



Quarterly Economic Review

March, 2006

Vol. 15, No. 1

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

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QUARTERLY ECONOMIC REVIEW

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REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

DOMESTIC ECONOMIC DEVELOPMENTS

Preliminary data suggests that the Bahamian economy continued to expand at a healthy pace during the first quarter of 2006. This improvement was attributed to further growth in tourism earnings, robust foreign investment inflows, alongside elevated domestic consumption and investment expenditures that were supported by credit expansion. Sustained increases in international oil prices however, continued to exert upward pressure on domestic inflation. In the fiscal sector, strengthened tax receipts outpaced expenditure increases, resulting in a narrowing in the overall deficit for the third quarter of FY2005/06. Monetary and credit trends featured a continuation of developments observed in previous quarters, with private-sector led acceleration in credit growth contrasting with a seasonally slowed increase in the monetary aggregates and consequently, a less robust buildup in bank liquidity. On the external front, elevated investment outlays, consumer spending and higher fuel costs contributed to a significant widening in the quarterly current account deficit. The correspondingly intensified private foreign investments boosted net capital and financial inflows.

Net free cash reserves of the banking system contracted by \$2.5 million (1.3%) to \$189.0 million, contrasting with a more marked reduction of \$40.2 million (14.8%) last year, which also corresponded to a seasonal reallocation of resources to Government securities. However, this represented a reduced 4.1% of Bahamian dollar deposits, compared to 5.5% in 2005. The broader surplus liquid assets' improvement of \$25.9 million (18.1%) to \$169.3 million trailed a \$30.9 million (13.3%) increase in 2005 and approximated a lower surplus over the statutory minimum of 22.0% versus 38.1% in 2005. Less buoyant liquidity gains caused some firming in the weighted average interest rate on deposits, by 7 basis points to 3.31%, and in the corresponding loan rate, by 26 basis points to 10.25%. As a result, banks' average loan-to-deposit rate spread widened to 6.94% from 6.75%. Similarly, the average 90-day Treasury bill rate increased by 19 basis points to 0.36%. Benchmark rates,

commercial banks' Prime and the Central Bank's Discount Rate, remained at their respective 2005 levels of 5.50% and 5.25%.

Reflecting milder growth in deposits held by public corporations and private businesses, expansion in the monetary aggregates (M3) slowed to 2.2% from 4.4% in the first quarter of 2005. Noticeably strengthened build up in fixed deposits of 3.1% vis-à-vis 0.7% last year, contrasted with moderated gains in demand and savings deposits of 1.4% and 3.4%, respectively. Meanwhile, currency in circulation rebounded by 1.5%.

In contrast to deposit trends, domestic credit expansion firmed to \$151.9 million (2.6%) from \$132.6 million (2.5%) in 2005, for an end-quarter stock of \$6,051.4 million. Growth in private sector credit accelerated to \$162.0 million (3.3%) from \$39.4 million (0.9%), predominantly concentrated in Bahamian dollar claims and attributed to more robust lending under residential mortgages (3.1%) and consumer credit (2.5%). In contrast, banking sector claims on the public sector contracted moderately (1.1%), as net credit to Government decreased by \$21.3 million (3.3%), outweighing elevated claims on the public corporations of \$11.2 million (3.7%).

Preliminary estimates of the Government's budgetary operations for the third quarter of FY2005/06 indicated a one-third reduction in the overall deficit to \$22.2 million from \$33.2 million a year earlier. Healthier demand conditions supported improved tax collections of 21.1% to \$287.7 million, while non-tax revenues were augmented by 39.9% to \$23.5 million. These outpaced total expenditure growth of 16.0%, which included higher recurrent spending of 10.1% to \$287.1 million and a doubling in capital outlays to \$31.3 million. Similarly, net lending to public corporations rose by 30.9% to \$15.1 million. Budgetary financing during the quarter included a \$75.0 million Registered Stock issue in January and a \$1.8 million drawdown on external loans, partly offset against debt amortization of \$20.7 million (mainly on Bahamian dollar obligations). As a result, the Direct Charge on Government rose by \$56.1 million (2.5%) to \$2,291.4 million. Despite a 2.1% reduction in the contingent liabilities of the public corporations, to \$486.8 million,

growth in the National Debt consequently firmed to \$45.5 million (1.7%) from \$12.6 million (0.5%), placing the outstanding stock higher at \$2,778.2 million.

Based on continued pricing gains in the hotel sector and positive stopover visitor trends, indications are that tourism output was further expanded during the first quarter of 2006. Relative to a contraction of 3.3% last year, quarterly visitor arrivals decreased further by 4.5%, to an estimated 1.3 million visitors—a development demarcated by a more sizeable reduction in sea arrivals of 8.0%. However, air traffic rebounded by 3.9% from a 4.1% falloff last year. By port of entry, New Providence welcomed fewer visitors (6.5%), due to a downturn in sea arrivals, which offset a slight firming in air traffic. Fewer sea visitors, relative to a marginal gain in air arrivals, also caused a further decline in Family Islands arrivals (6.8%), while cruise-based improvements supported overall visitor growth for Grand Bahama (10.1%). As for earnings indicators, available data for the first quarter of 2006 reveal that hotel room night sales at major properties throughout The Bahamas increased by 4.9%, in contrast to a 6.7% softening in the same period last year. As this outpaced a 3.7% boost in available inventory, average room occupancy rates firmed to 76.2% from 75.3% in the same period last year. In the context of room revenue gains of 7.94%, the average nightly room rate at major properties also appreciated further by 2.9% to \$183.00.

Construction output continued to be supported by robust foreign and domestic investments, with the latter further stimulated by lower interest rates and increased mortgage lending. Data from domestic lenders, inclusive of banks, insurance companies and the Bahamas Mortgage Corporation, indicate that quarterly disbursements against residential mortgages, which are correlated with housing investments, rose by 30.1% to \$106.8 million, while similar flows against commercial loans were almost seven-fold higher at \$27.2 million. More forward looking, mortgage financing commitments for new construction and repairs rose by 26.5% to \$59.6 million, mostly geared towards residential construction (98.1%). Amid these robust trends, total mortgages outstanding grew on a 12-month basis by 16.9% to \$2,235.4 million at end-March, with residential claims higher by 16.5% at \$2,035.4 million and commercial loans, by 21.5% at \$200.0 million. As regards financing costs, average interest rates were approximately stable relative to the previous quarter at

8.4% and 8.9% respectively, for residential and commercial loans, but lower relative to the year-earlier estimates of 8.6% and 9.5%.

Inflation, as measured by the quarterly change in the average Retail Price Index, softened to 1.2% from 1.7% in the first quarter of 2005. Upturns in average costs for food & beverages items, housing, furniture & household operations and clothing were cushioned by milder advances or softening in most of the other components in the Index. However, energy and other cost pressures were more dominant in the annual trends, as average inflation for the twelve months ending March firmed to 2.0% from 1.1% in 2005. Of particular note was the accelerated increase of 2.8% in average housing costs, the largest component of the Index, owing to the higher fuel surcharge in electricity costs. Intensified price increases were also noted for food & beverages, furnishing & household items and education.

External sector developments were characterized by a significant expansion in the current account deficit to an estimated \$273.4 million from \$41.1 million during the first quarter of 2005. In particular, the continued rise in investment expenditures, domestic consumption and the sustained increases in oil prices, boosted the merchandise trade deficit by 22.3% to \$440.9 million. Meanwhile, the surplus on the services account contracted by 46.2% to \$173.1 million, owing to a sizeable expansion in net outflows for foreign construction services. More supportive of the current account, net income outflows were more than halved to \$21.9 million; however, net current transfer receipts fell by approximately two-thirds to \$16.2 million, with trends more normalized following last years' inflows related to the 2004 hurricane season re-insurance claim settlements.

The estimated capital and financial account surplus improved to \$249.5 million from \$127.7 million in 2005, led by a 31.7% increase in net private investments. Despite reduced net loan financing at \$66.1 million from \$71.6 million last year, net private equity inflows strengthened to \$101.7 million from \$71.3 million; and net foreign real estate purchases, to \$52.4 million from \$24.3 million. Investments were also supported by net short-term capital inflows through domestic banks of \$43.0 million, a reversal from a net outflow of \$25.3 million last year.

FISCAL OPERATIONS

OVERVIEW

Preliminary data on the Government's budgetary operations for the third quarter of FY2005/06 indicated a narrowing in the overall deficit by 33.0% to \$22.2 million, relative to the same quarter in the previous fiscal year. The outcome reflected strengthened revenue growth of 22.4% to \$311.2 million, which surpassed the 16.0% hike in total expenditure to \$333.5 million.

REVENUE

When compared to the corresponding FY2004/05 period, tax revenues, which represented 92.4% of receipts, rose by 21.1% to \$287.7 million. Collections from property and departure taxes improved by 28.8% and 15.5%, to \$17.8 million and \$21.9 million respectively; motor vehicle taxes, by 13.4% to \$6.1 million and stamp taxes on financial and other transactions, by 1.6% to \$37.3 million. Revenue from selective taxes on tourism services waned by 9.2% to \$8.0 million, on account of a downturn in both gaming and hotel occupancy taxes. Inflows from business and professional license fees also decreased by 29.4% to \$16.2 million, owing to a significant leveling off in company registration and international business companies activities. The recorded levies on international trade and transactions were incrementally lower, with the marginal increase in import duties to \$128.8 million, outweighed by a 3.8% decrease in stamp taxes on imports to \$33.6 million and a one-third reduction in export tax receipts to \$2.8 million. However, significant improvement, not yet assigned to any category, but expected to capture the ameliorated situation in import duties, was reflected in net receipts under "other taxes", of \$17.0 million as compared to a negative flow of \$32.0 million a year-earlier.

Non-tax revenue sources constituted 7.6% of total receipts, recording a 39.9% upswing to \$23.5 million. This was due primarily to a 40.9% gain in collections of fines, forfeitures and administrative fees to \$20.8 million, partly associated with enhanced administration of immigration policies. Meanwhile, income from public enterprises and other sources rose marginally to \$1.9 million, and proceeds from the sale of property increased slightly to \$0.8 million.

Government Revenue By Source

(Jan -Mar)

	FY04/05		FY05/06	
	B\$M	%	B\$M	%
Property Tax	13.8	5.4	17.8	5.7
Selective Services Tax	8.8	3.5	8.0	2.6
Busines. & Prof Lic. Fees	23.0	9.1	16.2	5.2
Motor Vehicle Tax	5.4	2.1	6.1	2.0
Departure Tax	19.0	7.5	21.9	7.0
Import Duties	128.4	50.5	128.8	41.4
Stamp Tax from Imports	34.9	13.7	33.6	10.8
Export Tax	4.4	1.7	2.8	0.9
Stamp Tax from Exports	--	--	--	--
Other Stamp Tax	36.7	14.4	37.3	12.0
Other Tax Revenue	-32.0	-12.6	17.0	5.4
Fines, Forfeits, etc.	14.8	5.8	20.8	6.7
Sales of Govt. Property	0.3	0.1	0.8	0.2
Income	1.7	0.7	1.9	0.6
Other Non-Tax Rev.	--	--	--	--
Capital Revenue	--	--	--	--
Grants	--	--	--	--
Less:Refunds	4.8	1.9	1.8	0.6
Total	254.3	100.0	311.2	100.0

EXPENDITURE

During the fiscal quarter, total expenditure rose by 16.0% to \$333.5 million, amid increases in all major categories. At 86.1% of the total, recurrent outlays expanded by 10.1% to \$287.1 million, while capital spending more than doubled to \$31.3 million and net lending to public corporations increased by almost one-third to \$15.1 million.

The growth in current expenditure reflected an 11.5% rise in Government consumption, with purchases of goods and services higher by 23.3% at \$67.2 million and the wage bill elevated by 5.8% to \$119.7 million. Total transfer payments grew by 7.7%, mostly reflecting a 13.9% rise in subsidies & other transfers to \$74.1 million. The latter was partly associated with increased assistance to non-profit organizations for national disaster preparedness, and higher subsidies to quasi-autonomous agencies (under education and health). Conversely, with the general softening in average interest rates, corre-

spending costs on debt obligations fell by 6.7% to \$26.1 million.

cantly concentrated under health, education, housing and the general public service.

FINANCING AND NATIONAL DEBT

Budgetary financing during the fiscal quarter consisted of a \$75.0 million Registered Stock issue in January and a \$1.8 million drawdown on external loans. In addition, debt amortization of \$20.7 million, mostly repaid Bahamian dollar obligations (\$20.0 million). Consequently, the Direct Charge on Government rose by \$56.1 million (2.5%) to \$2,291.4 million, contrasting with a decrease of \$1.2 million (0.1%) in the same quarter of the previous year. Bahamian dollar denominated debt accounted for 87.4% of the charge, with the majority held by public corporations (37.1%), followed by private and institutional investors (31.4%), domestic banks (23.9%), and the Central Bank (7.5%). Long-term bonds remained the largest share of local currency debt, slightly increased to 86.0%, with an average term to maturity of 11 years. The rest of the Bahamian dollar charge consisted of Treasury bills (9.6%) and advances from the Central Bank (4.4%).

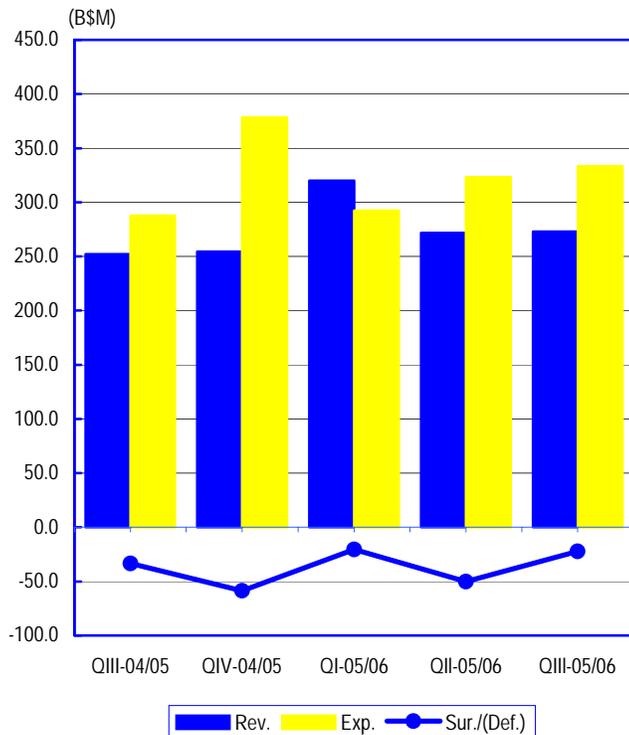
During the first quarter, Government guaranteed liabilities of the public corporations contracted by \$10.7 million (2.1%) to \$486.8 million. Subtracted from the increase in the Direct Charge, this culminated in quarterly growth in the National Debt of 1.7% to \$2,778.2 million, also representing a 12-month expansion through March of 8.9%.

PUBLIC SECTOR FOREIGN CURRENCY DEBT

Provisional estimates indicate that the public sector's foreign currency debt expanded by 3.6% to \$571.1 million during the first quarter of 2006, with new drawings of \$31.9 million exceeding principal repayments of \$12.1 million. The Government's transactions featured a net borrowing of \$1.1 million and the public corporations', \$18.7 million. Of the outstanding stock, Government was directly responsible for \$287.7 million (50.4%) and public corporations, the remaining \$283.4 million (49.6%).

By creditor profile, domestic banks held the largest share of the foreign currency debt (41.3%), followed by private capital markets' participants (39.4%) and multilateral and other agencies (19.3%). The currency composition of the debt remained largely in United States dollars,

Fiscal Operations



On a functional basis, expenditure on general public services, which accounted for 29.4% of the recurrent total, increased by 9.0% to \$84.4 million. Health-related outlays also advanced by 14.7% to \$49.5 million; defense, by 11.8% to \$8.9 million and education, by 9.6% to \$52.5 million. Disbursements for social benefits, housing and other community services rose by a combined 19.3% to \$22.6 million. Meanwhile, spending under economic services recovered by 15.4% to \$43.2 million, due to a hike in expenditure on air transportation and more intensive marketing support for tourism.

Capital outlays were approximately doubled to \$31.3 million. In particular, capital formation was boosted to \$18.5 million from \$10.2 million and spending on the acquisition of assets to \$10.9 million from \$4.7 million, mainly directed at increased land purchases. Other than public infrastructure and road works, which attracted the bulk of these funds, new investments were also signifi-

(95%), while the average maturity was just in excess of 21 years.

Compared to the first quarter of 2005, foreign currency debt servicing decreased to \$15.0 million (24.8%), incorporating a 27.4% reduction in amortization payments to \$12.1 million and a 12.0% decrease in interest expenses to \$2.9 million. Consequently, debt service as a proportion of estimated exports of goods and non-factor services softened to 1.9% from 2.6% last year. However, with the Government's modest but slightly boosted amortization, the ratio of debt service to total revenue firmed to 0.4% from 0.2%

REAL SECTOR

TOURISM

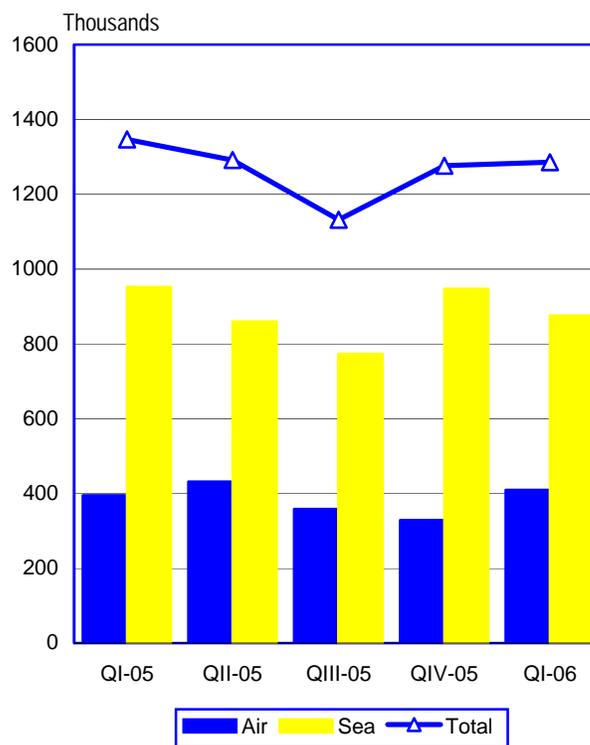
Preliminary data suggested that tourism earnings increased during the first quarter of the year, mainly owing to pricing gains and improved stopover activity. With some retrenchment in cruise trends, total visitor arrivals fell further by 4.5% to an estimated 1.29 million visitors, relative to a 3.3% decrease to 1.35 million in the same period last year. The falloff in sea arrivals was extended to 8.0% from 3.0%; however, the stopover segment benefited from a 3.9% upturn in air traffic vis-à-vis the 4.1% downturn in the first quarter of 2005.

Selective improvements were noted for all destination groupings. Although New Providence recorded a 6.5% downturn in total visitors, owing to a 12.9% falloff in sea traffic, air arrivals growth was boosted by 5.9%. Grand Bahama experienced a 10.1% recovery in total arrivals, connected with the 17.1% turnaround in sea passengers, which outweighed a more tempered decline in air travel. Growth in the Family Islands was confined to stopover activity, with total visitor arrivals decreased further by 6.8%, reflecting continued reduction in sea visitors (8.2%) as compared to incremental strengthening in air traffic (0.6%).

Regarding total industry earnings, stopover pricing and occupancy gains supported overall growth, despite an estimated decrease in cruise receipts. Available data for the first quarter of 2006 revealed that hotel room night sales at major properties throughout The Bahamas recovered by 4.9%, from a 6.7% softening in the same

period last year. This outpaced a 3.7% increase in available room inventory and boosted the average room occupancy rate to 76.2% from 75.3% in 2005. In the context of room revenue gains of 7.94%, average room rates at major properties rose further by 2.9% to \$183.00 per night. In New Providence, where the average nightly rate was almost stable at \$191.34, revenue growth (4.2%) was attributed to increased room sales (3.5%). Grand Bahama registered a significant recovery in available inventory (9.7%) and room sales (13%), with average pricing firming (16.6%) to \$143.74 per night and estimated revenues improved by approximately one third. Although the Family Islands recorded a sizeable boost in room inventory (20.7%), room night sales lagged the previous year's results. However, the healthy appreciation in pricing (14.1%) to \$223.79 per night still supported a strong revenue boost (8.2%).

Visitor Arrivals



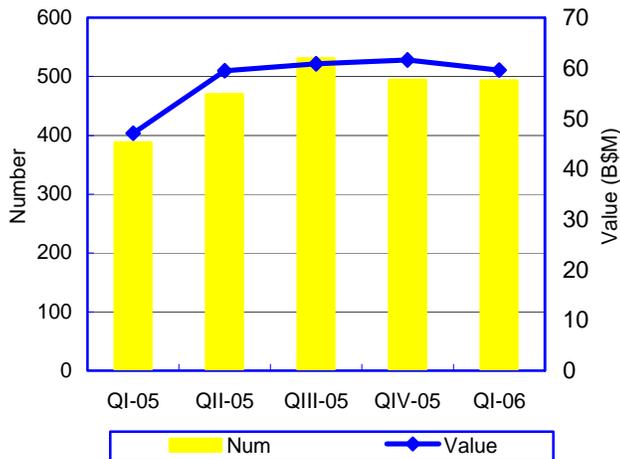
CONSTRUCTION

Indications are that construction output expanded at a robust pace during the review quarter, amid a steady

flow of foreign investments and the accommodating credit environment, which continued to finance domestic building expenditures.

(87.5%), followed by insurance companies (8.4%) and the Bahamas Mortgage Corporation (4.1%).

Mortgage Comittments:
New Construction and Repairs



Data on first quarter mortgage lending reported by banks, insurance companies and the Bahamas Mortgage Corporation, showed that total disbursements, which are strongly correlated with construction financing, rose by 55.8% to \$134.0 million vis-à-vis the same quarter of 2005. Residential loan disbursements increased by 30.1% to \$106.8 million, while drawdowns against commercial mortgages firmed to an estimated \$27.2 million from \$3.9 million last year.

More forward looking, the number of quarterly mortgage commitments for new construction and building repairs increased by 27.1% to 493, valued 26.5% higher at \$59.6 million. In particular, the number of residential loan approvals rose by 26.5% to 482, with a corresponding boost in value of 28.2% to \$58.5 million. Commercial loan commitments rose modestly to 11; however, the value eased to \$1.1 million from \$1.5 million last year.

Relative to the same period last year, disbursement trends boosted the total value of mortgages outstanding by 16.9% to \$2,235.4 million at end-March 2006. Residential claims increased by 16.5% to \$2,035.4 million, while commercial balances grew by 21.5% to \$200.0 million. Domestic banks held the majority of claims

Average Retail Price Index

(Annual % Changes)
March

Items	Weight	2005		2006	
		Index	%	Index	%
Food & Beverages	138.3	117.5	2.8	122.0	3.8
Clothing & Footwear	58.9	107.2	-0.5	105.8	-1.2
Housing	328.2	104.0	0.2	106.9	2.8
Furn. & Household	88.7	119.3	0.4	121.3	1.7
Med. Care & Health	44.1	133.2	5.9	136.0	2.1
Trans. & Comm.	148.4	109.0	2.2	109.8	0.8
Rec., Enter. & Svcs.	48.7	122.9	-1.7	121.7	1.0
Education	53.1	166.7	2.0	170.5	2.3
Other Goods & Svcs.	91.6	122.4	-0.2	125.6	2.6
ALL ITEMS	1000	115.4	1.1	117.7	2.0

Financing costs were stable in comparison to the previous quarter, but softened over the year-earlier period, with the average interest rate on commercial loans lower by 6 basis points, at 8.9% and on residential mortgages, by 2 basis points, at 8.4%.

PRICES

Consumer price inflation, as computed from the quarterly change in the average Retail Price Index, softened to 1.2% from 1.7% in the first quarter of 2005. Developments were marked by upturns in average costs for food & beverage items (5.2%), housing (2.1%), furniture & household operations (2.2%), clothing & footwear (1.3%) and "other" goods & services (3.1%). However, these were cushioned by average price decreases under recreation & entertainment services (2.9%), transport & communication services (3.8%), medical care & health (0.3%) and education (0.2%).

Energy and other cost pressures were more dominant in annual trends, as average inflation for the twelve months ending March firmed to 2.0% from 1.1% in 2005. This included the accelerated increase in housing costs, the largest component of the Index, of 2.8%, owing to the

higher fuel surcharge on electricity usage. Intensified price gains were also noted in food & beverages (3.8%), furnishing & household items (1.7%) and education (2.3%), occurring alongside an upturn in average costs for "other" goods & services (2.6%). More moderate cost increases were registered for medical care & health (2.1%) and transportation & communication (0.8%), while average declines were noted for clothing & footwear (1.2%) and for recreation & entertainment services (1.0%) costs.

DEPOSITS AND MONEY

During the first quarter, the overall growth in the monetary aggregates slowed to 2.2% from 4.4% in 2005, as a result of decelerated buildup in both private sector and public corporations' deposits. Narrow money (M1) expansion eased further to 1.4% from 9.7% and 10.9% in the respective quarters of 2005 and 2004. In particular, demand deposits growth weakened to 1.4% from 11.6%, following larger drawdowns in balances held by businesses and public corporations. Conversely, currency in active circulation rose by 1.5% vis-à-vis a 0.6% contraction in 2005.

MONEY, CREDIT AND INTEREST RATES

OVERVIEW

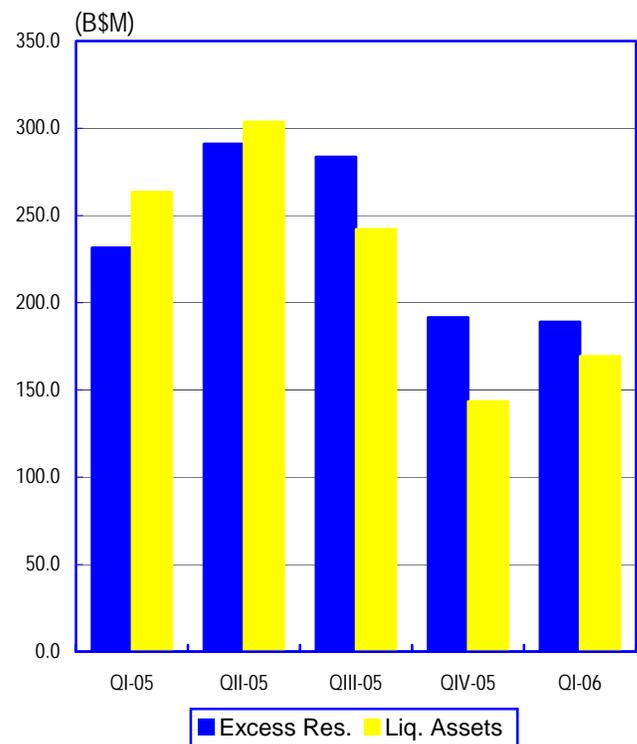
Intensified private sector lending, partly offset by a net reduction in claims on the public sector, underpinned an acceleration in domestic credit expansion during the first quarter of 2006. This contrasted with slowed seasonal growth in the monetary aggregates, and contributed to both a smaller buildup in bank liquidity and a lessened reduction in the system's net foreign liabilities. The less robust liquidity gains caused some widening in average interest spreads, with the weighted average loan rate firming by more than the corresponding deposit rate.

Indications are that favourable economic conditions supported further improvement in asset quality measures in the banking system, while the expanding asset base continued to drive healthier profitability indicators.

LIQUIDITY

As banks shifted resources into Government securities, net free cash reserves of the banking system decreased during the quarter by \$2.5 million to \$189.0 million (1.3%), as compared to the more sizeable reduction of \$40.2 million (14.8%) in 2005. With less overall buoyancy relative to 2005, the end-March liquidity was equivalent to 4.1% of total Bahamian dollar deposits versus 5.5% in 2005. More indicative of the seasonal foreign currency inflows, which aided deposit base growth, broader surplus liquid assets firmed by 18.1% to \$169.3 million, as compared to a 13.3% expansion in the corresponding period a year ago. However, balances only exceeded the statutory minimum by 22.0% as compared to 38.1% in 2005.

Liquidity



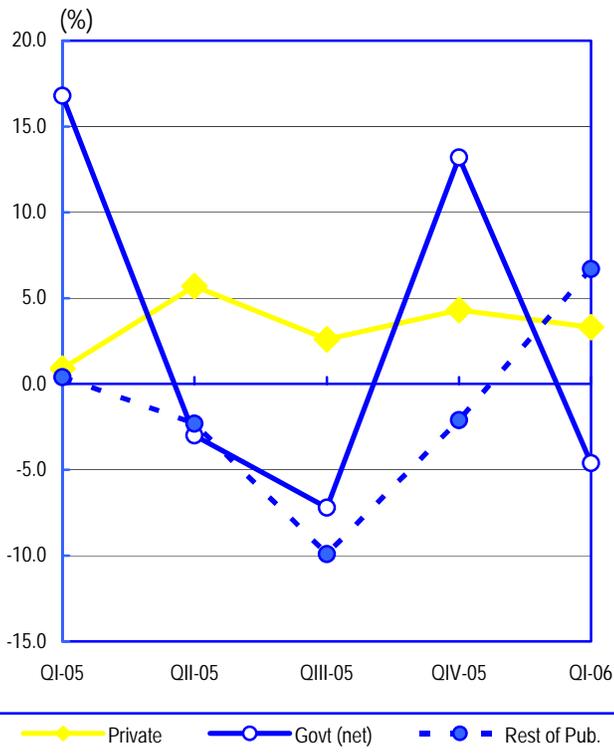
Broad money (M2) growth slackened to 2.7% from 3.7% in 2005. Accretions to savings deposits narrowed to 3.4% from 4.4%, as accumulations by private individuals slowed. Nevertheless, gains in fixed deposits firmed to 3.1% from 0.7%, owing to the upturn in public corporations' balances and the accelerated growth in placements by private individuals.

Meanwhile, after a reduction in public corporations' deposits, residents' foreign currency balances contracted by 16.2% (\$23.3 million), following a one-third buildup in 2005. Consequently, overall money growth was pegged at \$104.0 million (2.2%), for an end-quarter stock of \$4,934.2 million, representing a slowdown from the \$194.3 million (4.4%) expansion in 2005. By composition, Bahamian dollar fixed deposits continued to account for the largest share of the money stock (53.4%), followed by demand balances (21.6%), savings (18.5%), currency in circulation (4.0%) and foreign currency deposits (2.5%).

the expansion was concentrated in Bahamian dollar claims which, growing at a slightly tempered pace of 2.5% (\$130.0 million), was accompanied by recovered net foreign currency lending of 3.9% (\$27.1 million).

However, lending activities shifted towards the private sector, with claims on the public sector reduced by 1.1% to (\$10.1 million), in contrast to faster growth of 10.5% (\$93.2 million) in 2005. Net claims on Government fell by 3.3%, partially reversing an advance of 16.8% last year and eclipsing a larger boost in credit to the public corporations of 3.7%.

Changes in Credit



Distribution of Bank Credit By Sector

	2005		2006	
	B\$M	%	B\$M	%
Agriculture	10.7	0.2	9.9	0.2
Fisheries	12.7	0.3	14.1	0.3
Mining & Quarry	17.3	0.4	14.1	0.3
Manufacturing	56.6	1.2	45.6	0.8
Distribution	197.4	4.1	184.9	3.4
Tourism	178.1	3.7	234.6	4.3
Enter. & Catering	45.5	1.0	63.6	1.2
Transport	31.4	0.7	20.3	0.4
Public Corps.	311.8	6.5	283.6	5.2
Construction	276.4	5.8	371.2	6.8
Government	111.2	2.3	122.5	2.2
Private Financial	21.0	0.4	20.8	0.4
Prof. & Other Ser.	116.1	2.4	159.5	2.9
Personal	3107.1	64.9	3631.0	66.1
Miscellaneous	293.1	6.1	318.8	5.8
TOTAL	4786.4	100.0	5494.5	100.0

DOMESTIC CREDIT

Buttressed by increased economic activity, lower interests rates and the stable to favourable credit risk outlook for households, banks' lending posture remained expansionary during the first quarter of 2006. Domestic credit growth, which advanced to 2.5% (\$132.6 million) in 2005 from 1.4% in the first quarter of 2004, firmed incrementally further to 2.6% (\$151.9 million) in 2006. Most of

Growth in private sector credit was markedly accelerated to \$162.0 million (3.3%) from 0.9% (\$39.4 million), led by a \$154.5 million (3.5%) rise in the Bahamian dollar component, and with foreign currency claims advancing by 1.6% (\$7.5 million). Most flows were channeled to households, with the uptrend in personal loans significantly extended to 3.0% from 0.4% in 2005. This included a moderately heightened expansion in residential mortgages of 3.1% (\$54.0 million), strengthened net

consumer lending of 2.5% (\$41.5 million) and a 13.1% (\$7.0 million) upturn in personal overdraft balances.

The estimated increase in net lending for private commercial and other activities also firmed to 4.1% from 3.7% in 2005, concentrated in strengthened claims on the distribution sector (3.5%) and in augmented gains for professional & other services (27.1%) and construction (18.7%) activities. These countered net repayments under most other categories, including tourism (9.3%), miscellaneous (4.2%), manufacturing (3.8%), mining & quarrying (7.7%), fisheries (4.1%) and agriculture (3.9%).

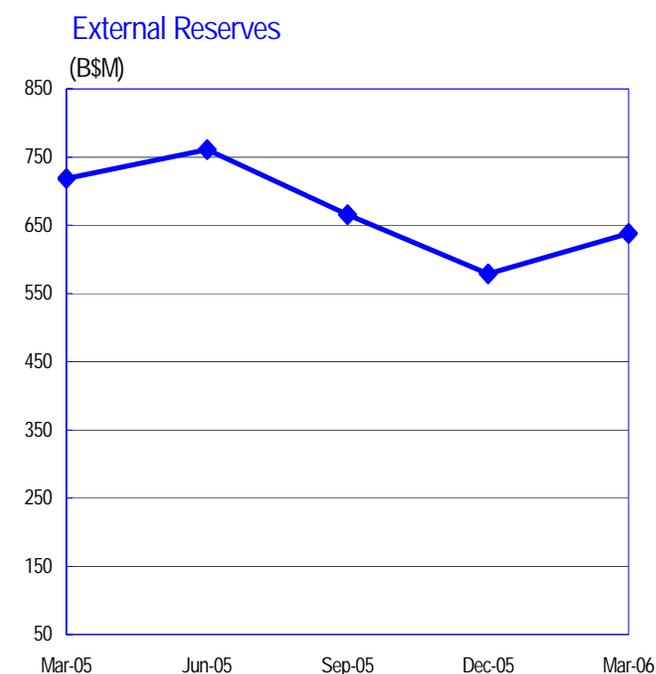
Further analysis of consumer lending, the second largest category of private sector claims (33.3%), indicated larger increases for debt consolidation (\$16.4 million), miscellaneous purposes (\$13.6 million) and home improvement (\$3.7 million), alongside a resumption in net lending for private cars (\$6.6 million). Also noteworthy, was a smaller net increase for land purchases (\$3.0 million) and lower net repayments under credit cards (\$1.4 million) and travel (\$1.9 million).

THE CENTRAL BANK

In the first three months of 2006, the Central Bank's net claims on Government were reduced further by \$10.8 million (8.9%) vis-à-vis a \$0.5 million (0.4%) contraction in the same period of 2005, as a buildup in Government deposits outweighed the modest increase in the Bank's holdings of Registered Stock. Meanwhile, net liabilities to the rest of the public sector more than doubled to \$45.9 million, owing to accretions to public corporations' deposits.

The counterparts to these trends, and the increase in the monetary authority's net domestic liabilities to banks and the private sector, were tourism and investment inflows which supported a moderately boosted expansion in external reserves of \$59.1 million (10.2%) compared to \$50.8 million (7.6%) in 2005. However, the end-quarter stock of reserves, at \$637.9 million vis-à-vis \$718.6 million last year, was equivalent to an estimated 25.6 weeks of non-oil merchandise imports, compared to 24.2 weeks at March 2005. By law, the Bank is at all times required to hold foreign currency assets, equivalent to at least 50% of its Bahamian dollar liabilities. With this amount excluded from external balances, "useable"

reserves were pegged lower at \$289.5 million relative to \$324.0 million in the corresponding period of 2005.



In foreign currency dealings, which underpinned the reserve growth, total purchases rose by 14.1% to \$218.8 million, exceeding a 15.1% rise in sales to \$164.6 million. The resulting net intake from domestic banks widened to \$99.6 million from \$62.5 million in 2005. However, the net purchase from Government was almost halved to \$9.7 million, and the net sale to the public corporations increased to \$55.1 million from \$31.2 million.

DOMESTIC BANKS

Growth in bank credit to the private sector of \$162.0 million (3.3%) outstripped the \$67.3 million (1.6%) expansion in corresponding deposit liabilities. Net of deposits, claims on the public corporations rose by \$14.0 million (55.1%), ahead of a \$10.5 million (2.0%) decrease in net credit to Government. Additional assets of \$13.5 million (3.5%) were accumulated in liquidity claims on the Central Bank. Banks' funding gap between growth in domestic claims and liabilities was largely bridged by an \$81.0 million (6.8%) accumulation of capital and surplus resources, linked to increased profits and retained earn-

ings, and from the \$43.1 million (7.1%) rise in net foreign liabilities.

Deposit liabilities stood at \$4,786.3 million at end-March, with the majority in the Bahamian dollar component (97.4%). Of the latter, private individuals held the largest share (57.9%), followed by business firms (26.0%) and the public sector (8.9%). The remainder (7.2%) was owed to private financial institutions and others, including institutional investors. Fixed placements remained the largest share of deposits (56.5%), followed by demand (24.4%) and savings (19.1%) balances. Analyzed by the number of accounts and range of values, most of the Bahamian dollar funds (90.0%) were concentrated in accounts with balances of \$10,000 or less, corresponding to 8.3% of the aggregate value. Some 6.9% of the accounts, with balances between \$10,000 and \$50,000, held 13.9% of the deposits, while the remaining 3.1% of accounts, with balances above \$50,000, accounted for 77.8% of the deposits.

Although asset quality measures continued to improve during the review period, banks adopted a more conservative posture against credit risks, raising Bahamian dollar loan-loss provisions to 2.3% of the corresponding private sector portfolio, from 2.0% at end-December 2005. Provisions were also proportionately hiked at 51.8% of total non-performing loans, compared to 44.9% in the final quarter of 2005 and 45.1% at end-March 2005. Nevertheless, as the arrears rate declined, total non-performing balances, represented by accounts with past-due payments of at least 3 months, on which banks stopped accruing interest, softened to 4.3% of outstanding claims from 4.5% at the end of the previous quarter and 4.9% at end-March 2005.

Likewise, the total arrears rate, inclusive of balances affected by at least one month's past-due payment, softened to 7.7% of outstanding claims on the private sector compared to 8.0% at end-2005. In particular, relative to the same quarter last year, the arrears rate on residential mortgages decreased to 7.8% from 9.4% and on consumer loans, to 7.7% from 8.7%. However, the proportion of commercial mortgages affected by arrears rose to 8.4% from 8.1% at end-March 2005.

BANK PROFITABILITY

According to the most recent data for the quarter ended December 2005, banks' domestic earnings increased by \$23.8 million (50.4%) to \$71.1 million vis-à-vis the year-earlier quarter. With an expanding asset base, interest income rose by \$27.8 million (22.3%), outpacing a modest rise in interest expenses of \$4.6 million (10.9%). This consequently boosted the net interest margin by 28% (\$23.2 million). Moreover, commission and foreign exchange income increased by 12.0% to \$7.2 million. Under non-interest expenses, operating costs rose by 2.4% (\$1.3 million), with elevated staff outlays (7.7%) and occupancy expenses (65.5%) partially offset by a reduction in other costs (18.9%). Additionally, "other" net income rose by \$1.1 million (11.5%) as bad debt expenses decreased by \$2.2 million (29.9%).

Profitability also strengthened against average domestic assets, with the net interest margin improved to 6.71% from 5.21% and the ratio of the contribution from commission and foreign exchange income raised by 5 basis points to 0.45%. However, operating costs firmed in proportion to average domestic assets by 10 basis points to 3.33%. After netting out depreciation costs and lower bad debt expenses, the ratio of "other" net income to average assets rose by 7 basis points to 0.66%. As a result, the net income (return on assets) ratio strengthened to 4.50% from 2.97%.

INTEREST RATES

During the first quarter, banks' average interest rate on new deposits rose by 7 basis points to 3.31%, while the corresponding loan rate firmed by 26 basis points to 10.25%. As a result, the weighted average spread widened by 19 basis points to 6.94%.

On the funding side, the average savings rate increased by 9 basis points to 2.19%. Amid increased competition for longer-term placements, average rates offered on fixed deposits fluctuated within a higher band of 3.15% - 4.13% compared to 3.03% - 3.78% in the previous quarter. As for loans, the average rates on overdraft facilities firmed by 73 basis points to 11.18% and on commercial mortgages, by 17 basis points to 8.12%. Conversely, the average rate on consumer loans softened by 6 basis points to 12.01% and for residential mortgages, by 2 basis points to 7.94%.

Banking Sector Interest Rates
Period Average (%)

	Qtr. I <u>2005</u>	Qtr. IV <u>2005</u>	Qtr. I <u>2006</u>
Deposit rates			
Demand Deposits	2.12	2.45	2.24
Savings Deposits	2.59	2.10	2.19
Fixed Deposits			
Up to 3 months	3.39	3.03	3.15
Up to 6 months	3.62	3.56	3.44
Up to 12 months	3.70	3.85	3.85
Over 12 months	3.71	3.78	4.13
Weighted Avg Deposit Rate	3.44	3.24	3.31
Lending rates			
Residential mortgages	8.50	7.96	7.94
Commercial mortgages	8.18	7.95	8.12
Consumer loans	12.42	12.07	12.01
Overdrafts	11.00	10.45	11.18
Weighted Avg Loan Rate	10.64	9.99	10.25

The average 90-day Treasury bill rate also rose by 19 basis points to 0.36%. However, benchmark rates, commercial banks' Prime and the Central Bank's discount Rate, were unchanged from the respective levels of 5.50% and 5.25% established in the first quarter of 2005.

CAPITAL MARKETS DEVELOPMENTS

The improved economic outlook stimulated further appreciation in average equity prices on domestic capital markets and increased trading activity. During the quarter, the Bahamas International Securities Exchange (BISX) All Share Price Index rose by 1.8% to 1,375.6 points, although below the 5.6% increase to 1,097.1 points achieved in the same quarter of 2005. Similarly, the Findex, Fidelity Capital Markets Limited's broader measure, which also captures over the counter trading, appreciated by 7.9% to 595.8 points, approximating a similar rate of increase in 2005.

Increased investor activity on the stock exchange was reflected in the 4.0 million shares traded, valued at \$10.4 million, as compared to approximately 0.6 million a year ago, at a corresponding value of \$2.7 million. Market capitalization of the index stood at \$2.7 billion, an uptick of 22.7% over the previous year, partly boosted by the addition of Consolidated Water Company's Bahamian Depository Receipts (BDRs) listed on BISX in January 2006. The Cayman Island-based business issued two million BDRs at an initial price of \$4.38 per share.

INTERNATIONAL TRADE AND PAYMENTS

Preliminary data for the first quarter of 2006 indicate that the current account deficit widened to an estimated \$273.4 million from \$41.4 million in 2005. Higher energy costs, private sector demand stimulated by accelerated domestic credit expansion and increased foreign investments activity, led to a 22.3% expansion in the merchandise trade deficit, and a 46.2% reduction in net services receipts. While the impact was cushioned by a 56.9% reduction in net income outflows, net current transfer receipts also contracted.

The trade deficit expanded by \$80.3 million to \$440.9 million, as non-oil imports rose by \$48.9 million (12.5%), outpacing a \$34.7 million (28.3%) increase in goods exports (inclusive of amounts procured in ports by foreign carriers). Also, higher prices combined with increased consumption boosted the oil bill by 72.0% (\$66.1 million) to \$157.9 million. The average per barrel cost of propane gas advanced by 28.9% to \$54.11; motor gasoline, by 32.1% to \$78.88; jet fuel, by 33.6% to \$81.21; bunker "C" fuel, by 111.2% to \$49.05 and gasoline oil, by 32.8% to \$70.76.

The estimated services account surplus narrowed significantly to \$173.1 million from \$321.9 million in 2005. Net tourism receipts rose by 2.1% (\$10.2 million) to an estimated \$490.1 million, and inflows from offshore companies' local expenses increased by more than a third to \$32.5 million. However, sharply increased outflows for foreign construction services boosted "other" net external payments approximately threefold to \$237.8 million. In addition, net government external expenditures rose to \$20.9 million from \$8.5 million. Together,

these also outweighed marginally reduced outflows for foreign transportation services at \$69.9 million, and almost stable net outflows for external insurance services, at \$21.0 million.

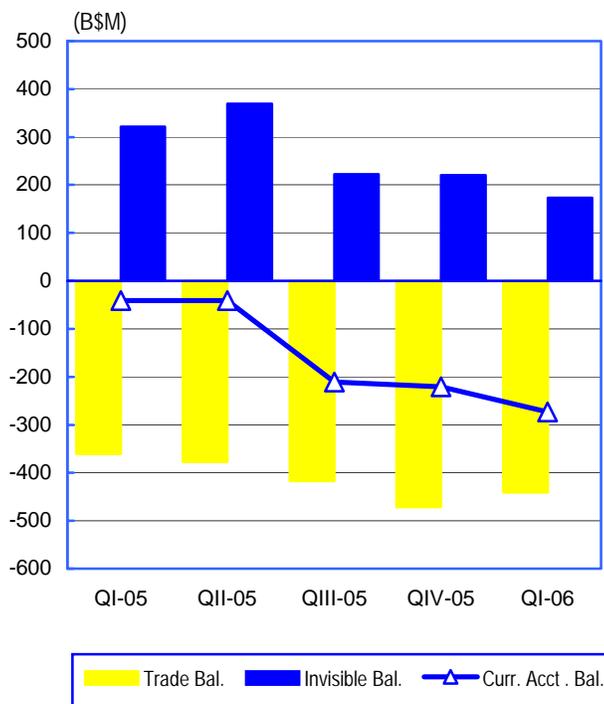
Net income outflows contracted to \$21.9 million from \$50.9 million in the previous year. Although, net labor remittances were relatively stable at \$20.0 million, net repatriation of investment income decreased to \$1.9 million from \$30.9 million, with domestic banks registering net earning receipts of \$22.9 million compared to a net repatriation of \$18.7 million in the previous year. The latter countered more sizeable private sector net profit outflows of \$30.8 million, compared to \$17.8 million in 2005. In the public sector, earnings on external assets, net of interest payments on debt, were approximately unchanged at \$6.0 million.

season. Otherwise, net government receipts increased by 21.5% to \$17.8 million.

During the quarter, the capital and financial account surplus strengthened significantly to \$249.5 million from \$127.7 million in 2005, due largely to higher foreign investment inflows. While outflows under migrants' net transfers were elevated by 21.6% to \$13.8 million, the dominant trend was the expansion in the net financial inflow to \$263.3 million from \$139.0 million in 2005. Net private foreign investments rose by 30.7% to an estimated \$220.3 million. Of this amount, net direct equity inflows strengthened to \$101.7 million from \$71.3 million and net foreign real estate purchases to \$29.5 million from \$24.3 million. These more than countered the softening in net external loan financing, to \$66.1 million from \$71.6 million in 2004. Also supporting the investment trends, domestic banks recorded net short-term capital inflows of \$43.0 million compared to a net reduction in external liabilities of \$25.3 million in the previous year. In the public sector, net external debt transactions were almost in balance, following a net repayment of \$2.9 million in 2005.

Consequently, after adjusting for possible net errors and omissions, the surplus on the overall payments balance, which corresponded to the change in the Central Bank's external reserves, increased to \$59.1 million from \$50.8 million in 2005.

Balance of Payments



Estimated net current transfer receipts decreased by two-thirds to \$16.2 million. This reflected a normalization of private sector trends to a net outflow of \$1.5 million, following last year's net inflow of \$36.1 million linked to insurance claim settlements related to the 2004 hurricane

INTERNATIONAL ECONOMIC DEVELOPMENTS

Indications are that the global economy began 2006 on a solid footing, with healthy growth during the first three months of the year, despite the constraint of higher oil prices. Several major economies, including the United States and China, either sustained or surpassed the previous quarter's level of economic expansion. Labour market conditions were marginally improved in most of the major countries while, for most economies, non-energy cost pressures led to some softening in recent estimates of consumer price inflation. On the monetary front, major central banks' policy stance remained guarded against further intensification in inflation, albeit tightening was only noted in the United States and at the European Central Bank. Average equity prices were broadly appreciated on the major financial markets,

buoyed by favourable global economic conditions. Nevertheless, concerns over the United States' enlarged deficits on both the current and fiscal accounts caused some depreciation in the value of the dollar. In the external sector, provisional estimates pointed to mixed developments in major countries' current account balances.

The pace of output expansion was broadly elevated among major economies during the first quarter. In the United States, real GDP growth firmed to an annualized 4.8% from 3.8% the same quarter a year earlier and 1.7% in the final quarter of 2005, the fastest pace in more than two years. This outturn reflected a resurgence in consumer spending and a rise in federal government expenditure and business investments. In the United Kingdom, year-on-year growth firmed to 2.2% from 1.8% in 2005, owing to a rise in manufacturing output and increased energy sector earnings. Economic activity in Asia remained strong, driven by China, which registered year-on-year growth at 10.2% compared to last year's 9.9%, and buoyed by significant expansion in industrial production and investment in fixed assets. Although Japan's economy continued to recover, propelled by higher exports and capital spending, some softening in consumer spending slowed the first quarter gains marginally to an estimated 0.9% from 0.8% in the previous quarter. In the euro area, output growth firmed to 2.0% from 1.8% in the fourth quarter of 2005, with Germany's 1.4% gain propelled by increased exports, corporate spending and boosted consumer confidence.

Employment conditions in the major countries were mixed during the first three months of the year. In the United States, services sector hiring reduced the average jobless rate to 4.7% of the workforce from 4.9% in the previous quarter. Similarly, in Japan, the first quarter unemployment rate narrowed to 4.1% from an estimated 4.4% in the preceding quarter. Although the euro zone's average unemployment rate fell to 8.1% from 8.3%, both Germany and France experienced some deterioration to 11.4% and 9.2% from 11.2% and 9.0%, respectively. Also, the United Kingdom's jobless rate edged up to 5.2% from 5.1% last quarter.

Despite pressures from the continued rise in energy prices, chiefly related to supply concerns, consumer price inflation was relatively stable in most of the major countries. In the United States, the seasonally adjusted infla-

tion rate firmed to an annualized 4.3% from 3.4% in the previous quarter, mainly owing to higher energy costs. However, the United Kingdom's average inflation rate softened incrementally to 1.8% from 1.9%, as non-energy cost pressures eased. Annualized inflation in the euro area was unchanged at 2.2%, with France's rate stable at 1.5%, while Germany's rate softened to 1.9% from 2.1%. Average inflation was also unchanged in Canada during the quarter at 2.2%. China's year-on-year inflation rate decreased to 0.8% from 1.6%, while average prices in Japan rose by 0.3%, reversing a marginal decrease of 0.1% in the fourth quarter.

Despite the United States' strong economic performance and the continued rise in interest rates, the dollar depreciated against most of the major currencies as financial markets continued to express concern over the enlarged trade and fiscal imbalances. The dollar weakened against the euro by 2.2% to €0.83; relative to the British pound, by 0.8% to £0.58 and vis-à-vis the Swiss franc, by 0.7% to CHF1.30. Conversely, the US currency appreciated against the Canadian dollar by 0.6% to C\$1.17 and the Japanese yen, by 0.03% to ¥117.78.

In response to buoyancy in the global economic performance and outlook, average equity prices on major bourses increased during the first quarter of 2006. In the United States, the Dow Jones Industrial Average (DJIA) rose by 3.7% to 11,109.3 points, while the broader Standard and Poor's 500 Index closed the quarter 3.7% higher at 1,294.8 points. Positive results among the European bourses included gains in The United Kingdom's FTSE 100 Index (6.2%), Germany's DAX Index (10.4%) and France's CAC 40 Index (10.7%). In Japan, the Nikkei 225 Index trended upwards by 5.9% to 17,059.7 points.

Commodity market developments featured sustained upward movements in oil prices, driven by the political tensions in Nigeria and the nuclear standoff between Iran and major western countries. Moreover, during the quarter, OPEC lowered daily crude oil production by 0.2 million (0.7%) barrels to 29.7 million barrels. Correspondingly, the per barrel price of crude oil rose by 14.9% to \$66.22 compared to \$57.63 in the previous quarter. Precious metal prices also increased further, with gold prices firming by 12.9% to \$583.65 per troy ounce and silver, by 30.5% to \$11.51 per troy ounce.

On the monetary front, major central banks continued to monitor inflation trends closely, with further tightening in interest rates registered in the United States and Europe. In the United States, the Federal Reserve raised both its primary credit and the target funds rates by 25 basis points, in both January and March, to end the quarter at 5.75% and 4.75%, respectively. Similarly, the European Central Bank increased its refinancing rate by 25 basis points to 2.50%. However, the Bank of England maintained the repo rate at 4.5%, given the continued weakness of domestically generated inflation. In Japan, the official discount rate was kept at the historic low of 0.1%, but the Central Bank foreshadowed some near-term scaling back of its liquidity accommodation of financial markets, timed to coincide with further strengthening of the economy.

According to the latest projections in the IMF's World Economic Outlook, fiscal balances in most major countries are expected to improve during 2006. One notable exception, the United States' deficit is expected to increase marginally to 4.3% of GDP, compared to 4.1% in 2005. Conversely, the United Kingdom's shortfall is forecasted to decline to 3.1% of GDP from 3.6% a year

earlier, while in the Euro area, the average deficit is projected to remain at 2.3% of GDP. Japan is also expected to register a reduced deficit to GDP ratio of 5.7%, however, the fiscal surplus in Canada is expected to narrow to 1.3% of GDP from 1.7% last year.

In external sector developments, trends in the major countries' current account balances were mixed during the first quarter of 2006. Preliminary estimates suggested that the United States' trade deficit narrowed by 4.8% to \$62.0 billion during the first quarter. For China, the trade surplus rose by 1.8% to US\$11.2 billion, while Japan's current account surplus increased by 28.1% to ¥2,395.1 billion. Conversely, the United Kingdom's trade deficit rose marginally to £3.84 billion from £3.82 billion. The euro area recorded a current account deficit of €1.8 billion at end-February 2006, compared with a surplus of €0.7 billion for the fourth quarter of 2005, as the deterioration in the income and current transfer deficits offset the surpluses in goods and services. Included in this, Germany's current account surplus narrowed to €9.0 billion from €9.4 billion last quarter. Meanwhile, Canada's trade surplus registered a decline to C\$5.14 billion from C\$7.7 billion.

STATISTICAL APPENDIX

(Tables 1-15)

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	2001			2002			2003			2004			2005			2006	
	Mar.	Jun.	Sept.	Mar.	Jun.	Sept.	Mar.	Jun.	Sept.	Mar.	Jun.	Sept.	Mar.	Jun.	Sept.	Dec.	Mar.
	(B\$ Millions)																
Net foreign assets	(234.5)	312.4	373.2	(357.3)	484.1	484.1	(144.0)	(34.0)	65.4	41.2	104.3	180.4	154.4	72.1	(32.2)	(16.3)	
Central Bank	(546.9)	730.5	730.5	373.2	484.1	484.1	(144.0)	593.2	652.5	609.1	667.8	718.6	761.1	665.2	578.8	637.8	
Domestic Banks	3,951.6	4,193.5	4,193.5	(730.5)	(628.1)	(628.1)	(144.0)	(627.2)	(587.1)	(567.9)	(563.5)	(538.2)	(606.7)	(593.1)	(611.0)	(654.1)	
Net domestic assets	4,677.3	4,940.4	4,940.4	4,193.5	4,974.0	4,974.0	4,147.3	4,219.6	4,290.2	4,357.1	4,317.2	4,435.4	4,620.1	4,601.9	4,862.4	4,950.5	
Domestic credit	775.2	870.8	870.8	4,940.4	4,974.0	4,974.0	4,147.3	5,044.8	5,144.6	5,256.9	5,227.2	5,359.8	5,581.4	5,624.0	5,899.5	6,051.4	
Public sector	626.0	651.3	651.3	870.8	879.4	879.4	4,147.3	908.9	924.6	969.7	887.8	981.0	953.8	876.2	945.8	935.7	
Government (net)	149.2	219.5	219.5	651.3	506.5	506.5	4,147.3	543.9	578.2	626.0	547.1	639.1	619.7	575.1	642.5	621.2	
Rest of public sector	3,902.1	4,069.6	4,069.6	219.5	372.9	372.9	4,147.3	365.0	346.4	343.7	340.7	341.9	334.1	301.1	303.3	314.5	
Private sector	(725.7)	(746.9)	(746.9)	4,069.6	4,094.6	4,094.6	4,147.3	4,135.9	4,220.0	4,287.2	4,339.4	4,378.8	4,627.6	4,747.8	4,953.7	5,115.7	
Other items (net)	3,717.1	3,836.2	3,836.2	(746.9)	(826.7)	(826.7)	4,147.3	(825.2)	(854.4)	(899.8)	(910.0)	(924.4)	(961.3)	(1022.1)	(1037.1)	(1100.9)	
Monetary liabilities	776.7	817.7	817.7	3,836.2	4,003.3	4,003.3	4,147.3	4,185.6	4,355.6	4,398.3	4,421.5	4,615.8	4,774.5	4,672.3	4,830.2	4,934.2	
Money	153.5	154.8	154.8	817.7	907.4	907.4	4,147.3	1,006.1	1,109.4	1,125.9	1,134.4	1,244.3	1,291.0	1,184.0	1,247.6	1,265.5	
Currency	623.2	662.9	662.9	154.8	160.1	160.1	4,147.3	153.4	160.8	165.2	176.6	175.6	169.8	188.8	195.3	198.2	
Demand deposits	2,940.4	3,018.5	3,018.5	662.9	747.3	747.3	4,147.3	852.7	948.6	960.7	957.8	1068.7	1121.2	995.2	1052.3	1067.3	
Quasi-money	2,244.0	2,296.2	2,296.2	3,018.5	3,095.9	3,095.9	4,147.3	3,179.5	3,246.2	3,272.4	3,287.1	3,371.5	3,483.5	3,488.3	3,582.6	3,668.7	
Fixed deposits	604.6	630.7	630.7	2,296.2	2,315.9	2,315.9	4,147.3	2,366.9	2,397.2	2,381.6	2,410.3	2,426.4	2,463.3	2,514.3	2,556.6	2,636.2	
Savings deposits	91.8	91.6	91.6	630.7	678.8	678.8	4,147.3	710.6	741.2	754.3	779.9	814.6	852.4	852.6	881.8	911.6	
Foreign currency	9.3	12.3	12.3	91.6	101.2	101.2	4,147.3	102.0	107.8	136.5	96.9	130.5	167.8	121.4	144.2	120.9	
Total domestic credit	9.3	12.3	12.3	5.6	0.7	0.7	4,147.3	1.4	2.0	2.2	(0.6)	2.5	4.1	0.8	4.9	2.6	
Public sector	19.3	23.1	23.1	12.3	1.0	1.0	4,147.3	3.4	1.7	4.9	(8.4)	10.5	(2.8)	(8.1)	7.9	(1.1)	
Government (net)	5.6	47.1	47.1	4.0	(22.2)	(22.2)	4,147.3	7.4	6.3	8.3	(12.6)	16.8	(3.0)	(7.2)	11.7	(3.3)	
Rest of public sector	7.5	4.3	4.3	47.1	69.9	69.9	4,147.3	(2.1)	(5.1)	(0.8)	(0.9)	0.4	(2.3)	(9.9)	0.7	3.7	
Private sector	4.4	(3.8)	(3.8)	4.3	0.6	0.6	4,147.3	1.0	2.0	1.6	1.2	0.9	5.7	2.6	4.3	3.3	
Monetary liabilities	4.4	(3.8)	(3.8)	3.2	10.7	10.7	4,147.3	4.6	3.5	5.3	1.1	1.6	4.0	6.3	1.5	6.2	
Money	1.4	0.8	0.8	5.3	4.4	4.4	4,147.3	10.9	4.1	1.0	0.5	4.4	3.4	(2.1)	3.4	2.2	
Currency	(5.1)	6.4	6.4	0.8	11.0	11.0	4,147.3	(4.2)	10.3	1.5	0.8	9.7	3.8	(8.3)	5.4	1.4	
Demand deposits	6.9	2.7	2.7	6.4	3.4	3.4	4,147.3	14.1	4.8	2.7	6.9	(0.6)	(3.3)	11.2	3.4	1.5	
Quasi-money	6.9	2.7	2.7	2.7	12.7	12.7	4,147.3	2.7	11.2	1.3	(0.3)	11.6	4.9	(11.2)	5.7	1.4	

Source: The Central Bank of The Bahamas

TABLE 2
MONETARY SURVEY

End of Period	2001		2002		2003		2004		2005		2006	
	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
	(B\$ Millions)											
Net foreign assets	(236.0)	(349.7)	(130.7)	(17.4)	80.5	10.9	70.9	161.4	121.6	35.5	(47.7)	
Central Bank	312.4	373.2	484.3	593.2	652.5	609.1	667.8	718.6	761.1	665.2	637.8	
Commercial banks	(548.4)	(722.9)	(615.0)	(610.6)	(572.0)	(598.2)	(596.9)	(557.2)	(639.5)	(629.7)	(685.5)	
Net domestic assets	3,874.7	4,092.4	4,025.1	4,092.9	4,173.8	4,285.1	4,247.2	4,348.0	4,546.6	4,534.6	4,880.9	
Domestic credit	4,553.8	4,793.2	4,822.8	4,896.8	5,001.6	5,114.5	5,083.1	5,218.9	5,438.3	5,482.6	5,900.8	
Public sector	771.9	867.6	874.9	904.5	920.2	965.4	883.4	976.7	949.0	871.4	930.9	
Government (net)	622.8	648.2	502.1	539.5	573.8	621.7	542.7	634.8	614.9	570.3	616.4	
Rest of public sector	149.1	219.4	372.8	365.0	346.4	343.7	340.7	341.9	334.1	301.1	314.5	
Private sector	3,781.9	3,925.6	3,947.9	3,992.3	4,081.4	4,149.1	4,199.7	4,242.2	4,489.3	4,611.2	4,969.9	
Other items (net)	(679.1)	(700.8)	(797.7)	(803.9)	(827.8)	(829.4)	(835.9)	(870.9)	(891.7)	(948.0)	(1,019.9)	
Monetary liabilities	3,638.7	3,742.7	3,894.4	4,075.5	4,254.3	4,296.0	4,318.1	4,509.4	4,668.2	4,570.1	4,833.2	
Money	769.2	808.5	895.8	994.1	1,096.6	1,114.7	1,124.7	1,231.2	1,275.1	1,169.6	1,245.5	
Currency	153.5	154.8	160.1	153.4	160.8	165.2	176.6	175.6	169.8	188.8	198.2	
Demand deposits	615.7	653.7	735.7	840.7	935.8	949.5	948.1	1,055.6	1,105.3	980.8	1,047.3	
Quasi-money	2,869.5	2,934.2	2,998.6	3,081.4	3,157.7	3,181.3	3,193.4	3,278.2	3,393.1	3,400.5	3,587.7	
Savings deposits	604.3	630.4	678.5	710.3	741.0	754.1	779.7	814.3	852.2	852.4	911.5	
Fixed deposits	2,173.4	2,212.2	2,218.8	2,269.1	2,308.9	2,290.7	2,316.8	2,333.4	2,373.1	2,426.8	2,555.3	
Foreign currency deposits	91.8	91.6	101.3	102.0	107.8	136.5	96.9	130.5	167.8	121.3	120.9	
	(percentage change)											
Total domestic credit	9.5	5.3	0.6	1.5	2.1	2.3	(0.6)	2.7	4.2	0.8	2.6	
Public sector	19.6	12.4	0.8	3.4	1.7	4.9	(8.5)	10.6	(2.8)	(8.2)	(1.6)	
Government (net)	23.5	4.1	(22.5)	7.4	6.4	8.3	(12.7)	17.0	(3.1)	(7.3)	(4.1)	
Rest of public sector	5.6	47.1	69.9	(2.1)	(5.1)	(0.8)	(0.9)	0.4	(2.3)	(9.9)	3.7	
Private sector	7.7	3.8	0.6	1.1	2.2	1.7	1.2	1.0	5.8	2.7	3.4	
Monetary liabilities	5.0	2.9	4.1	4.7	3.0	0.2	0.8	4.4	2.4	6.3	5.6	
Money	(3.4)	5.1	10.8	11.0	4.4	1.0	0.5	9.5	3.5	(2.1)	2.5	
Currency	1.1	0.8	3.4	(4.2)	10.3	1.6	0.9	(0.6)	3.6	(8.3)	1.8	
Demand deposits	(4.5)	6.2	12.5	14.3	4.8	2.7	6.9	11.3	(3.3)	11.2	1.5	
Quasi-money	7.5	2.3	2.2	2.8	11.3	1.5	(0.2)	2.7	4.7	(11.3)	4.8	

Source: The Central Bank of The Bahamas

TABLE 3
CENTRAL BANK BALANCE SHEET

(B\$ Millions)

End of Period	2001			2002			2003			2004			2005			2006		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.
Net foreign assets	312.4	373.2	484.3	484.3	593.2	652.5	609.1	667.8	718.6	761.1	665.2	578.8	637.8					
Balances with banks abroad	44.5	126.3	183.7	183.7	279.6	318.7	253.3	311.1	344.9	309.3	230.0	145.4	210.4					
Foreign securities	260.0	238.3	291.3	291.3	304.3	324.6	346.6	347.0	364.2	442.7	426.1	424.4	418.4					
Reserve position in the Fund	7.8	8.5	9.3	9.3	9.3	9.2	9.2	9.7	9.5	9.1	9.1	9.0	9.0					
SDR holdings	0.1	0.1	--	--	--	--	--	--	--	--	--	--	--					
Net domestic assets	107.5	92.0	15.2	15.2	(24.1)	(90.4)	(101.6)	(13.1)	(90.8)	(62.4)	27.9	23.1	(21.1)					
Net claims on government	187.4	172.9	108.4	108.4	118.0	106.0	123.3	141.9	141.4	167.5	134.7	122.0	111.2					
Claims	189.7	182.4	114.8	114.8	122.1	116.6	131.0	149.5	153.4	215.9	152.8	149.7	150.6					
Treasury bills	98.8	72.0	--	--	--	--	--	--	--	--	--	--	--					
Bahamas registered stock	34.0	38.6	43.8	43.8	51.1	45.6	60.0	78.5	76.4	138.9	75.8	72.7	73.7					
Loans and advances	56.9	71.8	71.0	71.0	71.0	71.0	71.0	71.0	77.0	77.0	77.0	77.0	77.0					
Deposits	(2.3)	(9.5)	(6.4)	(6.4)	(4.1)	(10.6)	(7.7)	(7.6)	(12.0)	(48.4)	(18.1)	(27.7)	(39.4)					
In local currency	(2.3)	(9.5)	(6.4)	(6.4)	(4.1)	(10.6)	(7.7)	(7.6)	(12.0)	(48.4)	(18.1)	(27.7)	(39.4)					
In foreign currency	--	--	--	--	--	--	--	--	--	--	--	--	--					
Deposits of rest of public sector	(10.3)	(10.1)	(21.6)	(21.6)	(73.9)	(128.9)	(154.4)	(87.7)	(164.1)	(153.3)	(34.0)	(26.1)	(54.1)					
Credit to commercial banks	--	--	--	--	--	--	--	--	--	--	--	--	--					
Official capital and surplus	(94.3)	(98.3)	(97.3)	(97.3)	(98.8)	(97.2)	(97.5)	(98.2)	(100.0)	(102.7)	(105.2)	(105.5)	(114.0)					
Net unclassified assets	16.8	19.9	18.4	18.4	23.4	22.5	19.8	22.3	23.4	17.7	24.0	24.4	27.6					
Loans to rest of public sector	7.1	6.7	6.4	6.4	6.3	6.2	6.2	7.6	7.5	7.4	7.4	7.3	7.2					
Public Corp Bonds/Securities	0.8	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0					
Liabs. to Commercial Banks & OLFIs	(253.6)	(296.5)	(324.2)	(324.2)	(400.6)	(386.2)	(327.3)	(462.2)	(436.7)	(514.0)	(489.5)	(392.0)	(403.9)					
Notes and coins	(64.9)	(66.3)	(79.6)	(79.6)	(62.5)	(63.2)	(60.3)	(78.5)	(62.1)	(69.5)	(54.9)	(105.8)	(57.0)					
Deposits	(188.7)	(230.2)	(244.6)	(244.6)	(338.1)	(323.0)	(267.0)	(383.7)	(374.6)	(444.5)	(434.6)	(286.2)	(346.9)					
SDR allocation	(12.8)	(13.9)	(15.2)	(15.2)	(15.1)	(15.1)	(15.0)	(15.9)	(15.5)	(14.9)	(14.8)	(14.6)	(14.7)					
Currency held by the private sector	(153.5)	(154.8)	(160.1)	(160.1)	(153.4)	(160.8)	(165.2)	(176.6)	(175.6)	(169.8)	(188.8)	(195.3)	(198.2)					

Source: The Central Bank of The Bahamas

TABLE 4
DOMESTIC BANKS BALANCE SHEET

(B\$ Millions)

End of Period	2001			2002			2003			2004			2005			2006	
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Dec.
Net foreign assets	(546.9)	(730.5)	(628.1)	(627.2)	(587.1)	(567.8)	(563.5)	(538.2)	(606.7)	(593.1)	(611.0)	(654.1)					
Net claims on Central Bank	252.7	295.8	322.4	399.7	385.0	326.4	461.4	435.8	513.2	488.7	389.7	403.2					
Notes and Coins	64.9	66.3	79.6	62.5	63.2	60.3	78.5	62.1	69.5	54.9	105.8	57.0					
Balances	188.6	230.3	243.6	338.0	322.6	266.9	383.7	374.5	444.5	434.6	284.7	347.0					
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	0.8					
Net domestic assets	3,494.1	3,750.3	3,814.7	3,879.6	3,991.0	4,043.7	4,018.7	4,129.4	4,265.7	4,266.6	4,518.4	4,615.1					
Net claims on government	438.6	478.4	398.1	425.9	472.2	502.8	405.2	497.7	452.2	440.4	528.9	510.0					
Treasury bills	63.5	38.8	47.6	73.0	88.8	96.2	26.7	85.4	86.5	48.5	66.1	78.0					
Other securities	317.4	341.2	369.6	368.6	369.3	396.7	393.3	398.0	385.6	414.3	400.5	413.9					
Loans and advances	115.4	170.0	74.5	81.3	111.2	115.6	78.2	115.5	85.3	77.0	150.7	122.6					
Less: deposits	57.7	71.6	93.6	97.0	97.1	105.7	93.0	101.2	105.2	99.4	88.4	104.5					
Net claims on rest of public sector	(212.0)	(143.8)	53.0	51.6	62.2	60.0	91.5	84.3	46.4	5.0	(25.3)	(11.4)					
Securities	8.1	9.4	18.6	21.3	21.3	21.3	18.6	21.6	23.6	20.6	20.6	22.6					
Loans and advances	133.2	202.5	347.0	336.4	317.9	315.2	313.5	311.8	302.0	272.1	265.8	283.6					
Less: deposits	353.3	355.7	312.6	306.1	277.0	276.5	240.6	249.1	279.2	287.7	311.7	317.6					
Credit to the private sector	3,902.1	4,069.6	4,094.6	4,135.9	4,220.0	4,287.2	4,339.4	4,378.8	4,627.6	4,747.8	4,953.8	5,115.7					
Securities	9.0	10.2	20.4	17.3	17.1	18.8	14.7	15.6	28.4	18.1	28.2	27.4					
Mortgages	1,151.4	1,309.2	1,438.4	1,488.6	1,537.6	1,574.4	1,631.1	1,680.5	1,762.2	1,836.3	1,919.1	1,996.8					
Loans and advances	2,741.7	2,750.2	2,635.8	2,630.0	2,665.3	2,694.0	2,693.6	2,682.7	2,837.0	2,893.4	3,006.5	3,091.5					
Private capital and surplus	(661.2)	(722.9)	(1,032.5)	(1,038.4)	(1,070.0)	(1,083.2)	(1,121.4)	(1,130.8)	(1,141.8)	(1,160.4)	(1,197.5)	(1,278.4)					
Net unclassified assets	26.6	69.0	301.5	304.6	306.6	276.9	304.0	299.4	281.3	233.8	258.5	279.2					
Liabilities to private sector	3,199.8	3,315.3	3,508.9	3,652.1	3,788.9	3,802.2	3,916.6	4,026.9	4,172.2	4,162.4	4,297.1	4,364.2					
Demand deposits	669.5	690.5	766.2	821.2	871.7	878.3	921.0	974.8	1,044.6	999.6	1,092.2	1,066.1					
Savings deposits	606.2	634.3	682.1	714.0	745.6	761.7	783.7	818.5	856.9	854.9	885.3	915.1					
Fixed deposits	1,924.1	1,990.5	2,060.6	2,116.9	2,171.6	2,162.2	2,211.9	2,233.6	2,270.7	2,307.9	2,319.6	2,383.0					

Source: The Central Bank of The Bahamas

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

Period	2002				2003				2004				2005			
	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
1. Interest Income	431,664	435,099	474,049	533,519	112,236	116,611	120,303	124,899	120,307	126,166	134,328	152,718	120,307	126,166	134,328	152,718
2. Interest Expense	159,892	164,071	168,412	178,153	41,140	43,376	41,885	42,011	43,723	43,388	44,443	46,599	43,723	43,388	44,443	46,599
3. Interest Margin (1-2)	271,772	271,028	305,637	355,366	71,096	73,235	78,418	82,888	76,584	82,778	89,885	106,119	76,584	82,778	89,885	106,119
4. Commission & Forex Income	23,368	23,451	26,425	28,665	7,417	6,463	6,151	6,394	5,787	6,766	8,950	7,162	5,787	6,766	8,950	7,162
5. Gross Earnings Margin (3+4)	295,140	294,479	332,062	384,031	78,513	79,698	84,569	89,282	82,371	89,544	98,835	113,281	82,371	89,544	98,835	113,281
6. Staff Costs	111,068	114,818	116,033	125,378	27,251	27,796	30,494	30,492	29,918	30,322	32,286	32,852	29,918	30,322	32,286	32,852
7. Occupancy Costs	16,049	18,585	16,284	18,558	5,025	3,918	3,969	3,372	3,623	5,273	4,082	5,580	3,623	5,273	4,082	5,580
8. Other Operating Costs	48,370	52,182	60,051	54,888	12,888	13,107	16,520	17,536	10,443	15,305	14,915	14,225	10,443	15,305	14,915	14,225
9. Operating Costs (6+7+8)	175,487	185,585	192,368	198,824	45,164	44,821	50,983	51,400	43,984	50,900	51,283	52,657	43,984	50,900	51,283	52,657
10. Net Earnings Margin (5-9)	119,653	108,894	139,694	185,207	33,349	34,877	33,586	37,882	38,387	38,644	47,552	60,624	38,387	38,644	47,552	60,624
11. Depreciation Costs	10,460	22,803	9,739	12,625	5,286	5,180	(3,704)	2,977	3,119	2,843	3,053	3,610	3,119	2,843	3,053	3,610
12. Provisions for Bad Debt	29,557	38,562	35,806	21,897	7,323	10,270	10,740	7,473	5,015	6,866	4,779	5,237	5,015	6,866	4,779	5,237
13. Other Income	63,855	75,669	74,197	76,750	17,960	19,047	17,343	19,847	19,701	21,452	16,272	19,325	19,701	21,452	16,272	19,325
14. Other Income (Net) (13-11-12)	23,838	14,304	28,652	42,228	5,351	3,597	10,307	9,397	11,567	11,743	8,440	10,478	11,567	11,743	8,440	10,478
15. Net Income (10+14)	143,491	123,198	168,346	227,435	38,700	38,474	43,893	47,279	49,954	50,387	55,992	71,102	49,954	50,387	55,992	71,102
16. Effective Interest Rate Spread (%)	6.12	5.99	6.48	6.33	6.20	6.64	6.40	6.68	6.12	6.32	6.84	6.04	6.12	6.32	6.84	6.04
	(Ratios To Average Assets)															
Interest Margin	4.99	4.71	4.91	5.42	4.71	4.73	4.99	5.21	4.73	4.94	5.28	6.71	4.73	4.94	5.28	6.71
Commission & Forex Income	0.43	0.41	0.43	0.44	0.49	0.42	0.39	0.40	0.36	0.40	0.53	0.45	0.36	0.40	0.53	0.45
Gross Earnings Margin	5.42	5.11	5.34	5.85	5.20	5.15	5.38	5.61	5.08	5.34	5.81	7.17	5.08	5.34	5.81	7.17
Operating Costs	3.22	3.22	3.09	3.02	2.99	2.90	3.25	3.23	2.71	3.04	3.01	3.33	2.71	3.04	3.01	3.33
Net Earnings Margin	2.20	1.89	2.25	2.83	2.21	2.25	2.14	2.38	2.37	2.30	2.79	3.84	2.37	2.30	2.79	3.84
Net Income	2.64	2.14	2.70	3.47	2.56	2.49	2.79	2.97	3.08	3.01	3.29	4.50	3.08	3.01	3.29	4.50

*Commercial Banks and OLFs with domestic operations

Source: The Central Bank of The Bahamas

TABLE 6
MONEY SUPPLY

(B\$ Millions)

End of Period	2001			2002			2003			2004			2005			2006	
	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
Money supply (M1)	776.7	817.7	907.4	907.4	1,006.1	1,109.4	1,125.9	1,134.4	1,244.3	1,291.0	1,184.3	1,247.6	1,265.4				
1) Currency in active circulation	153.5	154.8	160.1	160.1	153.4	160.8	165.2	176.6	175.6	169.8	188.8	195.3	198.2				
2) Demand deposits	623.2	662.9	747.3	747.3	852.7	948.6	960.7	957.8	1068.7	1121.2	995.5	1052.3	1067.2				
Central Bank	10.3	10.1	21.7	21.7	73.9	128.9	154.4	87.7	164.1	153.3	34.0	26.1	54.1				
Domestic Banks	612.9	652.8	725.6	725.6	778.8	819.7	806.3	870.1	904.6	967.9	961.5	1026.2	1013.1				
Factors affecting changes in money (M1)																	
1) Net credit to government	626.0	651.3	506.5	506.5	543.9	578.2	626.0	547.1	639.1	619.7	575.1	642.7	621.2				
Central Bank	187.4	172.9	108.4	108.4	118.0	106.0	123.2	141.9	141.4	167.5	134.7	122.0	111.2				
Domestic Banks	438.6	478.4	398.1	398.1	425.9	472.2	502.8	405.2	497.7	452.2	440.4	520.7	510.0				
2) Other credit	4,051.3	4,289.1	4,467.5	4,467.5	4,500.9	4,566.4	4,630.9	4,680.1	4,720.7	4,961.7	5,049.1	5,256.8	5,430.2				
Rest of public sector	149.2	219.5	372.9	372.9	365.0	346.4	343.7	340.7	341.9	334.1	301.1	303.1	314.5				
Private sector	3,902.1	4,069.6	4,094.6	4,094.6	4,135.9	4,220.0	4,287.2	4,339.4	4,378.8	4,627.6	4,748.0	4,953.7	5,115.7				
3) External reserves	312.4	373.2	484.3	484.3	593.2	652.5	609.1	667.8	718.6	761.1	665.2	578.8	638.8				
4) Other external liabilities (net)	(546.9)	(730.5)	(628.1)	(628.1)	(627.2)	(587.1)	(567.8)	(563.5)	(538.2)	(606.7)	(594.2)	(611.0)	(654.1)				
5) Quasi money	2,940.4	3,018.5	3,095.9	3,095.9	3,179.5	3,246.2	3,272.4	3,287.1	3,371.5	3,483.5	3,488.2	3,582.6	3,668.7				
6) Other items (net)	(725.7)	(746.9)	(826.9)	(826.9)	(825.2)	(854.4)	(899.8)	(910.0)	(924.4)	(961.3)	(1022.1)	(1037.1)	(1101.1)				

Source: The Central Bank of The Bahamas

TABLE 7
CONSUMER INSTALMENT CREDIT

(B\$' 000)

End of Period	2002		2003		2004		2005				2006			
	Add-on	Demand*	Add-on	Demand*	Add-on	Demand*	Mar.		Sept.		Dec.			
							Add-on	Demand*	Add-on	Demand*	Add-on	Demand*		
CREDIT OUTSTANDING														
Private cars	201	244,977	19	221,315	8	212,671	4	209,543	4	207,777	4	209,875	4	216,461
Taxis & rented cars	--	1,976	--	2,054	--	2,349	--	2,325	--	2,323	--	2,317	--	2,322
Commercial vehicles	--	4,513	--	4,254	--	5,212	--	5,762	--	6,681	--	6,038	--	6,173
Furnishings & domestic appliances	2	14,529	--	12,727	--	13,972	--	14,529	--	15,673	--	17,309	--	17,667
Travel	13	43,122	--	40,815	--	40,814	--	38,606	--	41,454	--	41,435	--	39,489
Education	8	59,479	--	49,903	--	46,926	--	46,430	--	48,891	--	47,737	--	48,393
Medical	10	14,308	--	13,662	--	13,811	--	13,921	--	14,157	--	14,446	--	14,940
Home Improvements	99	111,702	64	109,232	4	114,195	2	115,459	1	128,837	--	134,334	--	137,988
Land Purchases	34	110,441	3	120,262	--	150,096	--	154,998	--	165,735	--	174,645	--	177,630
Consolidation of debt	256	350,686	113	343,547	43	346,752	38	350,353	28	391,292	11	413,182	10	429,535
Miscellaneous	99	342,527	18	334,249	8	374,000	8	374,819	8	392,594	8	412,154	8	425,755
Credit Cards	--	158,784	--	148,265	--	166,073	--	160,526	--	172,367	--	188,058	--	186,643
TOTAL	722	1,457,044	217	1,400,285	63	1,486,871	52	1,487,271	41	1,513,733	24	1,661,530	22	1,702,996
NET CREDIT EXTENDED														
Private cars	(204)	(25,685)	(182)	(23,662)	(11)	(8,644)	(4)	(3,128)	--	(1,311)	--	2,098	--	6,586
Taxis & rented cars	--	(275)	--	78	--	295	--	(24)	--	(108)	--	(6)	--	5
Commercial vehicles	(8)	128	--	(259)	--	958	--	550	--	457	--	(643)	--	135
Furnishings & domestic appliances	(5)	(2,985)	(2)	(1,802)	--	1,245	--	557	--	453	--	1,636	--	358
Travel	(12)	(269)	(13)	(2,307)	--	(1)	--	(2,208)	--	2,853	--	(19)	--	(1,946)
Education	(8)	9,910	(8)	(9,576)	--	(2,977)	--	(496)	--	3,143	--	(1,154)	--	656
Medical	(12)	1,004	(10)	(646)	--	149	--	110	--	155	--	289	--	494
Home Improvements	(81)	(14,840)	(35)	(2,470)	(60)	4,963	(2)	1,264	(1)	7,169	--	5,497	--	3,654
Land Purchases	(27)	15,190	(31)	9,821	(3)	29,834	--	4,902	--	4,852	--	8,910	--	2,985
Consolidation of debt	(245)	(6,228)	(143)	(7,139)	(70)	3,205	(5)	3,601	(10)	10,719	(17)	30,220	--	16,353
Miscellaneous	(138)	1,788	(81)	(8,278)	(10)	39,751	--	819	--	1,683	--	19,560	--	13,601
Credit Cards	--	21,016	--	(10,519)	--	17,808	--	(5,547)	--	11,033	--	15,691	--	(1,415)
TOTAL	(740)	(1,246)	(505)	(56,759)	(154)	86,586	(11)	400	(11)	26,462	(17)	73,749	(1)	41,466

Source: The Central Bank of The Bahamas

* Includes Consumer Credit previously reported under Personal Loan.

TABLE 8
SELECTED AVERAGE INTEREST RATES

Period	2003	2004	2005	2004				2005				2006
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I
DOMESTIC BANKS												
Deposit rates												
Savings deposits	2.65	2.57	2.26	2.77	2.55	2.49	2.46	2.59	2.26	2.10	2.10	2.19
Fixed deposits												
Up to 3 months	3.81	3.69	3.13	3.80	3.73	3.61	3.61	3.39	3.06	3.04	3.03	3.15
Up to 6 months	4.31	4.46	3.41	4.74	4.97	4.12	3.99	3.62	3.19	3.28	3.56	3.44
Up to 12 months	4.44	4.26	3.58	4.44	4.21	4.12	4.25	3.70	3.25	3.53	3.85	3.85
Over 12 months	4.58	4.30	3.62	4.84	4.14	3.87	4.35	3.71	3.47	3.53	3.78	4.13
Weighted average rate	3.95	3.83	3.22	4.02	3.85	3.69	3.75	3.44	3.09	3.11	3.24	3.31
Lending rates												
Residential mortgages	8.97	8.81	8.08	8.91	8.84	8.81	8.69	8.50	8.02	7.82	7.96	7.94
Commercial mortgages	9.61	9.17	8.10	9.23	8.86	9.35	9.22	8.18	8.13	8.15	7.95	8.12
Consumer loans	13.78	12.96	12.22	13.39	13.08	12.95	12.40	12.42	11.81	12.59	12.07	12.01
Overdrafts	11.57	11.67	10.86	11.78	11.40	11.77	11.71	11.00	11.14	10.84	10.45	11.18
Weighted average rate	11.97	11.27	10.34	11.56	11.28	11.40	10.84	10.64	10.03	10.69	9.99	10.25
Other rates												
Prime rate	6.00	6.00	5.50	6.00	6.00	6.00	6.00	5.50	5.50	5.50	5.50	5.50
Treasury bill (90 days)	1.78	0.55	0.14	0.94	0.71	0.29	0.25	0.18	0.15	0.06	0.17	0.36
Treasury bill re-discount rate	2.28	1.05	0.64	1.44	1.21	0.79	0.75	0.68	0.65	0.56	0.67	0.86
Bank rate (discount rate)	5.75	5.75	5.25	5.75	5.75	5.75	5.75	5.25	5.25	5.25	5.25	5.25

Source: The Central Bank of The Bahamas

TABLE 9
SUMMARY OF BANK LIQUIDITY

End of Period	(B\$ Millions)											
	2001	2002	2003	2004			2005			2006		
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
I. Statutory Reserves												
Required reserves	176.1	183.4	187.2	192.7	200.9	204.8	205.3	211.5	217.0	222.4	226.3	228.6
Average Till Cash	51.2	55.3	66.7	57.1	56.0	57.9	70.2	57.8	64.9	60.8	86.5	60.8
Average balance with central bank	182.2	217.8	250.2	326.9	335.3	304.3	407.5	385.9	444.1	446.1	332.2	357.5
Free cash reserves (period ended)	56.5	88.9	128.9	190.5	189.6	156.6	271.6	231.4	291.2	283.7	191.5	189.0
II. Liquid Assets (period)												
A. Minimum required Liquid assets	569.3	589.9	615.6	637.1	656.7	660.7	677.2	691.9	717.8	731.1	752.2	768.5
B. Net Eligible Liquid Assets	636.7	687.6	772.3	874.8	883.6	855.2	909.7	955.3	1021.5	973.2	895.6	937.8
i) Balance with Central Bank	188.6	230.3	243.5	338.0	322.6	267.0	383.7	374.5	444.6	434.6	284.7	347.0
ii) Notes and Coins	65.4	66.8	80.1	63.0	63.7	60.8	79.0	62.6	70.0	55.4	106.3	57.5
iii) Treasury Bills	63.5	38.8	47.6	73.0	88.9	96.1	26.7	85.4	86.4	48.5	66.1	78.0
iv) Government registered stocks	306.4	335.3	369.5	368.6	369.3	396.7	393.3	402.3	390.4	419.1	400.4	413.9
v) Specified assets	16.9	17.9	26.8	29.1	28.2	27.9	24.9	27.8	27.5	26.3	26.0	28.0
vi) Net Inter-bank dem/call deposits	(3.3)	(0.7)	5.6	3.9	11.7	7.5	2.9	3.5	3.4	(9.9)	12.9	14.2
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)	(0.8)
C. Surplus/(Deficit)	67.4	97.7	156.7	237.7	226.9	194.5	232.5	263.4	303.7	242.1	143.4	169.3

Source: The Central Bank of The Bahamas

TABLE 10
GOVERNMENT OPERATIONS AND FINANCING

Period	(B\$ Millions)										
	2003/04p		2004/05p		Budget		2004/05p		2005/06p		
	2003/04p	2004/05p	2004/05	2005/06	QTR. I	QTR. II	QTR. III	QTR. IV	QTR. I	QTR. II	QTR. III
Total Revenue & Grants	943.8	1039.4	1051.6	1132.8	213.0	252.1	254.3	319.9	271.8	273.0	311.2
Current expenditure	994.0	1053.1	1067.3	1145.7	240.8	244.4	260.7	307.2	261.0	286.4	287.1
Capital expenditure	80.9	90.4	117.3	132.9	10.4	16.3	15.3	48.3	26.4	23.6	31.3
Net lending	35.3	71.4	30.4	31.6	9.0	27.9	11.6	23.0	4.8	14.3	15.1
Overall balance	(166.4)	(175.5)	(163.4)	(177.4)	(47.2)	(36.5)	(33.2)	(58.5)	(20.4)	(51.2)	(22.2)
FINANCING (I+II-III+IV+V)	166.4	175.5	163.4	177.4	47.2	36.6	33.2	58.5	20.4	60.2	22.3
I. Foreign currency borrowing	206.7	2.9	29.0	30.6	--	1.8	--	1.1	--	3.1	1.8
External	206.7	2.9	29.0	30.6	--	1.8	--	1.1	--	3.1	1.8
Domestic	--	--	...	...	--	--	--	--	--	--	--
II. Bahamian dollar borrowing	132.3	325.1	231.3	201.6	100.0	100.0	18.8	106.4	75.0	--	75.0
i) Treasury bills	--	13.1	...	...	--	--	13.1	--	--	--	--
Central Bank	--	13.1	...	...	--	--	13.1	--	--	--	--
Commercial banks & OLFIs	--	--	...	...	--	--	--	--	--	--	--
Public corporations	--	--	...	...	--	--	--	--	--	--	--
Other	--	--	...	...	--	--	--	--	--	--	--
ii) Long-term securities	98.3	306.3	...	...	100.0	100.0	--	106.4	75.0	--	75.0
Central Bank	33.3	55.9	...	...	15.0	15.0	--	25.9	5.0	--	4.0
Commercial banks & OLFIs	20.1	46.3	...	...	28.7	3.7	--	13.9	11.4	--	11.4
Public corporations	21.7	125.6	...	...	22.5	43.1	--	60.0	15.5	--	6.3
Other	23.2	78.5	...	...	33.8	38.2	--	6.6	43.1	--	53.3
iii) Loans and Advances	34.0	5.7	...	...	--	--	5.7	--	--	--	--
Central Bank	34.0	5.7	...	...	--	--	5.7	--	--	--	--
Commercial banks	--	--	...	...	--	--	--	--	--	--	--
III Debt repayment	251.4	98.4	94.4	54.9	15.8	26.1	20.4	36.1	0.9	1.1	20.7
Domestic	242.0	92.6	84.6	50.8	12.6	25.0	20.0	35.0	--	--	20.0
Bahamian dollars	112.0	92.6	84.6	50.8	12.6	25.0	20.0	35.0	--	10.0	20.0
Internal foreign currency	130.0	--	...	...	--	--	--	--	--	--	--
External	9.4	5.8	9.8	4.1	3.2	1.1	0.4	1.1	0.9	1.1	0.7
IV. Cash balance change	(33.7)	(45.8)	...	...	(5.8)	12.8	(12.6)	(40.3)	36.1	1.5	(27.9)
V. Other Financing	112.5	(8.3)	(2.5)	0.1	(31.2)	(51.9)	47.4	27.4	(89.8)	56.7	(6.0)

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

TABLE 11
NATIONAL DEBT

End of Period	(B\$' 000s)									
	2003p	2004p	2005p	2005p			2006p			
				Mar.	Jun.	Sept.	Dec.	Mar.		
TOTAL EXTERNAL DEBT				284,402	284,447	283,765	286,521			287,666
By Instrument										
Government Securities	288,542	284,606	286,521	225,000	225,000	225,000	225,000	225,000	225,000	225,000
Loans	63,542	59,606	61,521	59,402	59,447	58,765	61,521	59,402	59,447	62,666
By Holder										
Commercial banks	5,153	--	--	--	--	--	--	--	--	--
Offshore financial institutions	--	--	--	--	--	--	--	--	--	--
Multilateral institutions	58,389	59,606	61,521	59,402	59,447	58,765	61,521	59,402	59,447	62,666
Bilateral Institutions	--	--	--	--	--	--	--	--	--	--
Private Capital Markets	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000
TOTAL INTERNAL DEBT				1,812,335	1,883,696	1,958,696	1,948,696			2,003,696
By Instrument										
Foreign Currency	1,647,607	1,813,297	1,948,696	1,812,335	1,883,696	1,958,696	1,948,696	1,812,335	1,883,696	2,003,696
Government securities	71,019	71,019	76,988	76,988	76,987	76,988	76,988	76,988	76,988	76,988
Loans	179,400	179,400	192,469	192,469	192,469	192,469	192,469	192,469	192,469	192,469
Bahamian Dollars	1,386,943	1,552,633	1,668,993	1,532,633	1,603,994	1,678,993	1,668,993	1,532,633	1,603,994	1,723,993
Advances	10,245	10,245	10,246	10,245	10,246	10,246	10,246	10,245	10,246	10,246
Treasury bills										
Government securities										
Loans										
By Holder										
Foreign Currency	--	--	--	--	--	--	--	--	--	--
Commercial banks	--	--	--	--	--	--	--	--	--	--
Other local financial institutions	--	--	--	--	--	--	--	--	--	--
Bahamian Dollars										
The Central Bank	1,647,607	1,813,297	1,948,696	1,812,335	1,883,696	1,958,696	1,948,696	1,812,335	1,883,696	2,003,696
Commercial banks	114,800	149,535	144,681	156,445	215,932	152,817	144,681	156,445	215,932	150,663
Other local financial institutions	423,997	427,858	463,385	498,258	482,610	469,970	463,385	498,258	482,610	475,637
Public corporations	4,344	4,321	4,811	4,321	4,319	4,816	4,811	4,321	4,319	4,811
Other	673,345	717,098	763,092	655,243	680,808	780,134	763,092	655,243	680,808	742,862
TOTAL FOREIGN CURRENCY DEBT				498,068	500,027	550,959	572,727	498,068	500,027	629,723
TOTAL DIRECT CHARGE				284,402	284,447	283,765	286,521	284,402	284,447	287,666
TOTAL CONTINGENT LIABILITIES				2,096,737	2,168,143	2,242,461	2,235,217	2,096,737	2,168,143	2,291,362
TOTAL NATIONAL DEBT				453,626	473,798	500,102	497,475	453,626	473,798	486,789
	2,403,671	2,537,755	2,732,692	2,550,363	2,641,941	2,742,563	2,732,692	2,550,363	2,641,941	2,778,151

Source: Treasury Accounts and Treasury Statistical Summary Printouts
Public Corporation Reports
Creditor Statements, Central Bank of The Bahamas

TABLE 12
PUBLIC SECTOR FOREIGN CURRENCY DEBT OPERATIONS

	2003p*	2004p	2005p	2005p			2006p
				Mar.	Jun.	Sept.	Dec.
Outstanding debt at beginning of period	547,538	598,964	561,265	561,265	556,940	553,822	549,718
Government	220,986	288,542	284,606	284,606	284,402	284,447	283,765
Public Corporations	326,552	310,422	276,659	276,659	272,538	269,375	265,953
Plus new drawings	362,945	28,303	42,862	12,303	9,763	7,986	12,810
Government	206,000	4,239	4,974	--	1,112	--	3,862
Public corporations	156,945	24,064	37,888	12,303	8,651	7,986	8,948
Less Amortization	311,519	66,002	52,855	16,628	12,881	12,090	11,256
Government	138,444	8,175	3,059	204	1,067	682	1,106
Public corporations	173,075	57,827	49,796	16,424	11,814	11,408	10,150
Outstanding debt at end of period	598,964	561,265	551,272	556,940	553,822	549,718	551,272
Government	288,542	284,606	286,521	284,402	284,447	283,765	286,521
Public corporations	310,422	276,659	264,751	272,538	269,375	265,953	264,751
Interest Charges	26,471	27,340	30,447	3,331	11,325	3,325	12,466
Government	12,927	18,204	18,141	428	8,611	497	8,605
Public corporations	13,544	9,136	12,306	2,903	2,714	2,828	3,861
Debt Service	337,990	93,342	83,302	19,959	24,206	15,415	23,722
Government	151,371	26,379	21,200	632	9,678	1,179	9,711
Public corporations	186,619	66,963	62,102	19,327	14,528	14,236	14,011
Debt Service ratio	13.6	3.4	2.8	2.6	3.0	2.2	3.1
Government debt Service/ Government revenue (%)	16.8	2.7	1.9	0.2	3.0	0.4	3.6
MEMORANDUM							
Holder distribution (B\$ Mil):							
Commercial banks	243.2	218.7	215.9	217.3	216.1	215.5	215.9
Offshore Financial Institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral Institutions	118.5	113.1	109.8	112.2	110.4	108.6	109.8
Bilateral Institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	12.3	4.4	0.5	2.4	2.3	0.6	0.5
Private Capital Markets	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.

Note: *Debt servicing during 2003 include the respective re-financing of \$125M and \$123M in Government (internal) and public corporations (external) debt. Net of these payments, the adjusted service/exports ratio was 3.7% and the Government's debt service/revenue ratio was 3.0%.

TABLE 13
BALANCE OF PAYMENTS SUMMARY

	(B\$ Millions)											
	2003p			2004p			2005p			2006		
	Qtr.Ip	Qtr.IIip	Qtr.IIIip	Qtr.Ip	Qtr.IIip	Qtr.IIIip	Qtr.Ip	Qtr.IIip	Qtr.IIIip	Qtr.Ip	Qtr.IIip	Qtr.IIIip
A. Current Account Balance (I+II+III+IV)	(472.4)	(304.7)	(514.1)	(15.3)	(7.4)	(249.9)	(32.1)	(41.3)	(41.2)	(211.2)	(220.4)	(273.5)
I. Merchandise (Net)	(1,330.7)	(1,427.3)	(1,626.3)	(353.7)	(328.6)	(368.6)	(376.4)	(360.5)	(377.2)	(417.6)	(471.0)	(440.9)
Exports	426.5	477.4	522.8	107.2	123.4	98.6	148.2	122.7	122.8	115.2	162.1	157.4
Imports	1,757.2	1,904.7	2,149.1	460.9	452.0	467.2	524.6	483.2	500.0	532.8	633.1	598.3
II. Services (Net)	962.1	1,012.8	1,133.5	353.8	327.4	158.1	173.5	321.8	369.3	222.1	220.3	173.0
Transportation	(187.5)	(249.4)	(290.6)	(50.9)	(73.6)	(61.0)	(63.9)	(72.6)	(77.2)	(72.1)	(68.7)	(69.9)
Travel	1,452.7	1,568.9	1,724.9	477.9	508.2	300.5	282.3	480.0	524.9	378.4	341.6	490.1
Insurance Services	(105.8)	(81.4)	(94.7)	(18.3)	(26.1)	(21.4)	(15.6)	(21.9)	(20.3)	(21.8)	(30.7)	(21.0)
Offshore Companies Local Expenses	105.9	136.1	144.2	36.5	23.3	22.0	54.3	23.3	23.9	39.4	57.6	32.5
Other Government	(57.3)	(29.2)	(50.4)	(5.0)	(7.5)	(12.7)	(4.0)	(8.5)	(21.2)	(7.8)	(12.9)	(20.9)
Other Services	(245.9)	(332.2)	(299.9)	(86.4)	(96.9)	(69.3)	(79.6)	(78.5)	(60.8)	(94.0)	(66.6)	(237.8)
III. Income (Net)	(152.4)	(141.0)	(106.6)	(24.3)	(32.3)	(47.1)	(37.3)	(50.9)	(52.5)	(24.8)	21.6	(21.9)
1. Compensation of Employees	(56.3)	(63.2)	(73.2)	(13.2)	(17.0)	(12.1)	(20.9)	(20.0)	(18.9)	(15.8)	(18.5)	(20.0)
2. Investment Income	(96.1)	(77.8)	(33.4)	(11.1)	(15.3)	(35.0)	(16.4)	(30.9)	(33.6)	(9.0)	40.1	(1.9)
IV. Current Transfers (Net)	48.6	250.8	85.3	8.9	26.1	7.7	208.1	48.3	19.2	9.1	8.7	16.3
1. General Government	53.9	59.7	59.1	11.7	27.0	8.7	12.3	14.6	21.3	12.0	11.2	17.8
2. Private Sector	(5.3)	191.1	26.2	(2.8)	(0.9)	(1.0)	195.8	33.7	(2.1)	(2.9)	(2.5)	(1.5)
B. Capital and Financial Account (I+II)	498.0	310.6	262.2	48.4	24.2	125.4	112.6	127.4	122.0	95.8	83.4	225.5
(excl. Reserves)												
I. Capital Account (Net Transfers)	(37.4)	(47.9)	(39.2)	(8.7)	(9.7)	(10.9)	(18.6)	(11.4)	(13.6)	(22.3)	(13.1)	(13.8)
II. Financial Account (Net)	535.4	358.5	301.4	57.1	33.9	136.3	131.2	138.8	135.6	118.1	96.5	239.3
1. Direct Investment	190.3	273.7	359.7	38.8	62.4	105.4	67.1	95.6	57.7	139.7	66.7	154.1
2. Other Investments	345.1	84.8	129.3	18.3	(28.5)	30.9	64.1	43.2	77.9	(21.6)	29.8	85.2
Central Gov't Long Term Capital	196.0	(4.2)	0.9	(3.1)	1.4	(3.2)	0.7	(0.4)	--	(0.7)	2.0	1.1
Other Public Sector Capital	(143.5)	(16.5)	(9.8)	(5.3)	(2.9)	(4.7)	(3.6)	(2.7)	(2.2)	(3.2)	(1.7)	(1.2)
Banks	(102.4)	(64.5)	47.6	(0.9)	(40.0)	(19.3)	(4.3)	(25.3)	68.5	(12.5)	16.9	43.0
Other	395.1	170.1	90.6	27.6	13.0	58.2	71.3	71.6	11.6	(5.2)	12.6	42.3
C. Net Errors and Omissions	85.5	177.8	(3.6)	76.0	42.4	81.2	(21.8)	(35.4)	(38.2)	19.4	50.6	107.1
D. Overall Balance (A+B+C)	111.1	183.7	(255.5)	109.1	59.2	(43.3)	58.7	50.7	42.6	(96.0)	(86.4)	59.1
E. Financing (Net)	(111.1)	(183.7)	89.1	(109.1)	(59.2)	43.3	(58.7)	(50.7)	(42.6)	96.0	86.4	(59.1)
Change in SDR holdings	--	--	0.2	--	--	--	--	--	--	0.1	0.1	--
Change in Reserve Position with the IMF	(0.9)	(0.4)	0.7	--	0.1	--	(0.5)	0.3	0.3	--	0.1	(0.1)
Change in Ext. Foreign Assets () = Increase	(110.2)	(183.3)	88.2	(109.1)	(59.3)	43.3	(58.2)	(51.0)	(42.9)	95.9	86.2	(59.0)

Source: The Central Bank of the Bahamas

Figures may not sum to total due to rounding

TABLE 14
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
I. OIL TRADE													
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	70,256	75,242	78,175	62,701	
II. OTHER MERCHANDISE													
Domestic Exports													
Crawfish	67,696	89,809	106,381	86,107	36,422	529	19,275	50,155	19,432	3,399	18,409	44,867	
Fish & other Crustacea	4,211	1,712	1,773	1,285	843	--	538	392	426	389	378	92	
Fruits & Veggies.	7,514	2,013	2,000	1,369	542	239	34	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	8,632	7,319	8,235	7,158	
Other Cordials & Liqueurs	195	110	48	35	--	23	22	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	--	--	--	--	--	--	--	--	--	--	--	--	
Chemicals	13,124	433	49	--	2	47	--	--	--	--	--	--	
Other Pharmaceuticals	81	2,313	--	--	--	--	--	--	--	--	--	--	
Fragrances	64	423	--	--	--	--	--	--	--	--	--	--	
Other	83,115	65,733	117,726	107,550	27,127	21,017	46,996	22,586	28,408	27,516	21,028	30,598	
i) Total Domestic Exports	227,975	228,995	186,681	219,874	91,422	24,561	73,596	74,536	61,776	42,179	50,493	85,779	
ii) Re-Exports	78,490	69,203	76,235	123,338	16,059	23,246	19,520	17,410	21,426	55,156	17,585	29,171	
iii) Total Exports (i+ii)	306,465	298,198	262,916	343,212	107,481	47,807	93,116	91,946	83,202	97,335	68,078	114,950	
iv) Imports	1,635,942	1,600,835	1,616,895	1,690,140	394,326	378,858	413,980	429,731	425,444	401,637	397,509	465,550	
v) Retained Imports (iv-ii)	1,557,452	1,531,632	1,540,660	1,566,802	378,267	355,612	394,460	412,321	404,018	346,481	379,924	436,379	
vi) Trade Balance (i-v)	-1,329,477	-1,302,637	-1,353,979	-1,346,928	-286,845	-331,051	-320,864	-337,785	-342,242	-304,302	-329,431	-350,600	

Source: Department of Statistics Quarterly Statistical Summaries

TABLE 15
SELECTED TOURISM STATISTICS

Period	2003p			2004p			2005p			2006p				
	2003p	2004p	2005p	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I
Visitor Arrivals	4,594,042	5,003,691	5,035,818	1,094,044	1,109,878	1,346,782	1,295,825	1,132,651	1,260,560	1,285,708				
Air	1,428,973	1,450,037	1,514,532	318,012	284,613	394,922	431,804	358,664	329,142	410,156				
Sea	3,165,069	3,553,654	3,521,286	776,032	825,265	951,860	864,021	773,987	931,418	875,552				
Visitor Type														
Stopover	1,510,169	1,561,312	1,608,052	336,519	282,675	426,435	465,355	383,149	333,113	n.a				
Cruise	2,970,174	3,360,012	3,335,110	723,054	804,023	904,016	800,026	720,182	910,886	847,674				
Day/Transit	113,699	82,367	92,656	34,471	23,180	16,331	30,444	29,320	16,561	n.a				
Tourist Expenditure(B\$ 000's)	1,758,911	1,884,482	2,071,689	386,288	378,275	558,636	595,518	483,688	433,847					
Stopover	1,596,870	1,693,487	1,883,737	346,891	329,486	505,260	551,162	443,348	383,967	n.a				
Cruise	157,006	185,818	182,935	37,675	47,799	52,055	42,855	39,091	48,935	n.a				
Day	5,035	5,177	5,017	1,722	990	1,322	1,502	1,249	945	n.a				
Number of Hotel Nights	3,554,856	3,269,602	3,224,892	780,436	686,012	798,222	809,059	811,543	806,068	827,956				
Average Length of Stay	5.9	6.3	6.4	n.a	n.a	n.a	n.a	n.a	n.a	n.a				
Average Hotel Occupancy Rates (%)														
New Providence	66.4	70.9	75.4	69.1	61.7	80.7	81.1	74.1	65.8	83.3				
Grand Bahama	48.4	59.8	63.7	58.0	53.0	68.0	68.5	58.7	59.6	70.0				
Other Family Islands	34.8	37.1	39.4	34.8	30.4	44.0	50.6	33.4	29.7	34.6				
Average Nightly Room Rates (\$)														
New Providence	165.8	164.9	163.5	148.7	151.4	190.1	175.08	144.3	144.4	191.3				
Grand Bahama	83.5	92.3	109.8	82.6	103.6	123.3	108.78	97.9	109.4	143.7				
Other Family Islands	160.5	169.8	190.1	154.6	172.8	196.0	187.31	201.3	175.7	223.8				

Source: The Ministry of Tourism

GROSS ECONOMIC CONTRIBUTION OF THE FINANCIAL SECTOR IN THE BAHAMAS (2005)

INTRODUCTION

This article updates the Central Bank's survey on the contribution of the financial services sector to the economy of The Bahamas for the year 2005. The Bank has monitored employment and expenditure trends in the banking sector since the 1970s, more recently extending this exercise to other important activities including insurance, investment funds management and credit unions. Although the expanded coverage continues to improve, the scope of responses is not yet sufficient to permit aggregate analysis at the level of detail carried out for banks and trust companies. The exercise, nevertheless, permits more comprehensive inferences about trends in the sector's contribution.

Official estimates continue to place the financial sector's share of value added in The Bahamas' GDP between 15 to 20 percent. A significant share of this is derived from the marketing of international products and services. The Bahamas maintains a competitive edge in these activities owing to a variety of reasons, including its ability to support functional operations, backed by a sizeable pool of skilled labour, and a comprehensive regulatory infrastructure which sustains international confidence in the jurisdiction. Domestic services generate the remainder of the sector's economic benefits while also fulfilling the vital role of savings intermediation. Growth in the local sector's contribution is therefore correlated with the economy's performance, whereas the international sector thrives on a blend of external influences, of a competitive, regulatory and political nature.

According to the latest survey, indications are that the financial services sector's contribution to the economy increased further during 2005, with incremental gains in employment and average wages across most sectors. More noticeable growth in the scale of domestic operations contrasted with a less expansionary outcome on the international side—a development which was largely consistent with global trends vis-à-vis the streamlining of the size and location of operations, and reflected further structural adjustments to the enhanced regulatory infrastructure. Banking sector expenditures were retrenched, after the above average capital outlays and administrative expenses in 2004, while some core business growth

supported increased employment and stable outlays under investment funds management activities. The domestic insurance sector exhibited the strongest growth trends, following significant consolidation of operations in recent years. Credit unions, which have an exclusive local focus, maintained stable employment levels, but faced increased lending competition from banks, which dampened balance sheet expansion.

BANKING SECTOR

The outlook for the banking sector's contribution to GDP remained stable to positive during 2005; however, expenditures continued to be constrained by retrenchment of international operations. A number of managed banks and trusts companies were still transitioning into full compliance with the Central Bank's physical presence requirement, with an additional number deciding to surrender their licences. This, alongside the impact of continued mergers and rationalization of operations resulted in the revocation of 25 licenses, as opposed to the admission of 9 new licencees. As a result, there was a further decline in the number of licensed operations, to 250 from 266 in 2004. Public banking and trust operations decreased by 8 to 149, while restricted and non-active institutions fell by 8 to 101. The public licencees consisted of the euro currency branches of 34 foreign banks and trust companies and 93 Bahamian incorporated institutions, which together made up the offshore sector. The remaining 22 institutions, with domestic operations, consisted of 9 Authorized Agents and Dealers (commercial banks) and 13 Authorized Agents (12 trust companies).

Banking operations carried out through physical presence in the jurisdiction, which have a more direct impact on employment and expenditures, decreased in number to 205 from 213 in the previous year. Another 3 licencees were still in the process of establishing full physical presence, while a remaining 42 operated under restrictive management arrangements approved by the Central Bank.

The resilience of international banking and trust operations was more notable in the stable asset base of approximately \$300.0 billion. Indications are that the

value of fiduciary assets under management rose in comparison to 2004, while the number of companies under management (mainly IBCs) rose to 19,231 from 18,601 in 2004 and 15,147 in 2003. The domestic sector, inclusive of 22 public licenses, reported total assets of \$6.9 billion, an increase of 10.0% since 2004. Assets growth also supported a 35.1% boost in profits and a strengthening in the average return on assets ratio, to 3.47% from 2.70% in 2004.

EMPLOYMENT

Banking sector employment increased incrementally by 0.9% to 4,405 persons in 2005, continuing a soft upturn from job losses which occurred during 2002 and 2003. Gains were concentrated in the positions held by Bahamians, which strengthened further by 2.1% to 4,176, relative to the previous year's rise of 2.6%. This contrasted with the five year's average annual decline of 0.8% through 2004. Conversely, jobs held by non-Bahamians decreased by 16.4% to 229, reversing the previous year's increase of 3.4% to 274 and the average annual growth of 3.7% in the five years through 2004. As a result, the share of total employment accounted for by Bahamians firmed marginally to 94.8% in 2005.

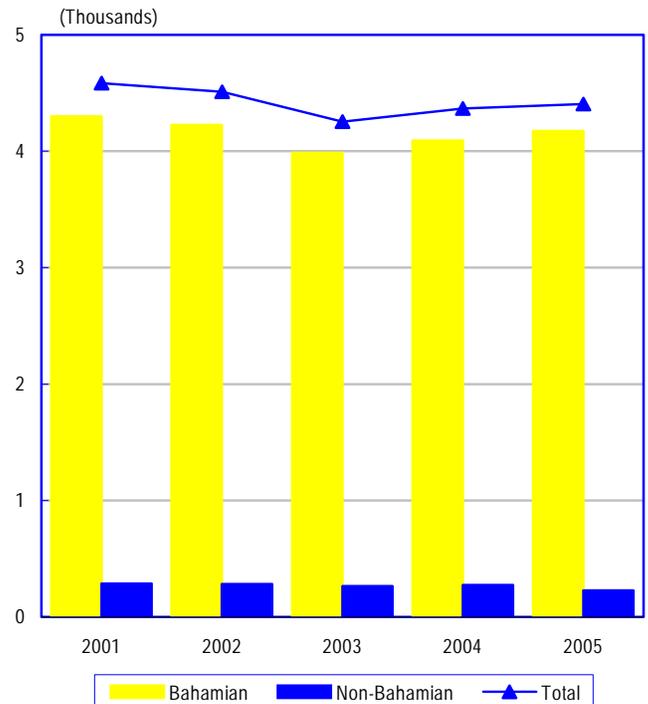
EXPENDITURE

Following reductions in non-staff operating expenses and a slowdown in capital investments, banks' total outlays in the economy contracted by \$44.1 million (9.5%) to \$419.0 million during 2005. While this contrasted with a significant run up of 16.5% in 2004, expenditure was still boosted in comparison to more tempered levels registered during 2002 and 2003.

After rising by 12.1% in 2004, operational outlays contracted by \$25.6 million (6.0%) to \$402.7 million, offsetting some of the five years' average growth of 4.2% through 2004. However, such costs firmed to 96.1% of total expenditures from 92.5% in the previous year. Subsequent to the extraordinary restructuring charges, which boosted administrative expenses by 18.6% in 2004, outlays decreased by \$24.2 million (12.2%) to \$173.6 million in 2005. In addition, various fees paid to the Government softened by 6.9% to \$17.6 million, marked by reductions for work permits (due to a decrease in the expatriate work-force), stamp duties and other fees. These were moderated by an increase in license fee

payments, following a hike in the rate schedule and in payments linked to growth in the formation and management of international business companies (IBCs).

Banking Sector Employment



However, salary expenses remained at \$209.1 million, following average yearly growth of 3.4% over the adjoining five years. Offset against increased employment, average annual compensation per employee declined marginally by 0.9% to \$47,469, partly reversing 2004's gain of 3.7% and contrasting with an average annual appreciation of 4.0% during 2000 to 2004. The entry level influences which affected this outcome were concentrated among Bahamians, where average pay declined by 0.1% to \$43,703. However, average remuneration for non-Bahamians advanced further, by 5.8% to \$115,965.

Banks' direct outlays on staff training continued to fluctuate, placed at \$2.4 million in 2005 compared to \$2.5 million in 2004. These however, understate total domestic resources directed at training, represented in the various programmes of study pursued at tertiary level institutions in The Bahamas and in the industry supported curricula of the Bahamas Institute of Financial Services.

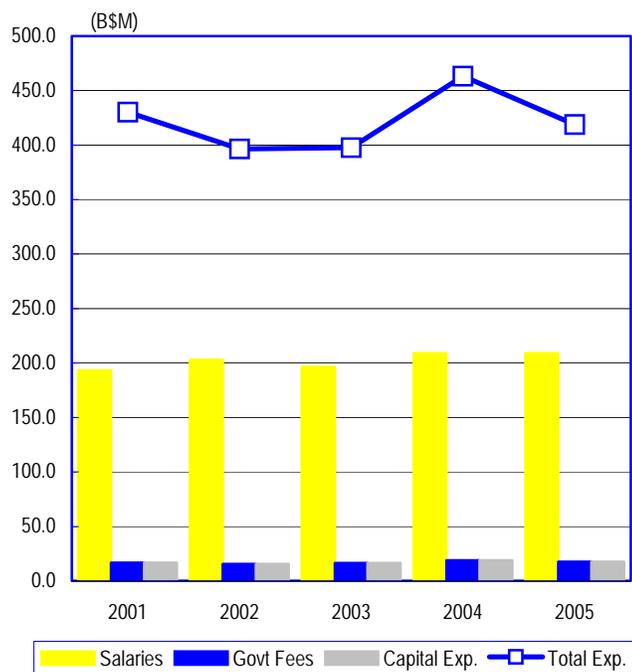
TABLE B. GROSS ECONOMIC CONTRIBUTION OF BANKS AND TRUST COMPANIES

Period	2000	2001p	2002p	2003p	2004p	2005p	2000	2001p	2002p	2003p	2004p	2005p
	DOMESTIC						OFFSHORE					
A. TOTAL EMPLOYMENT	3,274	3,283	3,284	3,192	3,252	3,300	1,186	1,245	1,227	1,061	1,114	1,105
1. Non-Bahamians	42	42	44	43	44	39	195	244	239	222	230	190
2. Bahamians (of which)	3,232	3,241	3,240	3,149	3,208	3,261	991	1,001	988	839	884	915
i) Local Banking	2,702	2,686	2,653	2,602	2,689	2,795	50	29	25	3	2	31
ii) Offshore Banking	58	29	103	101	132	70	539	533	524	483	540	530
iii) Trust Administration	280	316	248	287	240	229	148	169	174	168	153	222
iv) Other	192	210	236	159	147	167	254	270	265	185	189	132
	(B\$ Millions)											
B. TOTAL OPERATIONAL COSTS (1+2+3+4)	216.4	227.7	227.3	224.6	257.2	239.0	146.8	151.7	149.7	157.5	171.1	163.7
1. Salaries	119.9	121.5	128.8	128.9	132.4	135.6	63.0	71.7	74.0	67.7	76.7	73.5
2. Government Fees	6.2	6.6	6.3	6.7	7.5	8.3	11.2	9.9	9.2	9.7	11.4	9.3
i) Licence	3.0	3.0	3.1	2.7	2.8	4.5	5.7	5.0	4.2	3.9	4.2	4.8
ii) Company Registration	0.3	1.1	0.7	0.7	0.7	0.7	0.7	1.4	2.1	0.7	0.7	1.1
iii) Work Permits	0.4	0.5	0.4	0.5	0.6	0.5	1.8	1.8	1.9	1.8	1.8	1.8
iv) Other Government Fees	2.5	2.0	2.2	2.7	3.4	2.6	3.0	1.7	1.0	3.4	4.7	1.5
3. Staff Training	1.7	1.2	1.3	1.2	1.3	1.4	1.5	1.0	1.6	1.1	1.1	1.0
4. Other Administrative Costs	88.6	98.4	90.9	87.8	115.9	93.7	71.1	69.1	64.9	78.9	81.9	79.9
C. CAPITAL EXPENDITURE 1/	14.2	25.3	13.2	11.8	27.9	11.6	31.4	23.3	6.2	3.6	7.0	4.7
D. TOTAL EXPENDITURE (B+C)	230.6	253.0	240.5	236.4	285.0	250.5	178.2	175.0	155.8	161.1	178.1	168.4
E. AVERAGE SALARY (B\$'000)	36,619	36,381	39,217	40,379	40,723	41,091	53,134	57,603	60,318	63,808	68,840	66,516

Source: The Central Bank of The Bahamas

1/ (includes construction, renovation expenses and other fixed assets)

Banks' Local Expenditure



Significant slowdown was also recorded in investment outlays, which reverted to \$16.3 million from an elevated \$34.8 million in 2004. Of note, were reduced spending for land purchases (76.8%), new premises (66.0%), renovation (56.2%) and office equipment and furniture (30.4%).

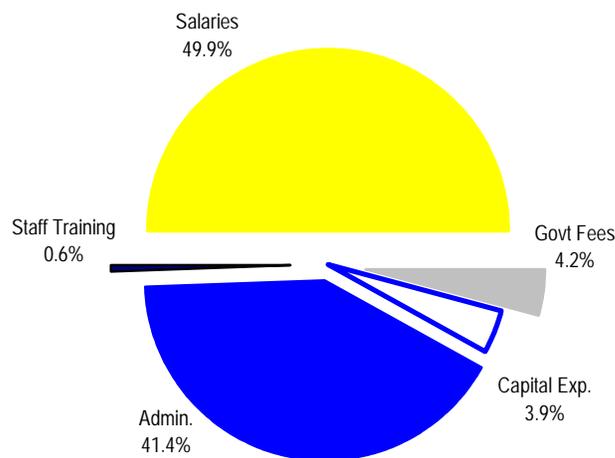
DOMESTIC VERSUS INTERNATIONAL BANKING

Because of important operations differences, it is useful to separately analyze developments in the domestic and international sectors. The domestic sector is comprised of a small number of retail banks, with more labour intensive operations, while international licensees engage more skilled labour and offer private portfolio and wealth management services to high net worth clients. Despite this distinction, most of the domestic licensees also conduct significant business with international clients.

Estimated employment among domestic banks and trust companies increased by 48 (1.5%) to 3,300 during 2005, contrasting with 9 (0.8%) fewer positions in the offshore sector, at 1,105. As a result, the share of total

employment generated by the domestic sector firmed incrementally to 74.9%. The number of Bahamians employed in these operations rose by 1.7% to 3,261, while expatriate employment decreased by 11.4% to 39. Consequently, the ratio of Bahamians to non-Bahamians in local operations rose to 84:1 from 73:1 in the previous year.

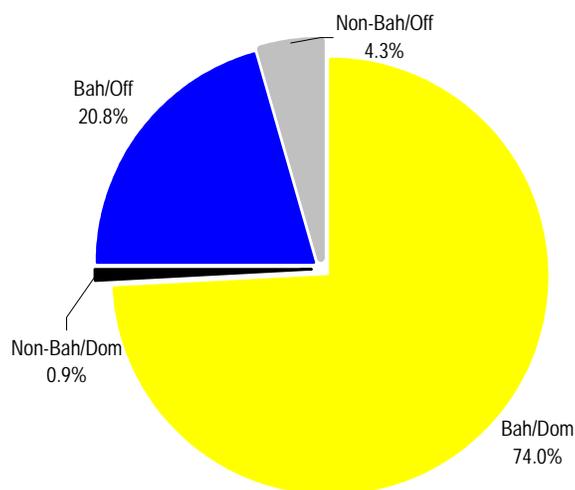
Banks' Expenditure Components (% of Total)



In the international sector, employment gains were also noted for Bahamians of 31 (3.5%) to 915 persons, while non-Bahamian positions decreased by 40 (17.4%) to 190. Correspondingly, the ratio of Bahamians to non-Bahamians in external operations increased to 5:1 from 4:1 in the previous year.

During 2005, domestic institutions accounted for an incrementally reduced share of banks and trust companies' total expenditures (59.8%), with the estimate narrowed by 12.1% to \$250.5 million. Operational costs fell by \$18.2 million (7.1%) to \$239.0 million, reflecting a 19.2% contraction in non-staff administrative expenses which were extraordinarily elevated in 2004 owing to restructuring cost incurred in a number of banks. In contrast, at nearly two-thirds of outlays, salaries rose by 2.4% and amounts paid to Government, by 10.7%, given the increased licence fee structure. However, investment expenditures declined by 58.4% to \$11.6 million, with outlays broadly curtailed for renovations, new premises, land purchases and office equipment and furniture.

Employment: Domestic & Int'l Banks (2005)



Largely owing to a reduced number of operations, international banks' gross expenditures declined by 5.4% to \$168.4 million. Operational costs contracted by 4.3%, owing to reductions in salaries (4.2%), government fees (18.4%) and non-staff administrative expenses (2.4%). Meanwhile, investment outlays fell by a third to \$4.7 million, highlighted by lessened expenditures on purchases and renovations of premises.

The higher skills content in international job functions accounts for above average wage compensation relative to the domestic sector. However, the gap narrowed, as with the lessening of the expatriate influence, average annual pay in the international sector softened by 3.4% to \$66,516. Conversely, average salaries in the local sector firmed marginally (0.9%) to \$41,091.

OTHER FINANCIAL SECTOR ACTIVITIES

Table C summarizes selected information on other financial sector activities, including some results from the Central Bank's expenditure and employment survey for 2005.

INSURANCE SECTOR

Available estimates of the insurance sector's contributions are more comprehensive in respect of the domes-

tic companies and a limited number of large brokerage operations. Respondents to the Central Bank survey provided employment for over 1,400 persons and incurred aggregate expenditures of \$121.5 million. These are therefore fairly representative of average employment and expenditure trends, but consequently understate the gross value of the sector's contribution.

As reported by the Office of the Registrar of Insurance Companies, the number of licensed insurance companies, brokers, agents and managers in The Bahamas increased by 4 to 195 at end-2005. Operations in the domestic sector rose by 3 to 155, while licensed external insurers rose by 1 to 40. For 2004, the latest date for which information was available, combined assets of the domestic companies (life, health, property and casualty) were estimated at \$972.6 million, an increase of 9.2% over 2003, and on pace to eclipse the \$1 billion mark by 2005. Approximately 57.2% of total assets were concentrated among life and health companies.

From the Central Bank's survey, indications are that operational outlays in the insurance sector rose by 13.4% during 2005, accounting for 91.9% of total expenditures. Wage expenses increased by 9.1%, with the average salary up by 4.5% to \$44,024 per annum. This trend also encapsulated stronger employment growth of 4.4%. The share of insurance sector jobs held by Bahamians remained at approximately 98.0%.

INVESTMENT FUNDS INDUSTRY

Data from the Securities Commission revealed that the number of investment fund administrators, which support the bulk of the sector's employment and expenditures, remained at 59 during 2005—as an existing operation was taken over by a trust company and one new entity was licensed. Although the number of active funds under management decreased to 699 from 838, indications are that business activity increased during the year, as, the corresponding value of assets managed rose by 7.2% to US\$175.2 billion. Fund administrators also reported an increase in the number of IBCs under management.

As 29 of the banks and trust companies are also licensed as fund administrators, significant data on the sector are also captured under the banking sector estimates. A remaining 30 administrators are supervised exclusively by the Securities Commission, of which two-

Table C: Other Selected Financial Sector Statistics

	Unit	2001	2002	2003	2004	2005p
Investment Funds Administrations						
Licensed Mutual Funds	Number	673	706	721	838	699
Licensed Administrators	Number	58	61	66	59	59
<i>Asset Under Management</i>	<i>B\$ Billions</i>	94.5	97.3	107.4	163.4	175.2
<i>Average Annual Salaries</i>	<i>B\$</i>	61,497	59,836	59,862	57,099	57,159
<i>Operating Costs / Total Expenditures</i>	<i>%</i>	88.8	98.2	98.2	96.8	93.3
Insurance Companies and Agents						
Domestic Companies and Agents	Number	147	179	186	191	195
<i>Total Domestic Assets</i>	<i>Number</i>	120	144	150	152	155
<i>Average Annual Salaries</i>	<i>B\$ Millions</i>	682.55	740.70	890.84	972.6	n/a
<i>Operating Costs / Total Expenditures</i>	<i>B\$</i>	41,721	40,529	40,845	42,120	44,023
	<i>%</i>	96.9	97.7	96.9	94.6	91.9
External Insurers	Number	27	35	36	39	40
Credit Unions						
Number of Unions	Number	19	20	19	19	19
<i>Total Assets</i>	<i>B\$ Million</i>	120.4	132.5	150.1	159.9	176
<i>Employment</i>	<i>Number</i>	99	96	104	105	105
<i>Average Annual Salaries</i>	<i>B\$</i>	20,339	21,146	22,394	27,602	28,293
<i>Total Expenditures</i>	<i>B\$ Million</i>	5.12	6.17	6.08	7.99	6.87
<i>Operating Costs / Total Expenditures</i>	<i>%</i>	89.9	65.4	89.5	72.9	81.7
Bahamas International Securities Exchange (BISX)						
Listed Public Companies	Number	17	16	17	19	19
<i>Shares Traded</i>	<i>Thousands</i>	3,958	2,748	3,569	7,996	6,724
<i>Market Capitalization</i>	<i>B\$ Billion</i>	1.68	1.76	1.66	1.90	2.60

Sources:

The Central Bank of The Bahamas, Bahamas International Securities Exchange (BISX),
The Securities Commission of The Bahamas and The Registrar of Insurance Companies.

thirds maintain some physical presence in The Bahamas. Information on the bulk of these operations indicate that employment in investment fund management activity rose by an estimated 7.3% in 2005, with jobs held by Bahamians accounting for 95.8% of the total. Meanwhile, average salaries paid in such functions firmed marginally to \$57,161. Although total expenditures were stable, operating costs fell as a percent of the total, to 93.3% from 96.8% in the previous year.

CREDIT UNIONS

According to the Department of Cooperative Development, the number of registered credit unions remained at 19 during 2005. While total assets reached \$176.0 million, after heightened competition from accelerated credit trends in the banking sector, the corresponding growth decelerated to 3.4% from 13.4% in 2004.

The Central Bank's survey revealed that the number of persons employed by credit unions was unchanged at 105. Average annual compensation remained competitive against other domestic financial services providers. However, estimates, though increased to \$28,295 from \$27,600 in 2004, were biased downward, owing to the significant use of part-time resources. Expenditures decreased by 14.0% to \$6.9 million during 2005, still preserving healthy average annual growth since 2000 of 7.6%. Operational expenses fell by 3.6% to \$5.6 million, however, the salary component, which accounted for 52.9% of the total, rose by 2.5% and. Also, capital spending was almost halved to \$1.2 million, following significant investments in real estate during 2004.

CAPITAL MARKETS DEVELOPMENTS

Investor confidence was more upbeat in the domestic capital markets during 2005, as gains, especially in the third quarter, moved the market higher. Despite a 16.3% falloff in trading volumes, to 6.7 million shares, the value of shares traded on the Bahamas Investment Securities Exchange (BISX) rose by 49.4% to \$36.3 million. Further, the BISX All Share Price Index appreciated by 30.0% to 1,350.7 points continuing the (19.7%) gain reported in the previous year. The broader Fidelity Capital Market Limited Index (Findex), which captures over-the-counter trading, also advanced by 28.4% to 551.9 points, extending the previous year's gain of 14.9%. As there were no new initial public offerings

(IPOs), the number of publicly traded companies listed on BISX was unchanged at 19; albeit, total market capitalization increased by 34.8% to \$2.6 billion.

The most significant development affecting the capital markets during 2005 was the Government's acceptance of a set of proposals from the Central Bank to relax a broad range of Exchange Control measures affecting overseas investments by residents. Many of these changes, which became effective in January 2006, are intended to stimulate increased activity on BISX. In particular, subject to a 5 percent limit against the Bank's external reserves, up to \$25 million annually has been earmarked for direct purchases of external securities publicly traded on major foreign stock exchanges, which will be backed by issues of Bahamian Dollar Depository Receipts (BDRs) listed on BISX. The Government also approved a framework to permit temporary residents with a right to work in The Bahamas and foreign owned businesses in the domestic market to invest in local securities. Moreover, consent was given for the facilitation of the eventual cross-listing on BISX of public securities traded on Caricom stock exchanges and vice-versa, within an annual net outflow limit of \$20 million.

RECENT REGULATORY DEVELOPMENTS

A sound, dynamic and efficient regulatory infrastructure is vital to the operations of the financial services sector, including the advantages enjoyed in the provision of international services. Developments during 2005 were headlined by the Government's appointment in June of a Financial Services Regulatory Reform Commission, to consider options for consolidating the supervision of financial services activities in The Bahamas. The Commission is chaired by the Minister of State for Finance, Senator, the Honourable James Smith, and has representation from all of the regulatory agencies.

Otherwise, regulatory efforts were concentrated at the agency level, aimed at enhancing the implementation of the legislative regime introduced since 2001. The Group of Financial Services Regulators (GFSR), comprised of the five domestic supervisors, continued to actively co-ordinate inter-agency cooperation on supervisory matters and in June published an Information Sharing Handbook, to inform overseas regulators of the procedures to follow when making requests of The Bahamas for cross-border cooperation.

In the banking sector, the Central Bank introduced five additional regulations and guidelines affecting the operations of its licensees, targeted, inter alia, at a further strengthening of the anti-money laundering framework and addressing balance sheet issues related to liquidity and risk management. As part of the consultative process, industry and public comment was invited on five draft guidelines on a further range of risk management issues. The Bank also continued to provide direct assistance to foreign regulators, receiving and responding to 33 requests from 20 countries, and signed Memoranda of Understanding (MOUs), with two additional regulators, establishing direct protocols for future cooperation.

CONCLUSION

The 2005 survey indicated that the financial services sector's contribution to the Bahamian economy was

stable to marginally firmed during year, with mixed trends in the various sub-sectors and with separate, varying factors explaining the domestic versus international developments.

At its base, the sector will continue to be supported by a cadre of highly skilled professionals and the expanding product range which permits diversified business growth. Efforts continue to focus on strengthening the supervisory and regulatory processes, harmonization of external cooperative mechanisms and refining the legislative regime, to sustain confidence in The Bahamas as a choice jurisdiction for international business—a focus which reinforces prospects for resumed medium-term growth in the sector.