



# Quarterly Economic Review

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**December, 2006**

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# QUARTERLY ECONOMIC REVIEW

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## REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

### DOMESTIC ECONOMIC DEVELOPMENTS

Preliminary evidence suggests that economic activity remained positive during the fourth quarter, buoyed by steady growth in construction output and domestic demand, which offset weakness in the tourism sector. Fiscal operations were characterized by a slight expansion in the overall deficit, as expenditure gains outstripped moderate accretions to revenues. Developments in the monetary sector featured continued tightening in liquidity conditions, with commercial banks rediscounting holdings of short-term Government debt to boost cash reserves. In this context, credit growth moderated and, alongside the receipt of public sector foreign currency borrowing proceeds, occasioned a more tempered decline in external reserves. Meanwhile, the current account deficit deteriorated as elevated outflows associated with tourism-related construction services offset the improvement in the visible trade deficit. However, this position was substantially funded by a surge in direct and other-related investment inflows, which resulted in a four-fold increase in the surplus on the capital and financial account. Sustained credit expansion throughout the year lowered banks' net free cash balances in the fourth quarter by \$54.1 million (31.6%) to \$117.2 million, and to a reduced 2.4% share of total Bahamian dollar deposits from 4.2%. Likewise, the broader surplus liquid assets contracted by 61.5% to \$63.1 million, shaving the excess over the statutory minimum to 7.9% from 19.1% in 2005.

Amid the moderation in credit growth and the public sector's foreign currency borrowing proceeds, external reserves contracted by a lesser \$43.0 million (7.9%) to \$499.7 million.

Movements in banks' average interest rates reflected increased competition in the deposit and loan markets as liquidity tightened. Consequently, the weighted average loan-to-deposit spread weakened by 34 basis points to 6.28 percentage points, as the average loan rate contracted by 14 basis points to 9.79%, and deposit rates firmed by 20 basis points to 3.51%. The average 90-day Treasury bill rate trended higher to

1.74% from 0.17% in the corresponding period last year, whereas benchmark interest rates—Central Bank's Discount Rate and the commercial banks' Prime Rate—were unchanged at 5.25% and 5.50%, respectively.

Monetary growth (M3) slackened to 1.3% from 3.4% in the corresponding quarter of 2005, placing the overall stock at \$5.15 billion. Accretions were recorded for local currency fixed and savings balances, of 2.2% and 1.3%, respectively; whereas demand deposits fell by 1.5%. Currency in active circulation grew by 1.6% and residents' foreign currency deposits strengthened by 3.9%.

Domestic credit growth abated to \$217.9 million (3.3%) from the previous year's \$275.3 million (4.9%). Underlying this, the expansion in the dominant Bahamian dollar component was reduced to 3.1% from 5.2% in 2005, while foreign currency credit increased by 5.4%. Private sector credit strengthened further by \$148.3 million (2.7%), following a \$205.7 million (4.3%) rise in 2005, with gains registered for residential mortgages (3.8%), consumer credit (4.1%), and personal overdrafts (6.9%). Buoyed mainly by a foreign currency bond issuance, claims on the public corporations advanced more strongly by 7.8%, while the increase in net credit to Government slackened to 6.4% from 11.7% in 2005.

During the second quarter of FY2006/07, fiscal operations turned in a slight deterioration in the overall balance, as total outlays rose by 8.8% to \$352.7 million, reflecting a 49.6% surge in capital expenditure and a 4.6% increase in current payments; while net lending to public corporations widened by 26.1% to \$18.0 million. In contrast, total revenues strengthened by 9.4% to \$299.1 million, reflecting a 3.1% advance in tax receipts and a near doubling in non-tax revenues to \$40.4 million. Budgetary financing was predominantly sourced from commercial banks in the form of \$83.0 million in short-term advances. Debt repayments totaled \$17.5 million, the bulk of which was used to reduce outstanding Bahamian dollar obligations. Consequently, the Direct Charge on Government fell by 0.6% (\$15.0 million) to \$2,381.7 million over the previous quarter. The Government's contingent liabilities contracted by 0.8% to \$499.1 million;

and the National Debt was 0.7% lower at \$2,880.7 million.

In the tourism sector, visitor arrivals for the first ten months of the year weakened by 4.7% to 3.9 million, extending the 2.3% decline recorded during the corresponding period of 2005. In particular, sea visitors, the largest segment of the market, fell by 7.0% to 2.7 million, as increased competition from extra-regional destinations contributed to a comparable decline in cruise arrivals. In contrast, air traffic rose marginally by 0.5% to 1.3 million passengers. By port of entry, total arrivals to the New Providence market—which accounted for approximately 58.4% of the visitors—contracted by 6.7%. A similar pattern was observed in both Grand Bahama and the Family Islands, where total visitor arrivals fell by 1.2% and 1.8%, respectively. Data from the hotel sector for the fourth quarter, showed that hotel room revenues declined by 1.6% to \$68.2 million, in contrast to a 17.4% boost in 2005. This was primarily explained by a 5.7% contraction in average occupancy rates, which overshadowed the 9.1% firming in average nightly room rates.

Construction sector activity continued to be buoyed by strong levels of commercial and residential investments. The total value of mortgage disbursements for the period grew by 7.5% to \$146.9 million, with 90.7% attributed to residential developments. Consequently, the total value of outstanding mortgages increased by 16.0% to \$2,503.9 million; with a 15.9% rise in the residential component to \$2,288.6 million and a 16.8% increase for commercial to \$215.3 million. Commitments for new construction and repairs—a more forward looking indicator of activity—fell by 51.7% to \$29.7 million, with residential commitments accounting for roughly 91.4% of the total. In terms of mortgage financing, the latest combined data for all three major lenders, showed modest changes in average interest rates for residential and commercial mortgages, to 8.4%, and 9.0%, respectively.

Inflation for the quarter, as measured by changes in the Retail Price Index, firmed to 2.36% from 1.36% in the comparable period of 2005. Cost increases were noted for all categories, particularly “other goods and services”, food and beverages, medical care and health, recreation & entertainment services, furniture and household operations and clothing and footwear. Lesser accretions were recorded for housing, transportation and communication, and education.

In the external sector, the estimated current account deficit expanded by \$157.9 million to \$443.3 million, primarily on account of a marked reduction in the services account surplus, which dampened improvements in the merchandise trade deficit. Net service account inflows contracted by 70.3% to \$65.9 million, owing to a three-fold hike in payments for construction services related to various foreign investment projects, which outstripped the moderate gain in travel receipts. Net current transfer inflows firmed by \$2.5 million to \$11.3 million. In contrast, a downturn in imports combined with firming in exports, resulted in the merchandise deficit narrowing by 3.8% to \$462.9 million. Moreover, net income outflows expanded, owing to a doubling in net repatriation of investment income, and notable growth in profit remittances among banks and other private sector companies.

The estimated surplus on the capital and financial account surged to \$415.4 million from \$133.9 million in the corresponding quarter of 2005. This outturn reflected higher tourism-related direct investment inflows, which increased by \$155.9 million to \$273.2 million, as equity inflows expanded to \$173.7 million. Added to this were expansions in net loan receipts for private investment (\$112.5 million), and net inflows of domestic banks’ short-term financing (\$13.4 million) to \$125.1 million and \$30.3 million, respectively.

## FISCAL OPERATIONS

### OVERVIEW

Preliminary estimates of Government’s budgetary operations for the second quarter of FY2006/07 showed a marginal increase in the overall deficit to \$53.6 million from \$50.7 million in the corresponding period of FY2005/06. This outturn reflected the 8.8% (\$28.6 million) growth in expenditures to \$352.7 million, which overshadowed an expansion in revenue receipts by 9.4% (\$25.7 million) to \$299.1 million. Conversely, for the first six months of FY2006/07, the budget deficit contracted by 29.6% to \$50.0 million—reinforced by a 14.8% improvement in revenues vis-à-vis a 9.7% rise in outlays. Revenue collections for the six-month period, represented 46.8% of the budgeted target and expenditures 46.2%.

## REVENUE

During the quarter, tax collections, which comprised approximately 86.5% of receipts, advanced by 3.1% to \$258.7 million over the corresponding quarter in FY2005/06. This outcome was the result of a 9.4% increase in international trade taxes to \$153.7 million, as the general improvement in the economy supported an 11.5% hike in import tax collections and a 6.4% gain in associated stamp taxes. Selected services taxes rose by 14.8% to \$5.9 million, as the 21.7% growth in hotel occupancy taxes to \$4.8 million outpaced the 6.2% decline in gaming taxes to \$1.2 million. Motor vehicle taxes expanded by 8.2% to \$3.8 million, departure taxes, by 44.7% to \$17.4 million, and stamp taxes on all other local financial and realty transactions, by 0.9% to \$44.1 million. Conversely, export taxes fell by 20.6% to \$3.3 million, and the 61.7% reduction in business and professional license fees to \$3.7 million, was due in part to the fall in the yield from international business companies (\$1.3 million) and company registration fees (\$0.4 million). Receipts yet to be classed under their appropriate revenue categories, as reported under "non-disaggregated taxes" were lower by 31.7% at \$15.3 million—the bulk of which continued to be import duty related.

Revenue from non-tax sources broadened by 88.3% to \$40.4 million, and constituted 13.5% of total receipts. Collections of fines, forfeits and administrative fees increased by 48.1% to \$26.7 million, boosted by the receipt of franchise fees from the public telecommunications company, while income from public enterprises and other sources rose by \$10.6 million to \$13.7 million, owing to the receipt of funds under the sea-bed lease agreement.

## EXPENDITURE

Total expenditures increased by an estimated 8.8% to \$352.7 million, led by a 49.6% surge in capital outlays to \$35.2 million, alongside a 4.6% increase in recurrent spending to \$299.5 million. Net lending to public corporations for budgetary support was higher by 26.1% at \$18.0 million.

By economic classification, current expenditures included a 5.7% rise in consumption to \$184.4 million, owing to a 4.3% increase in personal emoluments, alongside a 9.5% advance in purchases of goods and services.

A 5.2% hike in interest payments elevated transfer payments by 2.8% to \$115.1 million. Additionally, "other" transfers rose by 1.8%, largely reflecting increases in transfers to households (\$8.1 million), non-profit institutions (\$2.4 million), and non-financial public enterprises (\$1.8 million); however, subsidies declined by 21.2% to \$38.9 million.

### Government Revenue By Source (Oct - Dec)

	FY05/06		FY06/07	
	B\$M	%	B\$M	%
Property Tax	17.8	6.5	21.9	7.3
Selective Services Tax	5.2	1.9	6.0	2.0
Busines. & Prof Lic. Fees	9.6	3.5	3.7	1.3
Motor Vehicle Tax	3.5	1.3	3.8	1.3
Departure Tax	12.0	4.4	17.4	5.8
Import Duties	105.7	38.7	117.9	39.4
Stamp Tax from Imports	30.6	11.2	32.5	10.9
Export Tax	4.1	1.5	3.3	1.1
Stamp Tax from Exports	--	--	--	--
Other Stamp Tax	43.7	16.0	44.1	14.7
Other Tax Revenue	22.5	8.2	15.3	5.1
Fines, Forfeits, etc.	18.0	6.6	26.7	8.9
Sales of Govt. Property	0.4	0.1	0.1	0.0
Income	3.0	1.1	13.7	4.6
Other Non-Tax Rev.	--	--	--	--
Capital Revenue	0.1	0.0	--	--
Grants	1.0	0.4	--	--
Less: Refunds	3.8	1.4	7.2	2.4
Total	273.4	100.0	299.2	100.1

On a functional basis, current expenditures on general public services (27.2% of recurrent spending) rose by 3.8% to \$81.5 million. Defense outlays rose marginally by 2.4% to \$8.8 million; education, by 25.7% to \$64.5 million; and health, by 8.1% to \$50.4 million. Combined disbursements for social benefits and services, housing and other community services, decreased by 6.2% to \$20.2 million. Similarly, economic services declined by 16.5% to \$37.9 million.

Capital expenditures (10.0% of total outlays) featured growth in spending for the general public service (\$3.8 million to \$5.4 million); education (\$3.5 million to \$10.2 million), and health (\$1.1 million to \$5.3 million).

Reflecting increased public road and water works, economic services firmed by \$3.8 million to \$13.5 million.

quarter, and surpassed the December-2005 level by \$148.3 million (5.4%).

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

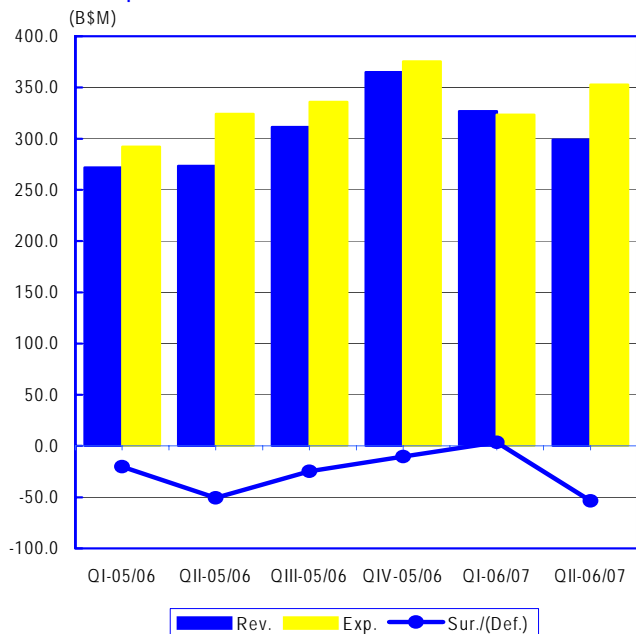
Provisional estimates for the final quarter of 2006 indicated an 8.0% growth in the public sector's foreign currency indebtedness to \$628.2 million, as new drawings of \$59.5 million, outweighed principal repayments of \$12.8 million. This compares to an increase of 0.2% in the same period of 2005.

The Government's transactions resulted in a slight net repayment, with the public corporations responsible for net drawings of \$46.7 million. Of the outstanding debt stock, the public corporations were directly accountable for \$339.6 million (54.1%), with the remaining \$288.6 million (45.9%) attributed to the Government.

With regards to creditor profile, commercial banks held the largest share of outstanding foreign currency debt at 47.6%, followed by private capital markets and multilateral institutions, which represented 35.8% and 16.6%, respectively. By currency composition, the majority of the debt (99.7%) was denominated in US dollars.

Foreign currency debt servicing rose by \$2.1 million (8.8%) vis-à-vis fourth quarter 2005 to \$25.8 million, with interest and amortization payments at \$13.1 million and \$12.8 million, respectively. Debt service as a proportion of estimated exports of goods and non-factor services increased to 3.4% from 3.1% in 2005, while the ratio of Government's foreign currency debt service to total revenue was marginally higher at 3.7%.

#### **Fiscal Operations**



#### **FINANCING AND NATIONAL DEBT**

Budgetary financing for the second quarter of FY2006/07 comprised short-term advances from commercial banks of \$83.0 million and \$2.5 million in external loans. Debt amortization totaled \$17.5 million, the majority of which was earmarked for Bahamian dollar obligations (\$15.0 million). Consequently, the Direct Charge on Government declined by \$15.0 million (0.6%) to \$2,381.7 million—extending the \$7.2 million (0.3%) reduction registered in the corresponding quarter of FY2005/06. Bahamian dollar denominated debt, which represented approximately 87.9% of the Direct Charge, was held primarily by public corporations (36.5%), followed by other private and institutional investors (32.5%), commercial banks (21.6%), the Central Bank (9.1%) and other local financial institutions (0.3%).

During the quarter, Government's contingent liabilities fell by 0.8% (\$4.1 million) to \$499.1 million, but increased slightly on a calendar year basis, by 0.4% (\$1.9 million), on account of debt accumulated by several public sector entities. The National Debt contracted by 0.7% to \$2,880.7 million when compared to the previous

### **REAL SECTOR**

#### **TOURISM**

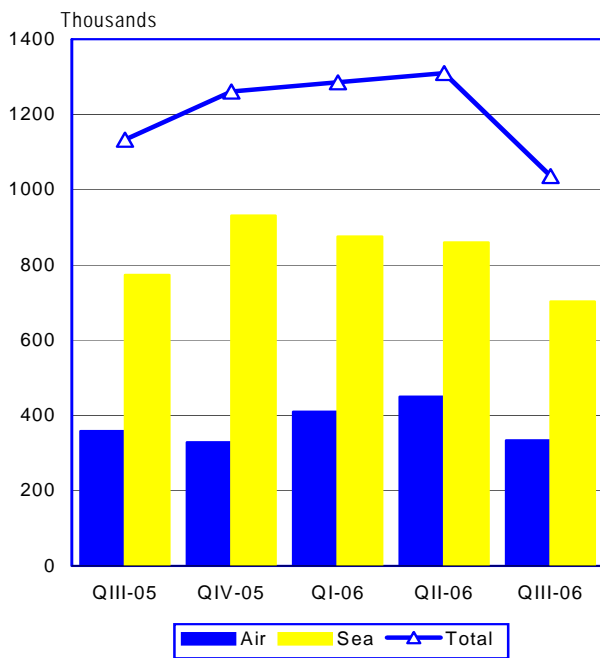
Preliminary data for the first ten months of 2006 suggested some moderation in tourism output growth, broadly in line with the downturn in the dominant sea arrivals. Extending the 2.3% decline noted in the first ten months of 2005, total visitor arrivals weakened by 4.7% to 3.9 million, reflecting a 7.0% contraction in sea traffic to 2.7 million and a 0.5% advance in air visitors to 1.3 million.

Hotel performance data for the fourth quarter of 2006 indicated a 1.6% weakening in hotel room revenues



to \$68.2 million, despite a 9.1% hike in average daily room rates to \$151.24. The downturn in earnings was attributed entirely to the Grand Bahama market, where hotel revenues fell by \$2.7 million to \$8.0 million. An 8.5% firming in average room rates to \$156.7 per night, combined with relatively stable occupancy rates, elevated room revenues in New Providence by 2.5% to \$57.1 million. In the Family Islands, room revenues increased by 3.7% to \$3.1 million, occasioned by a 13.6% gain in room rates which overshadowed a marginal reduction in occupancy rates.

### Visitor Arrivals



### CONSTRUCTION

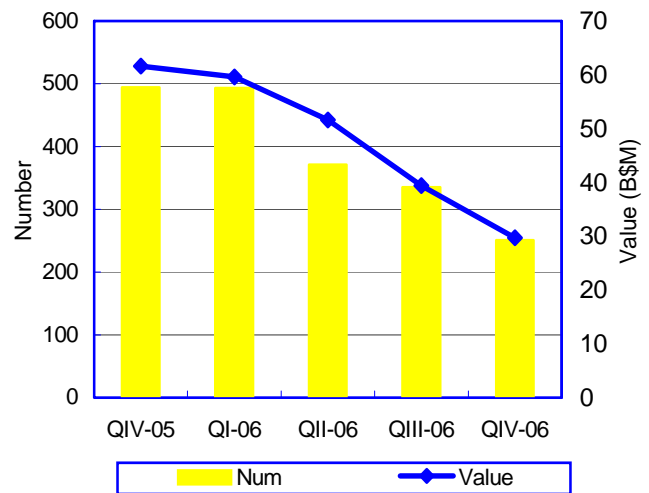
Construction activity continued to register positive gains during the review quarter, although moderating from the exceptional growth attained in the same period of 2005. Indications are that output will continue to rise in 2007, buoyed by steady gains in mortgage lending, as well as tourism-related investment activity.

In particular, total loan disbursements for residential projects grew by 8.3% to \$133.2 million, while commercial disbursements were stable at \$13.7 million. In line with these trends, outstanding residential mortgages at end-December 2006 rose vis-à-vis the previous

year by 15.9% to \$2,288.6 million and commercial claims, by 16.8% to \$215.3 million.

Nevertheless, amid a tightening in liquidity, fourth quarter data on mortgage approvals by banks, insurance companies and the Bahamas Mortgage Corporation showed a slowdown in both commercial and residential commitments. More specifically, the number of residential mortgage commitments for new construction and repairs to single family dwellings fell sharply to 238 from 480, with the corresponding value also declining by \$28.5 million to \$27.2 million. Commercial commitments decreased in number by 1 to 13, and were more than halved in value to \$2.6 million.

### Mortgage Commitments: New Construction and Repairs



Banks accounted for the largest share of new residential mortgages (89.4%), followed by the Bahamas Mortgage Corporation (9.3%) and insurance companies (1.3%). For new commercial construction, banks accounted for the major share at 91.1%, while the remaining 8.9% was attributed to insurance companies. With regards to average interest rates, marginal softening of 0.1 percentage point was evident for residential loans to 8.4%, while commercial loans, firmed by 0.2 percentage points to 9.0%.

### PRICES

For the fourth quarter, consumer price inflation, as measured by quarterly variations in the average Retail



Price Index, firmed to 2.36% from 1.36% in the corresponding 2005 period, as the pass-through effects of rising global costs affected domestic prices. In particular, higher costs were recorded for "other goods and services" (8.19%), food & beverages (4.34%), medical care & health (2.95%) and recreation & entertainment services (2.70%), with lessened accretions for all other categories.

For 2006, average consumer price inflation narrowed by 0.11 percentage points to 1.84%, reflecting a decline in transportation & communication costs by 1.97%, and more modest decreases of 0.44% and 0.15% for education and recreation & entertainment services, respectively. In contrast, average price gains were registered for all other categories, led by "other goods & services" (6.74%), food & beverages (4.68%) and furniture & household operations costs (2.02%).

Average Retail Price Index					
(Annual % Changes)					
December					
Items	Weight	2005		2006	
		Index	%	Index	%
Food & Beverages	138.3	120.5	3.1	126.1	4.7
Clothing & Footwear	58.9	105.5	-2.2	106.7	1.1
Housing	328.2	106.4	2.8	108.1	1.7
Furn. & Household	88.7	120.7	1.3	123.1	2.0
Med. Care & Health	44.1	136.1	3.4	138.5	1.8
Trans. & Comm.	148.4	110.9	2.5	108.7	-2.0
Rec., Enter. & Svcs.	48.7	122.6	0.3	122.4	-0.1
Education	53.1	170.6	3.3	169.9	-0.4
Other Goods & Svcs.	91.6	124.6	1.9	133.0	6.7
ALL ITEMS	1000	117.4	1.9	119.5	1.8

## MONEY, CREDIT AND INTEREST RATES

### OVERVIEW

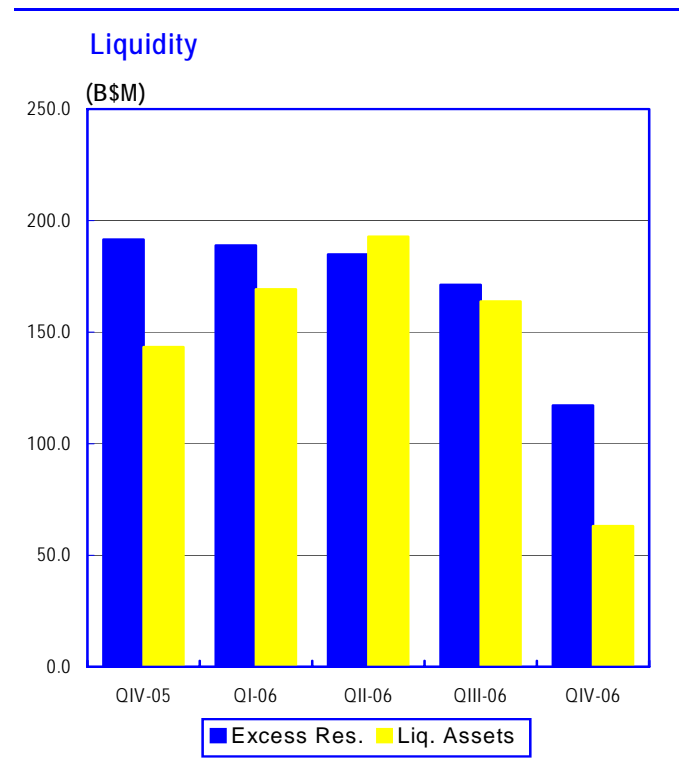
Monetary conditions during the review quarter featured a significant tightening in liquidity as sustained domestic credit growth, although moderated from the previous year, outpaced accretions to the deposit base. The banking system's net foreign liabilities expanded, although the contraction in external reserves was less-

ened on account of the public sector's foreign currency borrowings. Interest rate conditions remained favourable due to increased competition which influenced a narrowing in the average loan-to-deposit rate spread, as the average deposit rate firmed while the lending rate declined.

Data on domestic banks earnings indicators for the third quarter of 2006, the latest available, revealed a significant improvement in profitability ratios, as the expansion in revenues outweighed the firming in operating costs. Further, asset quality indicators remained relatively stable during the fourth quarter.

### LIQUIDITY

Net free cash reserves in the banking system contracted by \$54.1 million (31.6%) from \$92.2 million (32.5%) a year ago, for a balance of \$117.2 million, representing a reduced ratio of 2.4% of total Bahamian dollar deposits versus 4.2% in 2005. The broader surplus liquid assets also narrowed by 61.5% to \$63.1 million, extending the 40.8% decline in the same period last year, and exceeding the statutory minimum by a reduced 7.9% vis-à-vis the comparative period's 19.1%.



## DEPOSITS AND MONEY

Overall money growth receded during the fourth quarter to 1.3% from 3.4% last year, reflecting declines in private sector and public corporations' deposits. Following a 5.4% expansion in 2005, narrow money (M1) contracted by 1.0%, underpinned by a near halving in accretions to currency in active circulation to 1.6% and a 1.5% decline in demand deposits in contrast to a gain of 5.7% a year-earlier.

The advance in broad money (M2) narrowed to 1.2% from 3.0% in 2005, as accumulations to savings deposits slowed to 1.3% from 3.4%. This reflected reduced gains in private individuals' balances, while the public corporations' balances were relatively stable. More competitive returns contributed to extended gains in fixed deposits, of 2.2% from 1.7%, led by a 2.7% hike in placements by private individuals. Residents' foreign currency deposits grew at a slackened rate of 3.9% relative to 18.8% in 2005, resulting in a more tapered expansion in overall money (M3) of \$66.5 million (1.3%), to an end-December stock of \$5,145.1 million.

By contractual obligations, Bahamian dollar fixed deposits represented the largest component (54.1%) of the money stock, followed by demand (20.4%) and savings (18.5%) deposits, with smaller shares accounted for by currency in active circulation (3.9%) and residents' foreign currency deposits (3.1%).

## DOMESTIC CREDIT

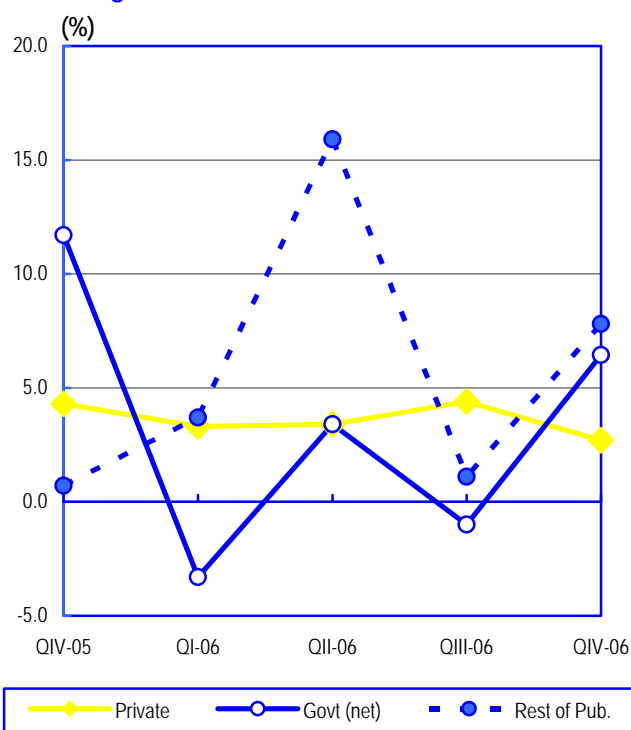
Reflecting the tightening in liquidity conditions, which intensified during the latter half of the year, accretions to domestic credit slowed to \$217.9 million (3.3%) from \$275.3 million (4.9%) in 2005. Advances in the more dominant Bahamian dollar component eased to \$176.4 million (3.1%) from \$256.2 million (5.2%), while public sector borrowing elevated the growth in foreign currency credit, to \$41.6 million (5.4%) from \$19.3 million (2.9%) a year ago.

The banking system's net claims on the public sector expanded by 6.9% (\$69.6 million), vis-à-vis 7.9% (\$69.6 million) in the corresponding year-earlier period. The outturn was led by a \$40.9 million (6.4%) slowing in net credit to Government, contrasting with an increase of \$67.4 million (11.7%) in 2005. Further, public corpora-

tions' liabilities firmed by 7.8% (\$28.7 million) vis-à-vis modest growth of \$2.2 million (0.7%) a year ago.

Reflecting tapered growth in Bahamian dollar claims, the expansion in private sector credit was lower at \$148.3 million (2.7%) from \$205.7 million (4.3%) in 2005. However, the foreign currency portion recorded a net repayment of \$3.3 million (0.7%) in contrast to growth of \$15.4 million (3.3%) last year. A disaggregation of the major components showed that the majority of private sector lending was concentrated in personal loans (72.2%), which firmed by \$159.5 million (4.1%). Consumer credit, at 46.7% of personal loans, advanced by \$74.9 million (4.1%)—on pace with last year's \$73.7 million (4.6%) gain, while residential mortgages, with 50.3% of the total, registered slightly reduced growth of \$74.3 million (3.8%). Personal overdraft balances increased by \$5.0 million (6.9%), a turnaround from last year's decline of \$4.9 million (8.4%).

## Changes in Credit



A breakdown of consumer credit revealed broad-based increases in miscellaneous credit (\$25.5 million), credit cards (\$16.3 million), consolidated debt (\$12.3

million), land purchases (\$10.8 million), home improvements (\$7.3 million) and private cars (\$2.1 million). Meanwhile, net repayments were registered for travel (\$1.0 million) and education (\$0.2 million).

Among the other private sector credit categories, net gains were recorded for tourism (\$12.6 million), construction (\$5.4 million), manufacturing (\$3.8 million), agriculture (\$1.2 million) and private financial institutions (\$0.9 million). Conversely, some offset was provided from net repayments for fisheries (\$8.5 million), distribution (\$6.8 million), entertainment & catering (\$3.5 million), professional & other services (\$3.9 million) and mining & quarrying (\$1.1 million).

ties to the rest of the public sector rose to \$10.3 million from \$4.2 million at end-September. The slowdown in domestic credit growth, combined with public sector borrowing proceeds significantly curtailed the decline in external reserves to \$43.0 million (7.9%) for a year-end stock of \$499.7 million. This was equivalent to an estimated 14.6 weeks of non-oil merchandise imports, approximately 3.9 weeks lower than the previous year's level. When adjusted for the statutory required 50% of the Bank's Bahamian dollar liabilities, which have to be supported by external balances, "useable" reserves, or Central Bank liquidity, contracted to \$201.5 million from \$257.8 million in 2005.

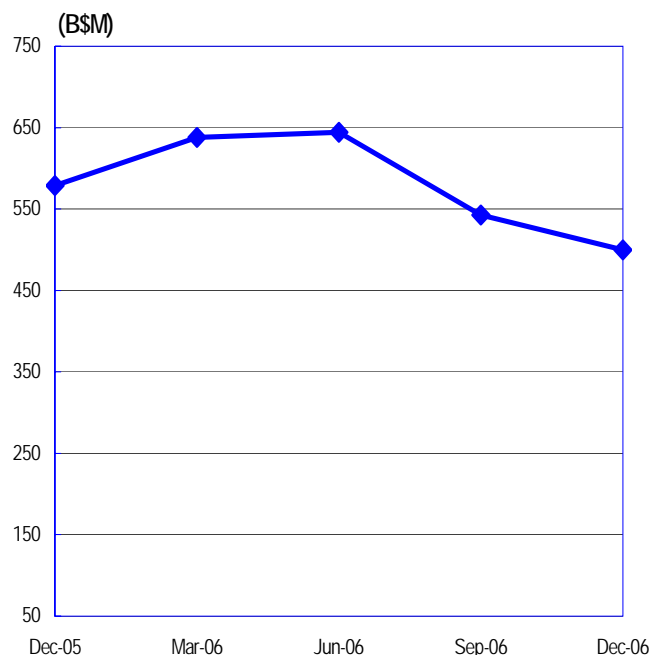
**Distribution of Bank Credit By Sector  
End-December**

	2005		2006	
	B\$M	%	B\$M	%
Agriculture	10.3	0.2	11.3	0.2
Fisheries	14.7	0.3	13.2	0.2
Mining & Quarry	15.3	0.3	11.2	0.2
Manufacturing	47.4	0.9	51.7	0.8
Distribution	178.7	3.3	217.0	3.6
Tourism	258.6	4.8	253.7	4.2
Enter. & Catering	63.6	1.2	59.3	1.0
Transport	20.9	0.4	22.9	0.4
Public Corps.	265.8	5.0	268.1	4.4
Construction	312.8	5.9	412.3	6.8
Government	150.7	2.8	156.2	2.6
Private Financial	20.0	0.4	27.8	0.4
Prof. & Other Ser.	125.5	2.3	156.4	2.6
Personal	3,525.8	66.0	4,078.0	67.1
Miscellaneous	332.6	6.2	332.2	5.5
<b>TOTAL</b>	<b>5,342.7</b>	<b>100.0</b>	<b>6,071.3</b>	<b>100.0</b>

### THE CENTRAL BANK

The Central Bank's net credit to Government grew marginally by \$0.2 million (0.1%) to \$182.5 million during the quarter, reflecting in part increased holdings of Treasury bills, a reversal from last year's \$12.8 million (9.5%) contraction to \$122.0 million. Net deposit liabili-

### External Reserves



The foreign currency transactions underlying the movements in external reserves showed the Central Bank's net foreign currency sale reduced to \$48.0 million from \$104.0 million in the same period last year. Specifically, total sales were lower by \$58.1 million (22.7%) at \$197.9 million, eclipsing the \$2.1 million (1.4%) decline in total purchases to \$149.9 million. The net sale to commercial banks increased by \$3.3 million to \$46.8 million, while the net sale to other customers—mainly the public corporations—was reduced to \$11.0 million from \$72.6 million in 2005. Meanwhile, the net purchase from Gov-

ernment narrowed to \$9.8 million from \$12.1 million in the comparative period last year.

### DOMESTIC BANKS

Buoyed by a favourable interest rate environment and robust domestic demand, domestic banks' claims on the private sector rose by \$148.3 million (2.7%), outpacing the \$56.2 million (1.3%) gain in deposit liabilities. Increases in short-term advances elevated net claims on the Government, by \$40.7 million (9.0%), and claims on the rest of the public sector strengthened significantly by 8.0%, relative to a lower 0.3% gain in their deposit liabilities. To support the robust growth in credit, banks reduced their net claims on the Central Bank by 11.7%, and increased their net foreign liabilities by 4.2% (\$30.3 million) to \$754.1 million, mainly on account of the provision of foreign currency funding to the rest of the public sector.

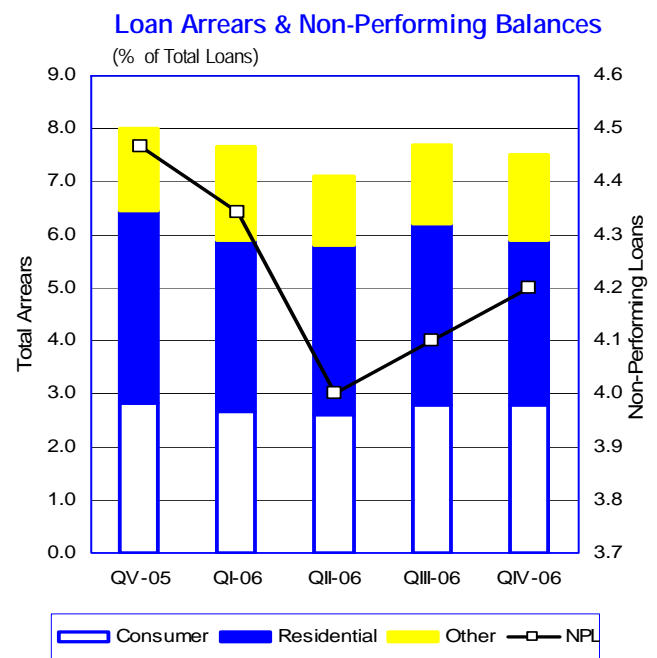
Banks aggregate deposit liabilities, including balances owed to Government, totaled \$5,033.5 million, with the majority (96.8%) denominated in Bahamian dollars. These amounts were held by private individuals (58.1%), followed by business firms (24.6%), the public sector (9.9%), other depositors (4.8%) and private financial institutions (2.6%). By contractual obligations, the largest share of deposits was in the form of fixed deposits (58.0%), followed by demand (22.4%) and savings (19.6%) balances.

A disaggregation of Bahamian dollar deposits, by range of value and number of accounts, indicated that the majority of accounts (90.2%) was concentrated in the up to \$10,000 range and corresponded with only 8.0% of the total value. Deposits with balances between \$10,000 and \$50,000 represented 6.8% of total contracts (13.5% of aggregate value), and balances exceeding \$50,000 comprised 3.0% of accounts and 78.5% of total value.

Adjusted for goodwill, banks' Bahamian dollar capital and surplus position, related to equity and provisioning, grew at a quarterly pace of 4.7% to \$1,321.0 million, relative to 4.0% in 2005. Profits and retained earnings represented an elevated 50.7% of capital and surplus compared to 49.8% a year ago, as general and specific reserves against loan losses narrowed to 10.4% from a previous 11.3% of the total. Total reserves and provisions, as a percentage of the private sector's loan

portfolio, stood slightly higher at 2.7% at end-December 2006.

Banks' asset quality remained relatively healthy, with the quarterly total arrears rate for loans with payments at least 30 days past due remaining on par with the previous quarter at 7.7%, while registering an improvement over the 8.3% rate posted a year earlier. In terms of the major components, on a quarterly basis the arrears rate for consumer loans rose by 0.2 percentage points to 8.0% of outstanding private balances; however, it represented a slight improvement over the 8.2% rate registered in the comparative 2005 period. The arrears rate on residential mortgages receded to 7.2% from 7.9% at the end of the third quarter and 8.8% for the same quarter last year. In contrast, the arrears rate for commercial loans advanced to 8.1% from 6.9% at end-September and 7.5% a year-earlier.



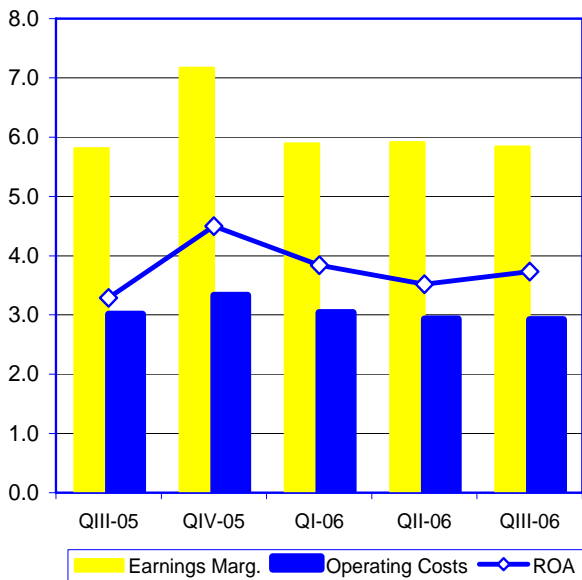
Bahamian dollar loan-loss provisions of banks were a stable 2.3% of the total private sector portfolio for the year, although slightly elevated from the 2.0% end-December 2005 level. Provisions corresponded to a reduced 54.2% of total non-performing loans, but an appreciation from the 44.9% at end-December 2005. Total non-performing balances, represented by accounts with past-due payments of at least three (3) months, and on which banks stopped accruing interest, deteriorated

slightly on a quarter-on-quarter basis by 0.1 percentage points to 4.2%. However, this was an improvement from the 4.5% ratio posted a year-earlier.

**BANK PROFITABILITY**

During the three-month period ending September, the latest quarter for which data is available, domestic banks' earnings indicators recorded robust growth compared to the same period in 2005. The gross earnings margin grew by 12.7% to \$111.4 million, buttressed by a 20.9% hike in interest income, which overshadowed a 25.7% drop in commission and foreign exchange income. Despite an 8.6% rise in total operating costs to \$55.7 million, a \$7.0 million (82.6%) increase in income from other sources, net of depreciation and bad debt expenses, contributed to an overall \$15.2 million (27.1%) advance in net income to \$71.2 million.

**Domestic Banks' Profitability**



Relative to average domestic assets, the net interest margin widened by 21 basis points to 5.49%; however, the ratio for commission and foreign exchange income was lower by 18 basis points at 0.35%. The operating cost ratio was also reduced by 9 basis points to 2.92% and after netting out depreciation and bad debt expenses, the corresponding ratio for other net sources of income appreciated by 31 basis points to 0.81%. Within this context, the net income (return on assets)

moved higher to 3.73% from 3.29% in the corresponding period last year.

**INTEREST RATES**

In interest rates developments, commercial banks' average interest rate spread on loans and deposits narrowed by 34 basis points to 6.28 percentage points. Tightened liquidity conditions influenced a firming in the weighted average deposit rate by 20 basis point to 3.51%, and the corresponding loan rate softened by 14 basis points to 9.79%.

<b>Banking Sector Interest Rates</b>			
Period Average (%)			
	Qtr. IV 2005	Qtr. III 2006	Qtr. IV 2006
<b>Deposit rates</b>			
Demand Deposits	2.45	2.21	2.55
Savings Deposits	2.10	2.16	2.14
<b>Fixed Deposits</b>			
Up to 3 months	3.03	3.16	3.25
Up to 6 months	3.56	3.63	3.83
Up to 12 months	3.85	3.88	4.10
Over 12 months	3.78	4.15	4.32
<b>Weighted Avg Deposit Rate</b>	<b>3.24</b>	<b>3.31</b>	<b>3.51</b>
<b>Lending rates</b>			
Residential mortgages	7.96	7.84	7.78
Commercial mortgages	7.95	8.30	8.65
Consumer loans	12.07	12.10	11.75
Other Local Loans	7.54	7.41	7.64
Overdrafts	10.45	10.44	10.23
<b>Weighted Avg Loan Rate</b>	<b>9.99</b>	<b>9.93</b>	<b>9.79</b>

On the deposit side, the average interest rate on fixed maturities fluctuated within a higher band of 3.25% - 4.32% vis-à-vis 3.16% - 4.15% in the previous quarter. The average rate offered on demand deposits increased by 34 basis points to 2.55%, while the average savings rate declined by 2 basis points to 2.14%.

For loans, the average rate on consumer loans and overdrafts fell by 35 basis points to 11.75% and 21 basis points to 10.23%, respectively, and the average residential rate was reduced by 6 basis points to 7.78%. In a significant offset, the average rate on other local loans firmed by 23 basis points to 7.64% and the com-



mercial mortgage rate, by 35 basis points to 8.65%, respectively.

The average 90-day Treasury bill rate advanced to 1.74% from 0.17% in same period last year. However, the Central Bank's Discount Rate and commercial banks' Prime Rate were unchanged at 5.25% and 5.50%, respectively.

## CAPITAL MARKET DEVELOPMENTS

During the fourth quarter, domestic capital market developments were relatively subdued, with the Bahamas International Securities Exchange (BISX) All Share Price Index, rising by 2.8% to 1,676.19 points at end-December, which was below the third quarter's 7.3% gain. Approximately 0.8 million shares valued at \$5.4 million were traded, down from the 1.4 million shares at \$7.2 million in the September quarter. Fidelity Capital Market Limited's broader Findex weighted share price index—which includes equities traded over-the-counter—appreciated by 3.7% to close the year at 742.16 points. Market capitalization on BISX rose by an estimated 1.8% to \$3.2 billion, mostly reflecting share price appreciation. On the fixed income side, there were no new Bahamas Government Registered Stock issues during the period.

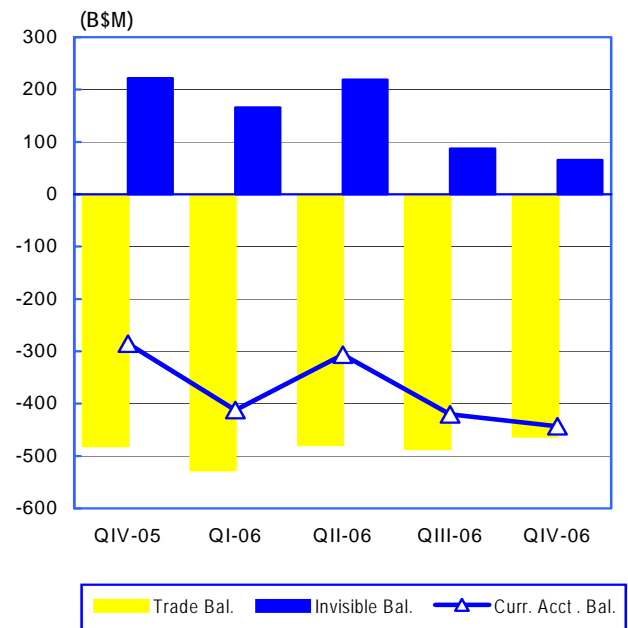
## INTERNATIONAL TRADE AND PAYMENTS

Preliminary estimates for the fourth quarter of 2006 showed that despite an improvement in the visible trade deficit, the current account deficit deteriorated by \$157.9 million to \$443.3 million over the same period last year. Heightened payments for construction and Government services and net private remittances of investment income outflows significantly reduced the services account surplus. However, these trends were strongly offset by an appreciable widening in the surplus on the capital account, which narrowed the deficit on the overall balance.

The merchandise trade deficit improved by \$18.2 million (3.8%) to an estimated \$462.9 million, due to a reduction in imports of 1.2% (\$7.6 million) to \$634.6 million combined with a 6.6% (\$10.6 million) rise in goods exports (inclusive of amounts procured in ports by foreign

carriers) to \$171.7 million. Despite a rise in import volumes, the value of total fuel imports declined, reflecting in part a decrease in global oil prices during the fourth quarter, which influenced a contraction in the oil import bill by 8.3% to \$143.8 million. On average, the per barrel price of propane gas fell by 7.8% to \$53.70; motor gas, by 6.0% to \$78.60; jet fuel, by 14.7% to \$79.26; bunker "C", by 1.2% to \$23.17 and gas oil, by 8.6% to \$74.67. Reflecting the slowdown in private sector credit growth, non-oil merchandise imports rose by a modest 1.1% to \$490.0 million, relative to the strengthened 14.5% advance in 2005.

Balance of Payments



Compared with the same period in 2005, the estimated services account surplus tapered by \$156.1 million (70.3%) to \$65.9 million in 2006. Contributing to this outturn, outflows for "other" services—primarily for advertisement, management fees and overseas usage of credit cards—were elevated by \$132.1 million to \$178.0 million, and increased payments related to various tourism investment projects underpinned a more than three-fold hike in construction service outflows to \$65.8 million. Outflows associated with Government services together with royalty and license fees advanced by \$20.5 million and \$1.1 million to \$33.4 million and \$4.7 million, respectively. Some offset was provided by strengthened gains in net travel receipts and net inflows for offshore compa-

panies' local expenses, by 8.1% and 32.0% to \$372.0 million and \$76.0 million respectively; and the 3.1% reduction in net insurance services outflows to \$29.9 million.

Net income remittances widened by \$22.5 million (64.1%) to \$57.6 million, as profit repatriations by banks and other private sector companies occasioned a more than two-fold hike in investment income to \$41.4 million. The net official outflow was also higher by \$1.4 million at \$3.6 million; whereas net payments of labour income softened by \$2.2 million to \$16.3 million.

Net receipt of current transfers rose by \$2.5 million (29.2%) to \$11.3 million, inclusive of a \$1.1 million increase in Government's net inflows to \$12.3 million. The 53.1% decline in labour remittances underpinned a corresponding drop in private sector current transfers to \$1.0 million.

The capital and financial account surplus improved by \$281.4 million to \$415.4 million, led by a \$282.0 million upswing in net financial account inflows to \$429.1 million. In particular, tourism-related inflows bolstered net direct investments by \$155.9 million to \$273.2 million, of which \$173.7 million (63.6%) constituted equity inflows, and \$99.5 million (36.4%) was by way of land purchases. In addition, net inflows of "other investments" mainly in the form of loan proceeds, surged by \$126.0 million to \$155.8 million, with approximately 80% associated with the funding of private sector projects. Public sector foreign currency borrowing raised short-term capital inflows through the domestic banking system by \$13.4 million to \$30.3 million.

Consequent on these developments and after adjusting for possible net errors and omissions, the deficit on the overall payments balance, which corresponded to the change in the Central Bank's external reserves, was approximately halved to \$43.0 million.

## INTERNATIONAL ECONOMIC DEVELOPMENTS

Indications are that global economic activity expanded during the fourth quarter, driven by an improvement in the U.S. trade balance, strong business investment in the Euro Zone and robust growth in the Asian

economies, especially China. As a consequence, overall employment conditions improved in most of the major economies, while persistent inflationary pressures, owing to the pass-through effects of higher oil prices on other domestic costs, led several major central banks to tighten their monetary policy stance. The combination of positive sentiments concerning future economic growth and generally higher levels of corporate profits secured robust quarterly gains in several of the major indices, while the US dollar depreciated against the major currencies as its current account deficit remained large.

Despite weakness in the housing sector, the United States' economy expanded at an annualized rate of 2.5% in the fourth quarter, up from 2.0% in the preceding period, and was propelled by accelerated consumer and Government spending, as well as rebounded exports and decreased imports. Real GDP growth in the United Kingdom was maintained at the previous quarter's 0.7%, benefiting from sustained expansions in the services sector. The Chinese economy grew at an impressive 10.4% annualized rate in the fourth quarter, the fastest pace since 1995, reflecting booming exports and very strong investments. Economic growth in the euro area strengthened to 3.3% from 2.7% in the third quarter; while rebounded consumer spending, alongside strong business investment elevated Japan's real GDP growth to 1.2% from 0.3%.

Buoyed by sustained economic growth, the jobless situation improved in several of the major economies during the review quarter. Unemployment in the United States was reduced to 4.5% from 4.7% in the third quarter, the lowest quarterly level since 2001, with rapid gains noted in the service industries. The seasonally adjusted unemployment rate in the euro area fell by 0.3 percentage points to 7.5%, with the rate for Germany and France improving to 7.9% and 8.5%, respectively, while the United Kingdom's rate steadied at 5.5%. In Asia, the unemployment rates in China and Japan fell by 0.1 and 0.2 percentage points to 4.1% and 4.0%, respectively.

Consumer price inflation in the major economies remained mild, as central banks' tightening measures offset the effects of rising oil prices. Average price gains slowed in the United States to 0.2% on an annual basis from 0.8% in the previous quarter. Annualized inflation in the euro area gained 0.2 percentage points to 1.9% in the final quarter, mainly on account of higher costs for hous-



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ing, education and alcohol and tobacco. In the United Kingdom, consumer price inflation advanced by 0.6 percentage points to 3.0%, reflecting generally higher transportation costs. Despite a booming economy, China's inflation remained quite low, at around 1.9%.

The U.S. dollar depreciated against most major currencies during the fourth quarter of 2006, due in part to the narrowing of the interest rate spread between the US and other major economies. In Europe, the dollar depreciated by 4.4% against the Pound Sterling to £0.51, by 4.0% vis-à-vis the Euro to €0.76 and by 2.5% against the Swiss Franc to CHF1.22. Moreover, the Chinese Yuan appreciated against the dollar by 1.3% to Yuan 7.80. In contrast, reflecting the extremely low interest rate environment in Japan, the dollar advanced against the Yen by 0.8% to ¥119.07.

Renewed confidence in global economic growth underpinned solid gains in the major equity indexes during the fourth quarter. Boosted by strong corporate profits, the Dow Jones Industrial Average Index (DJIA) increased by 6.7% to 12,463 points and the broader Standard & Poor's 500 Index advanced by 6.2% to 1,428 points. Equity markets in Europe posted positive returns, with Germany's DAX moving upwards by 9.9%, France's CAC 40 by 5.6% and the UK's FTSE 100, by 4.4%. Likewise, Japan's Nikkei 225 Index rallied by 5.0% to 17,226 points, while the Chinese Shanghai Composite Index soared by 52.7% to 2675.47 points.

Commodity prices continued to strengthen during the review quarter, as increased demand from the major economies led to a tightening in global supplies. Base metals, such as zinc and nickel, extended earlier price appreciations by 27.0% and 13.5% in the fourth quarter, whereas copper prices contracted by 16.1% to reverse last quarter's 3.1% gain. Precious metal prices also moved higher, with gold up by 6.4% to \$636.70 per troy ounce; and silver by 12.8% to \$12.90 per troy ounce. However, an accumulation in stockpiles and a general weakening in global demand, facilitated an easing in oil prices by 2.8% to \$60.79 per barrel, as average daily production fell by 0.7 million barrels to 30.5 million barrels.

Against the background of reduced energy prices and lower inflation, the Federal Reserve maintained its neutral position over the quarter keeping the Primary

Credit and Federal Funds rates at 6.25% and 5.25%, respectively. In an attempt to dampen growth and rein in inflation, the Bank of England raised its key repo rate by 25 basis points to 5.00%. Fears over price stability prompted the European Central Bank to hike the refinancing rate twice during the quarter, by 25 basis points on each occasion, to 3.50%. In Asia, the Bank of Japan, after its first adjustment of the overnight call rate in July, left the rate unchanged at 0.25 percent; while concerns over high liquidity levels led the Peoples Bank of China to raise the minimum reserve requirement ratio of depository institutions by 0.5 percentage points to 9.0% in November.

Fourth quarter estimates of external account developments were mixed, with the United States' current account deficit contracting to \$195.8 billion from \$229.4 billion in the September quarter, as a result of decreased imports, higher goods exports, an expanded surplus on the services account and improvements in the income balance. China's surplus expanded to \$67.8 billion from \$48.7 billion; while Japan's current account surplus was reduced by ¥244.9 million to ¥5,047.8 billion in the fourth quarter, reflecting a narrowing in the income account. The United Kingdom's trade deficit widened, on a quarter on quarter basis, by £0.8 million to £13.5 billion; however, the euro area's current account balance reverted to a surplus of €1.1 billion from a deficit of €0.5 billion in the third quarter.

On the fiscal side, initial data suggest that the United States' overall deficit improved to \$247.7 billion at end-2006—equivalent to a reduced 1.9% of GDP relative to 2.6% in 2005. Estimates for the United Kingdom revealed that the fiscal deficit stood at \$36.0 billion, representing 2.9% of GDP.

## STATISTICAL APPENDIX

(Tables 1-16)

## STATISTICAL APPENDIX

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The following symbols and conventions are used throughout this report:

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

**TABLE 1**  
**FINANCIAL SURVEY**

End of Period	2002			2003			2004			2005			2006		
	Mar.	Jun.	Sept.	Mar.	Jun.	Sept.	Mar.	Jun.	Sept.	Mar.	Jun.	Sept.	Mar.	Jun.	Sept.
	<b>(B\$ Millions)</b>														
<b>Net foreign assets</b>	(357.3)	(143.8)	104.3	180.4	154.4	71.1	(16.3)	(6.4)	(181.1)	(254.4)					
Central Bank	373.2	484.3	667.8	718.6	761.1	665.2	637.8	644.2	542.7	499.7					
Domestic Banks	(730.5)	(628.1)	(563.5)	(538.2)	(606.7)	(594.1)	(654.1)	(650.6)	(723.8)	(754.1)					
<b>Net domestic assets</b>	4,193.5	4,147.1	4,317.2	4,435.4	4,620.1	4,601.1	4,862.4	4,950.5	5,161.6	5,259.8	5,399.5				
Domestic credit	4,940.4	4,974.0	5,227.2	5,359.8	5,581.4	5,624.2	5,899.5	6,051.4	6,295.3	6,524.9	6,742.9				
Public sector	870.8	879.4	887.8	981.0	953.8	876.2	945.8	935.7	1,006.8	1,004.5	1,074.2				
Government (net)	651.3	506.5	547.1	639.1	619.7	575.1	642.5	621.2	642.2	636.0	677.0				
Rest of public sector	219.5	372.9	340.7	341.9	334.1	301.1	303.3	314.5	364.6	368.5	397.2				
Private sector	4,069.6	4,094.6	4,339.4	4,378.8	4,627.6	4,748.0	4,953.7	5,115.7	5,288.5	5,520.4	5,668.7				
Other items (net)	(746.9)	(826.9)	(910.0)	(924.4)	(961.3)	(1023.1)	(1037.1)	(1100.9)	(1133.7)	(1265.1)	(1343.4)				
<b>Monetary liabilities</b>	3,836.2	4,003.3	4,421.5	4,615.8	4,774.5	4,672.2	4,830.2	4,934.2	5,155.2	5,078.7	5,145.1				
Money	817.7	907.4	1,134.4	1,244.3	1,291.0	1,184.0	1,247.6	1,265.5	1,352.7	1,263.6	1,251.1				
Currency	154.8	160.1	176.6	175.6	169.8	188.8	195.3	198.2	198.3	199.0	202.1				
Demand deposits	662.9	747.3	957.8	1,068.7	1,121.2	995.2	1,052.3	1,067.3	1,154.4	1,064.6	1,049.0				
Quasi-money	3,018.5	3,095.9	3,287.1	3,371.5	3,483.5	3,488.2	3,582.6	3,668.7	3,802.5	3,815.1	3,894.0				
Fixed deposits	2,296.2	2,315.9	2,410.3	2,426.4	2,463.3	2,514.2	2,556.6	2,636.2	2,687.9	2,720.8	2,781.5				
Savings deposits	630.7	678.8	779.9	814.6	852.4	852.6	881.8	911.6	931.8	941.1	953.3				
Foreign currency	91.6	101.2	96.9	130.5	167.8	121.4	144.2	120.9	182.8	153.2	159.2				
	<b>(percentage changes)</b>														
<b>Total domestic credit</b>	5.6	0.7	5.1	2.5	4.1	0.8	4.9	2.6	4.0	3.6	3.3				
Public sector	12.3	1.0	1.0	10.5	(2.8)	(8.1)	7.9	(1.1)	7.6	(0.2)	6.9				
Government (net)	4.0	(22.2)	8.0	16.8	(3.0)	(7.2)	11.7	(3.3)	3.4	(1.0)	6.4				
Rest of public sector	47.1	69.9	(8.6)	0.4	(2.3)	(9.9)	0.7	3.7	15.9	1.1	7.8				
Private sector	4.3	0.6	6.0	0.9	5.7	2.6	4.3	3.3	3.4	4.4	2.7				
<b>Monetary liabilities</b>	3.2	4.4	10.4	4.4	3.4	(2.1)	3.4	2.2	4.5	(1.5)	1.3				
Money	5.3	11.0	25.0	9.7	3.8	(8.3)	5.4	1.4	6.9	(6.6)	(1.0)				
Currency	0.8	3.4	10.3	(0.6)	(3.3)	11.2	3.4	1.5	0.1	0.4	1.6				
Demand deposits	6.4	12.7	28.2	11.6	4.9	(11.2)	5.7	1.4	8.2	(7.8)	(1.5)				
Quasi-money	2.7	2.6	6.2	2.6	3.3	0.1	2.7	2.4	3.6	0.3	2.1				

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

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

End of Period	2002			2003			2004			2005			2006		
	Mar.	Jun.	Dec.	Mar.	Jun.	Sept.	Mar.	Jun.	Dec.	Mar.	Jun.	Sept.	Mar.	Jun.	Sept.
	<b>(B\$ Millions)</b>														
<b>Net foreign assets</b>	(349.7)	(130.7)	70.9	161.4	121.6	35.5	(47.7)	(30.2)	(148.5)	(235.0)					
Central Bank	373.2	484.3	667.8	718.6	761.1	665.2	637.8	644.2	542.7	499.7					
Commercial banks	(722.9)	(615.0)	(596.9)	(557.2)	(639.5)	(629.7)	(685.5)	(674.4)	(691.2)	(734.7)					
<b>Net domestic assets</b>	4,092.4	4,025.1	4,247.2	4,348.0	4,546.6	4,534.6	4,880.9	5,094.5	5,140.3	5,299.4					
Domestic credit	4,793.2	4,822.8	5,083.1	5,218.9	5,438.3	5,482.6	5,900.8	6,142.5	6,372.6	6,588.8					
Public sector	867.6	874.9	883.4	976.7	949.0	871.4	930.9	1,001.6	999.0	1,068.9					
Government (net)	648.2	502.1	542.7	634.8	614.9	570.3	616.4	637.0	630.5	671.7					
Rest of public sector	219.4	372.8	340.7	341.9	334.1	301.1	314.5	364.6	368.5	397.2					
Private sector	3,925.6	3,947.9	4,199.7	4,242.2	4,489.3	4,611.2	4,969.9	5,140.9	5,373.6	5,519.9					
Other items (net)	(700.8)	(797.7)	(835.9)	(870.9)	(891.7)	(948.0)	(1,019.9)	(1,048.0)	(1,232.3)	(1,289.4)					
<b>Monetary liabilities</b>	3,742.7	3,894.4	4,318.1	4,509.4	4,668.2	4,570.1	4,833.2	5,064.3	4,991.8	5,064.4					
Money	808.5	895.8	1,124.7	1,231.2	1,275.1	1,169.6	1,245.5	1,338.1	1,246.3	1,238.1					
Currency	154.8	160.1	176.6	175.6	169.8	188.8	198.2	198.3	199.0	202.1					
Demand deposits	653.7	735.7	948.1	1,055.6	1,105.3	980.8	1,047.3	1,139.8	1,047.3	1,036.0					
Quasi-money	2,934.2	2,998.6	3,193.4	3,278.2	3,393.1	3,400.5	3,587.7	3,726.2	3,745.5	3,826.3					
Savings deposits	630.4	678.5	779.7	814.3	852.2	852.4	911.5	931.7	941.1	953.1					
Fixed deposits	2,212.2	2,218.8	2,316.8	2,333.4	2,373.1	2,426.8	2,555.3	2,611.7	2,651.2	2,714.1					
Foreign currency deposits	91.6	101.3	96.9	130.5	167.8	121.3	120.9	182.8	153.2	159.1					
	<b>(percentage change)</b>														
<b>Total domestic credit</b>	5.3	0.6	5.4	2.7	4.2	0.8	2.6	4.1	3.7	3.4					
Public sector	12.4	0.8	1.0	10.6	(2.8)	(8.2)	(1.6)	7.6	(0.3)	7.0					
Government (net)	4.1	(22.5)	8.1	17.0	(3.1)	(7.3)	(4.1)	3.3	(1.0)	6.5					
Rest of public sector	47.1	69.9	(8.6)	0.4	(2.3)	(9.9)	3.7	15.9	1.1	7.8					
Private sector	3.8	0.6	6.4	1.0	5.8	2.7	3.4	3.4	4.5	2.7					
<b>Monetary liabilities</b>	2.9	4.1	10.9	4.4	3.5	(2.1)	2.5	4.8	(1.4)	1.5					
Money	5.1	10.8	25.6	9.5	3.6	(8.3)	1.8	7.4	(6.9)	(0.7)					
Currency	0.8	3.4	10.3	(0.6)	(3.3)	11.2	1.5	0.1	0.4	1.6					
Demand deposits	6.2	12.5	28.9	11.3	4.7	(11.3)	1.9	8.8	(8.1)	(1.1)					
Quasi-money	2.3	2.2	6.5	2.7	3.5	0.2	2.7	3.9	0.5	2.2					

Source: The Central Bank of The Bahamas

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

(B\$ Millions)

End of Period	2002			2003			2004			2005			2006		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.
<b>Net foreign assets</b>	373.2	484.3	667.8	718.6	761.1	665.2	578.8	637.8	644.2	542.7	499.7				
Balances with banks abroad	126.3	183.7	311.1	344.9	309.3	230.0	145.4	210.4	212.1	116.8	90.5				
Foreign securities	238.3	291.3	347	364.2	442.7	426.1	424.4	418.4	422.8	416.47	399.8				
Reserve position in the Fund	8.5	9.3	9.7	9.5	9.1	9.1	9.0	9.0	9.3	9.3	9.4				
SDR holdings	0.1	--	--	--	--	--	--	--	--	0.1	--				
<b>Net domestic assets</b>	92.0	15.2	(13.1)	(90.8)	(62.4)	27.9	23.1	(21.0)	(25.9)	83.9	85.1				
Net claims on Government	172.9	108.4	141.9	141.4	167.5	134.7	122.0	111.3	129.9	182.3	182.5				
Claims	182.4	114.8	149.5	153.4	215.9	152.8	149.7	150.7	137.4	198.0	190.6				
Treasury bills	72.0	--	--	--	--	--	--	--	--	43.4	52.2				
Bahamas registered stock	38.6	43.8	78.5	76.4	138.9	75.8	72.7	73.7	75.4	77.6	76.4				
Loans and advances	71.8	71.0	71.0	77.0	77.0	77.0	77.0	77.0	62.0	77.0	62.0				
Deposits	(9.5)	(6.4)	(7.6)	(12.0)	(48.4)	(18.1)	(27.7)	(39.4)	(7.5)	(15.7)	(8.1)				
In local currency	(9.5)	(6.4)	(7.6)	(12.0)	(48.4)	(18.1)	(27.7)	(39.4)	(7.5)	(15.7)	(8.1)				
In foreign currency	--	--	--	--	--	--	--	--	--	--	--				
Deposits of rest of public sector	(10.1)	(21.6)	(87.7)	(164.1)	(153.3)	(34.0)	(26.1)	(54.1)	(77.8)	(12.4)	(18.3)				
Credit to commercial banks	--	--	--	--	--	--	--	--	--	--	--				
Official capital and surplus	(98.3)	(97.3)	(98.2)	(100.0)	(102.7)	(105.2)	(105.5)	(114.0)	(108.5)	(107.2)	(107.3)				
Net unclassified assets	19.9	18.4	22.3	23.4	17.7	24.0	24.4	27.6	22.3	13.1	20.1				
Loans to rest of public sector	6.7	6.4	7.6	7.5	7.4	7.4	7.3	7.2	7.2	7.1	7.0				
Public Corp Bonds/Securities	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0				
<b>Liabilities To Domestic Banks</b>	(296.5)	(324.2)	(462.2)	(436.7)	(514.0)	(489.5)	(392.0)	(403.9)	(404.9)	(412.4)	(367.3)				
Notes and coins	(66.3)	(79.6)	(78.5)	(62.1)	(69.5)	(54.9)	(105.8)	(57.0)	(60.4)	(59.1)	(116.2)				
Deposits	(230.2)	(244.6)	(383.7)	(374.6)	(444.5)	(434.6)	(286.2)	(346.9)	(344.5)	(353.3)	(251.1)				
SDR allocation	(13.9)	(15.2)	(15.9)	(15.5)	(14.9)	(14.8)	(14.6)	(14.7)	(15.1)	(15.2)	(15.4)				
Currency held by the private sector	(154.8)	(160.1)	(176.6)	(175.6)	(169.8)	(188.8)	(195.3)	(198.2)	(198.3)	(199.0)	(202.1)				

Source: The Central Bank of The Bahamas

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

End of Period	(B\$ Millions)														
	2002			2003			2004			2005			2006		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.
<b>Net foreign assets</b>	(730.5)	(628.1)	(563.5)	(538.2)	(606.7)	(594.1)	(611.0)	(654.1)	(650.6)	(723.8)	(754.1)				
<b>Net claims on Central Bank</b>	295.8	322.4	461.4	435.8	513.2	488.7	389.7	403.2	405.1	418.1	366.5				
Notes and Coins	66.3	79.6	78.5	62.1	69.5	54.9	105.8	57.0	60.4	59.1	116.2				
Balances	230.3	243.6	383.7	374.5	444.5	434.6	284.7	347.0	345.5	359.8	251.1				
Less Central Bank credit	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8				
<b>Net domestic assets</b>	3,750.3	3,814.7	4,018.7	4,129.4	4,265.7	4,267.0	4,518.4	4,615.1	4,753.6	4,797.4	4,935.4				
Net claims on Government	478.4	398.1	405.2	497.7	452.2	440.4	528.9	510.0	512.3	453.8	494.5				
Treasury bills	38.8	47.6	26.7	85.4	86.5	48.5	66.1	78.0	125.3	34.6	10.0				
Other securities	341.2	369.6	393.3	398.0	385.6	414.3	400.5	413.9	417.8	447.5	437.1				
Loans and advances	170.0	74.5	78.2	115.5	85.3	77.0	150.7	122.6	75.7	70.9	156.3				
Less: deposits	71.6	93.6	93	101.2	105.2	99.4	88.4	104.5	106.5	99.2	108.9				
Net claims on rest of public sector	(143.8)	53.0	91.5	84.3	46.4	5.0	(25.3)	(11.4)	(14.0)	(15.2)	12.3				
Securities	9.4	18.6	18.6	21.6	23.6	20.6	20.6	22.6	34.3	34.3	121.1				
Loans and advances	202.5	347.0	313.5	311.8	302.0	272.1	265.8	283.6	322.2	326.1	268.1				
Less: deposits	355.7	312.6	240.6	249.1	279.2	287.7	311.7	317.6	370.5	375.6	376.8				
Credit to the private sector	4,069.6	4,094.6	4,339.4	4,378.8	4,627.6	4,748.0	4,953.7	5,115.7	5,288.5	5,520.4	5,668.7				
Securities	10.2	20.4	14.7	15.6	28.4	18.1	28.2	27.4	28.2	29.2	21.7				
Mortgages	1309.2	1438.4	1631.1	1,680.5	1,762.2	1,836.3	1,919.1	1,996.8	2,084.2	2,182.3	2,258.1				
Loans and advances	2,750.2	2,635.8	2,693.6	2,682.7	2,837.0	2,893.6	3,006.4	3,091.5	3,176.1	3,308.9	3,388.9				
Private capital and surplus	(722.9)	(1032.5)	(1121.4)	(1,130.8)	(1,141.8)	(1,160.4)	(1,197.5)	(1,278.4)	(1,299.2)	(1,420.7)	(1,477.5)				
Net unclassified assets	69.0	301.5	304.0	299.4	281.3	234.0	258.6	283.4	257.8	301.4	255.3				
<b>Liabilities to private sector</b>	3,315.3	3,508.9	3,916.6	4,026.9	4,172.2	4,161.6	4,297.1	4,364.2	4,508.1	4,491.7	4,547.8				
Demand deposits	690.5	766.2	921	974.8	1,044.6	999.2	1,092.2	1,066.1	1,161.4	1,128.7	1,112.9				
Savings deposits	634.3	682.1	783.7	818.5	856.9	855.1	885.3	915.1	937.6	949.0	956.8				
Fixed deposits	1990.5	2060.6	2211.9	2,233.6	2,270.7	2,307.3	2,319.6	2,383.0	2,409.1	2,414.0	2,478.1				

Source: The Central Bank of The Bahamas



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

(B\$'000s)

Period	2005				2006						
	2002	2003	2004	2005	2006	2006	2006	2006			
					Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III
1. Interest Income	431,664	435,099	474,049	533,519	120,307	126,166	134,328	152,718	145,220	156,110	162,343
2. Interest Expense	159,892	164,071	168,412	178,153	43,723	43,388	44,443	46,599	47,289	53,343	57,560
<b>3. Interest Margin (1-2)</b>	<b>271,772</b>	<b>271,028</b>	<b>305,637</b>	<b>355,366</b>	<b>76,584</b>	<b>82,778</b>	<b>89,885</b>	<b>106,119</b>	<b>97,931</b>	<b>102,767</b>	<b>104,783</b>
4. Commission & Forex Income	23,368	23,451	26,425	28,665	5,787	6,766	8,950	7,162	7,134	6,973	6,648
<b>5. Gross Earnings Margin (3+4)</b>	<b>295,140</b>	<b>294,479</b>	<b>332,062</b>	<b>384,031</b>	<b>82,371</b>	<b>89,544</b>	<b>98,835</b>	<b>113,281</b>	<b>105,065</b>	<b>109,740</b>	<b>111,431</b>
6. Staff Costs	111,068	114,818	116,033	125,378	29,918	30,322	32,286	32,852	33,502	33,914	35,985
7. Occupancy Costs	16,049	18,585	16,284	18,558	3,623	5,273	4,082	5,580	4,744	5,292	5,682
8. Other Operating Costs	48,370	52,182	60,051	54,888	10,443	15,305	14,915	14,225	16,036	15,093	14,022
<b>9. Operating Costs (6+7+8)</b>	<b>175,487</b>	<b>185,585</b>	<b>192,368</b>	<b>198,824</b>	<b>43,984</b>	<b>50,900</b>	<b>51,283</b>	<b>52,657</b>	<b>54,282</b>	<b>54,299</b>	<b>55,689</b>
<b>10. Net Earnings Margin (5-9)</b>	<b>119,653</b>	<b>108,894</b>	<b>139,694</b>	<b>185,207</b>	<b>38,387</b>	<b>38,644</b>	<b>47,552</b>	<b>60,624</b>	<b>50,783</b>	<b>55,441</b>	<b>55,742</b>
11. Depreciation Costs	10,460	22,803	9,739	12,625	3,119	2,843	3,053	3,610	2,818	2,842	2,810
12. Provisions for Bad Debt	29,557	38,562	35,806	21,897	5,015	6,866	4,779	5,237	6,181	10,819	7,967
13. Other Income	63,855	75,669	74,197	76,750	19,701	21,452	16,272	19,325	26,750	23,607	26,185
<b>14. Other Income (Net) (13-11-12)</b>	<b>23,838</b>	<b>14,304</b>	<b>28,652</b>	<b>42,228</b>	<b>11,567</b>	<b>11,743</b>	<b>8,440</b>	<b>10,478</b>	<b>17,751</b>	<b>9,946</b>	<b>15,408</b>
<b>15. Net Income (10+14)</b>	<b>143,491</b>	<b>123,198</b>	<b>168,346</b>	<b>227,435</b>	<b>49,954</b>	<b>50,387</b>	<b>55,992</b>	<b>71,102</b>	<b>68,534</b>	<b>65,387</b>	<b>71,150</b>
<b>16. Effective Interest Rate Spread (%)</b>	<b>6.12</b>	<b>5.99</b>	<b>6.48</b>	<b>6.45</b>	<b>6.12</b>	<b>6.32</b>	<b>6.60</b>	<b>6.76</b>	<b>6.24</b>	<b>6.28</b>	<b>6.12</b>
<b>(Ratios To Average Assets)</b>											
Interest Margin	4.99	4.71	4.91	5.42	4.73	4.94	5.28	6.71	5.49	5.54	5.49
Commission & Forex Income	0.43	0.41	0.43	0.44	0.36	0.40	0.53	0.45	0.40	0.38	0.35
Gross Earnings Margin	5.42	5.11	5.34	5.85	5.08	5.34	5.81	7.17	5.89	5.91	5.84
Operating Costs	3.22	3.22	3.09	3.02	2.71	3.04	3.01	3.33	3.04	2.93	2.92
Net Earnings Margin	2.20	1.89	2.25	2.83	2.37	2.30	2.79	3.84	2.85	2.99	2.92
Net Income	2.64	2.14	2.70	3.47	3.08	3.01	3.29	4.50	3.84	3.52	3.73

\*Commercial Banks and OLFIs with domestic operations

Source: The Central Bank of The Bahamas

**TABLE 6**  
**MONEY SUPPLY**

(B\$ Millions)

End of Period	2002			2003			2004			2005			2006		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.
<b>Money supply (M1)</b>	817.7	907.4	1,134.4	1,244.3	1,291.0	1,184.0	1,247.6	1,265.5	1,352.7	1,263.6	1,251.1				
1) Currency in active circulation	154.8	160.1	176.6	175.6	169.8	188.8	195.3	198.2	198.3	199.0	202.1				
2) Demand deposits	662.9	747.3	957.8	1,068.7	1,121.2	995.2	1,052.3	1,067.3	1,154.4	1,064.6	1,049.0				
Central Bank	10.1	21.7	87.7	164.1	153.3	34.0	26.1	54.1	78.2	12.4	18.3				
Domestic Banks	652.8	725.6	870.1	904.6	967.9	961.2	1,026.2	1,013.2	1,076.2	1,052.2	1,030.7				
<b>Factors affecting changes in money (M1)</b>															
1) Net credit to Government	651.3	506.5	547.1	639.1	619.7	575.1	642.5	621.2	642.2	636.0	677.0				
Central Bank	172.9	108.4	141.9	141.4	167.5	134.7	122.0	111.2	129.9	182.3	182.5				
Domestic Banks	478.4	398.1	405.2	497.7	452.2	440.4	520.5	510.0	512.3	453.7	494.5				
2) Other credit	4,289.1	4,467.5	4,680.1	4,720.7	4,961.7	5,049.1	5,257.0	5,430.2	5,653.1	5,888.9	6,065.9				
Rest of public sector	219.5	372.9	340.7	341.9	334.1	301.1	303.3	314.5	364.6	368.5	397.2				
Private sector	4,069.6	4,094.6	4,339.4	4,378.8	4,627.6	4,748.0	4,953.7	5,115.7	5,288.5	5,520.4	5,668.7				
3) External reserves	373.2	484.3	667.8	718.6	761.1	665.2	578.8	637.8	644.2	542.7	499.7				
4) Other external liabilities (net)	(730.5)	(628.1)	(563.5)	(538.2)	(606.7)	(594.1)	(611.0)	(654.1)	(650.6)	(723.8)	(754.1)				
5) Quasi money	3,018.5	3,095.9	3,287.1	3,371.5	3,483.5	3,488.2	3,582.6	3,668.7	3,802.5	3,815.1	3,894.0				
6) Other items (net)	(746.9)	(826.9)	(910.0)	(924.4)	(961.3)	(1,023.1)	(1,037.1)	(1,100.9)	(1,133.7)	(1,265.1)	(1,343.4)				

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

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

End of Period	2002			2003			2004			2005			2006			(B\$' 000)
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	
<b>CREDIT OUTSTANDING</b>																
Private cars	245,178	221,334	212,679	209,547	209,092	207,781	209,879	222,787	226,337	216,465	222,787	226,337	216,465	222,787	228,421	
Taxis & rented cars	1,976	2,054	2,349	2,325	2,431	2,323	2,317	2,340	2,502	2,322	2,340	2,502	2,322	2,340	2,568	
Commercial vehicles	4,513	4,254	5,212	5,762	6,224	6,681	6,038	6,551	6,588	6,173	6,551	6,588	6,173	6,551	6,829	
Furnishings & domestic appliances	14,531	12,727	13,972	14,529	15,220	15,673	17,309	18,277	18,768	17,667	18,277	18,768	17,667	18,277	19,658	
Travel	43,135	40,815	40,814	38,606	38,601	41,454	41,435	42,151	46,929	39,489	42,151	46,929	39,489	42,151	45,944	
Education	59,487	49,903	46,926	46,430	45,748	48,891	47,737	48,257	53,095	48,393	48,257	53,095	48,393	48,257	52,858	
Medical	14,318	13,662	13,811	13,921	14,002	14,157	14,446	16,227	16,691	14,940	16,227	16,691	14,940	16,227	17,320	
Home Improvements	111,801	109,296	114,199	115,461	122,629	128,838	134,334	142,222	145,557	137,988	142,222	145,557	137,988	142,222	152,851	
Land Purchases	110,475	120,265	150,096	154,998	160,883	165,735	174,645	186,023	190,508	177,630	186,023	190,508	177,630	186,023	201,318	
Consolidation of debt	350,942	343,660	346,795	350,391	361,100	391,303	413,193	439,948	447,458	429,545	439,948	447,458	429,545	439,948	459,791	
Miscellaneous	342,626	334,267	374,008	374,827	376,510	392,602	412,162	438,374	463,648	425,763	438,374	463,648	425,763	438,374	489,122	
Credit Cards	158,784	148,265	166,073	160,526	161,334	172,367	188,058	196,474	210,102	186,643	196,474	210,102	186,643	196,474	226,401	
<b>TOTAL</b>	<b>1,457,766</b>	<b>1,400,502</b>	<b>1,486,934</b>	<b>1,487,323</b>	<b>1,513,774</b>	<b>1,587,805</b>	<b>1,661,553</b>	<b>1,759,631</b>	<b>1,828,183</b>	<b>1,703,018</b>	<b>1,759,631</b>	<b>1,828,183</b>	<b>1,703,018</b>	<b>1,759,631</b>	<b>1,903,081</b>	
<b>NET CREDIT EXTENDED</b>																
Private cars	-25,484	-23,844	-8,655	-3,124	-455	-1,311	2,098	6,322	3,550	6,586	6,322	3,550	6,586	6,322	2,084	
Taxis & rented cars	-275	78	295	-24	106	-108	-6	18	162	5	18	162	5	18	66	
Commercial vehicles	128	-259	958	550	462	457	-643	378	37	135	378	37	135	378	241	
Furnishings & domestic appliances	-2,983	-1,804	1,245	557	691	453	1,636	610	491	358	610	491	358	610	890	
Travel	-256	-2,320	-1	-2,208	-5	2,853	-19	2,662	4,778	-1,946	2,662	4,778	-1,946	2,662	-985	
Education	9,918	-9,584	-2,977	-496	-682	3,143	-1,154	-136	4,838	656	-136	4,838	656	-136	-237	
Medical	1,014	-656	149	110	81	155	289	1,287	464	494	1,287	464	494	1,287	629	
Home Improvements	-14,741	-2,505	4,903	1,266	7,168	6,209	5,496	4,234	3,335	3,654	4,234	3,335	3,654	4,234	7,294	
Land Purchases	15,224	9,790	29,831	4,902	5,885	4,852	8,910	8,393	4,485	2,985	8,393	4,485	2,985	8,393	10,810	
Consolidation of debt	-5,972	-7,282	3,135	3,639	10,709	30,203	21,890	10,403	7,510	16,352	10,403	7,510	16,352	10,403	12,333	
Miscellaneous	1,887	-8,359	39,741	827	1,683	16,092	19,560	12,611	25,274	13,601	12,611	25,274	13,601	12,611	25,474	
Credit Cards	21,016	-10,519	17,808	-5,547	808	11,033	15,691	9,831	13,628	-1,415	9,831	13,628	-1,415	9,831	16,299	
<b>TOTAL</b>	<b>-524</b>	<b>-57,264</b>	<b>86,432</b>	<b>452</b>	<b>26,451</b>	<b>74,031</b>	<b>73,748</b>	<b>56,613</b>	<b>68,552</b>	<b>41,465</b>	<b>56,613</b>	<b>68,552</b>	<b>41,465</b>	<b>56,613</b>	<b>74,898</b>	

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

\* Includes both demand and add-on loans

**TABLE 8**  
SELECTED AVERAGE INTEREST RATES

Period	2004				2005				2006			
	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
<b>DOMESTIC BANKS</b>												
<b>Deposit rates</b>												
Savings deposits	2.57	2.26	2.16	2.10	2.59	2.26	2.10	2.10	2.19	2.13	2.16	2.14
Fixed deposits												
Up to 3 months	3.69	3.13	3.17	3.04	3.39	3.06	3.04	3.03	3.15	3.13	3.16	3.25
Up to 6 months	4.46	3.41	3.63	3.28	3.62	3.19	3.28	3.56	3.44	3.60	3.63	3.83
Up to 12 months	4.26	3.58	3.93	3.53	3.70	3.25	3.53	3.85	3.85	3.88	3.88	4.10
Over 12 months	4.30	3.62	4.18	3.53	3.71	3.47	3.53	3.78	4.13	4.10	4.15	4.32
Weighted average rate	3.83	3.22	3.36	3.11	3.44	3.09	3.11	3.24	3.31	3.30	3.31	3.51
<b>Lending rates</b>												
Residential mortgages	8.81	8.08	7.85	7.82	8.50	8.02	7.82	7.96	7.94	7.82	7.84	7.78
Commercial mortgages	9.17	8.10	8.37	8.15	8.18	8.13	8.15	7.95	8.12	8.42	8.30	8.65
Consumer loans	12.96	12.22	11.96	12.59	12.42	11.81	12.59	12.07	12.01	11.97	12.10	11.75
Overdrafts	11.67	10.86	10.56	10.84	11.00	11.14	10.84	10.45	11.18	10.38	10.44	10.23
Weighted average rate	11.27	10.34	9.97	10.69	10.64	10.03	10.69	9.99	10.25	9.90	9.93	9.79
<b>Other rates</b>												
Prime rate	6.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Treasury bill (90 days)	0.55	0.14	0.87	0.06	0.18	0.15	0.06	0.17	0.36	0.69	0.69	1.74
Treasury bill re-discount rate	1.05	0.64	1.37	0.56	0.68	0.65	0.56	0.67	0.86	1.19	1.19	2.24
Bank rate (discount rate)	5.75	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25

Source: The Central Bank of The Bahamas

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

Period	2003				2004				2005				2006							
	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV				
<b>Loan Portfolio</b>																				
Current Loans (as a % of loans total)	89.9	90.8	91.5	92.0	92.3	92.0	92.3	92.0	92.3	93.0	92.4	92.5	89.9	90.8	91.5	92.0	92.3	93.0	92.4	92.5
Arrears (% by loan type)																				
Consumer	3.5	2.9	3.0	2.6	2.4	2.8	2.4	2.8	2.7	2.6	2.8	2.8	3.5	2.9	3.0	2.6	2.4	2.6	2.8	2.8
Mortgage	4.0	3.8	3.7	3.6	3.5	3.6	3.5	3.6	3.2	3.2	3.4	3.1	4.0	3.8	3.7	3.6	3.5	3.2	3.4	3.1
Commercial	2.6	2.5	1.8	1.8	1.8	1.6	1.8	1.6	1.8	1.2	1.4	1.6	2.6	2.5	1.8	1.8	1.2	1.2	1.4	1.6
Public	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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 Arrears	<u>10.1</u>	<u>9.2</u>	<u>8.5</u>	<u>8.0</u>	<u>7.7</u>	<u>8.0</u>	<u>7.7</u>	<u>8.0</u>	<u>7.7</u>	<u>7.0</u>	<u>7.6</u>	<u>7.5</u>	<u>10.1</u>	<u>9.2</u>	<u>8.5</u>	<u>8.0</u>	<u>7.7</u>	<u>7.0</u>	<u>7.6</u>	<u>7.5</u>
<b>Total B\$ Loan Portfolio</b>	<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>	<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>
<b>Loan Portfolio</b>																				
Current Loans (as a % of loans total)	89.9	90.8	91.5	92.0	92.3	92.0	92.3	92.0	92.3	93.0	92.4	92.5	89.9	90.8	91.5	92.0	92.3	93.0	92.4	92.5
Arrears (% by days outstanding)																				
30 - 60 days	3.2	2.9	2.8	2.4	2.3	2.7	2.3	2.7	2.7	2.3	2.4	2.5	3.2	2.9	2.8	2.4	2.3	2.3	2.4	2.5
61 - 90 days	1.8	1.5	0.9	1.1	0.9	1.0	0.9	1.0	0.7	0.7	1.2	0.9	1.8	1.5	0.9	1.1	0.9	0.7	1.2	0.9
90 - 179 days	1.1	0.8	1.0	0.8	0.9	0.9	0.9	0.9	0.9	0.7	0.8	0.9	1.1	0.8	1.0	0.8	0.9	0.7	0.8	0.9
over 180 days	4.0	4.0	3.8	3.7	3.6	3.4	3.4	3.4	3.4	3.3	3.2	3.2	4.0	4.0	3.8	3.7	3.6	3.3	3.2	3.2
Total Arrears	<u>10.1</u>	<u>9.2</u>	<u>8.5</u>	<u>8.0</u>	<u>7.7</u>	<u>8.0</u>	<u>7.7</u>	<u>8.0</u>	<u>7.7</u>	<u>7.0</u>	<u>7.6</u>	<u>7.5</u>	<u>10.1</u>	<u>9.2</u>	<u>8.5</u>	<u>8.0</u>	<u>7.7</u>	<u>7.0</u>	<u>7.6</u>	<u>7.5</u>
<b>Total B\$ Loan Portfolio</b>	<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>	<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	39.9	39.7	37.9	34.9	32.9	33.9	32.9	33.9	35.1	36.5	37.0	35.0	39.9	39.7	37.9	34.9	32.9	36.5	37.0	35.0
Mortgage	38.4	38.8	41.0	44.0	41.8	42.9	41.8	42.9	41.6	44.3	41.7	40.9	38.4	38.8	41.0	44.0	41.8	44.3	41.7	40.9
Other Private	21.7	21.4	21.0	21.0	25.2	23.1	25.2	23.1	23.2	19.1	21.2	24.0	21.7	21.4	21.0	21.0	25.2	19.1	21.2	24.0
Public	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
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>	<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>
<b>Provisions to Loan Portfolio</b>																				
Consumer	3.7	4.0	3.5	3.4	3.3	3.0	3.3	3.0	3.1	3.3	3.5	3.4	3.7	4.0	3.5	3.4	3.3	3.3	3.5	3.4
Mortgage	1.2	1.2	1.4	1.4	1.4	1.3	1.4	1.3	1.5	1.5	1.3	1.3	1.2	1.2	1.4	1.4	1.3	1.5	1.3	1.3
Other Private	0.9	1.0	1.6	1.6	1.7	1.6	1.7	1.6	2.3	2.3	2.3	2.5	0.9	1.0	1.6	1.6	1.6	2.3	2.3	2.5
Public	0.0	0.0	0.1	0.4	0.4	0.3	0.4	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.1	0.4	0.3	0.0	0.0	0.0
Total Provisions to Total Loans	2.1	2.2	2.2	2.2	2.1	2.0	2.1	2.0	2.3	2.3	2.3	2.3	2.1	2.2	2.2	2.2	2.0	2.3	2.3	2.3
Total Provisions to Non-performing Loans	40.2	45.0	45.1	47.0	46.0	44.9	46.0	44.9	51.8	57.7	56.5	54.2	40.2	45.0	45.1	47.0	46.0	57.7	56.5	54.2
Total Non-performing Loans to Total Loans	5.1	4.8	4.8	4.5	4.6	4.5	4.6	4.5	4.3	4.0	4.1	4.2	5.1	4.8	4.8	4.5	4.6	4.0	4.1	4.2

**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)														
	2002			2003			2004			2005			2006		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.
<b>I. Statutory Reserves</b>															
Required reserves	183.4	187.2	205.3	211.5	217.0	222.4	226.3	228.6	238.0	244.6	244.7				
Average Till Cash	55.3	66.7	70.2	57.8	64.9	60.8	86.5	60.8	67.8	68.2	96.9				
Average balance with central bank	217.8	250.2	407.5	385.9	444.1	446.1	332.2	357.5	355.9	348.5	265.7				
Free cash reserves (period ended)	88.9	128.9	271.6	231.4	291.2	283.7	191.5	189.0	184.9	171.2	117.2				
<b>II. Liquid Assets (period)</b>															
A. Minimum required Liquid assets	589.9	615.6	677.2	691.9	717.8	731.1	752.2	768.5	797.6	800.4	802.5				
B. Net Eligible Liquid Assets	687.6	772.3	909.7	955.3	1021.5	973.2	895.6	937.8	990.4	964.2	865.6				
i) Balance with Central Bank	230.3	243.5	383.7	374.5	444.6	434.6	284.7	347.0	345.5	359.8	251.1				
ii) Notes and Coins	66.8	80.1	79.0	62.6	70.0	55.4	106.3	57.5	60.9	59.6	116.7				
iii) Treasury Bills	38.8	47.6	26.7	85.4	86.4	48.5	66.1	78.0	125.3	34.6	10.0				
iv) Government registered stocks	335.3	369.5	393.3	402.3	390.4	419.1	400.4	413.9	417.8	447.5	437.1				
v) Specified assets	17.9	26.8	24.9	27.8	27.5	26.3	26.0	28.0	39.3	39.0	39.9				
vi) Net Inter-bank dem/call deposits	(0.7)	5.6	2.9	3.5	3.4	(9.9)	12.9	14.2	2.4	24.5	11.7				
vii) Less: borrowings from central bank	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)				
C. Surplus/(Deficit)	97.7	156.7	232.5	263.4	303.7	242.1	143.4	169.3	192.8	163.8	63.1				

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

**TABLE II**  
**GOVERNMENT OPERATIONS AND FINANCING**

Period	(B\$ Millions)													
	2003/04p		2004/05p		2005/06p		Budget			2005/06p			2006/07p	
							2005/06	2006/07	QTR. II	QTR. III	QTR. IV	QTR. I	QTR. II	
Total Revenue & Grants	943.8	1,039.4	1,221.5	1,132.8	1,339.0	1,132.8	1,339.0	273.4	311.3	365.0	326.9	299.1		
Current expenditure	994.0	1,053.1	1,149.6	1,145.7	1,269.6	1,145.7	1,269.6	286.3	289.6	312.8	283.4	299.5		
Capital expenditure	80.9	90.4	123.5	132.9	162.4	132.9	162.4	23.6	31.3	42.2	30.3	35.2		
Net lending	35.3	71.4	54.5	31.5	32.4	31.5	32.4	14.3	15.1	20.3	9.7	18.0		
<b>Overall balance</b>	<b>(166.4)</b>	<b>(175.5)</b>	<b>(106.1)</b>	<b>(177.3)</b>	<b>(125.4)</b>	<b>(177.3)</b>	<b>(125.4)</b>	<b>(50.7)</b>	<b>(24.8)</b>	<b>(10.4)</b>	<b>3.6</b>	<b>(53.6)</b>		
<b>FINANCING (I+II-III+IV+V)</b>	166.4	175.5	106.1	177.3	125.4	177.3	125.4	50.7	24.8	10.4	(3.6)	53.6		
<b>I. Foreign currency borrowing</b>	<b>206.7</b>	<b>2.9</b>	<b>8.7</b>	<b>30.6</b>	<b>32.7</b>	<b>30.6</b>	<b>32.7</b>	<b>3.9</b>	<b>1.4</b>	<b>3.4</b>	<b>1.0</b>	<b>2.5</b>		
External	206.7	2.9	5.3	30.6	32.7	30.6	32.7	3.9	1.4	0.0	1.0	2.5		
Domestic	--	--	3.4	...	...	...	...	--	--	3.4	--	--		
<b>II. Bahamian dollar borrowing</b>	<b>132.3</b>	<b>325.1</b>	<b>201.7</b>	<b>201.6</b>	<b>195.3</b>	<b>201.6</b>	<b>195.3</b>	--	<b>75.0</b>	<b>51.6</b>	<b>115.0</b>	--		
i) Treasury bills	--	13.1	--	...	...	...	...	--	--	--	--	--		
Central Bank	--	13.1	--	...	...	...	...	--	--	--	--	--		
Commercial banks & OLFY's	--	--	--	...	...	...	...	--	--	--	--	--		
Public corporations	--	--	--	...	...	...	...	--	--	--	--	--		
Other	--	--	--	...	...	...	...	--	--	--	--	--		
<b>ii) Long-term securities</b>	<b>98.3</b>	<b>306.3</b>	<b>201.7</b>	...	...	...	...	--	<b>75.0</b>	<b>51.6</b>	<b>100.0</b>	--		
Central Bank	33.3	55.9	11.5	...	...	...	...	--	4.0	2.5	5.0	--		
Commercial banks & OLFY's	20.1	46.3	35.2	...	...	...	...	--	11.4	12.4	34.9	--		
Public corporations	21.7	125.6	25.3	...	...	...	...	--	6.3	3.5	19.1	--		
Other	23.2	78.5	129.6	...	...	...	...	--	53.3	33.2	41.0	--		
<b>iii) Loans and Advances</b>	<b>34.0</b>	<b>5.7</b>	--	...	...	...	...	--	--	--	15.0	--		
Central Bank	34.0	5.7	--	...	...	...	...	--	--	--	15.0	--		
Commercial banks	--	--	--	...	...	...	...	--	--	--	--	--		
<b>III Debt repayment</b>	<b>251.4</b>	<b>98.4</b>	<b>62.1</b>	<b>54.9</b>	<b>102.6</b>	<b>54.9</b>	<b>102.6</b>	<b>11.1</b>	<b>21.7</b>	<b>28.6</b>	<b>35.7</b>	<b>17.5</b>		
Domestic	<b>242.0</b>	<b>92.6</b>	<b>58.1</b>	<b>50.8</b>	<b>94.7</b>	<b>50.8</b>	<b>94.7</b>	<b>10.0</b>	<b>21.0</b>	<b>27.1</b>	<b>35.0</b>	<b>15.9</b>		
Bahamian dollars	112.0	92.6	57.2	50.8	94.7	50.8	94.7	10.0	21.0	26.2	35.0	15.0		
Internal foreign currency	130.0	--	0.9	...	...	...	...	--	--	0.9	--	0.9		
External	<b>9.4</b>	<b>5.8</b>	<b>4.0</b>	<b>4.1</b>	<b>7.9</b>	<b>4.1</b>	<b>7.9</b>	<b>1.1</b>	<b>0.7</b>	<b>1.5</b>	<b>0.7</b>	<b>1.6</b>		
<b>IV. Cash balance change</b>	<b>(33.7)</b>	<b>(45.8)</b>	<b>39.5</b>	...	...	...	...	<b>1.5</b>	<b>(27.9)</b>	<b>29.9</b>	<b>(0.8)</b>	<b>(2.1)</b>		
<b>V. Other Financing</b>	<b>112.5</b>	<b>(8.3)</b>	<b>(81.6)</b>	...	...	...	...	<b>56.5</b>	<b>(2.0)</b>	<b>(45.9)</b>	<b>(83.1)</b>	<b>70.7</b>		

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



**TABLE 12**  
**NATIONAL DEBT**

(B\$' 000s)

End of Period	2004p	2005p	2006p	2005p		2006p					
				Dec.	Mar.	Jun.	Sept.	Dec.			
<b>TOTAL EXTERNAL DEBT</b>											
By Instrument											
Government Securities	284,611	286,528	286,982	286,528	287,247	285,748	286,090	286,982			
Loans	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000			
By Holder											
Commercial banks	59,611	61,528	61,982	61,528	62,247	60,748	61,090	61,982			
Offshore financial institutions	--	--	--	--	--	--	--	--			
Multilateral institutions	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000			
Bilateral Institutions	1,813,297	1,948,696	2,094,690	1,948,696	2,002,696	2,030,593	2,110,593	2,094,690			
Private Capital Markets											
<b>TOTAL INTERNAL DEBT</b>											
By Instrument											
Foreign Currency	1,813,297	1,948,696	2,093,111	1,948,696	2,002,696	2,028,111	2,108,111	2,093,111			
Government securities	71,019	76,988	61,988	76,988	76,988	61,988	76,988	61,988			
Loans	179,400	192,469	192,469	192,469	192,469	192,469	192,469	192,469			
Bahamian Dollars	1,552,633	1,668,993	1,829,908	1,668,993	1,723,993	1,764,908	1,829,908	1,829,908			
Advances	10,245	10,246	8,746	10,246	9,246	8,746	8,746	8,746			
Treasury bills											
Government securities											
Loans											
By Holder											
Foreign Currency	--	--	1,579	--	--	2,482	2,482	1,579			
Commercial banks	--	--	1,579	--	--	2,482	2,482	1,579			
Other local financial institutions	--	--	--	--	--	--	--	--			
Bahamian Dollars											
The Central Bank	1,813,297	1,948,696	2,093,111	1,948,696	2,002,696	2,028,111	2,108,111	2,093,111			
Commercial banks	149,535	149,682	190,824	149,682	150,663	137,376	198,066	190,824			
Other local financial institutions	427,858	463,385	451,474	463,385	474,637	532,394	471,108	451,474			
Public corporations	4,321	4,811	5,271	4,811	4,811	4,815	4,860	5,271			
Other	717,098	763,092	764,486	763,092	742,862	698,129	747,576	764,486			
<b>TOTAL FOREIGN CURRENCY DEBT</b>	514,485	567,726	681,056	567,726	629,722	655,396	686,501	681,056			
<b>TOTAL DIRECT CHARGE</b>	284,611	286,528	288,561	286,528	287,247	288,230	288,572	288,561			
<b>TOTAL CONTINGENT LIABILITIES</b>	2,097,908	2,235,224	2,381,672	2,235,224	2,289,943	2,316,341	2,396,683	2,381,672			
<b>TOTAL NATIONAL DEBT</b>	439,852	497,206	499,067	497,206	499,217	508,935	503,174	499,067			
	2,537,760	2,732,430	2,880,739	2,732,430	2,789,160	2,825,276	2,899,857	2,880,739			

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)				
	2004p	2005p	2006p	2005p Dec.	2006p Mar. Jun. Sept. Dec.
<b>Outstanding debt at beginning of period</b>	<b>616,967</b>	<b>579,270</b>	<b>551,011</b>	<b>549,725</b>	<b>551,011 570,407 592,328 581,491</b>
Government	288,545	284,611	286,528	283,772	286,528 287,247 288,230 288,572
Public Corporations	328,422	294,659	264,483	265,953	264,483 283,160 304,098 292,919
<b>Plus new drawings</b>	<b>28,304</b>	<b>42,862</b>	<b>126,754</b>	<b>12,810</b>	<b>31,472 34,784 1,025 59,473</b>
Government	4,240	4,974	8,286	3,862	1,402 3,386 1,025 2,473
Public corporations	24,064	37,888	118,468	8,948	30,070 31,398 -- 57,000
<b>Less Amortization</b>	<b>66,001</b>	<b>71,121</b>	<b>49,561</b>	<b>11,524</b>	<b>12,076 12,863 11,862 12,760</b>
Government	8,174	3,057	6,253	1,106	683 2,403 683 2,484
Public corporations	57,827	68,064	43,308	10,418	11,393 10,460 11,179 10,276
<b>Outstanding debt at end of period</b>	<b>579,270</b>	<b>551,011</b>	<b>628,204</b>	<b>551,011</b>	<b>570,407 592,328 581,491 628,204</b>
Government	284,611	286,528	288,561	286,528	287,247 288,230 288,572 288,561
Public corporations	294,659	264,483	339,643	264,483	283,160 304,098 292,919 339,643
<b>Interest Charges</b>	<b>27,340</b>	<b>30,178</b>	<b>35,128</b>	<b>12,197</b>	<b>3,796 13,118 5,153 13,060</b>
Government	18,203	18,141	18,167	8,605	422 8,643 428 8,673
Public corporations	9,137	12,037	16,961	3,592	3,374 4,475 4,725 4,387
<b>Debt Service</b>	<b>93,341</b>	<b>101,299</b>	<b>84,689</b>	<b>23,721</b>	<b>15,872 25,981 17,015 25,820</b>
Government	26,377	21,198	24,420	9,711	1,105 11,046 1,111 11,157
Public corporations	66,964	80,101	60,269	14,010	14,767 14,935 15,904 14,663
<b>Debt Service ratio</b>	<b>3.4</b>	<b>3.3</b>	<b>2.7</b>	<b>3.1</b>	<b>1.9 3.2 2.4 3.4</b>
<b>Government debt Service/ Government revenue (%)</b>	<b>2.7</b>	<b>1.9</b>	<b>1.9</b>	<b>3.6</b>	<b>0.4 3.0 0.3 3.7</b>
<b>MEMORANDUM</b>					
Holder distribution (B\$ Mil):					
Commercial banks	236.74	215.93	298.83	215.9	235.8 261.2 251.1 298.8
Offshore Financial Institutions	0.0	0.0	0.0	0.0	0.0 0.0 0.0 0.0
Multilateral Institutions	113.1	109.5	104.1	109.5	109.2 105.7 105.1 104.1
Bilateral Institutions	0.0	0.0	0.0	0.0	0.0 0.0 0.0 0.0
Other	4.4	0.5	0.3	0.5	0.5 0.4 0.3 0.3
Private Capital Markets	225.0	225.0	225.0	225.0	225.0 225.0 225.0 225.0

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)											
	2004p			2005p			2006p			2006		
	Qtr.Ip	Qtr.IIip	Qtr.IVp	Qtr.Ip	Qtr.IIip	Qtr.IVp	Qtr.Ip	Qtr.IIip	Qtr.IVp	Qtr.Ip	Qtr.IIip	Qtr.IVp
<b>A. Current Account Balance (I+II+III+IV)</b>	<b>(305.2)</b>	<b>(852.9)</b>	<b>(1,582.5)</b>	<b>(116.6)</b>	<b>(186.6)</b>	<b>(264.3)</b>	<b>(285.4)</b>	<b>(412.2)</b>	<b>(306.6)</b>	<b>(420.4)</b>	<b>(443.3)</b>	
<b>I. Merchandise (Net)</b>	<b>(1,427.6)</b>	<b>(1,850.2)</b>	<b>(1,955.8)</b>	<b>(423.3)</b>	<b>(497.2)</b>	<b>(448.6)</b>	<b>(481.1)</b>	<b>(527.4)</b>	<b>(478.8)</b>	<b>(486.7)</b>	<b>(462.9)</b>	
Exports	477.4	549.0	668.4	106.3	125.9	155.7	161.1	165.1	161.7	169.9	171.7	
Imports	1,905.0	2,399.2	2,624.2	529.6	623.1	604.3	642.2	692.5	640.5	656.6	634.6	
<b>II. Services (Net)</b>	<b>1,012.6</b>	<b>1,115.3</b>	<b>538.3</b>	<b>317.4</b>	<b>357.0</b>	<b>218.8</b>	<b>222.1</b>	<b>165.9</b>	<b>219.4</b>	<b>87.1</b>	<b>65.9</b>	
Transportation	(249.4)	(312.9)	(288.5)	(76.6)	(88.3)	(78.5)	(69.5)	(78.5)	(74.0)	(65.6)	(70.4)	
Travel	1,568.9	1,727.6	1,684.2	480.0	524.9	378.4	344.3	488.1	495.3	328.8	372.0	
Insurance Services	(81.6)	(97.1)	(119.3)	(22.3)	(21.5)	(22.5)	(30.8)	(21.9)	(33.2)	(34.3)	(29.9)	
Offshore Companies Local Expenses	136.1	148.2	188.1	23.3	23.9	43.4	57.6	32.5	34.0	45.6	76.0	
Other Government	(29.2)	(50.4)	(68.4)	(8.5)	(21.2)	(7.8)	(12.9)	(21.0)	(5.1)	(8.9)	(33.4)	
Other Services	(332.2)	(300.1)	(857.8)	(78.5)	(60.8)	(94.2)	(66.6)	(233.3)	(197.6)	(178.5)	(248.4)	
<b>III. Income (Net)</b>	<b>(141.0)</b>	<b>(203.3)</b>	<b>(217.9)</b>	<b>(59.0)</b>	<b>(65.6)</b>	<b>(43.6)</b>	<b>(35.1)</b>	<b>(67.0)</b>	<b>(66.2)</b>	<b>(27.1)</b>	<b>(57.6)</b>	
1. Compensation of Employees	(63.2)	(73.2)	(92.9)	(20.0)	(18.9)	(15.8)	(18.5)	(41.1)	(19.2)	(16.3)	(16.3)	
2. Investment Income	(77.8)	(130.1)	(125.1)	(39.0)	(46.7)	(27.8)	(16.6)	(25.9)	(47.0)	(10.8)	(41.4)	
<b>IV. Current Transfers (Net)</b>	<b>250.8</b>	<b>85.3</b>	<b>52.9</b>	<b>48.3</b>	<b>19.2</b>	<b>9.1</b>	<b>8.7</b>	<b>16.3</b>	<b>19.0</b>	<b>6.3</b>	<b>11.3</b>	
1. General Government	59.7	59.1	59.1	14.6	21.3	12.0	11.2	17.8	20.0	9.0	12.3	
2. Private Sector	191.1	26.2	(6.2)	33.7	(2.1)	(2.9)	(2.5)	(1.5)	(1.0)	(2.7)	(1.0)	
<b>B. Capital and Financial Account (I+II)</b> (excl. Reserves)	<b>479.8</b>	<b>633.0</b>	<b>1,119.3</b>	<b>178.9</b>	<b>172.6</b>	<b>147.5</b>	<b>134.0</b>	<b>262.1</b>	<b>134.8</b>	<b>307.0</b>	<b>415.4</b>	
<b>I. Capital Account (Net Transfers)</b>	<b>(47.9)</b>	<b>(60.4)</b>	<b>(63.5)</b>	<b>(11.4)</b>	<b>(13.6)</b>	<b>(22.3)</b>	<b>(13.1)</b>	<b>(13.8)</b>	<b>(14.2)</b>	<b>(21.8)</b>	<b>(13.7)</b>	
<b>II. Financial Account (Net)</b>	<b>527.7</b>	<b>693.4</b>	<b>1,182.8</b>	<b>190.3</b>	<b>186.2</b>	<b>169.8</b>	<b>147.1</b>	<b>275.9</b>	<b>149.0</b>	<b>328.8</b>	<b>429.1</b>	
1. Direct Investment	442.9	563.9	692.1	146.9	108.3	191.4	117.3	178.6	100.5	139.8	273.2	
2. Portfolio Investment	--	--	(18.8)	--	--	--	--	--	(12.5)	(6.3)	--	
3. Other Investments	84.8	129.5	509.4	43.4	77.9	(21.6)	29.8	97.3	61.0	195.3	155.8	
Central Gov't Long Term Capital	(4.2)	1.1	1.8	(0.2)	--	(0.7)	2.0	0.7	(1.5)	0.3	2.3	
Other Public Sector Capital	(16.5)	(9.8)	(6.1)	(2.7)	(2.2)	(3.2)	(1.7)	(1.2)	(1.9)	(1.1)	(1.9)	
Banks	(64.5)	47.6	143.0	(25.3)	68.5	(12.5)	16.9	43.0	(3.5)	73.2	30.3	
Other	170.1	90.6	370.7	71.6	11.6	(5.2)	12.6	54.8	67.9	122.9	125.1	
<b>C. Net Errors and Omissions</b>	<b>9.1</b>	<b>131.0</b>	<b>384.1</b>	<b>(11.6)</b>	<b>56.6</b>	<b>21.0</b>	<b>65.0</b>	<b>209.2</b>	<b>178.1</b>	<b>11.8</b>	<b>(15.0)</b>	
<b>D. Overall Balance (A+B+C)</b>	<b>183.7</b>	<b>(88.9)</b>	<b>(79.1)</b>	<b>50.7</b>	<b>42.6</b>	<b>(95.8)</b>	<b>(86.4)</b>	<b>59.1</b>	<b>6.3</b>	<b>(101.6)</b>	<b>(42.9)</b>	
<b>E. Financing (Net)</b>	<b>(183.7)</b>	<b>88.9</b>	<b>79.1</b>	<b>(50.7)</b>	<b>(42.6)</b>	<b>95.8</b>	<b>86.4</b>	<b>(59.1)</b>	<b>(6.3)</b>	<b>101.6</b>	<b>42.9</b>	
Change in SDR holdings	--	0.0	0.1	--	--	(0.1)	0.1	--	--	--	0.1	
Change in Reserve Position with the IMF	(0.4)	0.7	(0.5)	0.3	0.3	--	0.1	(0.1)	(0.2)	--	(0.2)	
Change in Ext. Foreign Assets ( ) = Increase	(183.3)	88.2	79.6	(51.0)	(42.9)	95.9	86.2	(59.0)	(6.1)	101.6	43.1	

Source: The Central Bank of the Bahamas

\* Figures may not sum to total due to rounding

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

	(B\$ '000)												
	2001			2002			2003			2004			
	Qtr. I	Qtr. II	Qtr. III	Qtr. I	Qtr. II	Qtr. III	Qtr. I	Qtr. II	Qtr. III	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
<b>I. OIL TRADE</b>													
i) Exports	68,844	90,579	24,477	37,745	10,309	3	14,165	--	--	7,836	9,375	9,552	10,982
ii) Imports	292,807	237,630	257,263	286,374	67,329	72,191	55,038	62,705	62,705	70,256	75,242	78,175	62,701
<b>II. OTHER MERCHANDISE</b>													
<b>Domestic Exports</b>													
Crawfish	67,696	89,809	106,381	86,107	36,422	529	19,275	50,155	50,155	19,432	3,399	18,409	44,867
Fish & other Crustacea	4,211	1,712	1,773	1,285	843	--	538	392	392	426	389	378	92
Fruits & Veggies.	7,514	2,013	2,000	1,369	542	239	34	1,185	1,185	853	--	281	235
Aragonite	278	291	478	80	--	84	394	--	--	6	74	--	--
Rum	38,190	37,760	22,024	31,344	19,094	2,622	93	215	215	8,632	7,319	8,235	7,158
Other Cordials & Liqueurs	195	110	48	35	--	23	22	3	3	3	26	6	--
Crude Salt	13,507	8,389	13,636	12,457	7,392	--	6,244	--	--	4,016	3,456	2,156	2,829
Hormones	573	--	--	--	--	--	--	--	--	--	--	--	--
Chemicals	13,124	433	49	--	2	47	--	--	--	--	--	--	--
Other Pharmaceuticals	81	2,313	--	--	--	--	--	--	--	--	--	--	--
Fragrances	64	423	--	--	--	--	--	--	--	--	--	--	--
Other	83,115	85,742	117,726	107,550	27,127	21,017	46,996	22,586	22,586	28,408	27,516	21,028	30,598
<b>i) Total Domestic Exports</b>	228,548	228,995	264,115	240,227	91,422	24,561	73,596	74,536	74,536	61,776	42,179	50,493	85,779
<b>ii) Re-Exports</b>	78,490	69,203	76,235	123,338	16,059	23,246	19,520	17,410	17,410	21,426	55,156	17,585	29,171
<b>iii) Total Exports (i+ii)</b>	307,038	298,198	340,350	363,565	107,481	47,807	93,116	91,946	91,946	83,202	97,335	68,078	114,950
<b>iv) Imports</b>	1,635,942	1,600,835	1,616,895	1,690,140	394,326	378,858	413,980	429,731	429,731	425,444	401,637	397,509	465,550
<b>v) Retained Imports (iv-ii)</b>	1,557,452	1,531,632	1,540,660	1,566,802	378,267	355,612	394,460	412,321	412,321	404,018	346,481	379,924	436,379
<b>vi) Trade Balance (i-v)</b>	-1,328,904	-1,302,637	-1,276,545	-1,326,575	-286,845	-331,051	-320,864	-337,785	-337,785	-342,242	-304,302	-329,431	-350,600

Source: Department of Statistics Quarterly Statistical Summaries

**TABLE 16**  
SELECTED TOURISM STATISTICS

Period	2003p			2004p			2005p			2006p					
	2003p	2004p	2005p	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
<b>Visitor Arrivals</b>	<b>4,594,042</b>	<b>5,003,691</b>	<b>5,035,818</b>	<b>1,346,782</b>	<b>1,295,825</b>	<b>1,132,651</b>	<b>1,260,560</b>	<b>1,285,708</b>	<b>1,310,123</b>	<b>1,036,526</b>	n.a	n.a	n.a	n.a	n.a
Air	1,428,973	1,450,037	1,514,532	394,922	431,804	358,664	329,142	410,156	449,996	333,737	n.a	n.a	n.a	n.a	n.a
Sea	3,165,069	3,553,654	3,521,286	951,860	864,021	773,987	931,418	875,552	860,127	702,789	n.a	n.a	n.a	n.a	n.a
<b>Visitor Type</b>															
Stopover	1,510,169	1,561,312	1,608,052	426,435	465,355	383,149	333,113	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Cruise	2,970,174	3,360,012	3,335,110	904,016	800,026	720,182	910,886	839,777	797,684	662,164	n.a	n.a	n.a	n.a	n.a
Day/Transit	113,699	82,367	92,656	16,331	30,444	29,320	16,561	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
<b>Tourist Expenditure(B\$ 000's)</b>	<b>1,758,911</b>	<b>1,884,482</b>	<b>2,071,815</b>	<b>558,636</b>	<b>595,518</b>	<b>483,688</b>	<b>433,973</b>	<b>567,211</b>	<b>582,840</b>	n.a	n.a	n.a	n.a	n.a	n.a
Stopover	1,596,870	1,693,487	1,883,863	505,260	551,162	443,348	384,093	518,289	535,962	n.a	n.a	n.a	n.a	n.a	n.a
Cruise	157,006	185,818	182,935	52,055	42,855	39,091	48,935	47,848	45,748	n.a	n.a	n.a	n.a	n.a	n.a
Day	5,035	5,177	5,017	1,322	1,502	1,249	945	1,074	1,130	n.a	n.a	n.a	n.a	n.a	n.a
<b>Number of Hotel Nights</b>	3,554,856	3,269,602	3,224,892	798,222	809,061	811,541	806,068	827,956	831,916	806,842	800,308	n.a	n.a	n.a	n.a
<b>Average Length of Stay</b>	5.9	6.3	6.4	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
<b>Average Hotel Occupancy Rates (%)</b>															
New Providence	66.4	70.9	75.4	80.7	81.1	74.1	65.8	83.3	83.4	62.6	65.7	65.7	65.7	65.7	65.7
Grand Bahama	48.4	59.8	63.7	68.0	68.5	58.7	59.6	70.0	57.7	53.6	36.8	36.8	36.8	36.8	36.8
Other Family Islands	34.8	37.1	39.4	44.0	50.6	33.4	29.7	34.6	51.1	23.9	28.8	28.8	28.8	28.8	28.8
<b>Average Nightly Room Rates (\$)</b>															
New Providence	165.8	164.9	164.8	190.1	175.08	149.8	144.4	189.2	182.9	133.5	156.7	156.7	156.7	156.7	156.7
Grand Bahama	83.5	92.3	109.8	123.3	108.78	97.9	109.4	143.7	133.7	94.2	113.0	113.0	113.0	113.0	113.0
Other Family Islands	160.5	169.8	190.1	196.0	187.31	201.3	175.7	223.8	213.0	192.4	199.7	199.7	199.7	199.7	199.7

Source: The Ministry of Tourism