

The Central Bank of The Bahamas



Quarterly Economic Review

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

QUARTERLY ECONOMIC REVIEW

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REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

DOMESTIC ECONOMIC DEVELOPMENTS

Preliminary indicators are that the pace of economic activity moderated during the third quarter of 2001, as the September 11 terrorist attacks on the United States caused a severe disruption in tourism activity. Although growth prior to this period was already constrained by ongoing economic weakness in the United States, the tourism sector continued to benefit from restored and upgraded capacity in Grand Bahama and modest product pricing gains. Despite some recovery in activity since September, the full impact of the attacks on the economy is expected to become more evident in the fourth quarter, and during the first half of 2002.

Construction sector output also showed signs of moderation, owing to the less expansionary economic environment, but inflation pressures remained subdued. In the context of the prevailing economic environment, Government's budgetary operations resulted in a small deficit in the first quarter of the fiscal year, as compared to a modest surplus in FY2000/01. In the financial sector, less buoyant foreign currency inflows resulted in a leveling-off in deposit growth, which still trailed credit expansion, to occasion a further reduction in bank liquidity. Nevertheless, average lending rates softened, amid credit tightening policies introduced by the Central Bank to dampen the drain on external reserves. In the external sector, reduced net tourism inflows caused a modest increase in the current account deficit, while net capital inflows receded in line with the completion of major investment projects in the hotel sector.

Average free cash reserves of the banking system were virtually unchanged relative to the second quarter, at \$53.4 million, but were some 40.1% below the year earlier level. The more indicative secondary liquidity (surplus liquid assets) declined by 55.6% to \$22.8 million, representing a considerably reduced 4.0% of the statutory minimum, as compared to 14.6% in 2000. Although this prompted some upward shift in the range of deposit rates, the weighted average rate was stable at 4.25%. However, average lending rates softened by 60 basis points to 11.14%, for a similar reduction in the loan-to-

deposit rate spread to 6.89%. The average 90-day Treasury bill rate increased by 20 basis points to 2.00%, but commercial banks' Prime Rate and the official Discount Rate were unchanged at 6.00% and 5.75%, respectively.

Monetary expansion (M3) continued apace with the year-earlier outturn of 1.8%, but with a stronger rate of accumulation for fixed balances of 3.1% vis-a-vis 1.9% in 2000. Growth in savings deposits was significantly slowed at 0.2% from 2.0%, while demand balances contracted by 0.2% relative to a 2.7% gain last year. Resident foreign currency deposits also declined by 3.8%, while growth in the currency component slowed to 0.3%.

Domestic credit expansion outpaced money growth, but slowed to 3.5% from 4.8% last year. Private sector credit trends, which had exhibited moderation since the beginning of the year, were further dampened by the Central Bank's July directive for restraint in credit expansion as specified in the direct freeze on the level of outstanding loans and advances in September. Consequently, the increase in outstanding claims on the private sector abated to 2.7% from 4.3% in the same quarter last year, and was highlighted by considerably reduced consumer credit expansion and net repayments on some business loans which sustained support for mortgage lending. The increase in net claims on Government also slowed to 9.1% from 11.6%, with credit to the rest of the public sector up by 6.5%, reversing the 5.1% decline registered last year.

Available data suggest that the sharp falloff in tourism activity following the September 11 terrorist attacks on the United States caused a contraction in earnings for the sector relative to the third quarter of 2000. Amid a 21.0% decrease in arrivals during September, total visitor arrivals declined by 1.8% for the quarter to 0.93 million, contrasting with marginal growth of 0.4% last year. In particular, the 37.3% slash in air arrivals in September translated into a third quarter decline of 3.0%, as opposed to a 3.7% gain in 2000. Meanwhile, sea visitors were less sensitive to the terrorist attack, losing 12.6% for September, but only 1.0% for the

quarter, following a strong New Providence centred growth of 32.6% in 2000. Although pricing data were not available, indications are that average hotel occupancy rates were at least one-third lower in September, with the quarterly rate for New Providence lower at 37.4% from 53.2% in 2000.

As regard other real sector indicators, less activity in upscale second home and condominium developments and reduced foreign investments resulted in a 19.1% decline in third quarter valuations on construction starts to \$40.3 million. This, however, reflected modest positive support from public sector investments, which featured even more strongly in the 54.0% hike in the value of projects completed, to \$83.8 million. Completions were bolstered by both residential (37.6%) and commercial and industrial projects. However, public sector approvals supported most of the 8.2% appreciation in the value of building permits issued to \$127.8 million, as against a lesser 3.8% gain in the residential component and a 1.4% decline in commercial and industrial values.

Available data on fisheries landings for the first half of the year indicate a 21.6% decline in the estimated value to \$21.6 million, with the predominant crawfish catch lower in both weight and value by approximately one third. A 20.7% decrease in export earnings on crawfish to \$38.5 million also underpinned the 17.2% decline in the value of fisheries exports to \$42.4 million in the first nine months of the year.

On the fiscal side, the central Government recorded a preliminary deficit of \$2.4 million during the first quarter of FY2001/02 as compared to a surplus of \$5.9 million in the same period last year. Although expenditure growth of 2.6% to \$225.3 million remained within the budgeted range, revenue collections declined by 1.1% to \$222.9 million, mainly corresponding to reduced tax flows from offshore companies registration and decreased stamp levies on financial transactions. Meanwhile, total expenditure growth reflected a 58.1% hike in capital outlays and a 2.2% increase in recurrent outlays, largely to meet salary adjustments approved in the Budget. Budgetary financing included net local currency borrowings of \$39.1 million, as against net foreign currency debt repayment of \$2.9 million. As a result, the Direct Charge on Government grew by \$36.8 million (2.4%) to \$1.56 billion. However, the National Debt rose by a slightly lesser amount

(1.6%) to \$1.92 billion, following a marginal decrease in the guaranteed borrowings of the public corporations.

On the inflation front, the quarter on quarter change in the average Retail Price Index was marginally firmer at 0.2%, compared to the same period in 2000, mainly influenced by incrementally higher average costs for food & beverages and transportation & communication. However, on an annual basis average retail price inflation moderated to 1.6% from 1.8% in 2000, featuring a lower increase in average housing costs and a significant leveling-off in the educational costs component to 4.0% from 15.2% in 2000, when programmed hikes in tuition at the College of The Bahamas were a factor.

External sector developments featured an estimated 39.1% widening on the current account deficit to \$60.1 million from \$43.2 million last year. In particular, a 4.8% decrease in estimated net tourism receipts contributed to a reduced surplus on net invisible receipts of 9.0% to \$193.5 million. Nevertheless, the merchandise trade deficit moved only marginally higher to \$242.6 million, benefiting from a reduction in the oil bill, which largely offset the decline in net exports. Otherwise, net outflows on the income account decreased moderately to \$20.0 million, and net current transfer payments were almost unchanged at \$9.0 million.

The surplus on capital and financial flows narrowed considerably to \$52.9 million from \$128.0 million in 2000, mainly corresponding to the conclusion of major investment projects in the hotel sector. In particular, the combined net private equity and loan inflows decreased to \$33.9 million from \$86.3 million last year. More positively, however, net foreign real estate sales were relatively unchanged at \$9.3 million. Conversely, the public sector's net external debt repayment increased modestly to \$7.3 million, while net short-term capital inflows through the banking system were approximately halved to \$20.2 million.

FISCAL OPERATIONS

Preliminary estimates of central Government's operations for the first quarter of FY2001/02 show an overall deficit of \$2.4 million in contrast to a \$5.9 million surplus in the comparative 2000/01 period. A 2.6% gain

in overall expenditures to \$225.3 million, contrasted with a modest decrease in revenue collections of 1.1% to \$222.9 million, principally explained by the weakening economic environment.

REVENUE

Revenue trends featured a 3.4% decline in tax collections to \$206.4 million, representing 92.6% of the total. In particular, both general stamp taxes on financial & non-trade transactions and motor vehicle taxes contracted by a third to \$17.8 million and \$2.2 million, respectively. Following enhancements to the regulatory environment, business and professional licence fees,

and transactions rose by 3.2% to \$121.2 million, largely explained by a 4.6% increase in import duties, which added to the 7.1% growth in other trade related levies. Benefitting from increased casino gaming activity, selective taxes on services advanced by 9.5% to \$8.5 million; property taxes gained 5.1% to \$4.4 million and revenue derived from “other taxes” advanced by 7.1% to \$33.1 million.

Non-tax revenue, which constituted the remaining 7.4% of total revenue, increased by 40.1% to \$16.5 million, as receipts from fines, forfeits and administrative fees rose by 51.6% to \$14.8 million countering the 15.5% decrease in the combined income from public enterprises to \$1.6 million.

EXPENDITURE

For the review quarter, total expenditure advanced by 5.5% to \$224.3 million, with significantly higher capital spending and increased budgetary outlays for personal emoluments. On a proportional basis, recurrent spending comprised 90.7% of total expenditure, followed by capital outlays (8.9%) and net lending to the public corporations (0.4%).

A breakdown of recurrent expenditure by economic classification indicates a 5.1% hike in government consumption to \$127.4 million, led by a 6.5% advance in the wage bill to \$93.6 million (45.8% of the total). Meanwhile, transfer payments declined by 2.2% to \$76.9 million in the wake of a 3.1% drop in subsidies & other transfers and, a marginal fall-off in interest payments on debt obligations to \$24.5 million continued to benefit from lower average interest rates.

By functional disaggregation, recurrent outlays for general public services rose by 0.6% to \$56.4 million—for 27.6% of total recurrent spending—while disbursements for economic services advanced by 13.5% to \$22.6 million (11.1% of the total). Conversely, outlays for education fell by 1.1% and health by 0.8%, which respectively accounted for 19.4% and 17.8% of the total.

The rise in capital spending reflected a nearly three-fold hike in public works and infrastructural projects to \$8.8 million, primarily for the commencement of the New

Government Revenue By Source				
July - September				
	FY 00/01p		FY 01/02p	
	B\$M	%	B\$M	%
Property tax	4.2	1.9	4.4	2.0
Selective services tax	7.7	3.4	8.5	3.8
Bus. & Prof. lic. fees	9.0	4.0	7.3	3.3
Motor vehicle tax	3.4	1.5	2.2	1.0
Departure tax	14.6	6.4	12.4	42.0
Import duties	87.8	38.8	22.8	10.2
Stamp tax from imports	23.5	10.4	4.6	2.1
Export tax	3.7	1.6	0.0	0.0
Stamp tax from exports	0.0	0.0	17.9	8.0
Other stamp duty	27.3	12.1	33.1	14.8
Other tax revenue	34.6	15.3	14.8	6.6
Fines, forfeits. etc.	9.7	4.3	0.1	0.0
Income	1.9	0.8	1.6	0.7
Other non-tax rev.	0.0	0.0	0.0	0.0
Capital revenue	0.0	0.0	0.0	0.0
Grants	0.0	0.0	0.0	0.0
Less: Refunds	1.0	0.4	0.5	0.2
Total	226.4	100.0	222.9	100.0

including IBC registrations, decreased by 18.3% to \$7.3 million; and reduced tourist traffic, principally during September, constrained departure taxes by 16.3% to \$12.4 million. In contrast, taxes on international trade

Providence Road Development Project, alongside a \$3.4 million increase for education, mainly for repairs and construction of schools. However, some offset was provided from lower investments in general public services, at \$2.0 million vis-à-vis \$3.1 million in the previous fiscal year.

FINANCING AND NATIONAL DEBT

Budgetary financing included \$50.4 million in domestic securities proceeds, alongside short-term advances (\$13.9 million) from the banking system and external loan drawings of \$1.1 million. Debt repayment totaled \$29.2 million, inclusive of \$25.2 million on Bahamian dollar obligations and \$4.0 million on foreign currency liabilities.

For the Bahamian dollar component, which represented 91.8% of the total, public corporations remained the largest creditor, with a slightly reduced share of 40.9%, followed by banks (23.7%), whose share also declined. Meanwhile, slightly higher proportions were held by private and institutional investors (22.1%) and the Central Bank (13.0%).

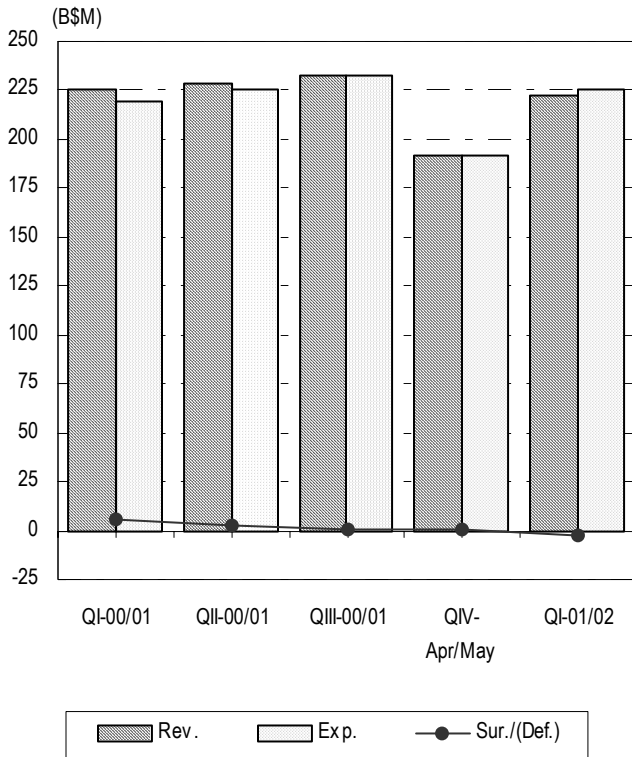
PUBLIC SECTOR FOREIGN CURRENCY DEBT

Provisional data on the stock of public sector foreign currency debt indicate a \$7.3 million (3.6%) decline to \$376.1 million during the third quarter of 2001, based on drawings of \$1.3 million as against principal repayments of \$8.6 million. The Government was directly responsible for \$128.1 million (34.0%) of the total, and the public corporations the remaining \$248.1 million (66.0%)

Compared to the third quarter of 2000, foreign currency debt servicing grew by \$3.8 million (39.9%) to \$13.2 million, comprising a \$2.7 million increase in amortization payments to \$8.6 million, and a \$1.1 million increase in interest charges to \$4.6 million. Debt service as a proportion of estimated exports of goods and non-factor services decreased to 2.1% from 2.3% last year, albeit, the ratio of the Government's foreign currency debt service to total revenue was stable at 2.1%.

By creditor profile, multilateral institutions retained the largest share of the foreign currency debt (60.3%), followed by commercial banks (20.7%), United States' private capital markets (13.3%), bilateral institutions (5.3%) and offshore financial institutions (0.1%). The average maturity of the debt was centered at just less than ten years, and almost entirely denominated in United States dollars.

Fiscal Operations



The Direct Charge on Government rose by \$36.8 million (2.4%) to \$1,557.7 million as against the preceding year's quarterly increase of \$29.3 million or 2.0% to \$1,520.9 million. Contingent liabilities of the public corporations contracted by \$6.6 million to \$363.8 million, limiting growth on the National Debt to 1.6% for an outstanding stock of \$1,921.6 million, which was still some \$30.3 million below the end-1999 level.

REAL SECTOR

TOURISM

Preliminary data for the third quarter of 2001 revealed a downturn in tourism activity, as the September 11 terrorist attacks on the United States sharply curtailed air and sea arrivals in September. However, given the timing, overall arrivals for the quarter were only modestly below 2000 levels. Nevertheless, the full impact of the terrorist attacks is not likely to be visible until the fourth

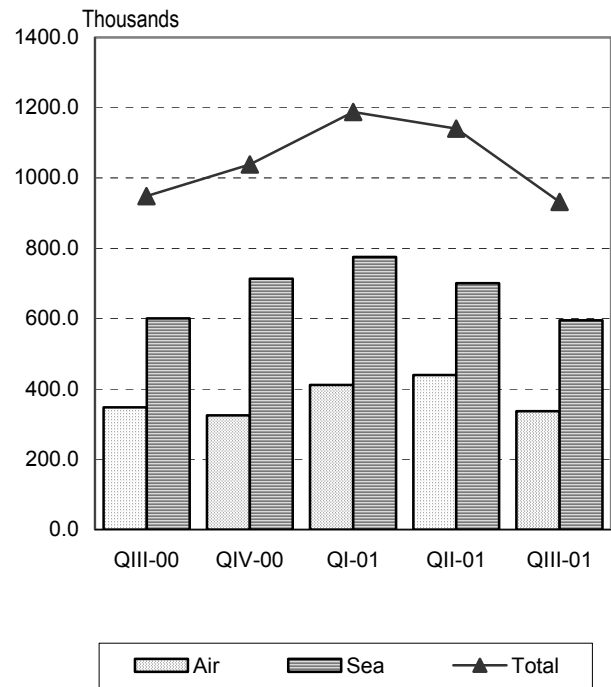
quarter and into the first half of 2002, given the seasonal pattern of industry earnings being more concentrated in the first two thirds of each year.

During the third quarter, total visitor arrivals contracted by 1.8% to 0.93 million, contrasting with a strong growth of 20.3% in 2000. Sea arrivals declined by 1.0% to 0.60 million passengers, partially reversing last year's 32.6% upturn. Indicative of long-stay visitor trends, the 3.0% contraction in air arrivals to 0.34 million contrasted with an increase of 3.7% in 2000.

A breakdown of port of entry data reveals that total arrivals to New Providence fell by an estimated 2.2%, following cruise sector driven gains of 9.7% in 2000. For the month of September, the comparative decline was estimated at 15.7%, with sea traffic down by 12.6% and air arrivals lower by 37.3%. Grand Bahama experienced a quarterly loss in total arrivals of 2.9%, following a contraction of 15.8% in 2000 when cruise traffic declined. This, however, reflected continued weakness in July and August, as growth of 17.5% was experienced in September, with sea traffic improving by approximately 85%; albeit, air arrivals receded by approximately 24% in the same month. Family Island trends were in line with New Providence, with air arrivals contracting during the quarter by 3.4% and more steeply by 29.5% in September. However, average sea visitor growth of more than 40% in the first two months of the quarter, overshadowed September's 58.9% fall-off to support total arrivals growth of 1.2% for the quarter.

Available hotel occupancy data revealed declines across all markets, with New Providence the least affected, but at 64.7% for the quarter compared to 70.2% in the same period last year. For September 2001, the comparative occupancy ratio for New Providence was placed closer to 40% as compared to the lower 50% range in 2000.

Arrivals



CONSTRUCTION

Overall indications are that construction output was weaker than in the third quarter of 2000, with declines in valuations on both new and planned private sector investments. However, significant support was evident from a strong increase in public sector investments.

Although the total number of projects started during the quarter rose by 8 units (3.3%) to 251, value was considerably lower by 19.1% at \$40.3 million. Given the slowdown in high value condominium and second home developments, residential estimates, which accounted for 88.6% of the total, declined by 18.6%, despite a modest increase in the number of projects to 232 from 223 last year. In addition, the number of commercial projects started decreased from 20 to 17, with an almost one-third decline in value to \$4.1 million. The public sector commenced two projects valued at \$0.5 million compared to no reported activity in 2000.

An important contribution was provided by building completions, which increased by 8 to 403 and in value by 54.0% to \$83.8 million. While this included fewer

commercial completions (40 units), the corresponding value was almost one-third higher at \$15.8 million. In addition, residential completions, which increased in number (5.5%) to 362, recorded a 37.6% appreciation in assessed value to \$58.3 million. A single public sector completion valued at \$9.7 million was recorded, as compared to a nil position in 2000.

Construction Activity (July – September)			
	2000	2001	% Δ
Building Permits			
Number	765	723	-5.5
Value (B\$M)	118.2	127.8	8.2
Building Starts			
Number	243	251	3.3
Value (B\$M)	49.8	40.3	-19.1
of which: Residential	43.8	35.7	-18.6
Commercial	6.0	4.1	-31.5
Public	--	.5	100.0
Building Completions			
Number	395	403	2.0
Value (B\$M)	54.4	83.8	54.0

Indicative of future building activity, the value of permits granted increased by 8.2% to \$127.8 million, despite the number of approvals being lower at 723 from 765 units in 2000. The improvement was led by the hike in public sector valuations to \$8.8 million from \$1.4 million last year. The number of housing permits also decreased by 5.6% to 607 units, with a boost in valuation (3.8%) to \$78.8 million. Meanwhile, commercial and industrial permits decreased by 8.3% to 110, with the associated value 1.4% lower at \$40.2 million.

PRICES

Based on variations in the average Retail Price Index during the third quarter, consumer price inflation measured 0.2% vis-à-vis 0.1% last year. The leading influences included hikes in average costs for food & beverages (0.2%) and transportation and communication (0.4%) from unchanged positions in 2000, with a rebound in average costs on recreation & entertainment (1.0%)—a less significantly weighted component in the Index.

Average Retail Price Index (Annual % Change) SEPTEMBER

	2000		2001		
Items	Weight	Index	%	Index	%
Food & Beverages	138.3	107.7	1.0	110.1	2.2
Clothing & Footwear	58.9	106.4	0.7	106.9	0.4
Housing	328.2	102.6	0.3	102.8	0.2
Furn. & Household	88.7	105.6	1.8	108.2	2.4
Med. Care & Health	44.1	108.4	2.1	110.4	1.8
Trans. & Comm.	148.4	102.3	2.3	103.4	1.1
Rec., Enter. & Svcs.	48.7	108.6	-0.5	111.7	2.8
Education	53.1	131.0	15.2	136.2	4.0
Other Goods & Svcs.	91.6	102.3	0.7	106.0	3.6
ALL ITEMS	1000.0	105.7	1.8	107.4	1.6

On an annual basis through September, average consumer price inflation rose at a more moderate pace of 1.6% as compared to 1.8% in 2000, with the more heavily weighted housing component advancing at a slightly reduced pace of 0.2%. Moderate influences were also exerted by the sharp decrease in education cost advances (4.0%) compared to a 15.2% rise last year, following the phased-in tertiary level tuition hikes in 2000, and from lesser average costs increases on clothing & footwear (0.4%), medical care & health (1.8%) and transport & communication (1.1%). Some offset was provided from stronger advances in the average prices for recreation & entertainment (2.8%), other goods & services (3.6%), furniture and household operations (2.4%) and food & beverages (2.2%).

FISHERIES

Department of Fisheries estimates for the first six months of the year showed total fisheries landings contracting by 7.0% to 4.9 million pounds, with value significantly lower by 21.6% at \$21.6 million. Landings of crawfish, which accounted for a quarter of the catch, declined by 35.0% in value to \$13.7 million, with the average market price also reduced by 3.7% to \$11.28 per pound. Further disaggregation indicated a 51.3% recovery in scale fish landings to 2.6 million pounds, with a 46.6% gain in value to \$4.3 million.

Estimates on fisheries exports for the year-to-date September 2001 indicate an 18.4% decrease in weight to 3.3 million pounds, alongside a 17.2% reduction in value to \$42.4 million. In particular, crawfish exports, which accounted for some 91.0% of total earnings, decreased by 23.8% to 2.8 million pounds. However, earnings decreased less markedly (20.7%) to \$38.5 million, reflecting a 4.1% increase in the average price per pound to \$13.93.

MONEY, CREDIT AND INTEREST RATES

OVERVIEW

Monetary and credit trends during the review quarter featured more moderate expansion in domestic credit, although outpacing gains in the deposit base which continued to be constrained by the lower level of foreign currency inflows. As a consequence, liquidity conditions were less buoyant and banks' net foreign liabilities nearly doubled. In the context of these developments and the weakening economic environment both prior to and after September 11, the Central Bank issued a series of credit restraint directives, targeted at reducing downward pressures on external reserve. Conditions helped facilitate broadly lower average lending rates and stable deposit rates, resulting in a narrowed loan deposit rate spread for banks.

On July 20, the Central Bank cautioned banks to strictly observe prudent standards of credit appraisal and valuation of collateral, and to pay closer attention to the credit worthiness of borrowers to guard against any deterioration in the quality of loan portfolios. The tragic events of September 11, which resulted in a severe contraction in foreign currency inflows and posed significant uncertainty over short-term economic prospects, prompted the Bank to further impose a direct freeze on the outstanding level of private sector credit. The September 20 directive instructed banks to maintain outstanding loans and advances at levels reported to the Central Bank as at September 5, 2001 and to facilitate new credit only to the extent of resources provided from repayments on existing obligations.

Meanwhile, the latest profitability indicators for the second quarter of 2001 suggest a marginal deterioration in banks' earnings ratios, owing to small efficiency losses

from non-staff costs and increased provisions for bad debt.

LIQUIDITY

Net free cash reserves of the banking system increased by \$8.7 million (16.9%) to \$59.9 million at end-September, modestly (4.1%) below the year-earlier level and representing 1.7% of banks' Bahamian dollar deposit liabilities. The quarterly average excess reserves position was virtually unchanged from the second quarter at \$53.4 million, but was significantly below the year-earlier average of \$89.2 million—notwithstanding last year's decline of 25.9%. Banks' secondary liquidity—measured as surplus liquid assets—declined by \$28.5 million (55.6%) to \$22.8 million, representing an appreciably reduced surplus over the statutory minimum of 4.0% as against 14.6% at end-September 2000.

DEPOSITS AND MONEY

The narrow measure of money (M1) contracted marginally by 0.1% vis-à-vis public sector driven growth of 2.5% a year earlier. In particular, demand deposits switched to a decline of 0.2% from a 2.7% gain last year, and growth in currency in active circulation moderated to 0.3% from 1.7%.

Broad money (M2) expanded by \$68.0 million (1.9%), almost the equivalent increase as in 2000. In this regard, a drawdown by business firms resulted in significantly weaker savings deposits growth of 0.2% vis-à-vis 2.0% last year, although this was more than offset by the stronger, broad-based gains in fixed deposits of 3.1% from 1.9%.

Given a moderate reduction in residents' foreign currency deposits of 3.8% as against 10.1% in 2000, overall money (M3) expanded by \$64.6 million (1.8%) to \$3,708.5 million, keeping pace with the year-earlier outturn.

As regard residents' total deposit holdings, private individuals continued to hold the largest share (56.2%), followed by business firms (22.1%), uncategorized private depositors (6.3%), and private financial institutions (4.1%); while the public sector's combined share was 11.3%. Analysis by currency composition showed the

Bahamian dollar component accounting for 97.6% and foreign currency, the remaining 2.4%.

Analysis of deposits by value range indicated a fairly consistent pattern, with individual bank accounts below \$10,000 accounting for 90.9% of all deposit accounts, but only 10.3% of the aggregate value. Conversely, individual balances exceeding \$50,000--represented 2.6% of the total accounts but a disproportionate 74.2% of the aggregate value. In the mid-range, accounts between \$10,001-\$20,000 constituted 5.7% of the aggregate value of deposits, followed by those within the \$20,001-\$30,000 range (4.1%), \$30,001-\$50,000 range (3.0%) and \$40,001-\$50,000 (2.6%).

DOMESTIC CREDIT

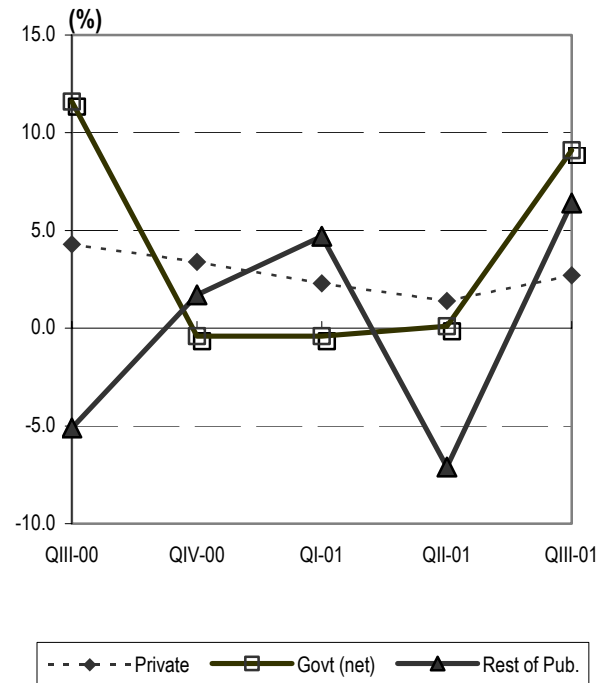
Domestic credit expansion during the review quarter moderated to 3.5% from 4.8% last year, reflecting a lower advance in bank lending to the private sector and to the public sector. Growth in net credit to Government slowed to \$46.2 million (9.1%) from \$52.9 million (11.6%) last year, whereas the increase in claims on the public corporations of \$9.0 million (6.5%) compared to a decline of \$7.5 million (5.1%) a year ago.

The abated advance in private sector credit of \$100.1 million (2.7%) from \$143.3 million (4.3%) a year earlier, was dominated by fairly steady net lending on the Bahamian dollar component of \$119.5 million (3.6%). However, foreign currency claims contracted by \$6.0 million (1.4%), following a \$24.8 million (6.9%) advance last year when resources flowed into hotel sector developments. Within the Bahamian dollar portion, net mortgage lending increased to \$40.1 million (3.7%), offsetting a marginal decrease in credit growth for other purposes, including a more than one-fourth decline in consumer credit expansion to \$27.8 million (1.9%).

On a sectoral basis, most of the increase in private sector credit was concentrated in personal loans, where growth strengthened to \$60.3 million (2.5%) from \$38.2 million (1.8%) in 2000, to account for 65.5% of total private credit. Growth in the housing category reflected a stable contribution for mortgages, as evidenced by the more than one third hike in net lending for construction (\$44.3 million). Conversely, except for a small upturn in advances for agriculture and fisheries, manufacturing and

tourism, other private sector loan categories recorded reduced or negative net flows. In particular, miscellaneous balances switched to a sizeable net repayment (\$21.0 million) and net lending for distribution decreased by \$34.9 million to \$6.5 million.

Changes in Credit



For consumer credit, growth was most notable for education (31.9%), home improvement (3.4%), travel (6.4%), furnishings and domestic appliances (6.4%), miscellaneous loans (2.5%) and credit card debt (3.7%); whereas a net repayment (1.7%) was recorded for private cars.

COMMERCIAL BANKS

Commercial banks' consolidated balance sheet for the review quarter showed a 0.5% increase in private sector deposit liabilities, which trailed private sector credit expansion of 2.6%. Added resources for private sector credit were provided from a 4.8% decline in net credit to Government, a 9.9% increase in net liabilities to the rest of the public sector, and the 2.7% hike in commercial banks' net foreign liabilities.

Analysis of commercial banks' deposit liabilities indicated that some 62.1% was held in fixed deposits, 20.3% in demand deposits and 17.6% in savings deposits—representing minimal shifts in shares vis-à-vis the previous quarter. Of the total deposit base, a stable 88.4% was owed to the private sector.

CENTRAL BANK

The Central Bank's net credit to Government rose 57.0% to \$178.5 million, largely reflecting Government's recourse to short-term borrowing via Treasury bills and advances. Meanwhile, increased public sector net foreign currency demand underpinned a larger quarterly decline in external reserves of 16.7% vis-à-vis 11.1% in 2000, leaving the end-September stock at \$306.2 million—23.7% below the year-earlier level.

As regard support for domestic foreign currency demand, the Bank's net outflow increased by 13.4% to \$65.0 million, with total foreign currency sales growth of 7.5% to \$160.6 million outpacing the increase in total purchases of 3.7% to \$95.6 million. The combined net sale to Government and the public corporations rose to \$50.3 million from \$31.1 million a year ago, with a partial offset provided from the \$11.6 million reduction in the net sale to commercial banks to \$14.6 million.

INTEREST RATES

During the review quarter, commercial banks' weighted average interest rate was unchanged on the deposit side at 4.25%, in contrast to a 60 basis point easing on the lending side to 11.14%. This translated into a narrowing of the interest rate spread to 6.89% from 7.49% last quarter.

Rates paid on fixed balances were stable on the lower end of the maturity spectrum at 4.24% vis-à-vis 4.20%, in the preceding quarter but posted more notable increases on the upper limits, to 5.73% as against the comparative 5.03%. For savings deposits, the average rate was 2 basis points lower at 2.66%.

Average lending rates were influenced downward by the 1.05 percentage point easing in overdraft rates to 9.80%, a 35 basis point decrease in commercial mortgage rates to 8.80%, residential rates by 16 basis points to 8.93% and consumer loans, by 29 basis points to 13.40%.

Benchmark rates—commercial banks' Prime Rate and the Central Bank's Discount Rate—were maintained at their respective July 1999 levels of 6.00% and 5.75%, with the average 90-day Treasury bill rate higher by 20 basis points at 2.00%.

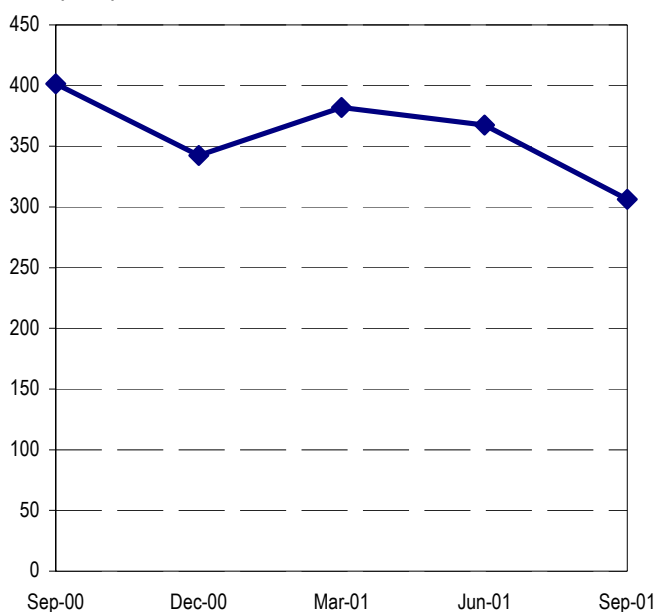
Distribution of Bank Credit By Sector
End-September

	2000		2001	
	B\$M	%	B\$M	%
Agriculture	9.2	0.2	9.8	0.2
Fisheries	6.8	0.2	9.3	0.2
Mining & Quarry	21.3	0.6	22.2	0.6
Manufacturing	64.3	1.7	67.3	1.7
Distribution	212.7	5.7	229.3	5.6
Tourism	213.7	5.8	221.2	5.4
Enter. & Catering	32.4	0.9	33.8	0.8
Transport	61.7	1.7	74.4	1.8
Public Corps.	125.4	3.4	133.8	3.3
Construction	312.7	8.5	354.7	8.7
Government	78.2	2.1	88.2	2.2
Private Financial	8.8	0.2	28.1	0.7
Prof. & Other Ser.	117.9	3.2	120.5	3.0
Personal	2216.1	59.9	2523.3	61.9
Miscellaneous	218.0	5.9	160.3	3.9
TOTAL	3699.2	100.0	4076.2	100.0

OTHER LOCAL FINANCIAL INSTITUTIONS

Alongside a near halving of net foreign assets to \$5.1 million, the 5.2% increase in private sector deposit liabilities of the Other Local Financial Institutions (OLFIs) facilitated a 2.9% advance in credit to the private sector. Mortgage lending increased by 4.9%, to account for an expanded 78.4% of the private portfolio as compared to 76.9% a quarter ago. Meanwhile, net claims on Government remained unchanged at \$4.3 million. Of the total private sector deposit obligations, the bulk was held in fixed balances (84.1%), followed by demand deposits (13.0%) and savings deposits (2.9%).

External Reserves (B\$M)



BANK PROFITABILITY

According to the latest available data on bank performance for the second quarter, net income rose by 5.2% to \$41.2 million vis-à-vis the same period last year, when the indicator posted a year-on-year increase of 39.4%, in the context of boosted interest income. A 10.1% boost in the net interest margin broadly offset the 5.6% reduction in commission and foreign exchange income, increasing the gross earnings margin by 8.8% to \$78.4 million. However, this was tempered by moderately higher non-staff related operating costs and boosted depreciation and bad debt expenses.

Summary profitability ratios were slightly weakened, as net income growth lagged the increase in average domestic assets. Although the corresponding ratio for the net interest margin firmed by 17 basis points to 5.90%, the contribution from commission and foreign exchange income was reduced by 6 basis points to 0.47%. In addition, the operating cost ratio rose by 4 basis points to 3.45% and higher depreciation and bad debt expenses diminished the “other” income ratio by 12 basis points.

As a result, the net income (return on assets) ratio decreased marginally to 3.35% from 3.41% in 2000.

INTERNATIONAL TRADE AND PAYMENTS

Preliminary data for the third quarter indicate a 39.1% widening in the estimated current account deficit to \$60.1 million relative to the comparative 2000 quarter, with tourism sector inflows impacted by the fallout from the September 11 attacks. In particular, the 9.0% contraction in the surplus on the services account contrasted with a nearly stable merchandise trade deficit, reduced net outflows under the income account and incremental firming in current transfers.

Partly reflecting a more subdued private sector credit environment, the estimated merchandise trade deficit widened marginally by \$1.0 million to \$242.6 million. Oil payments declined by 21.8% to \$73.1 million, reflecting weaker demand and lower average prices. This was partially offset, however, by the 2.6% hike in non-oil imports to \$361.8 million, reinforced by the 6.0% reduction in estimated export receipts to \$192.8 million.

The per barrel cost of gas oil fell by 21.0% to \$29.12; propane fuel by 23.4% to \$25.02; motor gas by 13.4% to \$35.26; and jet fuel by 12.3% to \$35.53. Conversely, the price of aviation gas advanced by 27.1% to \$78.00 per barrel and bunker ‘c’ fuel, by 24.6% to \$27.81 per barrel.

The estimated surplus on the services account narrowed by 9.0% to \$193.5 million, largely attributable to a 4.8% decrease in net travel receipts to \$306.8 million and a two-thirds contraction in offshore companies local expenses vis-à-vis ongoing restructuring of the sector. In contrast, net external payments for “other” services fell by almost a quarter to \$71.8 million, as a result of sharply decreased net payments for construction services, in line with the completion of major hotel sector projects. Net outward remittances for government services were also marginally lower at \$4.6 million.

Under the income account, overall net outflows narrowed to \$20.0 million from \$22.7 million, as net repatriation of investment income decreased by 26.9% to \$8.4 million, while workers’ remittances firmed incrementally to \$11.6 million.

For current transfers, net receipts rose by 5.7% to \$9.0 million, as general government posted a slightly lower net inflow of \$10.1 million and private sector net outflows were fairly stable at \$1.1 million.

Capital and financial account transactions registered a quarterly net surplus of \$52.9 million some 58.7% below the 2000 outturn, with the dominant influence being an almost equivalent fall-off in the financial account surplus to \$56.0 million. Conversely, net outflows for migrant workers decreased to \$3.1 million from \$4.9 million.

A breakdown of the financial account revealed a decline in net foreign direct investment inflows to an estimated \$19.0 million from \$39.0 million last year, with net equity inflows declining to \$9.8 million from \$29.4 million, corresponding to the completion of major projects in the hotel sector. However, net foreign real estate sales—the other component—were relatively unchanged at \$9.3 million. Under “other investments”, net private sector loan inflows also receded to \$24.1 million from \$56.9 million last year. As regard public sector activity, net external debt repayment expanded to \$7.3 million from \$4.2 million, whereas net short-term inflows through the banking system were approximately halved to \$20.2 million.

Consequent upon these developments, and adjusting for possible errors and omissions, the overall balance recorded a slightly higher deficit of \$61.2 million relative to \$50.2 million.

INTERNATIONAL ECONOMIC DEVELOPMENTS

The September 11 terrorist attacks in the United States increased and heightened the already significant downside risks to the short-term global economic outlook. In the aftermath of the September 11 terrorist attacks, many countries—but particularly the United States—eased macroeconomic policies in a bid to stimulate consumer and business confidence. Labour market weakness persisted during the quarter, but the inflation outlook was favoured by more moderate movements in commodity prices, given contracted global trade. Exchange rate developments among major currencies featured mixed movements against the United States

dollar, and external sector current account balances continued to diverge.

In its initial assessment after September 11, the IMF lowered its growth projection of global economic output for 2001 by 0.2 percentage points to 2.4% and by a more substantial 1.1 percentage points to the same level for 2002. This projection envisioned marginal growth for the United States, alongside weakened growth for the euro area, resilient growth in the United Kingdom and somber prospects for Japan to two consecutive years of recession. Among the developing countries, transitional economies were expected to be the least impacted by the crisis, as the outlook remained broadly unchanged.

All of the major countries experienced weaker economic activity during the third quarter. In the United States, the output deteriorated from a sluggish second quarter annualized advance of 0.3% to a quarterly decline of 0.4%. Aggressive federal Government spending was overshadowed by a contraction in private sector demand, a downturn in state and local government spending and larger decreases in exports. Weakness in the euro zone was signaled by the third consecutive quarterly decline in industrial production, by an estimated 0.3%, which, along with other indicators, suggested stagnant activity, most notably in Germany—the largest economy—where real GDP contraction deepened to 0.1% from 0.03% in the second quarter. However, economic activity in the United Kingdom, buttressed by strong growth in domestic consumption, posted only marginal softening in real output growth to 2.1% from 2.3% in the second quarter. Japan’s real GDP contraction intensified from the second quarter’s drop of 0.7%, with industrial production decreasing by a further 4.3%.

Labour market conditions in the major economies continued to diverge, with average unemployment ranging from 5.0% in Japan and the United States, to more than 8.0% in the euro area. The average unemployment rate in the United States rose over the quarter, to 4.8% from 4.5%, with particular weakness in manufacturing and signs of contraction in the non-manufacturing sectors. In the euro zone, the seasonally adjusted jobless rate was marginally lower at 8.3% from 8.4% in the second quarter. This represented a notable slowdown in the pace of improvement since 2000, with Germany’s jobless rate incrementally higher at 7.9% for the quarter. Meanwhile, the United Kingdom’s unem-

ployment rate rose marginally to 5.1% in the three months to August, adversely affected by ongoing redundancies and a new wave of job losses, particularly in manufacturing. In Japan, the average unemployment rate rose to 5.1% from 4.9% as corporate restructuring continued.

Inflation pressures in the major countries diminished during the third quarter, partly in response to lower oil prices which weakened further in the face of falling demand. In the United States the consumer price index rose at a seasonally adjusted annual rate of 0.7% compared to 3.7% in the previous quarter, with declines in the energy and transportation components moderated by increases in the food and beverages, education and communication, medical care and other goods and services categories. The United Kingdom succeeded in containing inflation to just within its 2.5% target, as lower prices in the manufacturing sector dispelled fears of increasing inflationary pressures. The euro area recorded a reduced quarterly inflation rate of approximately 2.7% in September vis-à-vis 3.2% the previous period, with Germany's measure slowly retreating to 0.4% from 3.8%. Meanwhile, Japan's deflationary trend continued, with an almost equivalent decline in average consumer prices of 0.8%, owing to reduced prices for both domestic consumer goods and imports.

During the first two months of the quarter, monetary policy in the major economies continued along an expansionary path, becoming more aggressive and coordinated following the September terrorist attacks in the United States. In an attempt to bolster investor and consumer confidence, the United States Federal Reserve reduced key rates by a total of 75 basis points during the quarter, including a September 17 reduction of 25 basis points, which placed the discount and federal funds rate respectively at 3.0% and 2.5%. By November, the rates were reduced by a further 100 basis points to 2.0% and 1.5%, respectively. Moreover, on September 17, the European Central Bank slashed its benchmark rate by 50 basis points to 3.75%, having previously trimmed a quarter point on August 30. At end-November, the rate was further lowered and stood at 2.25%. The Bank of England's official rate was reduced by a second 25 basis points to 4.5% on September 18, and two subsequent reductions placed it at 4.0% in November.

In the United States, fiscal policy was also accommodating with a fiscal stimulus package of between \$60 and \$75 billion in tax cuts and spending increases planned. The Congress also appropriated \$40 billion in emergency funds and \$5-\$15 billion in aid for the troubled airline industry. Given the economic climate, the budget is now expected to revert into deficit for at least two years, as compared to an earlier forecasted surplus of \$304 billion for Fiscal Year 2002. Meanwhile, the European Union's fiscal stability pact came under increased pressure, following an upward revision in Germany's estimated federal deficit for the fiscal year to 2.5% of GDP from a projected 1.5% in May, raising the possibility of fiscal tightening, despite the worsening economic climate.

Global equity prices, already down sharply in August and early September, were substantially depressed after the September attacks, producing quarterly declines ranging from 13% to 30% for major indices. In the United States, the Dow Jones Industrial Average contracted by 15.7% to 8,848 points, including a September loss of 11.1%. The S&P 500 index also receded by 15.0% (closing at its worst quarter since the stock market crash of 1987); and the technology-laden NASDAQ declined by 30.6%. Elsewhere, the United Kingdom's FTSE 100 index lost 13.1% of its value to 4,903 points; Germany's Dax, 28.8% to 4,308 points and Japan's Nikkei-225 index, 24.6% to 9,775 points. Effects were worse for emerging stock markets, particularly in Latin America and Asia, where developments featured a flight to quality as reflected in a sharp rise in spreads for high-yield and emerging market bonds.

In currency markets, despite weakness in the United States economy, the U.S. dollar recorded mixed movements against the major currencies during the third quarter. In particular, the dollar appreciated against the Canadian currency by 4.6% to C\$1.58 and by 7.1% against the euro to €0.91. However, the dollar depreciated against the Japanese Yen by 4.0% to ¥121.6—including a dip to ¥116 in the wake of the September attacks; and by 1.5% and 9.5% against the pound sterling and the Swiss franc to £0.69 and SF1.62, respectively.

Weak global demand caused some deterioration in most of the major countries current account balances. The United States' trade deficit expanded during the third

quarter, reflecting a 17.7% contraction in exports which contrasted with a 12.9% increase in imports. For the United Kingdom, weakness in exports also underpinned an increased current account shortfall, and Germany experienced a similar trend, largely resulting from a reduc-

tion in net invisible receipts. Conversely, Japan recorded an expanded current account surplus, although this reflected weakened demand for imports, which outstripped a decline in exports.

STATISTICAL APPENDIX

(Tables 1-16)

STATISTICAL APPENDIX

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The following symbols and conventions are used throughout this report:

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

TABLE 1
FINANCIAL SURVEY

End of Period	1997	1998	1999	2000		2001		
				Sept.	Dec.	Mar.	Jun.	Sept.
(B\$ Millions)								
Net foreign assets	(113.3)	(23.9)	(50.5)	(50.2)	(86.6)	(40.8)	(77.0)	(155.3)
Central Bank	219.5	338.8	404.0	401.5	342.6	382.1	367.4	306.2
Commercial banks	(342.3)	(376.8)	(456.6)	(457.2)	(449.5)	(450.5)	(454.1)	(466.6)
Other local fin. institutions	9.5	14.1	2.1	5.5	20.3	27.6	9.7	5.1
Net domestic assets	2,620.9	2,928.1	3,298.1	3,553.8	3,645.6	3,703.7	3,737.6	3,863.9
Domestic credit	3,059.3	3,425.7	3,823.5	4,161.9	4,278.6	4,371.1	4,414.9	4,570.1
Public sector	508.3	589.0	668.3	651.6	649.8	656.9	646.8	701.9
Government (net)	419.8	452.6	495.4	510.7	508.5	506.8	507.2	553.4
Rest of public sector	88.5	136.4	172.9	140.9	141.3	150.1	139.6	148.5
Private sector	2,551.0	2,836.7	3,155.2	3,510.3	3,628.8	3714.2	3768.1	3868.2
Other items (net)	(438.4)	(497.6)	(525.4)	(608.1)	(633.0)	(667.4)	(677.3)	(706.2)
Monetary liabilities	2,507.6	2,904.2	3,247.6	3,503.6	3,559.0	3,662.9	3,660.6	3,708.6
Money	518.8	596.4	758.2	824.7	807.8	806.5	795.6	786.9
Currency	109.7	125.6	148.4	148.2	151.4	148.0	149.5	149.9
Demand deposits	409.1	470.8	609.8	676.5	656.4	658.5	646.1	637.0
Quasi-money	1,988.8	2,307.8	2,489.4	2,678.9	2,751.2	2,856.4	2,865.0	2,921.7
Fixed deposits	1,554.4	1,809.2	1,888.4	2,015.2	2,068.8	2,144.2	2,156.2	2,215.0
Savings deposits	392.9	437.9	548.0	599.0	596.1	611.6	618.9	620.2
Foreign currency	41.5	60.7	53.0	64.7	86.3	100.6	89.9	86.5
(percentage changes)								
Total domestic credit	10.2	12.0	11.6	4.7	2.8	2.2	1.0	3.5
Public sector	(0.9)	15.9	13.5	7.5	(0.3)	1.1	(1.5)	8.5
Government (net)	(0.5)	7.8	9.5	11.6	(0.4)	(0.3)	0.1	9.1
Rest of public sector	(2.4)	54.1	26.8	(5.1)	0.3	6.2	(7.0)	6.4
Private sector	12.7	11.2	11.2	4.2	3.4	2.4	1.5	2.7
Monetary liabilities	11.1	15.8	11.8	1.6	1.6	2.9	(0.1)	1.3
Money	16.4	15.0	27.1	2.5	(2.0)	(0.2)	(1.4)	(1.1)
Currency	14.2	14.5	18.2	1.9	2.2	(2.2)	1.0	0.3
Demand deposits	17.0	15.1	29.5	2.6	(3.0)	0.3	(1.9)	(1.4)
Quasi-money	9.8	16.0	7.9	1.3	2.7	3.8	0.3	2.0

Source: The Central Bank of The Bahamas

TABLE 2
MONETARY SURVEY

End of Period	1997	1998	1999	2000		2001		
				Sept.	Dec.	Mar.	Jun.	Sept.
(B\$ Millions)								
Net foreign assets	(122.8)	(38.0)	(52.6)	(55.7)	(106.9)	(68.4)	(86.7)	(160.4)
Central Bank	219.5	338.8	404.0	401.5	342.6	382.1	367.4	306.2
Commercial banks	(342.3)	(376.8)	(456.6)	(457.2)	(449.5)	(450.5)	(454.1)	(466.6)
Net domestic assets	2,588.7	2,896.9	3,230.2	3,471.0	3,572.2	3,635.1	3,653.1	3,769.8
Domestic credit	2,993.5	3,353.1	3,735.7	4,049.6	4,158.5	4,243.4	4,280.8	4,432.4
Public sector	505.3	585.8	664.3	648.0	645.4	652.5	642.3	697.6
Government (net)	416.8	449.4	491.5	507.2	504.2	502.5	502.9	549.2
Rest of public sector	88.5	136.4	172.8	140.8	141.2	150.0	139.4	148.4
Private sector	2,488.2	2,767.3	3,071.4	3,401.6	3,513.1	3,590.9	3,638.5	3,734.8
Other items (net)	(404.8)	(456.2)	(505.5)	(578.6)	(586.3)	(608.3)	(627.7)	(662.6)
Monetary liabilities	2,465.7	2,858.9	3,177.6	3,415.3	3,465.3	3,566.7	3,566.4	3,609.4
Money	515.5	592.3	754.1	815.6	796.6	790.5	783.3	774.6
Currency	109.9	126.0	148.9	148.3	151.9	148.4	150.3	150.5
Demand deposits	405.6	466.3	605.2	667.3	644.7	642.1	633.0	624.1
Quasi-money	1,950.2	2,266.6	2,423.5	2,599.7	2,668.7	2,776.2	2,783.1	2,834.8
Savings deposits	390.2	436.2	545.5	595.8	593.4	608.8	616.0	617.3
Fixed deposits	1,518.5	1,769.7	1,825.1	1,939.3	1,989.0	2,066.8	2,077.2	2,131.0
Foreign currency deposits	41.5	60.7	52.9	64.6	86.3	100.6	89.9	86.5
(percentage change)								
Total domestic credit	21.8	12.0	11.4	4.7	2.7	2.0	0.9	3.5
Public sector	2.9	15.9	13.4	7.6	(0.4)	1.1	(1.6)	8.6
Government (net)	4.1	7.8	9.4	11.7	(0.6)	(0.3)	0.1	9.2
Rest of public sector	(2.4)	54.1	26.7	(5.1)	0.3	6.2	(7.1)	6.5
Private sector	26.5	11.2	11.0	4.2	3.3	2.2	1.3	2.6
Monetary liabilities	24.1	15.9	11.1	1.9	1.5	2.9	(0.0)	1.2
Money	18.5	14.9	27.3	2.6	(2.3)	(0.8)	(0.9)	(1.1)
Currency	13.4	14.6	18.2	1.6	2.4	(2.3)	1.3	0.1
Demand deposits	20.0	15.0	29.8	2.9	(3.4)	(0.4)	(1.4)	(1.4)
Quasi-money	25.7	16.2	6.9	1.6	2.7	4.0	0.2	1.9

Source: The Central Bank of The Bahamas

TABLE 9
SELECTED AVERAGE INTEREST RATES

Period	1997	1998	1999	2000		2001			%
				Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	
COMMERCIAL BANKS									
Deposit rates									
Savings deposits	3.35	3.11	2.88	2.90	2.56	2.70	2.68	2.66	
Fixed deposits									
Up to 3 months	5.30	5.53	4.50	3.87	3.97	4.12	4.20	4.24	
Up to 6 months	5.91	6.05	4.83	4.20	4.15	4.40	4.63	4.70	
Up to 12 months	5.66	5.90	4.88	4.29	4.40	4.67	4.81	4.57	
Over 12 months	5.28	5.94	4.90	4.31	4.19	4.53	5.03	5.73	
Weighted average rate	5.33	5.58	4.50	3.93	4.01	4.16	4.25	4.25	
Lending rates									
Residential mortgages	10.06	9.86	9.57	8.90	8.85	8.94	9.09	8.93	
Commercial mortgages	10.56	10.12	9.67	9.61	9.65	8.59	9.15	8.80	
Consumer loans	14.71	14.55	13.88	13.77	13.71	13.64	13.69	13.40	
Overdrafts	11.14	11.00	10.65	10.60	10.98	10.42	10.85	9.80	
Weighted average rate	12.78	12.33	11.84	12.12	11.86	11.87	11.74	11.14	
OLFI's									
Deposit rates									
Savings deposits	3.96	4.20	3.74	3.21	3.43	3.90	3.50	3.55	
Fixed deposits									
Up to 3 months	4.62	4.41	4.08	3.58	3.99	4.04	4.16	4.01	
Up to 6 months	4.60	4.81	4.35	3.79	3.95	4.17	4.47	4.25	
Up to 12 months	5.10	5.03	4.63	4.05	4.08	4.28	4.17	4.09	
Over 12 months	5.42	4.48	4.42	--	4.06	4.41	4.00	4.02	
Weighted average rate	5.15	5.16	4.65	4.13	4.18	4.36	4.14	4.45	
Lending rates									
Residential mortgages	10.19	9.90	9.75	9.11	8.83	8.53	8.85	9.10	
Commercial mortgages	--	--	10.00	--	--	--	--	--	
Consumer loans	14.73	15.14	15.34	15.25	14.95	14.24	14.60	15.28	
Other loans	7.36	--	6.75	9.33	7.75	9.10	9.46	9.42	
Weighted average rate	12.31	13.21	12.72	13.06	10.83	11.60	11.76	12.60	
Other rates									
Prime rate	6.75	6.75	6.00	6.00	6.00	6.00	6.00	6.00	
Treasury bill (90 days)	4.35	3.84	1.97	0.90	0.88	1.42	1.80	2.00	
Treasury bill re-discount rate	4.85	4.34	2.47	1.40	1.38	1.92	2.34	2.50	
Bank rate (discount rate)	6.50	6.50	5.75	5.75	5.75	5.75	5.75	5.75	

Source: The Central Bank of The Bahamas

TABLE 4
COMMERCIAL BANKS BALANCE SHEET

(B\$ Millions)

End of Period	1997	1998	1999	2000		2001		
				Sept.	Dec.	Mar.	Jun.	Sept.
Net foreign assets	(342.3)	(376.8)	(456.6)	(457.2)	(449.5)	(450.5)	(454.1)	(466.6)
Net claims on Central Bank	144.7	182.0	225.4	193.3	207.1	235.0	226.1	230.7
Notes and Coins	47.2	47.4	74.2	39.1	63.9	36.2	37.4	38.4
Balances	98.3	135.4	152.0	155.0	144.0	199.6	189.5	193.1
Less Central Bank credit	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Net domestic assets	2,421.2	2,751.6	3,026.5	3,239.6	3,244.3	3,319.6	3,321.9	3,345.9
Net claims on government	291.2	390.1	421.7	435.2	383.4	395.1	389.3	370.7
Treasury bills	23.8	95.5	93.4	99.4	49.9	71.8	74.6	35.4
Other securities	247.6	290.2	327.4	325.9	315.3	309.1	312.2	313.7
Loans and advances	84.8	72.7	68.4	78.2	89.0	91.5	79.2	88.2
Less: deposits	65.0	68.3	67.5	68.3	70.8	77.3	76.7	66.6
Net claims on rest of public sector	(40.5)	(38.4)	(50.0)	(118.7)	(163.8)	(160.1)	(182.5)	(200.7)
Securities	5.2	3.7	8.5	6.9	6.9	6.9	6.9	6.5
Loans and advances	79.0	127.6	157.6	125.4	125.9	134.8	124.4	133.8
Less: deposits	124.7	169.7	216.1	251.0	296.6	301.8	313.8	341.0
Net claims on OLFIs.	(18.8)	(17.8)	(19.4)	(17.1)	(10.1)	5.7	(12.7)	(12.0)
Credit to the private sector	2,488.2	2,767.3	3,071.4	3,401.6	3,513.1	3,590.9	3,638.5	3,734.8
Securities	0.9	0.8	5.3	5.9	6.9	6.9	6.9	7.5
Loans and advances	2,487.3	2,766.5	3,066.1	3,395.7	3,506.2	3,584.0	3,631.6	3,727.3
Private capital and surplus	(281.3)	(328.5)	(415.3)	(484.2)	(509.9)	(538.8)	(560.1)	(575.0)
Net unclassified assets	(17.6)	(21.1)	18.1	22.8	31.6	26.8	49.4	28.1
Liabilities to private sector	2,223.6	2,556.8	2,795.3	2,975.7	3,001.9	3,104.1	3,093.9	3,110.0
Demand deposits	395.8	476.6	601.8	649.3	669.6	686.3	678.0	670.2
Savings deposits	391.9	435.7	544.5	596.9	596.9	609.7	617.0	618.7
Fixed deposits	1,435.9	1,644.5	1,649.0	1,729.5	1,735.4	1,808.1	1,798.9	1,821.1

Source: The Central Bank of The Bahamas

TABLE 5
OTHER LOCAL FINANCIAL INSTITUTIONS BALANCE SHEET

(B\$ Millions)

End of Period	1997	1998	1999	2000		2001		
				Sept.	Dec.	Mar.	Jun.	Sept.
Net foreign assets	9.5	14.1	2.1	5.5	20.3	27.6	9.7	5.1
Net claims on Central Bank	(7.1)	(12.5)	4.1	(0.3)	(4.8)	(10.0)	(4.5)	0.6
Notes and Coins	0.3	0.3	0.5	0.1	0.5	0.4	0.7	0.6
Balances	2.6	2.2	3.6	4.6	4.7	4.6	4.8	5.0
Less Central Bank credit	10.0	15.0	--	5.0	10.0	15.0	10.0	5.0
Net domestic assets	39.6	43.6	63.3	82.1	77.7	78.2	88.9	93.3
Net claims on government	3.1	3.2	3.9	3.5	4.4	4.3	4.3	4.3
Treasury bills	--	--	--	--	--	--	--	--
Other securities	2.4	3.2	3.9	3.5	4.4	4.3	4.3	4.3
Loans and advances	0.7	--	--	--	--	--	--	--
Less: deposits	--	--	--	--	--	--	--	--
Net claims on rest of public sector	--	(0.5)	(0.9)	(0.9)	(0.9)	(0.7)	(0.7)	(0.7)
Securities	--	--	--	0.1	0.1	0.1	0.1	0.1
Loans and advances	--	--	--	--	--	--	--	--
Less: deposits	--	0.5	0.9	1.0	1.0	0.8	0.8	0.8
Net claims on commercial banks	18.8	16.8	17.5	13.2	12.4	5.6	15.1	6.6
Credit to the private sector	62.8	69.4	83.7	108.7	115.7	123.2	129.7	133.4
Securities	0.1	0.2	0.4	4.8	4.2	7.1	7.8	7.3
Mortgages	51.8	56.6	67.0	82.1	90.5	95.3	99.7	104.6
Loans and advances	10.9	12.6	16.3	21.8	21.0	20.8	22.2	21.5
Private capital and surplus	(57.0)	(60.2)	(56.1)	(61.2)	(66.9)	(69.9)	(66.1)	(66.4)
Net unclassified assets	11.9	14.9	15.2	18.8	13.0	15.7	6.6	16.1
Liabilities to private sector	42.0	45.2	69.5	87.3	93.2	95.8	94.1	99.0
Demand deposits	3.5	4.5	4.6	9.2	11.7	16.4	13.0	12.9
Savings deposits	2.7	1.8	2.5	3.1	2.7	2.8	2.9	2.8
Fixed deposits	35.8	38.9	62.4	75.0	78.8	76.6	78.2	83.3

Source: The Central Bank of The Bahamas

TABLE 6
PROFIT AND LOSS ACCOUNTS OF BANKS IN THE BAHAMAS*

(B\$'000s)

	1997	1998	1999	2000			2001	
				Qtr. II	Qtr.III	Qtr.IV	Qtr. I	Qtr. II
1. Interest Income	291,488	339,446	362,402	106,905	108,454	111,237	111,642	112,627
2. Interest Expense	120,326	134,297	144,698	40,952	46,150	40,229	39,533	39,989
3. Interest Margin (1-2)	171,162	205,149	217,704	65,953	62,304	71,008	72,109	72,638
4. Commission & Forex Income	18,678	20,546	22,779	6,088	5,510	6,995	7,713	5,746
5. Gross Earnings Margin (3+4)	189,840	225,695	240,483	72,041	67,814	78,003	79,822	78,384
6. Staff Costs	82,917	86,581	93,338	24,455	27,064	27,135	27,663	25,551
7. Occupancy Costs	12,941	13,184	14,892	4,191	4,901	4,215	4,274	4,687
8. Other Operating Costs	45,487	38,321	45,282	10,614	10,210	12,542	11,561	12,249
9. Operating Costs (6+7+8)	141,345	138,086	153,512	39,260	42,175	43,892	43,498	42,487
21 10. Net Earnings Margin (5-9)	48,495	87,609	86,971	32,781	25,639	34,111	36,324	35,897
11. Depreciation Costs	7,870	8,719	11,676	2,471	2,637	2,480	2,502	2,517
12. Provisions for Bad Debt	5,794	14,678	18,416	5,818	5,425	10,553	7,993	6,953
13. Other Income	43,440	46,081	47,985	14,710	14,204	15,894	14,654	14,801
14. Other Income (Net) (13-11-12)	29,776	22,684	17,893	6,421	6,142	2,861	4,159	5,331
15. Net Income (10+14)	78,271	110,293	104,864	39,202	31,781	36,972	40,483	41,228
16. Effective Interest Rate Spread (%)	6.33	6.52	6.45	5.56	5.20	5.96	5.96	6.56
(Ratios To Average Assets)								
Interest Margin	5.28	5.31	5.18	5.73	5.38	6.05	5.98	5.90
Commission & Forex Income	0.58	0.53	0.54	0.53	0.48	0.60	0.64	0.47
Gross Earnings Margin	5.85	5.85	5.72	6.26	5.85	6.65	6.62	6.36
Operating Costs	4.36	3.58	3.65	3.41	3.64	3.74	3.61	3.45
Net Earnings Margin	1.50	2.27	2.07	2.85	2.21	2.91	3.01	2.91
Net Income	2.41	2.86	2.50	3.41	2.74	3.15	3.36	3.35

*Commercial Banks and OLFIs with domestic operations

TABLE 7
MONEY SUPPLY

(B\$ Millions)

End of Period	1997	1998	1999	2000		2001		
				Sept.	Dec.	Mar.	Jun.	Sept.
Money supply (M1)	519.2	596.4	758.2	824.7	807.8	806.5	795.6	786.9
1) Currency in active circulation	110.0	125.6	148.4	148.2	151.4	148.0	149.5	149.9
2) Demand deposits	409.2	470.8	609.8	676.5	656.4	658.5	646.1	637.0
Central Bank	7.5	6.4	17.4	40.3	14.8	12.3	8.5	7.9
Commercial banks	398.2	459.9	587.8	627.0	629.9	629.8	624.6	616.2
OLFIs	3.5	4.5	4.6	9.2	11.7	16.4	13.0	12.9
Factors affecting changes in money (M1)								
1) Net credit to government	419.8	452.6	495.4	510.7	508.5	506.8	507.2	553.4
Central Bank	125.5	59.3	69.8	72.0	120.7	107.4	113.6	178.4
Commercial banks	291.2	390.1	421.7	435.2	383.4	395.1	389.3	370.7
OLFIs	3.1	3.2	3.9	3.5	4.4	4.3	4.3	4.3
2) Other credit	2,639.5	2,973.1	3,328.1	3,651.2	3,770.1	3,864.3	3,907.7	4,016.7
Rest of public sector	88.5	136.4	172.9	140.9	141.3	150.1	139.6	148.5
Private sector	2,551.0	2,836.7	3,155.2	3,510.3	3,628.8	3,714.2	3,768.1	3,868.2
3) External reserves	219.5	338.8	404.0	401.5	342.6	382.1	367.4	306.2
4) Other external liabilities (net)	(332.9)	(362.7)	(454.5)	(451.7)	(429.2)	(422.9)	(444.4)	(461.5)
5) Quasi money	1,988.8	2,307.8	2,489.4	2,678.9	2,751.2	2,856.4	2,865.0	2,921.7
6) Other items (net)	(437.9)	(497.6)	(525.4)	(608.1)	(633.0)	(667.4)	(677.3)	(706.2)

Source: The Central Bank of The Bahamas

TABLE 8
CONSUMER INSTALMENT CREDIT

(B\$' 000)

End of Period	1998		1999		2000				2001					
					Sept.		Dec.		Mar.		Jun.		Sept.	
	Add-on	Demand*	Add-on	Demand*	Add-on	Demand*	Add-on	Demand*	Add-on	Demand*	Add-on	Demand*	Add-on	Demand*
CREDIT OUTSTANDING														
Private cars	2,178	230,311	922	264,969	651	281,382	603	284,366	549	290,334	477	286,695	416	281,772
Taxis & rented cars	--	1,356	--	1,674	--	1,999	--	2,122	--	2,091	--	2,296	--	2,289
Commercial vehicles	22	5,013	10	5,316	10	5,624	9	4,912	9	4,643	8	4,515	8	4,431
Furnishings & domestic appliances	418	13,268	101	16,746	59	15,978	40	17,554	38	17,177	36	16,646	36	17,711
Travel	145	31,282	88	38,100	62	43,788	52	44,677	46	42,015	30	43,736	28	46,537
Education	101	27,045	50	28,646	44	32,657	30	32,968	27	36,268	24	35,799	18	47,215
Medical	119	12,386	47	11,649	32	12,628	30	12,775	28	13,250	27	13,509	23	13,570
Home Improvements	932	105,710	522	119,070	334	120,156	297	121,566	242	122,445	219	124,215	200	128,466
Land Purchases	682	67,753	450	72,186	132	87,907	107	91,561	79	93,302	76	95,596	72	96,579
Consolidation of debt	1,992	318,722	1,174	346,272	790	354,590	713	353,470	672	358,886	615	360,409	558	359,757
Miscellaneous	1,233	206,851	696	251,550	479	297,439	420	313,465	353	319,231	293	328,579	252	336,835
Credit Cards	...	116,674	...	128,500	...	127,324	...	131,301	...	127,175	...	129,521	...	134,284
23 TOTAL	7,822	1,136,371	4,060	1,284,678	2,593	1,381,472	2,301	1,410,737	2,043	1,426,817	1,805	1,441,516	1,611	1,469,446
NET CREDIT EXTENDED														
Private cars	(3,102)	35,538	(1,256)	34,658	(87)	539	(48)	2,984	(54)	5,968	(72)	(3,639)	(61)	(4,923)
Taxis & rented cars	(28)	(158)	0	318	--	115	--	123	--	(31)	--	205	0	(7)
Commercial vehicles	(72)	824	(12)	303	--	(79)	--	(712)	--	(269)	(1)	(128)	0	(84)
Furnishings & domestic appliances	(162)	(698)	(317)	3,478	(6)	192	(19)	1,576	(2)	(377)	(2)	(531)	0	1,065
Travel	(118)	1,128	(57)	6,818	(7)	6,023	(10)	889	(6)	(2,662)	(16)	1,721	(2)	2,801
Education	(244)	1,819	(51)	1,601	(2)	5,242	(14)	311	(3)	3,300	(3)	(469)	(6)	11,416
Medical	(214)	1,931	(72)	(737)	(6)	(328)	(2)	147	(2)	475	(1)	259	(4)	61
Home Improvements	(1,259)	4,585	(410)	13,360	(97)	(942)	(37)	1,410	(55)	879	(23)	1,770	(19)	4,251
Land Purchases	(474)	8,986	(232)	4,433	(231)	7,919	(25)	3,654	(28)	1,741	(3)	2,294	(4)	983
Consolidation of debt	(1,866)	37,710	(818)	27,550	(91)	2,443	(77)	(1,120)	(41)	5,416	(57)	1,523	(57)	(652)
Miscellaneous	(1,039)	36,586	(537)	44,699	(97)	14,785	(59)	16,026	(67)	5,766	(60)	9,348	(41)	8,256
Credit Cards	...	26,921	...	11,826	...	5,578	...	3,977	...	(4,126)	...	2,346	...	4,763
TOTAL	(8,578)	155,172	(3,762)	148,307	(624)	41,487	(292)	29,265	(258)	16,080	(238)	14,699	(194)	27,930

Source: The Central Bank of The Bahamas

* Includes Consumer Credit previously reported under Personal Loans

TABLE 3
CENTRAL BANK BALANCE SHEET

(B\$ Millions)

End of Period	1997	1998	1999	2000		2001		
				Sept.	Dec.	Mar.	Jun.	Sept.
Net foreign assets	219.5	338.8	404.0	401.5	342.6	382.1	367.4	306.2
Balances with banks abroad	135.8	243.5	180.6	170.1	119.3	159.4	143.6	75.3
Foreign securities	75.1	86.7	214.8	222.7	215.1	214.7	215.9	222.8
Reserve position in the Fund	8.6	8.6	8.6	8.6	8.1	7.9	7.8	8.0
SDR holdings	--	--	--	0.1	0.1	0.1	0.1	0.1
Net domestic assets	51.4	(14.2)	(16.6)	(48.6)	31.4	18.7	36.0	100.3
Net claims on government	125.5	59.3	69.8	72.0	120.7	107.4	113.6	178.4
Claims	140.8	61.9	73.0	80.5	128.5	110.0	121.2	185.1
Treasury bills	80.0	--	13.9	19.0	66.2	44.3	59.3	109.5
Bahamas registered stock	10.8	8.4	5.6	8.0	8.8	12.2	8.4	8.2
Loans and advances	50.0	53.5	53.5	53.5	53.5	53.5	53.5	67.4
Deposits	(15.3)	(2.6)	(3.2)	(8.5)	(7.8)	(2.6)	(7.6)	(6.7)
In local currency	(15.3)	(2.6)	(3.2)	(8.5)	(7.8)	(2.6)	(7.6)	(6.7)
In foreign currency	--	--	--	--	--	--	--	--
Deposits of rest of public sector	(7.4)	(6.4)	(17.4)	(40.3)	(14.8)	(12.3)	(8.5)	(7.9)
Credit to commercial banks	0.3	0.3	0.2	--	--	--	--	--
Official capital and surplus	(84.4)	(86.9)	(90.7)	(95.7)	(98.0)	(99.4)	(92.9)	(94.5)
Net unclassified assets	13.1	14.5	13.6	6.9	15.1	14.7	15.6	16.2
Loans to rest of public sector	4.3	4.7	6.5	7.7	7.6	7.5	7.4	7.3
Public Corp Bonds/Securities	--	0.3	1.4	0.8	0.8	0.8	0.8	0.8
Liabs. to Commercial Banks & OLFIs	(147.4)	(184.6)	(225.0)	(191.5)	(209.3)	(239.9)	(241.2)	(243.5)
Notes and coins	(47.5)	(47.7)	(74.7)	(39.1)	(64.4)	(36.6)	(38.2)	(39.0)
Deposits	(99.9)	(136.9)	(150.3)	(152.4)	(144.9)	(203.3)	(203.0)	(204.5)
SDR allocation	(13.8)	(14.4)	(14.0)	(13.2)	(13.3)	(12.9)	(12.7)	(13.1)
Currency held by the private sector	(109.7)	(125.6)	(148.4)	(148.2)	(151.4)	(148.0)	(149.5)	149.9

Source: The Central Bank of The Bahamas

TABLE 16
SELECTED TOURISM STATISTICS

Period	1998	1999	2000p	2000p		2001p		
				Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III
Visitor Arrivals	3,347,665	3,648,291	4,203,831	948,646	1,038,469	1,187,456	1,140,850	932,034
Air	1,304,851	1,438,887	1,481,545	347,481	324,675	411,633	439,949	336,884
Sea	2,042,814	2,209,404	2,722,286	601,165	713,794	775,823	700,901	595,150
Visitor Type								
Stopover	1,527,707	1,577,066	1,596,159	367,853	374,267	n.a	n.a	n.a
U.S.A.	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Canada	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Europe	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Other	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Cruise	1,729,894	1,981,481	2,512,626	543,328	685,683	733,994	626,265	n.a
Day/Transit	68,228	77,707	66,587	16,237	13,963	n.a	n.a	n.a
Tourist Expenditure(BS 000's)	1,354,057	1,582,926	1,814,011	413,925	440,203	n.a	n.a	n.a
Stopover	1,244,433	1,463,577	1,662,036	381,468	397,308	n.a	n.a	n.a
Cruise	105,530	114,909	147,980	31,483	42,057	n.a	n.a	n.a
Day	4,094	4,440	3,995	974	838	n.a	n.a	n.a
Number of Tourist Days*	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Average Length of Stay	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Average Hotel Occupancy Rates (%)								
New Providence	75.9	76.0	73.3	70.8	63.0	74.0	75.9	n.a
Grand Bahama	66.3	53.6	58.2	57.7	45.8	58.5	59.8	n.a
Other Family Islands	40.4	44.3	41.0	39.2	27.8	37.9	51.6	n.a

Source: The Ministry of Tourism

* Calculated as the sum of stopovers times average length of stay and total cruise and day visitors.

TABLE 11
GOVERNMENT OPERATIONS AND FINANCING

(B\$ Millions)

Period	1997/98p	1998/99p	1999/00p	Budget		2000/01p			2001/02p
				2000/01	2001/02	QTR. II	QTR. III	QTR. IV*	QTR. I
Total Revenue & Grants	764.0	803.8	918.5	990.5	1,029.7	228.4	233.0	192.2	222.9
Current expenditure	713.6	746.8	817.4	862.8	893.8	191.9	210.6	156.7	204.3
Current balance	50.4	57.0	101.1	127.7	135.9	36.5	22.4	35.5	18.6
Capital expenditure	90.5	94.9	106.7	99.1	108.8	18.7	14.7	23.4	20.0
Net lending	33.1	32.3	32.1	29.0	21.3	14.7	7.3	11.6	1.0
Overall balance	(73.2)	(70.2)	(37.7)	(0.3)	5.8	3.1	0.4	0.5	(2.4)
Adj. Overall balance	(73.2)	(70.2)	(37.7)	(0.3)	5.8	3.1	0.4	0.5	(2.4)
FINANCING (I+II-III+IV+V)	73.2	70.2	37.7	0.3	(5.8)	(3.1)	(0.4)	(0.6)	2.4
I. Foreign currency loans	5.5	18.5	22.4	18.3	48.9	1.8	0.0	0.5	1.1
External	5.5	18.5	22.4	18.3	48.9	1.8	--	0.5	1.1
Domestic	--	--	--	...	...	--	--	--	--
II. Bahamian dollar borrowing	127.0	126.7	78.0	55.8	34.3	25.8	--	--	64.3
i) Treasury bills	--	--	--	...	...	--	--	--	16.1
Central Bank	--	--	--	...	...	--	--	--	16.1
Commercial banks & OLF's	--	--	--	...	...	--	--	--	--
Public corporations	--	--	--	...	...	--	--	--	--
Other	--	--	--	...	...	--	--	--	--
ii) Long-term securities	121.0	126.7	78.0	...	...	25.8	--	--	34.3
Central Bank	18.0	17.0	8.0	...	...	3.0	--	--	5.0
Commercial banks & OLF's	34.8	53.3	33.1	...	...	1.7	--	--	10.1
Public corporations	38.9	33.9	18.2	...	...	8.7	--	--	4.8
Other	29.3	22.5	18.7	...	...	12.4	--	--	14.4
iii) Loans and Advances	6.0	--	--	...	...	--	--	--	13.9
Central Bank	6.0	--	--	...	...	--	--	--	13.9
Commercial banks	--	--	--	...	...	--	--	--	--
III Debt repayment	83.3	74.3	20.6	79.3	87.3	32.2	7.7	5.6	29.2
Domestic	60.0	64.7	12.7	71.2	54.0	30.0	6.5	5.0	28.3
Bahamian dollars	51.7	55.0	1.0	60.7	47.7	25.0	5.2	5.0	25.2
Internal foreign currency	8.3	9.7	11.8	10.5	6.2	5.0	1.3	0.0	3.1
External	23.3	9.6	7.9	8.1	33.3	2.2	1.2	0.6	0.9
IV. Cash balance change	19.6	(3.1)	(19.4)	...	...	(2.0)	(1.2)	0.1	11.0
V. Other Financing	4.4	2.4	(22.7)	5.5	(1.7)	3.5	8.5	4.4	(44.8)

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

* April & May 2001

TABLE 12
NATIONAL DEBT

(B\$' 000s)

End of Period	1997p	1998p	1999p	2000p		2001p		
				Sept.	Dec.	Mar.	June	Sept.
TOTAL EXTERNAL DEBT	96,389	93,443	105,731	114,859	114,404	113,253	111,190	111,383
By Instrument								
Government Securities	56,000	56,000	50,500	50,500	50,500	50,500	50,500	50,500
Loans	40,389	37,443	55,231	64,359	63,904	62,753	60,690	60,883
By Holder								
Commercial banks	11,406	6,334	25,602	26,915	25,265	25,265	23,615	23,615
Offshore financial institutions	7,320	6,900	980	500	500	500	500	500
Multilateral institutions	27,663	30,209	29,149	37,444	38,639	37,488	37,075	37,268
Bilateral Institutions	--	--	--	--	--	--	--	--
Private Capital Markets	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
TOTAL INTERNAL DEBT	1,280,153	1,340,851	1,405,657	1,406,032	1,401,831	1,395,312	1,410,349	1,446,356
By Instrument								
Foreign Currency	51,816	44,655	29,706	26,057	21,057	19,767	19,767	16,677
Government securities	29,200	29,200	21,000	21,000	16,000	16,000	16,000	16,000
Loans	22,616	15,455	8,706	5,057	5,057	3,767	3,767	677
Bahamian Dollars	1,228,337	1,296,196	1,375,951	1,379,975	1,380,774	1,375,545	1,390,582	1,429,679
Advances	50,019	53,519	53,519	53,519	53,519	53,519	53,518	67,445
Treasury bills	132,500	132,500	132,500	132,500	132,500	132,500	152,500	168,600
Government securities	1,033,856	1,099,856	1,180,586	1,185,586	1,186,386	1,181,386	1,176,424	1,185,724
Loans	11,962	10,321	9,346	8,370	8,369	8,140	8,140	7,910
By Holder								
Foreign Currency	51,816	44,665	29,705	26,057	21,057	19,767	19,767	16,677
Commercial banks	51,175	44,665	29,705	26,057	21,057	19,767	19,767	16,677
Other local financial institutions	641	--	--	--	--	--	--	--
Bahamian Dollars	1,228,338	1,296,196	1,375,950	1,379,975	1,380,774	1,375,545	1,390,582	1,429,679
The Central Bank	141,822	61,926	73,101	80,530	128,895	110,297	121,422	185,735
Commercial banks	254,430	360,285	407,481	409,957	354,899	370,428	376,550	338,595
Other local financial institutions	2,423	3,618	6,399	4,287	4,287	4,237	4,187	4,187
Public corporations	587,529	623,817	607,744	593,660	590,485	588,552	586,602	584,859
Other	242,134	246,550	281,225	291,541	302,208	302,031	301,821	316,303
TOTAL FOREIGN CURRENCY D	148,205	138,098	135,437	140,916	135,461	133,020	130,957	128,060
TOTAL DIRECT CHARGE	1,376,542	1,434,294	1,511,388	1,520,891	1,516,235	1,508,565	1,521,539	1,557,739
TOTAL CONTINGENT LIABILIT	331,840	349,045	376,282	370,397	365,144	362,118	364,383	363,814
TOTAL NATIONAL DEBT	1,708,382	1,783,339	1,887,670	1,891,288	1,881,379	1,870,683	1,885,922	1,921,553

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

TABLE 13
PUBLIC SECTOR FOREIGN CURRENCY DEBT OPERATIONS

(B\$' 000)

	1997p	1998p	1999p	2000p		2001p		
				Sept.	Dec.	Mar.	June	Sept.
Outstanding debt at beginning of period	359,570	401,132	403,759	406,985	403,036	392,448	389,721	383,423
Government	133,314	148,205	138,098	142,283	140,916	135,461	133,020	130,957
Public Corporations	226,256	252,927	265,661	264,702	262,120	256,987	256,701	252,466
Plus new drawings	110,501	43,752	47,949	1,980	2,990	3,741	2,189	1,344
Government	57,763	6,431	24,612	705	1,812	6	526	1,119
Public corporations	52,738	37,321	23,337	1,275	1,178	3,735	1,663	225
Less Amortization	68,939	41,125	47,650	5,929	13,578	6,468	8,487	8,641
Government	42,872	16,538	27,273	2,072	7,267	2,447	2,589	4,016
Public corporations	26,067	24,587	20,377	3,857	6,311	4,021	5,898	4,625
Outstanding debt at end of period	401,132	403,759	404,058	403,036	392,448	389,721	383,423	376,126
Government	148,205	138,098	135,437	140,916	135,461	133,020	130,957	128,060
Public corporations	252,927	265,661	268,621	262,120	256,987	256,701	252,466	248,066
Interest Charges	26,297	30,978	24,684	3,529	8,561	3,968	8,720	4,594
Government	9,668	12,364	8,671	504	3,170	661	3,848	567
Public corporations	16,629	18,614	16,013	3,025	5,391	3,307	4,872	4,027
Debt Service	95,236	72,103	72,334	9,458	22,139	10,436	17,207	13,235
Government	52,540	28,902	35,944	2,576	10,437	3,108	6,437	4,583
Public corporations	42,696	43,201	36,390	6,882	11,702	7,328	10,770	8,652
Debt Service ratio	5.2	3.8	3.0	1.4	3.0	1.5	2.3	2.1
Government debt Service/ Government revenue (%)	7.2	3..8	4.1	1.1	4.6	1.3	n.a	2.1
MEMORANDUM								
Holder distribution (B\$ Mil):								
Commercial banks	119.9	100.7	100.0	93.7	85.1	83.8	81.1	78.0
Offshore Financial Institutions	7.3	6.9	1.0	0.5	0.5	0.5	0.5	0.5
Multilateral Institutions	190.6	217.1	226.1	234.1	233.9	232.7	231.0	226.8
Bilateral Institutions	32.7	29.1	25.4	23.6	21.8	21.8	20.0	20.0
Other	0.6	0.0	1.5	1.1	1.1	0.9	0.9	0.9
Private Capital Markets	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0

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

TABLE 14
BALANCE OF PAYMENTS SUMMARY

(B\$ Millions)

	1998p	1999p	2000p	2000		2001		
				Qtr.IIIp	Qtr.IVp	Qtr.Ip	Qtr.IIp	Qtr.IIIp
A. Current Account Balance (I+II+III+IV)	(995.7)	(406.0)	(422.0)	(43.2)	(196.8)	(17.2)	10.2	(60.1)
I. Merchandise (Net)	(1,373.9)	(1,249.2)	(1,312.9)	(241.6)	(369.0)	(297.8)	(294.3)	(242.7)
Exports	362.9	523.2	805.3	205.1	244.8	172.0	176.4	192.8
Imports	1,736.8	1,772.4	2,118.2	446.7	613.8	469.8	470.7	435.5
II. Services (Net)	542.8	936.5	1,020.6	212.6	225.8	302.5	350.2	193.6
Transportation	(146.9)	(112.3)	(128.9)	(21.8)	(36.6)	(31.2)	(35.1)	(26.0)
Travel	1,098.2	1,272.5	1,521.0	322.5	368.6	418.2	493.6	306.8
Insurance Services	(59.7)	75.0	(60.3)	(13.9)	(22.5)	(16.9)	(31.0)	(18.7)
Offshore Companies Local Expenses	95.7	84.7	101.7	23.5	17.4	17.2	16.6	7.9
Other Government	(35.7)	(26.8)	(29.4)	(5.2)	(3.5)	(7.0)	(23.0)	(4.6)
Other Services	(408.7)	(359.9)	(383.5)	(92.4)	(97.7)	(77.9)	(70.9)	(71.8)
III. Income (Net)	(199.0)	(129.7)	(173.1)	(22.7)	(62.0)	(33.6)	(58.8)	(20.0)
1. Compensation of Employees	(34.4)	(40.9)	(51.1)	(11.2)	(13.7)	(10.5)	(10.7)	(11.6)
2. Investment Income	(164.6)	(88.6)	(122.0)	(11.5)	(48.3)	(23.1)	(48.1)	(8.4)
IV. Current Transfers (Net)	34.3	36.4	43.4	8.5	8.5	11.7	13.1	9.0
1. General Government	38.0	41.5	47.4	10.4	9.5	12.2	14.6	10.1
2. Private Sector	(3.7)	(5.1)	(4.0)	(1.9)	(1.0)	(0.4)	(1.5)	(1.1)
B. Capital and Financial Account (I+II) (excl. Reserves)	860.0	583.6	419.8	128.0	76.4	49.2	27.2	52.9
I. Capital Account (Transfers)	(11.7)	(13.6)	(16.4)	(4.9)	(5.7)	(5.5)	(7.7)	(3.1)
II. Financial Account	871.7	597.2	436.2	132.9	82.1	54.7	34.9	56.0
1. Direct Investment	146.4	149.1	249.8	39.0	75.6	24.4	27.3	19.0
2. Other Investments	725.3	448.1	108.2	93.9	6.5	30.3	7.6	37.0
Central Gov't Long Term Capital flow (net)	(11.3)	2.5	0.4	(1.4)	(5.0)	(2.4)	(2.1)	(2.9)
Other Public Sector Capital	6.1	(7.3)	(11.6)	(2.8)	(5.1)	(0.3)	(5.9)	(4.4)
Banks	29.8	91.8	(28.0)	41.1	(18.5)	(1.1)	15.9	20.2
Other	700.7	361.3	147.4	56.9	35.1	34.1	(0.3)	24.1
C. Net Errors and Omissions	255.0	(112.3)	(43.8)	(135.0)	61.4	7.4	(52.0)	(54.0)
D. Overall Balance (A+B+C)	119.3	65.3	(46.0)	(50.2)	(59.0)	39.5	(14.6)	(61.2)
E. Financing	(119.3)	(65.3)	61.5	50.2	59.0	(39.5)	14.6	61.2
Change in SDR holdings	--	--	(0.1)	--	--	--	--	--
Change in Reserve Position with the Fund	--	--	0.5	--	0.5	0.3	0.1	(0.3)
Change in External Foreign Assets () = Increase	(119.3)	(65.3)	61.1	50.2	58.5	(39.8)	14.5	61.5

Source: The Central Bank of the Bahamas

Figures may not sum to total due to rounding

TABLE 15
EXTERNAL TRADE

(B\$ '000)

	1994	1995	1996	1997				1998			
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
I. OIL TRADE											
i) Exports	3,329	29	6	--	--	--	--	1	--	--	--
ii) Imports	98,618	156,431	192,921	30,694	42,537	51,328	23,934	44,593	26,146	20,474	21,476
II. OTHER MERCHANDISE											
i) Domestic Exports											
Crawfish	58,359	56,148	69,415	11,269	5,968	15,631	26,593	15,576	4,837	14,045	23,015
Fish & other Crustacea	2,927	3,562	4,978	674	972	972	426	3,450	2,625	4,752	2,080
Fruits & Veggies.	3,133	2,842	2,536	1,325	113	1,427	224	341	27	488	317
Aragonite	851	343	828	154	264	342	--	--	225	69	308
Rum	8,335	2,878	4,442	701	1,525	1,418	1,287	2,957	2,286	3,752	3,249
Other Cordials & Liqueurs	246	361	258	122	46	94	15	6	4	32	9
Crude Salt	15,511	13,463	17,430	5,975	4,050	7,115	4,447	4,546	2,809	2,906	2,617
Hormones	--	--	--	--	--	--	--	--	--	2,594	2,256
Chemicals	--	--	223	--	--	--	--	6,062	7,188	3,987	4,452
Other Pharmaceuticals	78	--	--	--	--	--	--	--	--	--	--
Fragrances	--	--	2,429	--	133	235	797	1	--	--	--
Other	15,491	13,031	12,021	2,698	1,319	2,519	1,150	2,057	1,349	3,300	7,646
TOTAL	104,931	92,628	114,560	22,918	14,390	29,753	34,939	34,996	21,350	35,925	45,949
ii) Re-Exports	62,102	83,291	63,666	36,055	15,132	11,891	16,314	34,028	43,217	35,177	49,678
iii) Total Exports (i+ii)	167,033	175,919	178,226	58,973	29,522	41,644	51,253	69,024	64,567	71,102	95,627
iv) Imports	957,258	1,086,650	1,171,621	296,071	377,356	376,511	423,595	438,815	420,158	410,670	434,031
v) Retained Imports (iv-ii)	895,156	1,003,359	1,107,955	260,016	362,224	364,620	407,281	404,787	376,941	375,493	384,353
vi) Trade Balance (i-v)	(790,225)	(910,731)	(993,395)	(237,098)	(347,834)	(334,867)	(372,342)	(369,791)	(355,591)	(339,568)	(338,404)

Source: Department of Statistics Quarterly Statistical Summaries

TABLE 10
SUMMARY OF BANK LIQUIDITY

(B\$ Millions)

End of Period	1997	1998	1999	2000			2001		
				Jun.	Sept.	Dec.	Mar.	Jun.	Sept.
I. Statutory Reserves									
Required reserves	119.3	135.5	153.9	163.4	166.1	166.6	170.2	174.6	175.8
Average Till Cash	42.2	41.4	61.0	43.6	44.4	59.6	43.6	39.2	41.7
Average balance with central bank	108.5	136.1	174.7	243.9	185.0	149.4	189.3	187.5	194.8
Free cash reserves (period ended)	30.6	41.2	81.0	123.3	62.5	41.6	61.9	51.3	59.9
II. Liquid Assets (period)									
A. Minimum required Liquid assets	393.3	452.8	507.9	539.0	541.1	539.1	563.8	573.8	573.4
B. Net Eligible Liquid Assets	415.9	559.7	656.6	683.6	619.9	579.2	620.3	625.1	596.2
i) Balance with Central Bank	100.9	137.7	155.5	225.7	159.0	148.2	203.7	193.5	198.0
ii) Notes and Coins	48.0	48.2	75.1	38.3	39.7	64.9	37.1	38.7	39.5
iii) Treasury Bills	23.8	95.5	93.4	87.8	99.4	49.9	71.8	74.6	35.4
iv) Government registered stocks	220.6	264.1	311.4	311.4	308.4	303.7	297.3	300.5	302.0
v) Specified assets	21.6	17.4	20.8	19.7	18.5	20.2	17.3	16.7	15.8
vi) Net Inter-bank dem/call deposits	1.8	-2.4	1.2	1.5	(4.3)	(6.9)	(6.1)	1.9	6.3
vii) Less: borrowings from central bank	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
C. Surplus/(Deficit)	22.6	106.9	148.7	144.6	78.8	40.1	56.5	51.3	22.8

Source: The Central Bank of The Bahamas