



Monthly Economic and Financial Developments August 2018

In an effort to provide the public with more frequent information on its economic surveillance activities, the Central Bank has decided to release monthly reports on economic and financial sector developments in The Bahamas. The Bank monitors these conditions as part of its monetary policy mandate, to assess whether money and credit trends are sustainable relative to levels of external reserves required to protect the value of the Bahamian dollar and, if not, the degree to which credit policies ought to be adjusted. The main data source for this surveillance is financial institutions' daily reports on foreign exchange transactions and weekly balance sheet statements. Therefore, monthly approximations may not coincide with calendar estimates reported in the Central Bank's quarterly reports. The Central Bank will release its "Monthly Economic and Financial Developments" report on the Monday following its monthly Monetary Policy Committee Meeting.

Future Release Dates:

2018: October 29, December 3, December 17.



Monthly Economic and Financial Developments (MEFD) August 2018

1. Domestic Economic Developments

Overview

Preliminary indicators suggest that the economy's modest growth rate was sustained over the review period, buoyed by gains in tourism sector metrics and positive impulses from foreign investment-led construction activity. In terms of prices, the pass-through effects of elevated international oil prices contributed to an uptick in domestic energy costs during the month. Monetary developments featured a contraction in liquidity, reflecting an increase in commercial bank lending to the Government, as well as a falloff in domestic deposits. In addition, external reserves contracted, due to a rise in foreign currency demand to facilitate public and private sector transactions.

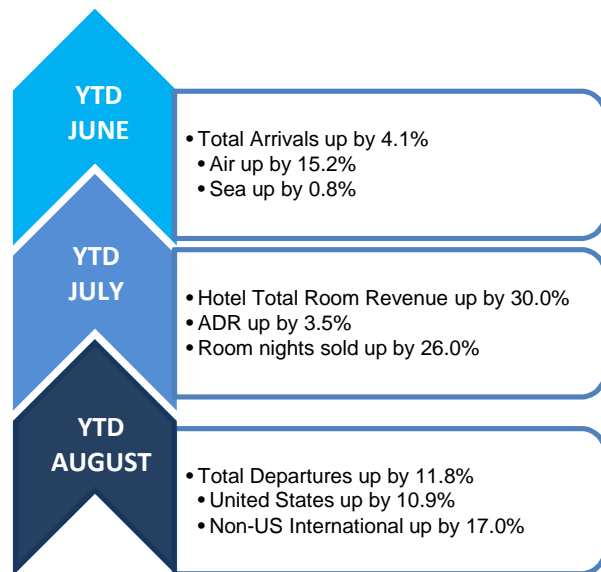
Real Sector

Tourism

Official data from the Ministry of Tourism, showed improvements in the country's main sector over the first half of the year. Total visitor arrivals firmed by 4.1%, in contrast to a 2.0% decline in the prior period. Buoyed by increased airlift, and a significant expansion in high-end room inventory, air arrivals strengthened by 15.2%, vis-à-vis a 6.0% reduction in the prior year. Meanwhile, sea visitors edged-up by 0.8%, after a falloff of similar magnitude in 2017.

When assessed by first port of entry, visitors to the Family Islands firmed by 18.4%, compared to a 6.7% contraction in the previous period. This outturn reflected growth in the high value-added air segment by 12.2%, following the prior year's 15.2% increase, while the dominant sea component expanded by 19.6%, a turnaround from a 10.2% decrease in the previous period. In addition, arrivals to Grand Bahama increased by 7.2%, vis-à-vis a 25.0% hurricane-related retrenchment a year ago. This reflected growth in sea traffic by 8.1%, compared to a 21.5% contraction in 2017, while the reduction in air visitors slowed to a mere 0.2%, from 44.3% a year earlier. In a slight offset, total visitors to the capital decreased by 3.7%, a reversal from a 6.8% gain in the previous period. The dominant sea segment

Chart 1: Tourism Indicators at a Glance



Source: Ministry of Tourism, Bahamas Hotel Association, AirDNA

declined by 11.6%, a turnaround from the prior year's 12.8% improvement; however, an increase in high-end room capacity contributed to the 17.3% strengthening, in comparison to a 6.5% decrease in 2017.

The ongoing gains in air arrivals translated into an improvement in stopover metrics, as information from the Bahamas Hotel and Tourism Association and the Ministry of Tourism's survey of large hotels, showed that total room revenue expanded by 30.0% during the first seven months of 2018. This outcome was supported by a 26.0% increase in the number of room nights sold; although the growth in overall room capacity led to a 1.3 percentage point reduction in the occupancy rate to 66.9%, while the average daily room rate (ADR) rose by \$8.75 (3.5%) to \$255.77.

Partial information from the Nassau Airport Development Company Limited (NAD) revealed that the gain in tourist arrivals was sustained during the month of August, as total departures—net of domestic passengers—rose by 11.7%, relative to a 0.3% contraction in the previous year. This outturn reflected a 10.6% increase in the US segment, compared to a 0.6% uptick a year earlier, and a 20.0% expansion in the non-US international component, in contrast to a 6.9% decline in the previous year. Information compiled over the eight-month period, showed similar trends. Total departures grew by 11.8%, a reversal from 2017's 1.5% reduction, with both US and non-US international departures increasing by 10.9% and 17.0%, in comparison to declines of 1.5% and 1.7%, respectively, a year ago.

Similarly, indicative of the growing popularity of the short-term private rental market, data from AirDNA showed a 41.2% increase in booked listings via the Airbnb platform during August for All Bahamas in comparison to the same period in 2017. These results are also influenced by the fact that more properties are listing on the site each year. In terms of the broad trends in the major markets, the number of listings in Exuma firmed by 54.7%, while gains of 37.8%, 34.8%, and 28.0%, were noted for New Providence, The Abacos, and Grand Bahama, respectively. In terms of the key segments, the ADR for the entire place listings rose by 1.8% to \$319.77, while that of hotel comparable listings fell by 3.1% to \$132.19.

Prices

During the twelve months to June, the All Bahamas Retail Price Index rose by 1.3%, outpacing the 0.9% gain a year earlier. This development was led by increases in the restaurant & hotels, recreation & culture and food & non-alcoholic beverages components of 4.7%, 3.2% and 1.8%, respectively, each reversing declines noted in the prior year. Further, inflation rates quickened for transport by 1.8 percentage points to 2.4%, health by 90 basis points to 1.6% and housing, water, gas and electricity—the largest category—by 10 basis points to 2.5%. In a partial offset, prices moderated for clothing and footwear, furnishing and household equipment, education and miscellaneous goods & services.

In terms of domestic energy costs, during the month of August the Bahamas Power and Light's (BPL) fuel surcharge edged-up by 0.5% to 17.47 cents/KWH, relative to the previous month, and firmed by 26.7%, year-on-year.

2. Domestic Monetary Trends

August 2018 vs. 2017

Liquidity

During the month of August, increased short-term Government financing from commercial banks, higher net foreign currency outflows, and a contraction in domestic deposits, led to a reduction in liquidity. Specifically, excess liquid assets—a broad measure of liquidity—decreased by \$61.1 million to \$1,842.0 million, a reversal from an \$86.8 million advance in the prior year. Also excess reserves contracted by \$79.2 million, compared to a gain of \$68.7 million in the previous period.

External Reserves

During the review month, external reserves fell by \$83.9 million to \$1,440.2 million, overturning 2017's Government external borrowing-led expansion of \$92.2 million. Underlying this development, the Central Bank's transactions with the public sector reversed from a \$95.7 million net purchase, to a net sale of \$67.7 million, to facilitate mainly fuel purchases and the Government's part payment to acquire a hotel property. Further, the Bank's net foreign currency sales to commercial banks quickened by \$8.8 million to \$16.2 million, as their net sale to customers broadened to \$39.1 million, from \$1.1 million in the prior year.

Domestic Credit

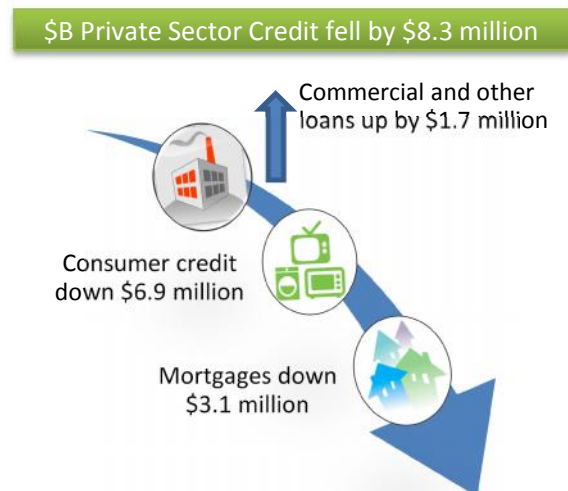
Bahamian Dollar Credit

Total Bahamian dollar credit grew by \$55.4 million in August, in contrast to the previous year's \$54.7 million contraction. In particular, net credit to the Government expanded by \$62.0 million, reversing the prior period's \$59.8 million net repayment. Further, claims on the rest of the public sector edged-up by \$1.8 million, following a \$0.7 million reduction last year. Conversely, credit to the private sector narrowed by \$8.3 million, vis-à-vis a \$5.9 million increase in 2017, as consumer loans and mortgages declined by \$6.9 million and \$3.1 million, respectively, vis-à-vis gains of \$4.3 million and \$0.2 million last year. In contrast, commercial lending firmed by \$1.7 million, slightly higher than 2017's \$1.4 million expansion.

Foreign Currency Credit

Domestic foreign currency credit declined by \$9.9 million in August, a reversal from the prior period's \$2.4 million expansion. Specifically, net claims on the Government fell by \$6.0 million, vis-a-vis a \$0.3 million uptick in the prior year. In addition, credit to the rest of the public sector softened by \$0.7 million, in line with the previous year's contraction. Meanwhile, claims on the private sector decreased by \$3.2 million, a turnaround from a \$2.6 million uptick noted in 2017, as commercial credit declined by \$4.2 million, vis-à-vis

Chart 2: Private Sector Credit

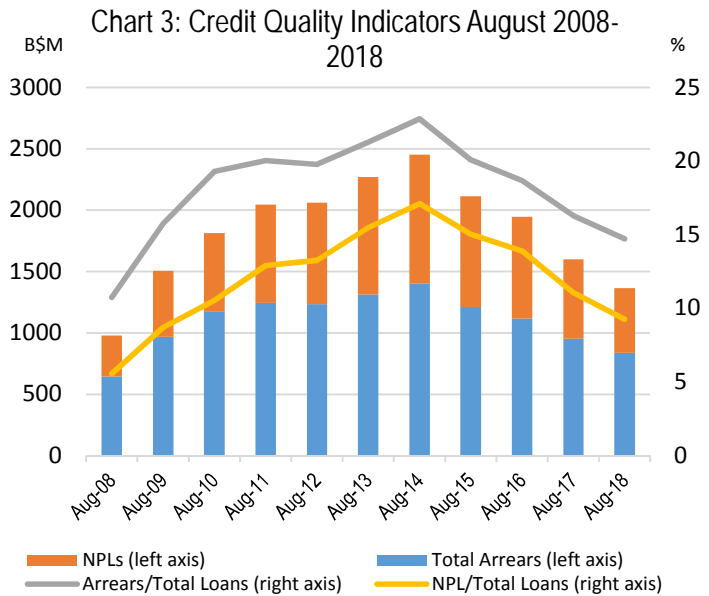


Source: Central Bank of the Bahamas

a \$1.9 million gain last year. In a slight offset, mortgages expanded by \$1.1 million, after a \$0.7 million advance in 2017.

Credit Quality

Bank's credit quality indicators trended in mixed directions during the review month, as improvement was only noted in non-performing loans (NPLs); however, the short-term (31-90 day) segment expanded. Overall, total private sector loan arrears rose by \$2.4 million (0.3%) to \$837.2 million, and by 5 basis points to 14.7% of total private sector loans. This reflected an \$18.9 million (6.5%) expansion in short-term delinquencies to \$310.7 million, resulting in a 34-basis point rise in the attendant ratio to 5.5%. Conversely, NPLs decreased by \$16.5 million (3.0%) to \$526.5 million, with the corresponding ratio decreasing by 29 basis points to 9.3%.



Source: Central Bank of the Bahamas

A disaggregation by loan type, showed that the rise in arrears was led by the mortgage component, which rose by \$3.1 million (0.6%), attributed to an \$8.7 million (5.1%) gain in the short-term segment; however, NPLs fell by \$5.7 million (1.7%). Further, commercial arrears edged-up by \$1.0 million (1.1%); although non-accrual balances fell by \$3.0 million (5.0%). In contrast, consumer delinquencies narrowed by \$1.7 million (0.7%), as the \$6.2 million (6.7%) uptick in the short-term component, was overshadowed by the \$7.9 million (5.1%) contraction in the non-performing category.

Despite the increase in arrears, total provisions for loan losses were reduced by \$6.4 million (1.5%) to \$422.6 million, resulting in a 91 basis point decrease in the ratio of total provisions to arrears to 50.5%. In contrast, the ratio of provisions to NPLs rose by 1.3 percentage points to 80.3%. In addition, during the period write-offs and recoveries totalled \$14.8 million and \$2.6 million, respectively.

An analysis over the prior year showed that the ratio of total private sector arrears to loans contracted by 1.6 percentage points, due mainly to a 1.8 percentage point decline in the NPL rate, while the short-term rate grew slightly by 25 basis points. Further, the delinquency rate of commercial loans decreased by 8.4 percentage points, while the arrears rates for mortgages and consumer loans were 76 and 34 basis points lower, respectively.

Deposits

During the period, total Bahamian dollar deposits fell by \$15.5 million, a turnaround from a \$4.7 million expansion in the previous year. Underpinning this outcome, the contraction in saving deposits deepened by \$8.0 million to \$13.0 million, while the growth in demand balances slowed by \$13.3 million to \$5.3 million. In contrast, the reduction in fixed balances lessened to \$7.8 million from \$8.9 million in the prior year.

Interest Rates

In interest rate developments, the weighted average deposit rate at banks declined by eight basis points to 0.8%, with the highest rate of 4.5% offered on balances of over 12 months. In addition, the weighted average loan rate decreased by 1.2 percentage points to 11.3%.

3. Domestic Outlook

The domestic economy is expected to sustain its modest growth trajectory throughout the remainder of the 2018. An increase in airlift, alongside an expansion in high-end room capacity, should continue to support improvements in the tourism sector, while foreign direct investment projects are likely to remain the dominant driver of construction sector activity. In this context, the gradual improvement in labour market conditions is expected to be sustained over the near-term. Domestic inflation should remain relatively mild; although domestic energy costs will continue to be impacted by sustained growth in international oil prices.

The Government's efforts to improve its deficit and debt indicators over the near-term, will continue to depend on the success of measures to increase the revenue intake and restrain expenditure growth, with the latter partly contingent on the enactment and operationalization of the fiscal responsibility and debt management frameworks.

Banking sector liquidity is expected to remain elevated over the near-term, reflecting the persistence of banks' cautious lending stance and the mildness in credit demand. In addition, banks' average capital levels— estimated at 33.65% in August—are forecasted to remain well above the Central Bank's target and trigger ratios of 17% and 14%, respectively, thereby mitigating any financial stability concerns.

External reserves are expected to decline further over the remainder of the year, reflecting the seasonal increase in foreign currency demand. However, reserve indicators should remain well above international benchmarks.

Monetary Policy Implications

The Bank continues to monitor the prevailing economic conditions, characterized by improving economic fundamentals and healthy reserve levels, but remains sensitive to the underlying risks to the economy. Some of these headwinds include the lingering uncertainty surrounding the impact of the ongoing "tariff war" between the United States and its major trading partners, and their implications for domestic output and inflation, respectively. Further, the Bank is cognizant of the risks associated with the sustained build-up of liquidity in the economy. To the extent that this represents a potential future call on external reserves when credit returns to more traditional levels, and in the absence of a sustained measurable increased in

foreign currency inflows from real sector activities, the Bank will sustain measures to gradually reduce the available liquidity in the banking system. These include the further reduction in its holding of Government debt and the implementation of a local credit bureau, which will provide lenders with a more accurate way to determine the eligibility of potential borrowers.

The Bank will sustain its ongoing monitoring of economic developments, and where prudent, adjust its policy stance to maintain economic and financial stability.

APPENDIX

International Developments

During the review period, the pace of economic growth in the major economies was maintained, despite the heightened uncertainty globally caused by the ratcheting-up of trade tensions among the world's largest exporting countries, and the deterioration in conditions in a number of emerging markets. In this environment, all of the major central banks maintained their highly accommodative monetary policy stance—with the exception of the Federal Reserve.

In the United States, economic conditions remained relatively positive, as growth in industrial production steadied at 0.4% in August over the prior month, while retail sales edged-up by 0.1%, led by fuel and non-store sales, following a 0.7% gain in July. Similarly, total nonfarm payrolls grew in August by 201,000; although a corresponding rise in the labour force led to the unemployment rate stabilising at 3.9%. Further, reflecting higher housing and energy-related costs, consumer prices firmed by 0.2%—identical to the increase in July. In external developments, the trade deficit deteriorated by \$4.4 billion (9.6%) to \$50.1 billion, as the decline in soybean and aircraft trade contributed to a \$2.1 billion (1.3%) fall in total exports to \$211.1 billion, while total imports—of mainly capital goods—increased by \$2.2 billion (0.4%) to \$261.2 billion. In light of the positive labour market and benign inflationary trends, the Federal Reserve Bank made the decision to leave its key policy rate unchanged at a range of 1.75 to 2 percent.

Economic developments within the European markets were subdued during the review period. In particular, in the United Kingdom industrial production fell by 0.5%, owing primarily to a decrease in machinery and equipment output, after a 0.4% increase in the prior month, while production in the euro area declined by 0.8%, extending the 0.7% slowdown a month earlier. In the labour market, the jobless rates in both the United Kingdom and euro area steadied during July at 4.0% and 8.2%, respectively. Moreover, retail sales in the euro area fell by 0.2%, the first decrease for the year, overturning the 0.3% gain in the prior month, due to declines in sales of fuel, food, drinks and tobacco. In contrast, the United Kingdom's retail sales increased by 0.7%, vis-a-vis a 0.5% contraction a month earlier. Meanwhile, the growth in consumer prices in the euro area tapered by 10 basis points to 2.0%, a reversal from a gain of 10 basis points in the previous month, while UK inflation firmed by a similar magnitude to 2.4%. Against this backdrop, both the Bank of England and the European Central Bank sustained their accommodative monetary policy stance.

Economic indicators for the Asian markets were mostly positive over the review period. Led by gains in the production and new orders indices, China's purchasing manager's index firmed by 10 basis points in August, a reversal from a 30-basis point decline in the prior period, while the monthly growth in industrial output stabilised at 0.5%. Meanwhile in Japan, a reduction in the manufacture of transport equipment and general-purpose machinery caused a 0.2% decrease in industrial production; albeit a slowdown from the 1.8% falloff in the previous period. In contrast, the country's purchasing manager's index rose by 20 basis points to 51.5 in August, owing to gains in service sector sales. In the retail sector, China's sales firmed by 0.7%, in line with July's gain; however, Japan's retail sales growth slowed by 1.3 percentage points to a mere 0.1% in July. Meanwhile, reflecting a 10.2% increase in imports, which outpaced the 4.3% uptick in exports, Japan's trade balance reversed from a ¥718.4 billion surplus, to a deficit of ¥231.9 billion. On the labour front, Japan's jobless rate rose by 10 basis points; although the underlying rate remained at a low of 2.5%. With regard to inflation, consumer prices climbed by 0.7% in China, to extend the 0.3% increase in July, while higher food and residential costs fuelled a 0.3% monthly gain in consumer prices for Japan, following a 0.1% uptick in June. In an effort to provide support to their various economies, both the Bank of Japan and the People's Bank of China left their monetary policy stance unchanged.

Amid the heightened geopolitical tensions, crude oil prices firmed by 4.3% to \$77.42 per barrel in August, despite the 278,000 barrels per day increase in average OPEC oil production to 32.6 million barrels per day. In contrast, the market prices of gold and silver declined by 1.9% and 6.3%, to \$1,201.40 and \$14.54 per ounce, respectively.

Underpinned by gains in corporate revenues, the United States stock markets moved higher in August, with both the DJIA and S&P 500 gaining by 2.2% and 3.0%, respectively. In contrast, continued investor uncertainty surrounding "Brexit" combined with concerns over the stability of a few regional economies, contributed to declines of 4.1%, 3.5% and 1.9% in the UK's FTSE 100, Germany's DAX and France's CAC 40, respectively. Meanwhile Asian's stock market performances were mixed, as heightened trade tensions with the US contributed to China's SE Composite falling by 5.3%; however, Japan's Nikkei 225 rose by 1.4%.

During the month of August, the U.S dollar maintained its "safe haven" status, as the currency appreciated against the British pound by 1.3% to £0.77, the euro by 0.8% to €0.86, the Chinese Renminbi by 0.3% to CNY6.83 and the Canadian dollar by 0.3% to CAD\$1.30. In contrast, the dollar fell relative to the Swiss Franc and the Japanese Yen, by 2.2% to CHF0.97 and by 0.8% to ¥111.02, respectively.

Recent Monetary and Credit Statistics

(B\$ Millions)

AUGUST						
Value		Change		Change YTD		
2017	2018	2017	2018	2017	2018	

1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	801.77	846.94	68.74	-79.15	78.05	-10.62
1.2 Excess Liquid Assets	1,611.90	1,841.97	86.83	-61.12	164.82	43.70
1.3 External Reserves	974.07	1,440.23	92.16	-83.86	72.00	31.94
1.4 Bank's Net Foreign Assets	-131.34	-45.81	-11.63	10.35	-0.18	125.19
1.5 Usable Reserves	268.07	701.70	64.18	-44.08	24.22	32.80

2.0 DOMESTIC CREDIT

2.1 Private Sector	6,149.10	5,894.78	8.52	-11.48	-3.65	-81.69
a. B\$ Credit	5,913.50	5,660.72	5.90	-8.32	0.13	-91.35
of which: Consumer Credit	2,228.95	2,138.73	4.29	-6.88	-18.48	-58.80
Mortgages	2,948.52	2,865.92	0.24	-3.13	-12.30	-16.08
Commercial and Other Loans B\$	736.03	656.07	1.37	1.69	30.91	-16.47
b. F/C Credit	235.61	234.07	2.62	-3.16	-3.79	9.66
of which: Mortgages	66.98	67.42	0.68	1.06	-1.06	5.23
Commercial and Other Loans F/C	168.62	166.65	1.94	-4.22	-2.73	4.44
2.2 Central Government (net)	2,702.71	2,432.27	-59.48	56.00	164.53	54.26
a. B\$ Loans & Securities	2,945.40	2,662.49	-8.50	60.67	194.24	53.54
Less Deposits	239.85	220.63	51.33	-1.31	31.06	-5.51
b. F/C Loans & Securities	0.00	0.00	-0.59	0.00	0.00	0.00
Less Deposits	2.84	9.59	-0.93	5.98	-1.35	4.79
2.3 Rest of Public Sector	283.17	318.27	-1.30	1.02	-22.71	47.38
a. B\$ Credit	100.82	125.25	-0.72	1.76	-6.48	25.05
b. F/C Credit	182.35	193.02	-0.59	-0.74	-16.22	22.33
2.4 Total Domestic Credit	9,134.99	8,645.38	-52.27	45.56	137.99	20.00
a. B\$ Domestic Credit	8,719.88	8,227.83	-54.65	55.41	156.82	-7.25
b. F/C Domestic Credit	415.11	417.54	2.38	-9.85	-18.83	27.25

3.0 DEPOSIT BASE

3.1 Demand Deposits	2,397.81	2,509.83	18.63	5.29	208.30	149.36
a. Central Bank	24.19	28.72	-6.96	2.99	8.42	14.65
b. Banks	2,373.62	2,481.11	25.59	2.30	199.88	134.71
3.2 Savings Deposits	1,354.19	1,429.46	-5.05	-13.03	60.53	61.80
3.3 Fixed Deposits	2,748.77	2,600.33	-8.88	-7.79	-121.69	-142.32
3.4 Total B\$ Deposits	6,500.76	6,539.62	4.70	-15.52	147.14	68.84
3.5 F/C Deposits of Residents	368.65	451.27	-7.21	-2.40	-9.81	149.25
3.6 M2	6,780.58	6,833.87	5.47	-13.22	133.21	56.07
3.7 External Reserves/M2 (%)	14.37	21.07	1.35	-1.18	0.80	0.30
3.8 Reserves/Base Money (%)	71.54	100.91	3.28	-0.39	1.40	3.29
3.9 External Reserves/Demand Liabilities (%)	68.98	97.51	3.95	-0.40	0.46	2.27

Value		Year to Date		Change	
2017	2018	2017	2018	Month	YTD

4.0 FOREIGN EXCHANGE TRANSACTIONS

4.1 Central Bank Net Purchase/(Sale)	88.29	-83.83	53.79	11.55	-172.12	-42.25
a. Net Purchase/(Sale) from/to Banks	-7.37	-16.15	100.70	193.48	-8.78	92.78
i. Sales to Banks	24.20	32.90	235.45	238.34	8.70	2.89
ii. Purchases from Banks	16.83	16.75	336.16	431.82	-0.08	95.66
b. Net Purchase/(Sale) from/to Others	95.66	-67.69	-46.91	-181.94	-163.34	-135.03
i. Sales to Others	34.29	89.70	448.18	515.73	55.40	67.55
ii. Purchases from Others	129.95	22.01	401.27	333.80	-107.94	-67.47
4.2 Banks Net Purchase/(Sale)	-1.09	-39.05	113.90	105.99	-37.96	-7.90
a. Sales to Customers	336.63	456.00	3,040.96	3,662.39	119.37	621.43
b. Purchases from Customers	335.54	416.95	3,154.86	3,768.38	81.42	613.53
4.3 B\$ Position (change)	-1.64	14.22				

5.0 EXCHANGE CONTROL SALES

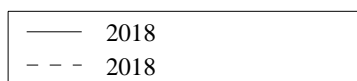
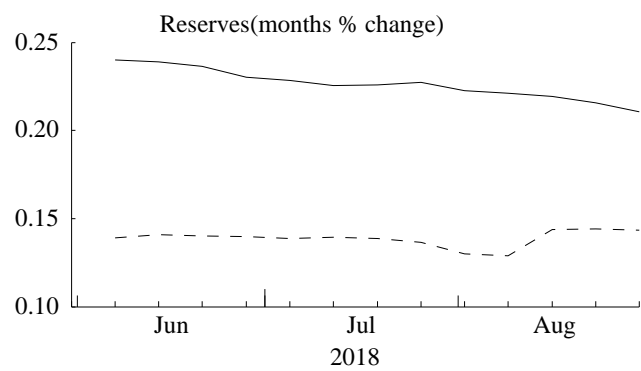
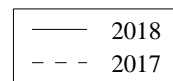
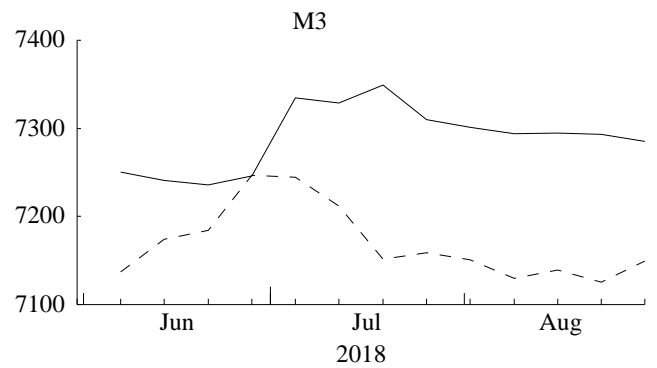
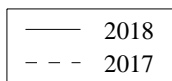
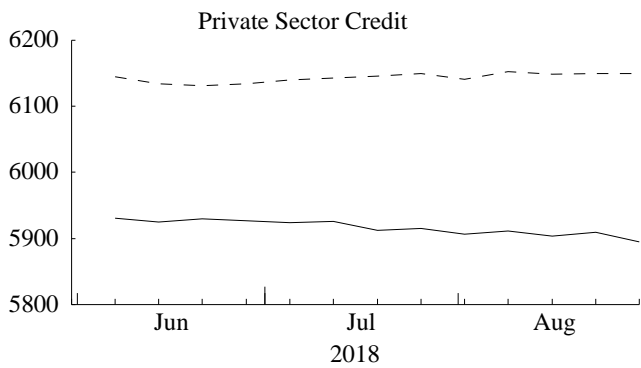
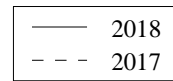
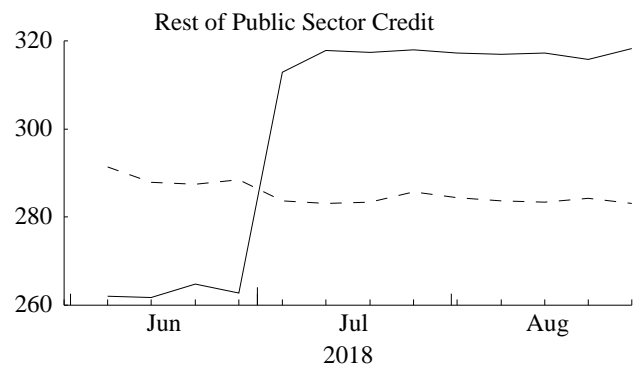
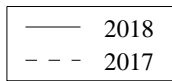
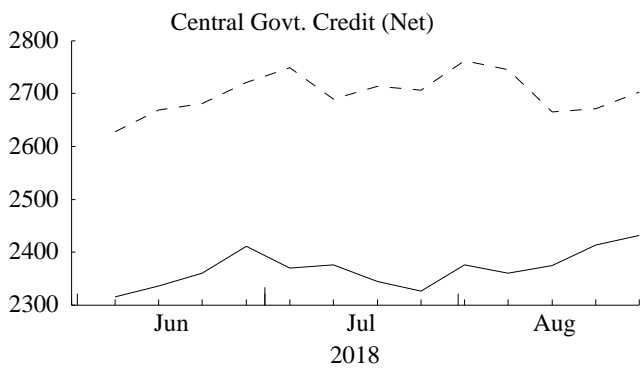
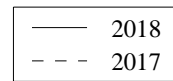
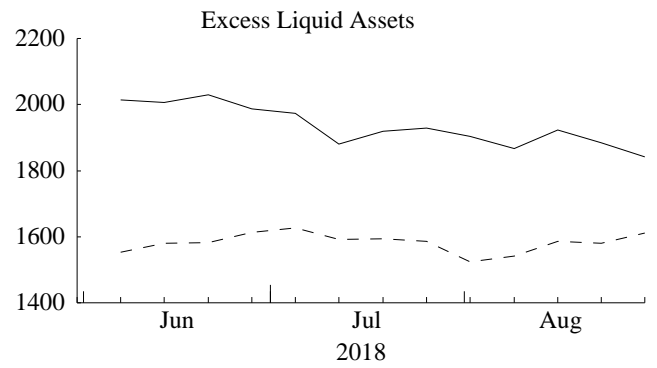
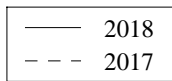
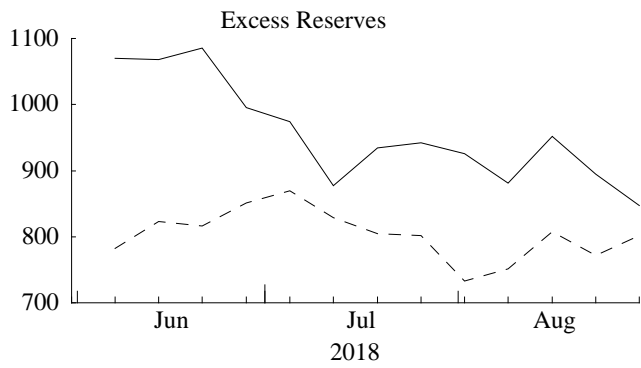
5.1 Current Items	418.97	0.00	3,436.35	3,105.57	-418.97	-330.78
of which Public Sector	22.22	0.00	452.90	209.39	-22.22	-243.51
a. Nonoil Imports	145.66	0.00	1,168.35	924.90	-145.66	-243.45
b. Oil Imports	37.85	0.00	326.14	220.22	-37.85	-105.92
c. Travel	37.22	0.00	215.78	162.87	-37.22	-52.90
d. Factor Income	13.62	0.00	169.80	228.26	-13.62	58.46
e. Transfers	22.62	0.00	196.44	151.72	-22.62	-44.72
f. Other Current Items	162.00	0.00	1,359.84	1,417.59	-162.00	57.75
5.2 Capital Items	12.52	0.00	154.47	94.36	-12.52	-60.12
of which Public Sector	0.00	0.00	56.08	45.85	0.00	-10.23
5.3 Bank Remittances	0.00	0.00	0.00	0.00	0.00	0.00

Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: AUGUST 30, 2017 and AUGUST 29, 2018

Exchange Control Sales figures are as at month end.

Notes: 1.0, 2.0 and 3.0 YTD change reflects change of current month over previous year end; for 4.0 and 5.0 change is over corresponding period of previous year.

SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



Selected International Statistics

A: Selected Macroeconomic Projections (Annual % Change and % of labor force)						
	Real GDP		Inflation Rate		Unemployment	
	2017	2018	2017	2018	2017	2018
Bahamas	1.8	2.5	2.4	2.2	10.1	N/A
United States	2.3	2.7	2.1	2.1	4.4	4.1
Euro-Area	2.4	2.2	1.5	1.4	9.2	8.7
<i>Germany</i>	<i>2.5</i>	<i>2.3</i>	<i>1.6</i>	<i>1.5</i>	<i>3.8</i>	<i>3.7</i>
Japan	1.8	1.2	0.4	0.5	2.9	2.9
China	6.8	6.6	1.8	2.4	4.0	4.0
United Kingdom	1.7	1.5	2.6	2.6	4.9	4.4
Canada	3.0	2.3	1.6	1.8	6.5	6.3
<i>Source: IMF World Economic Outlook January 2018, Department of Statistics</i>						

B: Official Interest Rates – Selected Countries (%)					
<i>With effect</i>	CBOB	ECB (EU)	Federal Reserve (US)		Bank of England
<i>from</i>	Bank Rate	Refinancing Rate	Primary Credit Rate	Target Funds Rate	Repo Rate
July 2016	4.50	0.00	1.00	0.25-0.50	0.50
August 2016	4.50	0.00	1.00	0.25-0.50	0.25
September 2016	4.50	0.00	1.00	0.25-0.50	0.25
October 2016	4.50	0.00	1.00	0.25-0.50	0.25
November 2016	4.50	0.00	1.00	0.25-0.50	0.25
December 2016	4.00	0.00	1.25	0.50-0.75	0.25
January 2017	4.00	0.00	1.25	0.50-0.75	0.25
February 2017	4.00	0.00	1.25	0.50-0.75	0.25
March 2017	4.00	0.00	1.50	0.75-1.00	0.25
April 2017	4.00	0.00	1.50	0.75-1.00	0.25
May 2017	4.00	0.00	1.75	1.00-1.25	0.25
June 2017	4.00	0.00	1.75	1.00-1.25	0.25
July 2017	4.00	0.00	1.75	1.00-1.25	0.25
August 2017	4.00	0.00	1.75	1.00-1.25	0.25
September 2017	4.00	0.00	1.75	1.00-1.25	0.25
October 2017	4.00	0.00	1.75	1.00-1.25	0.25
November 2017	4.00	0.00	1.75	1.00-1.25	0.50
December 2017	4.00	0.00	2.00	1.25-1.50	0.50
January 2018	4.00	0.00	2.00	1.25-1.50	0.50
February 2018	4.00	0.00	2.00	1.25-1.50	0.50
March 2018	4.00	0.00	2.25	1.50-1.75	0.50
April 2018	4.00	0.00	2.25	1.50-1.75	0.50
May 2018	4.00	0.00	2.50	1.75-2.00	0.50
June 2018	4.00	0.00	2.50	1.75-2.00	0.50
July 2018	4.00	0.00	2.50	1.75-2.00	0.50
August 2018	4.00	0.00	2.50	1.75-2.00	0.75

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	Aug-17	July-18	Aug-18	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.8396	0.8553	0.8618	0.77	3.46	2.65
Yen	109.98	111.87	111.02	-0.76	-1.48	0.95
Pound	0.7734	0.7618	0.7714	1.25	4.30	-0.26
Canadian \$	1.2481	1.3006	1.304	0.26	3.71	4.48
Swiss Franc	0.9587	0.9902	0.9689	-2.15	-0.54	1.06
Renminbi	6.5963	6.8112	6.8316	0.30	4.99	3.57

Source: Bloomberg as of August 31, 2018

D. Selected Commodity Prices (\$)					
Commodity	August 2017	July 2018	August 2018	Mthly % Change	YTD % Change
Gold / Ounce	1321.40	1224.09	1201.40	-1.85	-7.80
Silver / Ounce	17.59	15.52	14.54	-6.32	-14.16
Oil / Barrel	52.63	74.25	77.42	4.27	16.25

Source: Bloomberg as of August 31, 2018

E. Equity Market Valuations – August 31, 2018 (% change)								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	1.80	2.16	3.03	-4.08	-1.90	-3.45	1.38	-5.25
3 month	0.12	6.34	7.25	-3.20	0.16	-1.91	2.99	-11.96
YTD	-4.91	5.04	8.52	-3.32	1.77	-4.29	0.44	-17.60
12-month	6.98	18.30	17.39	0.02	6.32	2.56	16.38	-18.91

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	GBP	EUR
o/n	1.97	0.70	-0.41
1 Month	2.14	0.73	-0.39
3 Month	2.31	0.79	-0.36
6 Month	2.55	0.92	-0.32
9 Month	2.65	1.02	-0.26
1 year	2.88	1.10	-0.24

Source: Bloomberg as of August 31, 2018

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

	VALUE												CHANGE					
	Jul. 04	Jul. 11	Jul. 18	Jul. 25	Aug. 01	Aug. 08	Aug. 15	Aug. 22	Aug. 29	Jul. 04	Jul. 11	Jul. 18	Jul. 25	Aug. 01	Aug. 08	Aug. 15	Aug. 22	Aug. 29
I. External Reserves	1,573.41	1,546.13	1,550.49	1,555.59	1,524.09	1,512.19	1,499.78	1,471.87	1,440.23	-14.57	-27.27	4.36	5.10	-31.50	-11.90	-12.42	-27.90	-31.64
II. Net Domestic Assets (A + B + C + D)	-22.41	-91.61	-45.72	-46.18	-19.47	-58.79	8.96	-9.88	-12.95	-8.41	-69.20	45.88	-0.46	26.71	-39.32	67.75	-18.83	-3.08
A. Net Credit to Gov't (i + ii + iii - iv)	350.16	349.80	316.87	326.57	351.29	336.38	360.19	359.81	357.81	-1.52	-0.35	-32.93	9.70	24.72	-14.91	23.81	-0.38	-1.99
i) Advances	134.66	134.66	134.66	134.66	134.66	134.66	134.66	134.66	134.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii) Registered Stock	241.92	241.93	242.20	242.32	242.64	242.70	243.60	243.89	243.97	0.48	0.01	0.26	0.13	0.32	0.05	0.91	0.29	0.08
iii) Treasury Bills	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00
iv) Deposits	26.42	26.79	59.98	50.41	26.01	40.98	18.07	18.74	20.81	2.00	0.36	33.20	-9.57	-24.40	14.96	-22.90	0.66	2.07
B. Rest of Public Sector (Net) (i + ii - iii)	-29.83	-27.72	-13.73	-29.22	-23.10	-24.80	-17.78	-21.15	-26.09	-8.52	2.11	13.99	-15.49	6.12	-1.70	7.02	-3.38	-4.94
i) BDB Loans	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii) BMC Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
iii) Deposits	32.45	30.34	16.35	31.84	25.72	27.42	20.40	23.78	28.72	8.52	-2.11	-13.99	15.49	-6.12	1.70	-7.02	3.38	4.94
C. Loans to/Deposits with Banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
D. Other Items (Net)*	-342.74	-413.69	-348.87	-343.53	-347.66	-370.37	-333.45	-348.53	-344.68	1.63	-70.95	64.83	5.33	-4.13	-22.72	36.92	-15.07	3.85
III. Monetary Base	1,550.99	1,454.53	1,504.77	1,509.41	1,504.62	1,453.40	1,508.73	1,462.00	1,427.28	-22.97	-96.47	50.24	4.64	-4.79	-51.22	55.33	-46.73	-34.72
A. Currency in Circulation	416.21	416.21	404.40	403.49	404.01	411.18	404.78	405.01	408.24	13.21	-0.00	-11.82	-0.91	0.52	7.17	-6.40	0.23	3.22
B. Bank Balances with CBOB	1,134.78	1,038.32	1,100.37	1,105.92	1,100.62	1,042.22	1,103.95	1,056.98	1,019.04	-36.19	-96.47	62.06	5.55	-5.31	-58.39	61.73	-46.97	-37.94

* Includes capital, provisions and surplus account, fixed and other assets, and other demand liabilities of Bank

FISCAL/REAL SECTOR INDICATORS

(B\$ MILLIONS)

(% change represents current month from previous month)

	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE		
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	
Fiscal Operations																											
1. Government Revenue & Grants	161.8	171.6	135.8	152.7	152.8	127.9	109.9	161.2	148.7	148.7	142.8	140.6	187.3	181.6	176.2	188.5	242.4	237.2	196.1	211.6	165.4	169.5			1,819	1,847	
% change: over previous month	-7.9%	-28.9%	-16.3%	-1.0%	12.47%	-16.3%	-28.05%	26.1%	33.29%	-22.7%	-3.98%	12.8%	31.17%	29.2%	-5.95%	-7.18%	37.63%	40.78%	-19.13%	-10.82%	-15.63%	-19.91%			3.72%	1.32%	
2. Value Added Tax	68.7	73.4	49.9	49.5	41.7	40.7	53.8	70.1	45.6	41.6	42.5	36.7	71.7	70.2	43.7	48.6	47.7	46.4	77.7	77.8	53.2	55.7			596.0	610.7	
% change: over previous month	148.8%	74.9%	-27.29%	-32.61%	-16.54%	-17.83%	29.07%	72.54%	-15.28%	-40.63%	-6.77%	-11.95%	68.74%	91.40%	-39.10%	-30.81%	9.24%	-4.35%	62.81%	67.49%	-31.54%	-28.36%			-0.71%	2.46%	
3. Import/Excise Duties	42.9	44.0	44.9	47.0	41.4	35.5	28.1	33.0%	44.5	45.5	49.5	38.6	41.0	37.6	46.9	42.2	52.2	44.0	44.0	44.0	48.0	49.2			491.0	463.9	
% change: over previous month	73.9%	-47.2%	4.7%	6.7%	-7.9%	-28.84%	-32.2%	33.0%	6.1%	-4.8%	8.80%	-8.83%	-17.08%	-2.70%	14.27%	12.33%	11.31%	-12.70%	-15.59%	-15.59%	23.96%	2.57%			4.50%	-5.32%	
4. Recurrent Expenditure	163.1	162.8	148.9	166.6	157.4	164.1	167.3	174.0	206.1	189.7	162.0	151.2	174.6	171.2	146.4	186.3	184.4	188.6	182.7	159.9	149.8	199.3			1,842.7	1,903.6	
% change: over previous month	-18.9%	-67.2%	-8.7%	-3.8%	3.68%	4.8%	6.27%	6.1%	23.21%	9.0%	-21.46%	-20.3%	7.78%	13.2%	-16.15%	8.83%	23.95%	1.20%	-0.839%	-15.23%	-18.03%	24.68%			2.15%	3.30%	
5. Capital Expenditure	14.0	0.0	33.4	17.4	17.7	17.0	14.4	9.4	41.2	16.0	31.8	16.2	21.9	6.2	23.8	16.3	29.3	14.8	35.5	19.6	13.0	22.6			275.9	155.3	
% change: over previous month	-93.0%	-100.0%	137.8%	43.475.0%	-46.83%	-2.3%	-18.84%	-44.9%	183.89%	70.7%	-22.79%	1.3%	-31.23%	-61.7%	9.10%	163.28%	22.73%	-8.94%	21.14%	32.21%	-63.42%	15.32%			67.54%	-43.69%	
6. Deficit/Suplus*	-15.4	8.8	-46.5	-21.2	-22.4	-53.2	-71.7	-22.2	-98.6	-81.0	-51.0	-26.8	-9.1	4.2	5.9	-34.1	28.8	33.8	-22.1	32.1	2.7	-52.5			-299.4	-211.9	
% change: over previous month	-54.9%	-102.4%	202.2%	-341.6%	-51.69%	-150.2%	219.61%	-58.3%	37.56%	-67.0%	-48.28%	-67.0%	-82.05%	-115.8%	-164.78%	-905.97%	385.99%	-109.30%	-176.79%	-5.06%	-112.02%	-263.29%			18.62%	-29.33%	

	JAN		FEB		MAR		APR		MAY		JUN		JUL	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Debt**														
7. Total Direct Debt	6,320.1	7,212.2	6,323.9	7,201.2	6,321.5	7,207.7	6,320.6	7,177.4	6,344.8	7,219.4	7,245.4	6,599.6	7,242.3	
% change: over previous month	0.1%	0.3%	0.1%	-0.2%	0.0%	0.1%	0.0%	-0.4%	0.6%	0.6%	3.2%	0.1%	0.0%	
8. External Debt	1,749.3	2,676.9	1,742.5	2,664.7	1,739.9	2,663.6	1,741.0	2,653.6	1,757.9	2,645.3	2,639.3	1,770.1	2,633.8	
% change: over previous month	0.2%	2.4%	-0.4%	-0.5%	-0.2%	0.0%	0.1%	-0.4%	1.0%	-0.3%	0.3%	0.4%	-0.2%	
9. Internal F/C Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
% change: over previous month														
10. Bahamian Dollar Debt	4,570.8	4,533.4	4,581.4	4,536.5	4,581.5	4,544.2	4,579.6	4,523.8	4,586.8	4,574.1	4,606.1	4,789.5	4,608.5	
% change: over previous month	0.0%	-0.7%	0.2%	0.1%	0.0%	0.2%	0.0%	-0.4%	0.2%	1.1%	4.4%	0.1%	0.1%	
11. Total Amortization	3.1	34.7	2.4	29.0	82.9	91.8	4.8	100.4	10.1	0.1	3.3	76.0	56.7	
% change: over previous month	-85.6%	4.9%	-28.3%	-19.7%	3319.3%	217.1%	-94.2%	9.3%	108.2%	-99.9%	-67.0%	2185.6%	169.5%	
12. Total Public Sector F/C Debt	2,650.0	3,546.1	2,642.7	3,531.2	2,633.3	3,529.1	2,633.5	3,519.1	2,640.7	3,510.8	2,650.4	2,656.1	3,493.5	
% change: over previous month	1.4%	1.8%	-0.3%	-0.4%	-0.1%	-0.1%	0.0%	-0.3%	0.6%	-0.2%	0.0%	0.2%	-0.2%	

	JAN		FEB		MAR	
	2017	2018	2017	2018	2017	2018
Real Sector Indicators						
13. Retail Price Index	102.1	103.9	103.8	104.3	103.3	104.0
% change: over previous month	-0.04%	1.82%	1.7%	0.35%	-0.31%	-0.30%
14. Tourist arrivals (000's)	509.3	533.7	534.6	534.2	682.7	707.5
% change: over previous year	-4.68%	4.79%	-6.41%	-0.08%	3.55%	3.63%
15. Air arrivals (000's)	94.3	100.9	109.2	126.3	146.0	184.1
% change: over previous year	-1.65%	6.93%	-10.17%	16.33%	-13.17%	26.09%
16. Occupied Room Nights						
17. Res. Mortgage Commitments-Value of New Const. & Rehab. (B\$Millions)					11.44	12.25
% change: over previous year					-24.39%	-14.01%

* Includes Net Lending to Public Corporations
 ** Debt figures include Central Government only, unless otherwise indicated
 p - provisional