Central Bank of The Bahamas

TABLE 7
CONSUMER INSTALMENT CREDIT*

(B\$' 000)

End of Period	2008	2009	2010	2011				2012				2013	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
				CREDIT OUTSTANDING									
Private cars	238,775	206,689	185,044	181,837	182,112	174,192	171,751	169,956	174,077	176,222	177,527	176,465	184,523
Taxis & rented cars	1,909	1,832	985	889	794	1,138	910	987	974	1,055	1,081	970	1,026
Commercial vehicles	6,111	4,955	3,353	3,214	3,274	3,027	2,510	2,368	2,299	2,213	2,241	2,176	1,997
Furnishings & domestic appliances	21,173	19,134	15,126	14,072	13,131	11,610	11,126	10,462	10,297	11,993	12,010	11,621	10,840
Travel	49,602	36,369	26,464	24,291	25,543	26,261	25,221	23,832	24,413	27,239	29,492	27,784	29,616
Education	57,255	55,227	50,875	49,148	47,050	37,647	35,750	34,230	32,733	35,731	34,544	33,448	32,566
Medical	21,435	19,697	16,399	15,773	15,731	15,011	14,409	13,786	13,304	13,247	11,363	11,123	11,274
Home Improvements	171,454	163,991	129,860	125,429	121,350	126,413	126,543	122,885	126,732	124,114	127,537	128,389	124,738
Land Purchases	246,168	243,696	240,391	240,987	239,710	242,256	239,790	234,789	237,847	233,149	232,752	228,644	227,867
Consolidation of debt	594,565	648,024	714,616	734,975	766,315	797,592	820,135	815,617	813,370	804,306	781,518	779,541	772,843
Miscellaneous	541,585	515,002	494,961	479,768	476,373	461,332	464,052	483,468	499,683	508,667	501,225	500,285	501,268
Credit Cards	294,377	278,749	262,871	253,023	250,021	253,505	251,924	242,294	239,549	242,130	243,745	236,066	234,110
TOTAL	2,244,409	2,193,365	2,140,945	2,123,406	2,141,404	2,149,984	2,164,121	2,154,674	2,175,278	2,180,066	2,155,035	2,136,512	2,132,668
NET CREDIT EXTENDED													
Private cars	(9,377)	(32,086)	(21,645)	(3,207)	275	(7,920)	(2,441)	(1,795)	4,121	2,145	1,305	(1,062)	8,058
Taxis & rented cars	1	(77)	(847)	(96)	(95)	344	(228)	77	(13)	81	26	(111)	56
Commercial vehicles	(845)	(1,156)	(1,602)	(139)	60	(247)	(517)	(142)	(69)	(86)	28	(65)	(179)
Furnishings & domestic appliances	(1,221)	(2,039)	(4,008)	(1,054)	(941)	(1,521)	(484)	(664)	(165)	1,696	17	(389)	(781)
Travel	(1,368)	(13,233)	(9,905)	(2,173)	1,252	718	(1,040)	(1,389)	581	2,826	2,253	(1,708)	1,832
Education	2,530	(2,028)	(4,352)	(1,727)	(2,098)	(9,403)	(1,897)	(1,520)	(1,497)	2,998	(1,187)	(1,096)	(882)
Medical	915	(1,738)	(3,298)	(626)	(42)	(720)	(602)	(623)	(482)	(57)	(1,884)	(240)	151
Home Improvements	8,384	(7,463)	(34,131)	(4,431)	(4,079)	5,063	130	(3,658)	3,847	(2,618)	3,423	852	(3,651)
Land Purchases	18,932	(2,472)	(3,305)	596	(1,277)	2,546	(2,466)	(5,001)	3,058	(4,698)	(397)	(4,108)	(777)
Consolidation of debt	98,269	53,459	66,592	20,359	31,340	31,277	22,543	(4,518)	(2,247)	(9,064)	(22,788)	(1,977)	(6,698)
Miscellaneous	(17,534)	(26,583)	(20,041)	(15,193)	(3,395)	(15,041)	2,720	19,416	16,215	8,984	(7,442)	(940)	983
Credit Cards	37,382	(15,628)	(15,878)	(9,848)	(3,002)	3,484	(1,581)	(9,630)	(2,745)	2,581	1,615	(7,679)	(1,956)
TOTAL	136,068	(51,044)	(52,420)	(17,539)	17,998	8,580	14,137	(9,447)	20,604	4,788	(25,031)	(18,523)	(3,844)

Source: The Central Bank of The Bahamas

* Includes both demand and add-on loans

TABLE 8
SELECTED AVERAGE INTEREST RATES

Period	(%)												
	2010	2011	2012	2011				2012				2013	
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II
DOMESTIC BANKS													
Deposit rates													
Savings deposits	1.94	1.75	1.53	1.85	1.89	1.63	1.61	1.88	1.67	1.31	1.25	1.11	0.96
Fixed deposits													
Up to 3 months	3.19	2.33	1.60	2.82	2.64	1.97	1.89	1.71	1.71	1.56	1.43	1.48	1.41
Up to 6 months	3.56	2.67	1.95	3.31	2.79	2.56	2.01	2.08	2.09	1.89	1.72	1.63	1.59
Up to 12 months	3.99	3.25	2.54	3.92	3.54	2.77	2.75	2.69	2.68	2.49	2.30	2.59	2.06
Over 12 months	4.04	3.20	2.65	3.89	3.55	2.75	2.59	2.96	2.53	2.52	2.58	2.49	2.29
Weighted average rate	3.44	2.64	2.02	3.18	2.90	2.27	2.19	2.23	2.08	1.93	1.83	1.92	1.69
Lending rates													
Residential mortgages	8.15	7.77	7.51	8.07	7.94	7.57	7.50	7.58	7.61	7.43	7.40	7.51	7.13
Commercial mortgages	8.79	8.37	8.29	8.75	8.57	8.04	8.12	8.09	8.35	8.33	8.40	8.06	7.57
Consumer loans	13.21	13.35	13.43	13.51	13.29	13.29	13.32	12.82	13.41	13.84	13.66	13.55	13.51
Overdrafts	10.87	10.04	9.81	10.21	10.15	9.94	9.84	9.36	10.61	9.91	9.36	9.07	9.48
Weighted average rate	11.05	10.98	11.04	11.18	11.08	11.01	10.64	10.25	10.99	11.80	11.10	10.91	10.85
Other rates													
Prime rate	5.50	4.94	4.75	5.50	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Treasury bill (90 days)	2.28	1.25	0.20	1.80	1.52	0.96	0.71	0.10	0.32	0.10	0.28	0.17	0.29
Treasury bill re-discount rate	2.78	1.75	0.70	2.30	2.02	1.46	1.21	0.60	0.82	0.60	0.78	0.67	0.79
Bank rate (discount rate)	5.25	4.69	4.50	5.25	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50

Source: The Central Bank of The Bahamas

TABLE 9
SELECTED CREDIT QUALITY INDICATORS OF DOMESTIC BANKS

Period	2008	2009	2010	2011				2012				2013	
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II
Loan Portfolio													
Current Loans (as a % of total loans)	87.5	82.3	81.8	81.7	82.1	80.8	81.1	81.5	81.7	81.9	80.3	80.7	80.5
Arrears (% by loan type)													
Consumer	3.9	5.2	4.3	4.2	4.1	4.4	4.2	3.9	4.0	4.0	4.4	4.0	4.0
Mortgage	5.9	8.6	9.8	9.8	9.8	10.2	10.1	9.8	10.2	10.2	11.0	10.6	10.5
Commercial	2.6	3.8	4.0	4.2	3.9	4.5	4.5	4.7	4.0	3.8	4.3	4.6	4.9
Public	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Total Arrears	<u>12.5</u>	<u>17.7</u>	<u>18.2</u>	<u>18.3</u>	<u>17.9</u>	<u>19.2</u>	<u>18.9</u>	<u>18.5</u>	<u>18.3</u>	<u>18.1</u>	<u>19.7</u>	<u>19.3</u>	<u>19.5</u>
Total B\$ Loan Portfolio	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Loan Portfolio													
Current Loans (as a % of total loans)	87.5	82.3	81.8	81.7	82.1	80.8	81.1	81.5	81.7	81.9	80.3	80.7	80.5
Arrears (% by days outstanding)													
30 - 60 days	4.5	5.6	4.0	5.5	3.6	3.9	4.1	3.6	3.3	3.1	3.7	3.7	3.2
61 - 90 days	1.9	2.7	2.3	2.1	2.0	2.2	2.1	2.2	2.1	2.0	2.3	1.7	2.6
90 - 179 days	1.6	3.0	2.6	2.1	2.3	2.7	2.3	2.1	2.3	2.3	2.5	2.2	1.8
over 180 days	4.5	6.3	9.3	8.6	9.9	10.4	10.5	10.7	10.6	10.8	11.3	11.7	11.9
Total Arrears	<u>12.5</u>	<u>17.7</u>	<u>18.2</u>	<u>18.3</u>	<u>17.9</u>	<u>19.2</u>	<u>18.9</u>	<u>18.5</u>	<u>18.3</u>	<u>18.1</u>	<u>19.7</u>	<u>19.3</u>	<u>19.5</u>
Total B\$ Loan Portfolio	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Non Accrual Loans (% by loan type)													
Consumer	30.2	29.8	21.4	22.9	20.0	20.6	20.3	19.8	20.0	19.6	20.5	19.4	19.7
Mortgage	44.4	41.4	52.1	47.1	53.9	53.0	54.8	55.4	55.0	57.1	57.0	56.8	58.3
Other Private	23.9	27.8	25.7	29.1	25.4	25.7	24.2	24.1	24.3	22.6	21.9	23.2	21.4
Public	<u>1.5</u>	<u>1.0</u>	<u>0.8</u>	<u>0.9</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>0.6</u>	<u>0.6</u>	<u>0.6</u>
Total Non Accrual Loans	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Provisions to Loan Portfolio													
Consumer	3.3	4.2	5.1	4.9	4.7	4.9	4.9	5.4	5.5	5.4	5.4	5.5	7.2
Mortgage	1.4	1.8	2.4	2.4	2.5	2.7	2.7	3.2	3.6	3.7	4.3	5.6	4.8
Other Private	5.4	6.9	9.1	9.6	10.2	10.6	10.6	10.6	10.9	11.2	8.7	11.2	11.0
Public	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Provisions to Total Loans	2.7	3.4	4.3	4.4	4.4	4.7	4.7	5.1	5.3	5.3	5.3	6.3	6.5
Total Provisions to Non-performing Loans	46.0	37.1	36.6	41.0	36.5	36.1	36.8	40.0	41.3	41.2	39.1	45.6	47.3
Total Non-performing Loans to Total Loans	6.1	9.3	11.9	10.7	12.2	13.0	12.7	12.7	12.8	13.0	13.6	13.9	13.6

Source: The Central Bank of The Bahamas

Figures may not sum to total due to rounding.

TABLE 10
SUMMARY OF BANK LIQUIDITY

End of Period	(B\$ Millions)												
	2008	2009	2010	2011				2012				2013	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
I. Statutory Reserves													
Required reserves	283.3	290.3	298.1	298.1	303.3	306.8	305.0	306.0	310.9	307.9	301.9	302.2	305.7
Average Till Cash	95.4	94.7	98.2	79.0	83.9	86.5	118.3	90.1	87.4	88.0	108.9	93.9	96.5
Average balance with central bank	352.7	425.1	530.5	663.7	715.6	683.8	557.3	592.6	669.0	540.4	515.8	539.4	640.9
Free cash reserves (period ended)	164.8	229.5	330.6	444.6	496.2	463.5	370.6	376.7	445.5	320.4	322.8	331.1	431.8
II. Liquid Assets (period)													
A. Minimum Required Liquid Assets	911.2	929.6	946.7	959.1	969.5	971.1	968.7	977.8	990.9	973.3	971.1	988.1	994.2
B. Net Eligible Liquid Assets	1,169.3	1,423.7	1,755.1	1,859.0	1,906.7	1,900.7	1,865.1	1,909.1	1,973.2	1,893.5	1,938.2	2,068.3	2,147.5
i) Balance with Central Bank	322.2	375.6	518.7	648.6	709.9	660.2	560.1	609.1	670.3	509.8	563.3	609.8	659.0
ii) Notes and Coins	118.1	112.3	113.7	85.0	86.2	80.2	127.4	81.1	84.0	87.2	127.9	96.1	94.2
iii) Treasury Bills	180.2	214.0	293.7	294.8	253.3	281.6	275.4	301.6	321.6	274.6	219.3	342.1	378.6
iv) Government registered stocks	513.3	671.4	774.8	775.1	767.6	805.7	843.7	843.7	835.1	962.0	957.6	953.7	950.9
v) Specified assets	36.8	45.7	53.0	52.9	52.8	53.0	55.2	57.1	57.0	57.1	56.9	56.7	56.7
vi) Net Inter-bank dem/call deposits	(1.3)	4.7	1.2	2.6	36.9	20.0	3.3	16.5	5.2	2.8	13.2	9.9	8.1
vii) Less: borrowings from central bank	--	--	--	--	--	--	--	--	--	--	--	--	--
C. Surplus/(Deficit)	258.1	494.1	808.4	899.9	937.2	929.6	896.4	931.3	982.3	920.2	967.1	1,080.2	1,153.3

Source: The Central Bank of The Bahamas

TABLE 11
GOVERNMENT OPERATIONS AND FINANCING

(B\$ Millions)

Period			Budget		2011/12p			2012/13p			
	2010/11p	2011/12p	2012/13	2013/14	QTR. II	QTR. III	QTR. IV	QTR. I	QTR. II	QTR. III	*QTR. IV
Total Revenue & Grants	1,433.0	1,446.7	1,535.5	1,493.2	432.1	364.3	365.8	296.8	368.0	342.1	243.4
Current expenditure	1,524.5	1,549.7	1,679.0	1,635.2	366.4	374.9	462.9	369.6	379.7	385.7	258.6
Capital expenditure	206.3	245.4	358.2	235.3	74.2	53.5	92.0	62.3	52.8	59.1	36.4
Net lending	72.9	102.4	45.8	57.6	60.0	10.5	23.6	9.2	60.8	12.4	7.7
Overall balance	(370.7)	(450.6)	(547.5)	(437.2)	(68.4)	(74.6)	(212.7)	(144.3)	(125.3)	(115.1)	(59.3)
FINANCING (I+II-III+IV+V)	370.7	450.6	547.5	437.2	68.4	74.6	212.7	144.3	125.3	115.1	59.3
I. Foreign currency borrowing	127.6	80.3	157.0	55.5	33.1	10.7	24.7	4.6	210.1	12.9	1.6
External	73.7	80.3	157.0	55.5	33.1	10.7	24.7	4.6	210.1	12.9	1.6
Domestic	--	--	--	--	--	--	--	--	--	--	--
II. Bahamian dollar borrowing	293.6	354.9	512.2	465.8	60.0	40.0	40.3	327.9	105.0	180.0	90.0
i) Treasury bills	--	90.6	--	--	--	20.0	22.6	4.9	50.0	180.0	90.0
Central Bank	--	90.6	--	--	--	20.0	22.6	4.9	50.0	180.0	90.0
Commercial banks & OLFIs	--	--	--	--	--	--	--	--	--	--	--
Public corporations	--	--	--	--	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--	--	--	--
ii) Long-term securities	235.0	170.6	--	--	60.0	--	10.6	300.0	25.0	--	--
Central Bank	65.0	18.0	--	--	3.0	--	--	26.5	--	--	--
Commercial banks & OLFIs	16.8	107.8	--	--	36.9	--	10.6	12.1	--	--	--
Public corporations	26.3	3.3	--	--	1.2	--	--	27.6	25.0	--	--
Other	126.9	41.5	--	--	18.9	--	--	233.8	--	--	--
iii) Loans and Advances	58.6	93.7	--	--	--	20.0	7.1	23.0	30.0	--	--
Central Bank	58.6	93.7	--	--	--	20.0	7.1	23.0	30.0	--	--
Commercial banks	--	--	--	--	--	--	--	--	--	--	--
III Debt repayment	269.3	84.1	114.8	85.2	2.6	1.4	13.3	63.1	95.6	62.0	37.5
Domestic	260.5	75.0	103.1	66.8	--	--	10.0	62.0	90.0	60.0	35.0
Bahamian dollars	189.6	75.0	103.1	66.8	--	--	10.0	62.0	90.0	60.0	35.0
Internal foreign currency	70.9	--	--	--	--	--	--	--	--	--	--
External	8.8	9.1	11.7	18.4	2.6	1.4	3.3	1.1	5.6	2.0	2.5
IV Net Sale of Shares & Other Equity	203.7	--	--	--	--	--	--	--	--	--	--
V. Cash balance change	26.4	5.5	--	--	(4.2)	(0.3)	5.8	(13.2)	(7.4)	(10.8)	0.9
VI Other Financing	192.3	94.0	(6.9)	1.1	(17.9)	25.6	155.1	(112.0)	(86.7)	(5.0)	4.3

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

* Qtr IV includes April & May only.

TABLE 12
NATIONAL DEBT

(B\$' 000s)

End of Period	2010p	2011p	2012p	2012p			2013p	
				Jun.	Sept.	Dec.	Mar	Jun.
TOTAL EXTERNAL DEBT	727,882	798,540	1,037,264	829,270	832,793	1,037,264	1,049,937	1,050,522
By Instrument								
Government Securities	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Loans	127,882	198,540	437,264	229,270	232,793	437,264	449,937	450,522
By Holder								
Commercial Banks	--	--	--	--	--	--	--	--
Offshore Financial Institutions	--	--	--	--	--	--	--	--
Multilateral Institutions	123,698	171,793	216,539	189,935	192,677	216,539	222,636	221,523
Bilateral Institutions	4,184	26,747	40,725	39,335	40,116	40,725	47,301	48,999
Private Capital Markets	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Other Financial Institutions	--	--	180,000	--	--	180,000	180,000	180,000
TOTAL INTERNAL DEBT	2,992,479	3,006,080	3,357,317	3,076,423	3,342,318	3,357,317	3,477,317	3,631,458
By Instrument								
Foreign Currency	70,000	--	--	--	--	--	--	--
Government Securities	--	--	--	--	--	--	--	--
Loans	70,000	--	--	--	--	--	--	--
Bahamian Dollars	2,922,479	3,006,080	3,357,317	3,076,423	3,342,318	3,357,317	3,477,317	3,631,458
Advances	111,988	110,588	105,657	137,687	135,657	105,657	105,657	105,657
Treasury Bills	301,609	301,609	349,142	344,218	339,142	349,142	529,142	588,282
Government Securities	2,503,637	2,593,637	2,872,273	2,594,273	2,867,273	2,872,273	2,842,273	2,867,273
Loans	5,246	246	30,246	246	246	30,246	246	70,246
By Holder								
Foreign Currency	70,000	--	--	--	--	--	--	--
Commercial Banks	70,000	--	--	--	--	--	--	--
Other Local Financial Institutions	--	--	--	--	--	--	--	--
Bahamian Dollars	2,922,479	3,006,080	3,357,317	3,076,423	3,342,318	3,357,317	3,477,317	3,631,458
The Central Bank	274,275	292,802	404,992	333,626	368,584	404,992	460,731	485,076
Commercial Banks	1,066,784	1,118,286	1,187,797	1,147,842	1,217,529	1,187,797	1,276,391	1,389,354
Other Local Financial Institutions	6,996	9,357	10,658	9,455	11,041	10,658	10,654	10,368
Public Corporations	702,541	684,963	730,169	686,007	714,098	730,169	709,637	700,106
Other	871,883	900,672	1,023,701	899,492	1,031,066	1,023,701	1,019,904	1,046,554
TOTAL FOREIGN CURRENCY DEBT	797,882	798,540	1,037,264	829,270	832,793	1,037,264	1,049,937	1,050,522
TOTAL DIRECT CHARGE	3,720,361	3,804,620	4,394,581	3,905,693	4,175,111	4,394,581	4,527,254	4,681,980
TOTAL CONTINGENT LIABILITIES	564,629	550,727	596,616	561,395	596,392	596,616	593,277	594,864
TOTAL NATIONAL DEBT	4,284,990	4,355,347	4,991,198	4,467,088	4,771,503	4,991,198	5,120,531	5,276,844

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)

	2010p	2011p	2012p	2012p			2013p	
				Jun.	Sep.	Dec.	Mar.	Jun.
Outstanding Debt at Beginning of Period	1,139,567	1,357,660	1,453,066	1,473,780	1,539,039	1,665,194	1,867,501	1,875,441
Government	704,944	797,882	798,540	807,873	829,270	832,793	1,037,264	1,049,937
Public Corporations	434,623	559,778	654,526	665,907	709,769	832,401	830,237	825,504
Plus: New Drawings	388,807	201,456	519,374	143,171	133,365	214,637	15,951	11,098
Government	102,807	79,519	250,076	24,656	4,615	210,104	14,651	5,426
Public Corporations	286,000	121,937	269,298	118,515	128,750	4,533	1,300	5,672
Less: Amortization	170,714	122,237	104,939	77,912	7,210	12,330	8,011	9,352
Government	9,869	78,861	11,352	3,259	1,092	5,633	1,978	4,841
Public Corporations	160,845	43,376	93,587	74,653	6,118	6,697	6,033	4,511
Other Changes in Debt Stock	--	16,187	--	--	--	--	--	--
Government	--	--	--	--	--	--	--	--
Public Corporations	--	16,187	--	--	--	--	--	--
Outstanding Debt at End of Period	1,357,660	1,453,066	1,867,501	1,539,039	1,665,194	1,867,501	1,875,441	1,877,187
Government	797,882	798,540	1,037,264	829,270	832,793	1,037,264	1,049,937	1,050,522
Public Corporations	559,778	654,526	830,237	709,769	832,401	830,237	825,504	826,665
Interest Charges	67,022	63,846	87,203	32,001	10,510	37,288	15,618	33,030
Government	47,055	48,002	51,050	23,256	456	26,442	7,086	21,599
Public Corporations	19,967	15,844	36,153	8,745	10,054	10,846	8,532	11,431
Debt Service	237,736	186,083	192,142	109,913	17,720	49,618	23,629	42,382
Government	56,924	126,863	62,402	26,515	1,548	32,075	9,064	26,440
Public Corporations	180,812	59,220	129,740	83,398	16,172	17,543	14,565	15,942
Debt Service Ratio (%)	7.4	5.4	5.1	11.4	2.1	5.3	2.4	4.9
Government Debt Service/ Government Revenue (%)	4.5	8.1	4.5	7.2	0.5	8.7	2.5	n.a
MEMORANDUM								
Holder Distribution (B\$ Mil):								
Commercial Banks	413.2	361.0	342.6	316.3	348.2	342.6	337.5	334.0
Multilateral Institutions	145.1	187.2	239.1	208.3	211.8	239.1	245.6	249.2
Bilateral Institutions	4.2	42.7	40.7	39.3	40.1	40.7	47.3	49.0
Other	195.2	262.2	645.1	375.2	465.1	645.1	645.0	645.0
Private Capital Markets	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0

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

TABLE 14
BALANCE OF PAYMENTS SUMMARY*

(B\$ Millions)

	2010p	2011p	2012p	2011		2012				2013	
				Qtr.IIIp	Qtr.IVp	Qtr.Ip	Qtr.IIp	Qtr.IIIp	Qtr.IVp	Qtr.Ip	Qtr.IIp
A. Current Account Balance (I+II+III+IV)	(796.8)	(1,065.7)	(1,424.3)	(383.8)	(339.4)	(343.4)	(214.7)	(548.2)	(317.9)	(232.3)	(451.7)
I. Merchandise (Net)	(1,888.2)	(2,132.1)	(2,401.4)	(569.7)	(608.2)	(671.4)	(578.7)	(580.9)	(570.4)	(558.0)	(629.0)
Exports	702.4	833.5	984.0	216.0	211.3	236.1	230.1	254.2	263.6	233.9	224.0
Imports	2,590.6	2,965.7	3,385.5	785.7	819.5	907.5	808.8	835.1	834.1	791.9	853.0
II. Services (Net)	1,328.8	1,338.6	1,229.2	240.4	343.9	379.6	423.9	119.0	306.7	372.2	244.6
Transportation	(223.8)	(195.8)	(264.6)	(56.2)	(59.8)	(75.8)	(67.8)	(66.0)	(54.9)	(65.6)	(77.3)
Travel	1,935.6	2,032.8	2,107.3	400.2	521.4	623.5	579.9	389.8	514.1	610.6	517.6
Insurance Services	(165.2)	(185.9)	(193.7)	(44.3)	(32.9)	(44.9)	(31.5)	(71.9)	(45.4)	(33.1)	(35.3)
Offshore Companies Local Expenses	157.8	138.9	170.2	28.0	26.8	40.2	47.7	44.4	38.0	23.3	19.5
Other Government	(43.1)	13.4	27.7	0.3	9.1	9.2	5.1	7.8	5.5	6.7	8.5
Other Services	(332.4)	(464.7)	(617.8)	(87.7)	(120.7)	(172.6)	(109.5)	(185.1)	(150.6)	(169.7)	(188.5)
III. Income (Net)	(234.9)	(236.0)	(262.5)	(52.0)	(74.3)	(56.4)	(65.4)	(85.6)	(55.2)	(51.5)	(77.7)
1. Compensation of Employees	(27.4)	(47.9)	(45.1)	(13.9)	(11.6)	(12.6)	(13.6)	(10.5)	(8.4)	(12.1)	(9.7)
2. Investment Income	(207.5)	(188.1)	(217.4)	(38.1)	(62.7)	(43.8)	(51.8)	(75.0)	(46.8)	(39.4)	(68.0)
IV. Current Transfers (Net)	(2.6)	(36.2)	10.5	(2.6)	(0.8)	4.8	5.4	(0.7)	1.0	5.1	10.4
1. General Government	87.4	113.4	120.7	22.6	23.1	32.0	33.1	32.2	23.2	34.8	33.1
2. Private Sector	(89.9)	(149.6)	(110.2)	(25.2)	(23.9)	(27.2)	(27.7)	(32.9)	(22.3)	(29.7)	(22.7)
B. Capital and Financial Account (I+II) (excl. Reserves)	1,144.4	986.4	1,140.4	347.9	122.2	171.0	399.6	330.6	239.2	38.5	226.3
I. Capital Account (Net Transfers)	(3.6)	(5.5)	(7.3)	(2.2)	(1.4)	(1.6)	(1.3)	(2.5)	(1.8)	(4.2)	(1.3)
II. Financial Account (Net)	1,147.9	992.0	1,147.7	350.2	123.6	172.7	400.9	333.1	241.0	42.7	227.6
1. Direct Investment	872.0	666.6	360.2	123.6	53.5	49.3	255.9	58.5	(3.5)	101.6	82.5
2. Portfolio Investment	(22.4)	(44.2)	(37.0)	(9.9)	(19.2)	(6.3)	(6.3)	(9.9)	(14.6)	(9.2)	(8.3)
3. Other Investments	298.3	369.6	824.4	236.5	89.3	129.6	151.2	284.5	259.1	(49.7)	153.4
Central Gov't Long Term Capital	24.7	70.7	238.7	9.9	30.5	9.3	21.4	3.5	204.5	12.7	0.6
Other Public Sector Capital	123.7	57.7	172.4	44.8	9.9	10.2	73.0	85.7	3.5	0.4	4.7
Banks	23.6	(101.4)	(2.3)	69.0	30.5	(23.0)	(9.3)	56.2	(26.2)	(84.8)	7.1
Other	126.4	342.6	415.6	112.7	18.4	133.0	66.1	139.1	77.4	22.0	141.1
C. Net Errors and Omissions	(303.1)	103.7	209.2	(84.6)	146.4	177.6	(146.9)	35.5	143.1	166.8	239.3
D. Overall Balance (A+B+C)	44.5	24.4	(74.7)	(120.5)	(70.8)	5.2	37.9	(182.1)	64.3	(27.0)	13.9
E. Financing (Net)	(44.5)	(24.4)	74.7	120.5	70.8	(5.2)	(37.9)	182.1	(64.3)	27.0	(13.9)
Change in SDR holdings	3.1	0.7	146.8	4.5	3.0	(1.6)	3.6	(2.8)	147.5	0.7	(0.1)
Change in Reserve Position with the IMF	0.2	0.0	(0.0)	0.2	0.2	(0.1)	0.2	(0.2)	0.0	0.2	(0.0)
Change in Ext. Foreign Assets () = Increase	(47.8)	(25.1)	(72.1)	115.7	67.6	(3.5)	(41.8)	185.1	(211.9)	26.0	(13.8)

Source: The Central Bank of the Bahamas

* Figures may not sum to total due to rounding

TABLE 15
EXTERNAL TRADE

(B\$ '000)

	2010	2011	2012	2011				2012			
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
I. OIL TRADE											
i) Exports	159,706	216,129	319,713	61,039	64,338	42,222	48,530	59,996	71,162	97,536	91,019
ii) Imports	687,073	930,047	874,839	206,992	267,666	251,101	204,288	233,012	215,571	211,509	214,747
II. OTHER MERCHANDISE											
Domestic Exports											
Crawfish	68,371	64,337	70,936	16,262	8,129	10,387	29,559	19,132	8,633	13,613	29,558
Fish Conch & other Crustacea	4,013	4,371	3,141	772	2,885	548	166	633	1,349	636	524
Other cordials & Similar Materials/Spon;	546	842	488	168	522	--	152	186	143	159	--
Fruits & Veggies.	195	24	--	24	--	--	--	--	--	--	--
Aragonite	11,688	11,497	4,736	774	6,587	1,248	2,889	3,604	1,132	--	--
Other Natural Sands	2,931	2,893	3,175	529	350	1,232	783	1,352	325	773	726
Rum/Beverages/Spirits & Vinegar	--	--	--	--	--	--	--	--	--	--	--
Crude Salt	16,429	12,022	11,687	4,846	4,133	1,577	1,465	1,117	1,658	2,684	6,228
Polystrene Products	104,076	135,846	7,676	30,431	34,070	35,826	35,519	1,307	1,691	2,727	1,951
Other	96,570	94,611	86,633	16,642	27,537	32,280	18,151	20,726	26,465	20,738	18,704
i) Total Domestic Exports	304,819	326,443	336,522	70,448	84,213	83,098	88,684	84,933	78,371	79,218	94,000
ii) Re-Exports	156,969	184,371	171,449	34,715	55,328	52,302	42,026	58,476	40,841	37,424	34,708
iii) Total Exports (i+ii)	461,788	510,814	507,972	105,163	139,541	135,400	130,710	143,408	119,213	116,643	128,708
iv) Imports	2,175,688	2,480,809	2,772,177	519,926	594,742	645,961	720,180	788,696	652,039	652,799	678,643
v) Retained Imports (iv-ii)	2,018,719	2,296,438	2,600,728	485,211	539,414	593,659	678,154	730,220	611,198	615,375	643,935
vi) Trade Balance (i-v)	(1,713,900)	(1,969,995)	(2,264,206)	(414,763)	(455,201)	(510,561)	(589,470)	(645,287)	(532,827)	(536,157)	(549,935)

Source: Department of Statistics Quarterly Statistical Summaries

TABLE 16
SELECTED TOURISM STATISTICS

Period	2010	2011	2012	2011		2012				2013	
				Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II
Visitor Arrivals	5,254,806	5,587,585	5,942,758	1,200,286	1,482,018	1,692,978	1,490,310	1,266,865	1,492,605	1,745,420	1,479,221
Air	1,294,804	1,267,540	1,357,213	297,199	286,459	356,531	396,901	319,313	284,468	344,494	362,465
Sea	3,960,002	4,320,045	4,585,545	903,087	1,195,559	1,336,447	1,093,409	947,552	1,208,137	1,400,926	1,116,756
Visitor Type											
Stopover ^R	1,370,174	1,345,920	1,321,358	324,176	280,398	270,298	418,517	347,925	284,618	355,271	n.a
Cruise	3,803,122	4,161,556	7,431,533	857,345	1,175,305	1,302,956	4,040,254	902,856	1,185,467	1,368,283	1,066,465
Day/Transit	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Tourist Expenditure(B\$ 000's)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Stopover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cruise	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Day	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Number of Hotel Nights	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average Length of Stay	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average Hotel Occupancy Rates (%)											
New Providence	58.0	58.9	66.5	57.9	52.6	68.0	68.6	62.9	n.a.	n.a.	n.a.
Grand Bahama	36.2	41.6	48.0	39.4	34.4	53.0	51.3	39.7	n.a.	n.a.	n.a.
Other Family Islands	36.4	39.0	45.1	36.3	34.7	43.0	48.9	43.5	n.a.	n.a.	n.a.
Average Nightly Room Rates (\$)											
New Providence	219.7	225.0	222.2	209.4	207.2	258.1	212.3	196.1	n.a.	n.a.	n.a.
Grand Bahama	86.1	90.5	76.2	90.9	91.7	79.1	76.5	73.1	n.a.	n.a.	n.a.
Other Family Islands	156.2	152.2	153.9	128.2	140.0	179.0	148.9	133.7	n.a.	n.a.	n.a.

Source: The Ministry of Tourism