



Monthly Economic and Financial Developments July 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 1, October 29, December 3, December 17.



Monthly Economic and Financial Developments (MEFD) July 2018

1. Domestic Economic Developments

Overview

The domestic economy maintained its mildly positive growth trajectory in July. Gains in the tourism sector were underpinned by improvements in the major source markets, increased high-end room capacity, and an expansion in airlift. In addition, foreign investment projects continued to support activity in the construction sector. However, tourism-dominated employment gains trailed the labour force expansion, with the average unemployment rate consequently increasing in the year-over-year comparisons, through May, 2018. Meanwhile, domestic fuel prices remained elevated for the year, given only incremental abatement in imported fuel costs for the month of July. Liquidity in the banking sector declined over the review month, with the reduction in the deposit base outpacing the decline in credit. Similarly, external reserves decreased during July, reflecting the seasonal uptick in foreign currency demand.

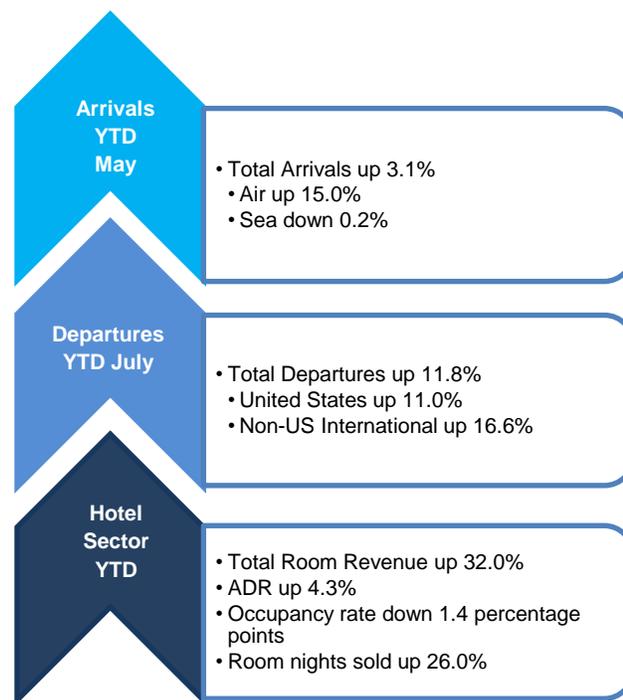
Real Sector

Tourism

Preliminary indicators for the tourism sector point to a sustained improvement in the industry's performance during the review period, over the prior year. The key driving factors included the addition of more high-end room inventory—as the multi-billion dollar Baha Mar resort completed its phased opening in May—along with an increase in airlift from several markets in North America, and an aggressive marketing campaign by the Government.

Against this backdrop, official data from the Ministry of Tourism showed a 3.1% increase in total visitors during the first five months of the year, a reversal from a 2.5% decline in the prior period. Gains in overall arrivals were anchored by the high value-added air segment, which strengthened by 15.0%, in contrast to a 6.0% contraction in 2017. In addition, the falloff in sea passengers eased to 0.2%, from 1.4% in the preceding year.

Chart 1: Tourism Indicators at a Glance



Source: Ministry of Tourism and Air DNA

An analysis by major ports of entry, showed that air arrivals to New Providence advanced by 17.6%, a turnaround from 2017's 7.0% contraction; however, an 11.6% decrease in the larger sea segment, led to a 4.0% fall in total visitors. Further, arrivals to Grand Bahama firmed by 5.0%, vis-à-vis a sharp 22.5% decline a year earlier, due to a 6.2% rise in sea passengers, which outpaced the 4.4% falloff in air traffic. Moreover, the Family Island market expanded by 16.5%, a reversal from an 11.8% contraction in 2017, reflecting gains in both air and sea traffic by 11.8% and 17.5%, respectively.

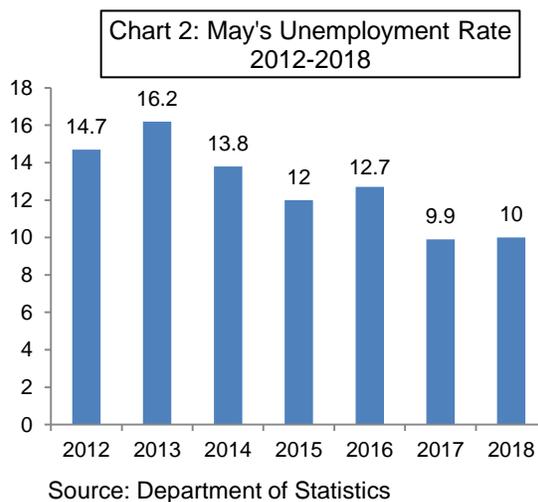
The positive trend in air arrivals was sustained over the first seven months of the year, as data from the Nassau Airport Development Company (NAD) showed that the growth in visitor departures—net of domestic passengers—strengthened to 8.8% in July, from 0.6% a year earlier. Underpinning this improvement, the dominant U.S. segment advanced by 8.5%, outpacing the 1.4% increase recorded in 2017, while non-U.S. international departures rose by 11.9%, in contrast to a 5.7% decline in the previous period. An analysis of longer-term trends showed similar results, with visitor departures advancing by 11.8% over the seven-month period, vis-à-vis the prior year's 1.7% falloff. This outturn was due to gains in both the U.S. and non-U.S. international segments by 11.0% and 16.6%, following respective contractions of 1.9% and 0.9%, in 2017.

Supported by the increase in stopover visitor arrivals, data compiled by the Bahamas Hotel and Tourism Association, revealed that major hotel properties experienced total room revenue gains of 32.0% during the first half of 2018, compared to a decline of 7.0% a year earlier. Underlying this development, the average daily room rate (ADR) rose by 4.3% to \$256.65, while total room night sales increased by 26.0%. With the room capacity boost however, the average hotel occupancy rate was 1.4 percentage points lower at 65.9%.

Improvements were also noted at off-resort tourist properties, particularly short-term private accommodations. Provisional data from AirDNA¹ showed a 35.1% increase in total bookings across the Airbnb platform for properties listed in the country, relative to the same period of 2017. This development reflected broad-based gains across the major rental centres, with bookings in the Abacos, Exumas, Grand Bahama and New Providence, firming between 23.0% and 43.0%, as more properties registered with the service. An analysis for the two major categories, showed that booked nights for both the entire residence and hotel comparable listings, rose by 36.5% and 39.8%, while the comparative average daily rates increased by 4.0% and 3.0% to \$349.75 and \$137.10, respectively.

Employment

Data from the Department of Statistics' Labor Force Survey for May 2018, showed an increase in employed persons, by 4.0% over May 2017 and by 2.2% relative to November, amid tourism-related job



¹ AirDNA is an analytics company that collects and compiles data from Airbnb listings.

gains. While the unemployment rate fell by 10 basis points to 10.0% over the six-month period; it firmed by the same magnitude relative to the prior year's 9.9%, due to the offsetting effect of the increase in the labor force. Unemployment for young persons (15-24 years) remained at 24.1%, in line with the prior six-months and 2.0 percentage points higher than May 2017's rate.

In terms of economic zones, the jobless rate in New Providence fell by 40 basis points, year-on-year, and by 60 basis points over November 2017 to 10.0%, supported by the sustained on-boarding of staff for the Baha Mar development. In Grand Bahama, the jobless rate remained at 12.4%, relative to the same period a year earlier, but stood 30 basis points higher in comparison to the prior six months. Meanwhile, the unemployment rate increased in Abaco over both the six and twelve-month periods, by 2.1 and 2.9 percentage points, respectively, to 10.7%.

Prices

Data on the impact of the VAT increase on inflation is not yet available; however, indications are that the recent softening in global fuel prices contributed to the decline in domestic energy costs during the period. The Bahamas Power and Light's (BPL) fuel surcharge fell marginally by 0.4% to 17.39 cents/KWH in July. Still, in comparison to the prior year, prices were 35.9% higher.

2. Domestic Monetary Trends

July 2018 vs. 2017

Liquidity

Monetary developments for the month of July featured a contraction in liquidity, related to the drawdown in deposits, which outpaced the decline in credit. Accordingly, excess liquid assets—a broad measure of liquidity—decreased by \$83.5 million to \$1,903.1 million, slightly less than the \$87.9 million reduction in the previous year, while excess reserves contracted by a more muted \$69.4 million to \$926.1 million, following a \$118.5 million decline in 2017.

External Reserves

Reflecting the seasonal increase in foreign currency demand during the second half of the year, external reserves contracted by \$63.9 million to \$1,524.1 million in July, after declining by \$79.1 million in 2017. Underlying this outturn, the Central Bank's net foreign currency sale to commercial banks narrowed by \$6.8 million to \$31.7 million, as banks' net sales to their customers decreased by \$24.9 million to \$31.5 million. Moreover, the Central Bank's net sale to the public sector fell by \$6.0 million to \$37.5 million.

Exchange Control Sales

Based on provisional Exchange Control data for the month of July, foreign currency sales for current account transactions rose by \$90.6 million (21.9%) to \$503.4 million. A categorical breakdown showed an increase in sales for factor income related transactions (9.1% of the total), transfers (5.0% of the total) and "other" imported services (49.8% of the total). In contrast, declines were recorded for non-oil merchandise imports (23.2% of the total), residents' overseas travel expenses (5.2% of the total) and oil imports (7.8% of the total).

Domestic Credit

Bahamian Dollar Credit

Bahamian dollar credit decreased by \$28.9 million during July, a reversal from a \$45.1 million increase a year ago. Underlying this development, net claims on the Government narrowed by \$35.0 million, vis-à-vis a \$36.5 million expansion noted in the prior year. Similarly, private sector credit fell by \$18.8 million, a turnaround from an \$11.1 million uptick recorded in 2017, as consumer credit and mortgages contracted by \$11.5 million and \$7.9 million, vis-à-vis respective gains of \$4.0 million and \$0.8 million in the preceding year. In addition, the increase in commercial and other loans narrowed to \$0.5 million from last year's \$6.3 million. Meanwhile, claims on the rest of the public sector rose by \$24.9 million, after a \$2.5 million decline in 2017.

Foreign Currency Credit

Total domestic foreign currency credit rose by \$27.9 million in July, in contrast to the prior year's reduction of \$2.2 million. In particular, claims on public corporations firmed by \$29.5 million, compared to a \$1.6 million decline a year earlier. Further, accretions to net claims on the Government, narrowed to \$0.3 million from \$4.2 million in 2017. In addition, credit to the private sector contracted by \$1.8 million, after a \$4.8 million falloff last year, due to decreases in mortgages and commercial loans.

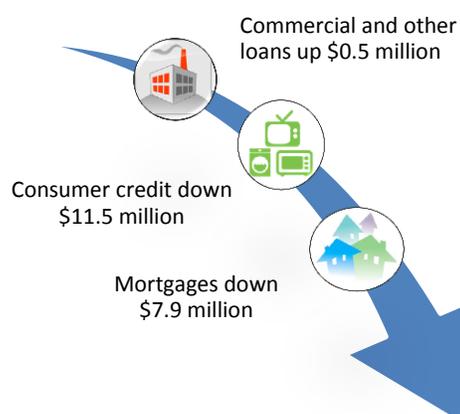
Credit Quality

Reflecting an increase in short-term arrears, banks' credit quality indicators softened during July. Total private sector loan delinquencies firmed by \$10.5 million (1.3%) to \$834.8 million, and by a corresponding 25 basis points to 14.7% of total private sector loans. Arrears in the short-term segment (31-90 days) rose by \$14.8 million (5.3%) to \$291.8 million, resulting in a 28 basis point increase in the attendant ratio to 5.1%. In a partial offset, total non-performing loans (NPLs) contracted by \$4.3 million (0.8%) to \$543.0 million, with the corresponding ratio decreasing by 3 basis points to 9.6%.

An analysis by loan type, showed that the increase in total loan delinquencies was concentrated in mortgages, which rose by \$16.1 million (3.3%), attributed to an \$18.9 million (12.4%) rise in the short-term segment, which eclipsed a \$2.8 million (0.9%) reduction in the non-accrual category. Conversely, consumer loan arrears decreased by \$4.7 million

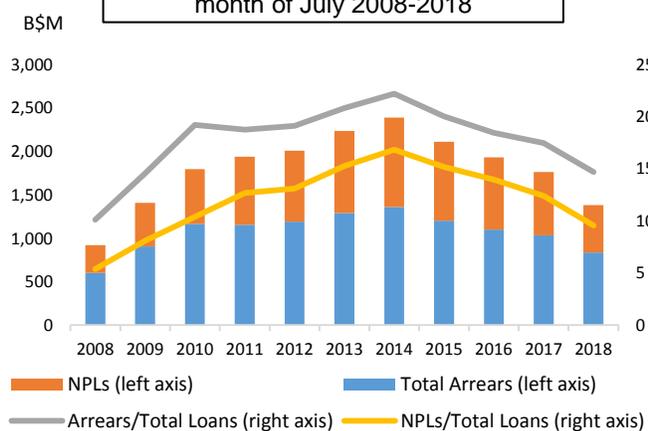
Chart 3: Private Sector Credit

\$B Private Sector Credit fell by \$18.8 million



Source: Central Bank of the Bahamas

Chart 4: Credit Quality Indicators for the month of July 2008-2018



Source: Central Bank of the Bahamas

(1.9%), with reductions in both short-term and long-term delinquencies. In addition, commercial arrears softened by \$0.8 million (0.9%), also reflecting declines in both set of accounts.

Against this backdrop, banks increased their loan loss provisions by \$4.5 million (1.1%), pushing the ratio of provisions to non-performing 1.4 percentage points higher to 79.0%, while the provisioning rate to total arrears fell slightly, by 11 basis points, to 51.4%. During July, banks wrote-off \$10.3 million in overdue loans and recovered approximately \$2.7 million.

On a year-on-year comparison, the total private sector arrears rate was consolidated, by 2.8 percentage points, in comparison to July 2017, amid a 16.2 percentage point falloff in the commercial arrears rate, with more muted decreases on the mortgage and consumer loan portfolios of 80 and 41 basis points, respectively. Meanwhile, the non-accrual rate for total private sector credit was 2.8 percentage points lower than in 2017, although the short-term arrears rate, firmed marginally, by 6 basis points.

Deposits

During the month of July, total Bahamian dollar deposits fell by \$41.2 million, after an \$84.2 million reduction noted in 2017. The contraction in fixed deposits widened to \$42.9 million from \$27.1 million; but the fall-off in demand deposits narrowed to \$10.8 million, from \$35.5 million a year ago, and saving deposits recovered by \$12.5 million, from a \$21.6 million decrease in 2017.

Interest Rates

During the review month, the weighted average loan rate at banks rose by 71 basis points to 12.47% at end-July. In addition, the weighted average deposit rate firmed slightly by 1 basis point to 0.77%, with the highest rate of 4.5% offered on balances of over 12 months.

3. Domestic Outlook

The domestic economy is expected to sustain its modest growth trajectory over the remainder of 2018, supported by ongoing improvements in the major source markets, as well as increased hotel and airline capacity. In addition, construction sector activity should continue to be driven by foreign investment projects. In this context, further gains in employment are anticipated over the near-term, with the majority of the job gains accruing to the tourism and construction sectors. Domestic inflation is expected to trend higher, if only temporarily, as the increase in the VAT rate in July takes effect; with the outlook continuing to be linked more substantively to movements in international fuel prices and tensions in trade policies among major countries.

The success of the Government's efforts to reduce the deficit and improve the relevant debt indicators, will stay dependent on the effective execution of policy measures outlined in the budget to increase revenue and restrain expenditure growth. Key among these will be the enactment and implementation of fiscal responsibility and debt management frameworks.

Monetary conditions are likely to remain characterized by buoyant levels of liquidity, reflecting the constrained private sector credit demand—as households continue to deleverage. In addition, capital in the banking sector is expected to remain at robust levels, thereby mitigating any concerns over financial stability. External reserves should continue to decline at a modest pace over the near-term, in line with the

seasonal increase in foreign currency demand during the latter half of the year. Nonetheless, external reserve indicators are projected to remain above international benchmarks.

4. Monetary Policy Implications

Given the relatively positive domestic economic outlook, the Central Bank will maintain its current monetary policy stance, as foreign currency outflows—related mainly to trade and debt payments—are balanced by inflows from mainly tourism sector activities. The current policy stance reflects a number of economic factors, including robust levels of external reserves, softness in private sector credit demand and ongoing improvements in the tourism sector.

Nonetheless, downside risks remain, including potential adverse weather-related events, which could negatively affect the key tourism sector. Similarly, the imposition of further tariffs on imports by major economies, could adversely impact global growth and lead to higher import costs and reduced tourism demand domestically. In addition, the high level of liquidity in the banking system remains a challenge, given the potential for an acceleration in private sector credit over the medium-term, which could lead to a significant drawdown in external reserves, if not balanced against a meaningful improvement in foreign currency inflows from real sector activities. The Bank will therefore sustain its efforts to reduce the level of liquidity available to fuel credit demand, by further reducing its holdings of Government debt. The implementation of a credit bureau over the near-term, will also eventually create a more favorable environment for lenders to gauge the suitability of potential borrowers. Recent rounds of exchange control relaxations will also be carefully analyzed, to ensure that additional pressure is not placed on external reserve balances.

In light of these potential risks, the Bank will sustain its efforts to monitor economic developments and where prudent, make the necessary adjustments to its policy stance to maintain monetary and financial stability.

APPENDIX

International Developments

An analysis of the leading global economies showed mixed developments during the review month. Specifically, the United States and the United Kingdom markets maintained their positive growth trajectories, buttressed by strong consumer demand and increased services output; however, domestic fundamentals in both the euro area and Asia remained tepid. Against this backdrop, most of the major central banks remained highly accommodative; however, the Bank of England increased its policy rate.

Performance indicators for the United States suggest that economic conditions continued to strengthen during the review period. In particular, GDP growth quickened to 4.1% in the second quarter—amid increased personal consumption, exports and non-residential fixed investment—from 2.1% in the prior period. Further, retail sales grew by 0.5% in July, extending the 0.2% gain a month earlier. In addition, the unemployment rate fell by 10 basis points to 3.9%, amid a 157,000 increase in total non-farm employment, following a 20-basis point gain in June. In the external sector, the trade deficit expanded by \$3.2 billion (7.7%) to \$46.3 billion, as the increase in consumer demand resulted in a \$1.6 billion (0.7%) uptick in imports, while exports narrowed by \$1.5 billion (0.7%). Meanwhile, higher shelter, food and energy costs, resulted in a 10-basis point rise in the inflation rate to 0.2% in July, month-on-month. In this context, the Federal Reserve kept its key policy rates unchanged.

In the European markets, the United Kingdom (UK) exhibited signs of continued strengthening; however, euro area conditions were mainly subdued. Buoyed by higher services sector output, the UK's GDP growth quickened from 0.2% to 0.4% in the second quarter, while in the euro area, the rise in output was unchanged at 0.4%. Similarly, industrial production in the UK firmed by 0.4% in June, compared to a decline of the same magnitude in the prior month, owing to higher output in the manufacturing and utilities sectors. Conversely, in the euro area, industrial production fell by 0.7%, to reverse the 1.4% gain a month earlier. Further, supported by increased online purchases, the UK's retail sales firmed by 0.7%, a turnaround from a 0.5% falloff a month earlier, while the growth in euro area retail sales steadied at 0.3%. In the labour market, the UK's unemployment rate fell by 20 basis points to 4.0% in June, and in the euro area, the jobless rate stabilised at 8.3%. Both euro area and UK inflation rose by 10 basis points, to 2.1% and 2.5%, respectively, with the former due to higher energy prices, and the latter led by increased transport and housing services costs. Against this backdrop, the European Central Bank kept its interest rates unchanged; however, given the positive output and labour market trends, the Bank of England raised its key policy rate by 25 basis points to 0.75% at its August 1st meeting.

Economic indicators for the major Asian markets were lacklustre during the review period, amid the uncertainty caused by the growing trade tensions between the United States and the region's largest exporters. In particular, the growth in China's industrial production was unchanged at 6.0% in July, while in Japan, industrial production weakened further by 1.8% in June, following a 0.2% contraction in the previous month. In addition, China's purchasing managers index (PMI), contracted by 0.3% in July—because of declines in the production and new orders indices—following a 0.4% falloff in the prior month. Moreover, Japan's PMI decreased by 0.7%, a reversal from a 0.4% gain a month earlier. On a positive note, the country's retail sales firmed by 0.5% in June, vis-à-vis a 0.9% reduction in the prior month, while, the growth in China's retail sales steadied at 0.7% in July. Indications are that the recent imposition of tariffs by the US on certain Chinese manufactured products has begun to negatively affect the country's external balance, as the trade surplus fell by 32.6% in July to US\$28.1 billion, amid a 0.5% decline in exports and a 7.1% expansion in imports. Similarly, a 10.2% increase in imports, combined with a 4.4% reduction in exports, led to a reversal in Japan's trade balance from a ¥720.8 billion surplus in June, to ¥231.2 billion deficit. In price developments, an uptick in education and transportation costs in China, led to a 0.3% gain in average consumer prices, month-on-month, while higher fuel and medical care costs occasioned a slight 0.1% increase in consumer prices in Japan. In an effort to stimulate domestic demand to compensate for the expected weakness in exports, the People's Bank of China injected US\$74.0 billion in liquidity into the banking sector, while the Bank of Japan sustained its accommodative policy stance.

Following several months of volatility, the cost of a barrel of crude oil contracted by 6.5% to \$74.25, as OPEC increased its production by 41 thousand barrels per day (bpd) to an average of 32.3 million bpd. Similarly, in the precious metals market, the prices of gold and silver declined by 2.3% and 3.8% to \$1,224.09 and \$15.52 per ounce, respectively.

Despite mounting trade tensions, most of the major markets recorded gains in their stock market indices, reflecting mainly domestic factors. In the United States, supported by the tax cut-related increase in company earnings, both the DJIA and the S&P 500 firmed by 4.7% and 3.6%, respectively, while gains were also recorded for Germany's DAX (4.1%), France's CAC 40 (3.5%), and the UK's FTSE (1.5%). Similarly, Japan's Nikkei 225 and China's SE Composite firmed by 1.1% and 1.0%, respectively.

Strong economic fundamentals in the United States contributed to an appreciation in the dollar relative to the Chinese Renminbi by 2.85% to CNY6.81, while more muted gains were recorded for the Japanese Yen and the British pound by 1.05% to ¥110.87, and by 0.66% to £0.76, respectively. However, the Dollar depreciated slightly against the Canadian dollar by 0.97% to CAD\$1.30, the euro by 0.08% to €0.8553, and the Swiss Franc by 0.03% to CHF0.0992.

Recent Monetary and Credit Statistics

(B\$ Millions)

JULY						
Value		Change		Change YTD		
2017	2018	2017	2018	2017	2018	

1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	733.04	926.09	-118.53	-69.35	9.32	68.53
1.2 Excess Liquid Assets	1,525.06	1,903.09	-87.94	-83.46	77.98	104.81
1.3 External Reserves	881.90	1,524.09	-79.05	-63.88	-20.17	115.80
1.4 Bank's Net Foreign Assets	-119.71	-56.16	-9.76	94.38	11.45	114.84
1.5 Usable Reserves	203.89	745.78	-12.40	-30.90	-39.96	76.88

2.0 DOMESTIC CREDIT

2.1 Private Sector	6,140.58	5,906.27	6.24	-20.64	-12.18	-70.20
a. B\$ Credit	5,907.60	5,669.04	11.05	-18.82	-5.77	-83.03
of which: Consumer Credit	2,224.66	2,145.61	3.98	-11.50	-22.77	-51.92
Mortgages	2,948.29	2,869.05	0.79	-7.86	-12.53	-12.95
Commercial and Other Loans B\$	734.65	654.38	6.29	0.54	29.53	-18.16
b. F/C Credit	232.98	237.23	-4.82	-1.82	-6.41	12.82
of which: Mortgages	66.30	66.36	-2.54	-1.09	-1.74	4.17
Commercial and Other Loans F/C	166.68	170.86	-2.28	-0.73	-4.67	8.66
2.2 Central Government (net)	2,762.20	2,376.27	40.73	-34.69	224.01	-1.74
a. B\$ Loans & Securities	2,953.90	2,601.83	-12.94	-40.47	202.74	-7.13
Less Deposits	188.52	221.94	-49.42	-5.50	-20.26	-4.20
b. F/C Loans & Securities	0.59	0.00	0.59	0.00	0.59	0.00
Less Deposits	3.78	3.62	-3.65	-0.29	-0.42	-1.19
2.3 Rest of Public Sector	284.48	317.25	-4.06	54.41	-21.40	46.36
a. B\$ Credit	101.54	123.49	-2.45	24.89	-5.77	23.29
b. F/C Credit	182.93	193.76	-1.61	29.52	-15.64	23.07
2.4 Total Domestic Credit	9,187.25	8,599.81	42.88	-1.01	190.26	-25.57
a. B\$ Domestic Credit	8,774.52	8,172.42	45.08	-28.91	211.47	-62.66
b. F/C Domestic Credit	412.73	427.39	-2.21	27.90	-21.21	37.10

3.0 DEPOSIT BASE

3.1 Demand Deposits	2,379.18	2,504.53	-35.50	-10.75	189.67	144.06
a. Central Bank	31.15	25.72	12.70	1.79	15.38	11.66
b. Banks	2,348.03	2,478.81	-48.20	-12.55	174.29	132.40
3.2 Savings Deposits	1,359.23	1,442.49	-21.64	12.47	65.58	74.82
3.3 Fixed Deposits	2,757.65	2,608.12	-27.08	-42.89	-112.81	-134.53
3.4 Total B\$ Deposits	6,496.06	6,555.15	-84.22	-41.17	142.44	84.36
3.5 F/C Deposits of Residents	375.86	453.67	-11.97	98.43	-2.60	151.65
3.6 M2	6,775.11	6,847.09	-83.69	-43.37	127.74	69.29
3.7 External Reserves/M2 (%)	13.02	22.26	-0.99	-0.79	-0.55	1.48
3.8 Reserves/Base Money (%)	68.26	101.29	-0.09	0.40	-1.88	3.68
3.9 External Reserves/Demand Liabilities (%)	65.04	97.91	0.51	0.04	-3.49	2.68

Value		Year to Date		Change	
2017	2018	2017	2018	Month	YTD

4.0 FOREIGN EXCHANGE TRANSACTIONS

4.1 Central Bank Net Purchase/(Sale)	-81.93	-69.14	-34.49	95.38	12.79	129.87
a. Net Purchase/(Sale) from/to Banks	-38.50	-31.67	108.07	209.63	6.84	101.55
i. Sales to Banks	80.60	70.37	211.25	205.44	-10.23	-5.81
ii. Purchases from Banks	42.10	38.71	319.33	415.07	-3.39	95.74
b. Net Purchase/(Sale) from/to Others	-43.43	-37.47	-142.57	-114.25	5.96	28.32
i. Sales to Others	87.61	78.58	413.88	426.03	-9.03	12.15
ii. Purchases from Others	44.18	41.11	271.32	311.79	-3.07	40.47
4.2 Banks Net Purchase/(Sale)	-56.39	-31.45	114.99	145.04	24.94	30.05
a. Sales to Customers	474.65	601.11	2,704.33	3,206.39	126.46	502.06
b. Purchases from Customers	418.27	569.67	2,819.32	3,351.43	151.40	532.11
4.3 B\$ Position (change)	4.63	-8.68				

5.0 EXCHANGE CONTROL SALES

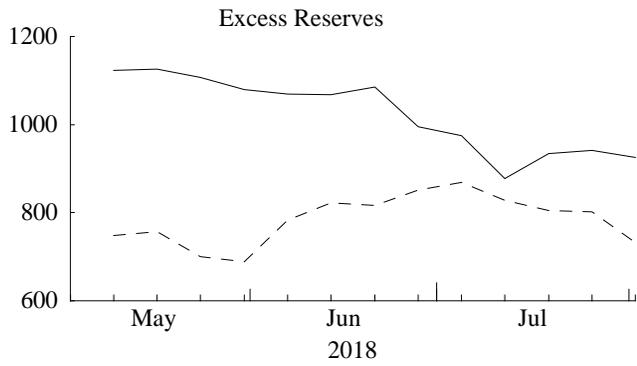
5.1 Current Items	412.78	503.36	3,017.38	3,105.57	90.58	88.19
of which Public Sector	56.29	51.08	430.68	209.39	-5.22	-221.29
a. Nonoil Imports	145.85	116.55	1,022.69	924.90	-29.30	-97.78
b. Oil Imports	41.75	39.27	288.29	220.22	-2.49	-68.07
c. Travel	36.95	25.95	178.56	162.87	-11.00	-15.69
d. Factor Income	16.57	45.61	156.18	228.26	29.04	72.09
e. Transfers	24.87	25.38	173.82	151.72	0.50	-22.10
f. Other Current Items	146.79	250.61	1,197.84	1,417.59	103.82	219.75
5.2 Capital Items	49.91	10.57	141.96	94.36	-39.34	-47.60
of which Public Sector	0.97	4.98	56.08	45.85	4.01	-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 02, 2017 and AUGUST 01, 2018

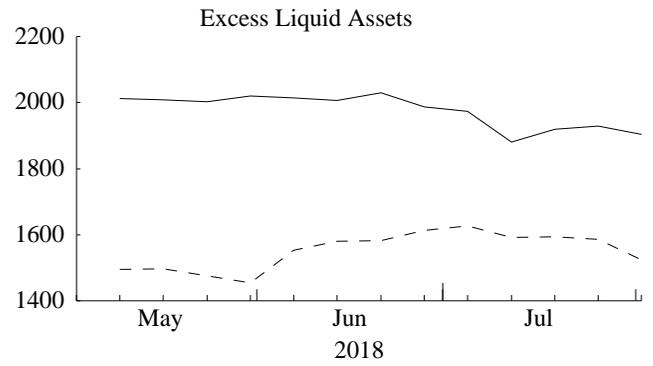
Exchange Control Sales figures are as at month end.

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.

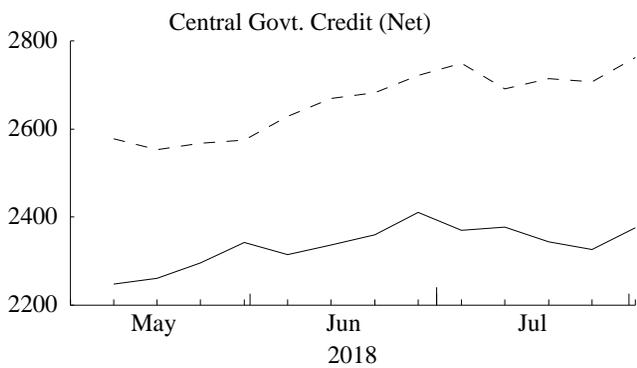
SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



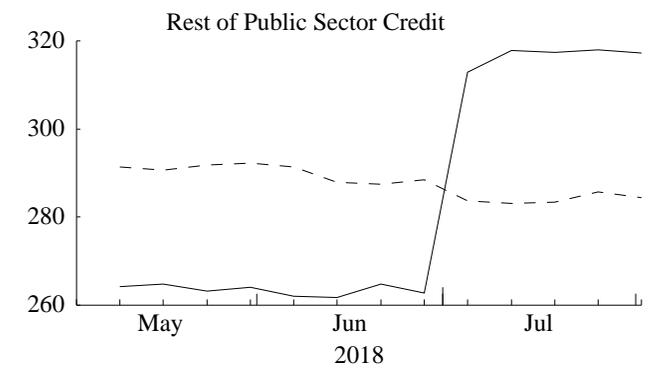
— 2018
- - - 2017



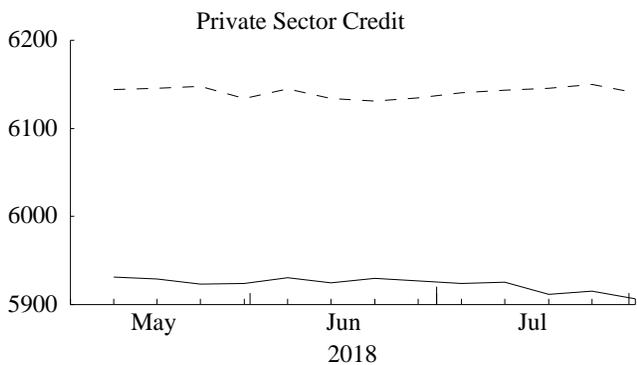
— 2018
- - - 2017



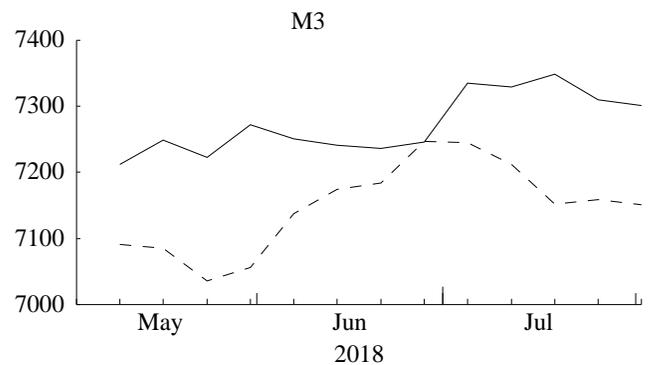
— 2018
- - - 2017



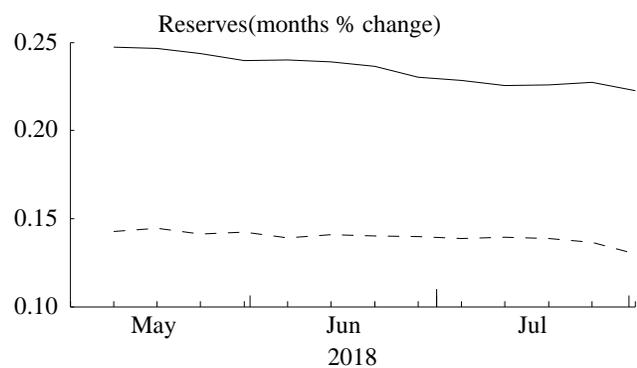
— 2018
- - - 2017



— 2018
- - - 2017



— 2018
- - - 2017



— 2018
- - - 2018

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

Source: IMF World Economic Outlook January 2018, Department of Statistics

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

C. Selected Currencies (Per United States Dollars)						
Currency	July-17	June-18	July-18	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.8445	0.8559	0.8553	-0.08	2.68	1.28
Yen	110.26	110.75	111.87	1.01	-0.73	1.46
Pound	0.7567	0.7569	0.7618	0.66	3.01	0.68
Canadian \$	1.248	1.3134	1.3006	-0.97	3.44	4.21
Swiss Franc	0.9668	0.9905	0.9902	-0.03	1.64	2.42
Renminbi	6.7216	6.6225	6.8112	2.85	4.68	1.33

Source: Bloomberg as of July 31, 2018

D. Selected Commodity Prices (\$)					
Commodity	July 2017	June 2018	July 2018	Mthly % Change	YTD % Change
Gold / Ounce	1269.44	1253.17	1224.09	-3.49	-3.83
Silver / Ounce	16.83	16.12	15.52	-1.86	-4.87
Oil / Barrel	47.87	79.44	74.25	2.38	19.28

Source: Bloomberg as of July 31, 2018

E. Equity Market Valuations – July 31, 2018 (% change)								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-2.23	4.71	3.60	1.46	3.53	4.06	1.12	1.02
3 month	-2.24	5.18	6.35	3.19	-0.17	1.53	0.38	-6.68
YTD	-6.59	2.82	5.34	0.79	3.74	-0.87	-0.93	-13.03
12-month	3.06	16.10	14.01	5.11	8.20	5.67	13.19	-12.12

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	GBP	EUR
o/n	1.97	0.55	-0.42
1 Month	2.10	0.71	-0.44
3 Month	2.37	0.78	-0.38
6 Month	2.59	0.93	-0.28
9 Month	2.60	0.98	-0.26
1 year	2.83	1.10	-0.24

Source: Bloomberg as of July 31, 2018

SUMMARY ACCOUNTS OF THE CENTRAL BANK
(B\$ Millions)

	VALUE										CHANGE									
	Jun. 06	Jun. 13	Jun. 20	Jun. 27	Jul. 04	Jul. 11	Jul. 18	Jul. 25	Jun. 06	Jun. 13	Jun. 20	Jun. 27	Jul. 04	Jul. 11	Jul. 18	Jul. 25				
I. External Reserves	1,658.39	1,647.60	1,629.68	1,587.97	1,573.41	1,546.13	1,550.49	1,555.59	-3.39	-10.80	-17.91	-41.71	-14.57	-27.27	4.36	5.10				
II. Net Domestic Assets (A + B + C + D)	-16.81	-20.14	18.67	-14.00	-22.41	-91.61	-45.72	-46.18	-17.72	-3.33	38.81	-32.67	-8.41	-69.20	45.88	-0.46				
A. Net Credit to Gov^t(i + ii + iii - iv)	352.13	352.41	377.39	351.68	350.16	349.80	316.87	326.57	-11.62	0.28	24.98	-25.71	-1.52	-0.35	-32.93	9.70				
i) Advances	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				
ii) Registered Stock	241.53	241.39	241.41	241.45	241.92	241.93	242.20	242.32	0.02	-0.14	0.03	0.03	0.48	0.01	0.26	0.13				
iii) Treasury Bills	0.00	0.00	24.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24.93	-24.93	0.00	0.00	0.00	0.00				
iv) Deposits	24.05	23.63	23.61	24.42	26.42	26.79	59.98	50.41	11.65	-0.42	-0.02	0.81	2.00	0.36	33.20	-9.57				
B. Rest of Public Sector (Net) (i + ii - iii)	-24.12	-26.21	-15.21	-21.31	-29.83	-27.72	-13.73	-29.22	-4.68	-2.10	11.01	-6.10	-8.52	2.11	13.99	-15.49				
i) BDB Loans	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				
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				
iii) Deposits	26.74	28.84	17.83	23.93	32.45	30.34	16.35	31.84	4.68	2.10	-11.01	6.10	8.52	-2.11	-13.99	15.49				
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				
D. Other Items (Net)*	-344.82	-346.33	-343.51	-344.38	-342.74	-413.69	-348.87	-343.53	-1.41	-1.51	2.82	-0.87	1.63	-70.95	64.83	5.33				
III. Monetary Base	1,641.59	1,627.46	1,648.35	1,573.97	1,550.99	1,454.53	1,504.77	1,509.41	-21.11	-14.13	20.89	-74.38	-22.97	-96.47	50.24	4.64				
A. Currency in Circulation	423.91	403.44	396.84	403.00	416.21	416.21	404.40	403.49	19.35	-20.48	-6.60	6.16	13.21	-0.00	-11.82	-0.91				
B. Bank Balances with CBOB	1,217.67	1,224.02	1,251.51	1,170.97	1,134.78	1,038.32	1,100.37	1,105.92	-40.46	6.35	27.49	-80.54	-36.19	-96.47	62.06	5.55				

* 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	124.6	142.8	140.6	187.3	181.6	176.2	188.5	242.4	237.2	196.1	211.6	165.4	189.5	189.5	1,847	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%	12.8%	31.17%	29.2%	-5.95%	-7.18%	37.63%	40.78%	-19.13%	-10.82%	-15.63%	-19.91%	-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	42.5	36.7	71.7	70.2	43.7	48.6	47.7	77.7	77.8	77.8	53.2	55.7	55.7	596.0	610.7	
% change: over previous month	146.8%	74.9%	-27.29%	-32.61%	-16.54%	-17.83%	29.07%	72.54%	-15.28%	-40.63%	-6.77%	-11.95%	-11.95%	68.74%	91.40%	-39.10%	-30.81%	9.24%	62.81%	62.81%	67.46%	-31.54%	-28.36%	-28.36%	-0.71%	2.46%	
3. Import/Excise Duties	42.9	44.0	44.9	47.0	41.4	33.5	28.1	44.5	45.5	42.4	49.5	49.5	38.6	41.0	37.6	46.9	42.2	52.2	44.0	44.0	44.0	54.6	49.2	49.2	491.0	463.9	
% change: over previous month	73.9%	-47.2%	4.7%	6.7%	-7.9%	-28.8%	-32.2%	33.0%	61.9%	-4.8%	8.80%	8.80%	-8.83%	-17.08%	-2.70%	14.27%	12.35%	11.31%	-12.70%	-15.59%	-15.59%	23.96%	2.57%	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	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	199.3	1,842.7	1,903.6	
% change: over previous month	-18.9%	-0.2%	-8.7%	-3.8%	3.68%	4.8%	6.27%	6.1%	23.21%	9.0%	-21.46%	-20.3%	-20.3%	7.78%	13.2%	-16.15%	8.83%	23.95%	1.20%	-0.839%	-1.803%	24.68%	24.68%	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	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	22.6	275.9	155.3	
% change: over previous month	-93.0%	-100.0%	137.8%	43.4475.0%	-46.85%	-2.3%	-18.84%	-44.9%	185.89%	70.7%	0.0%	-22.79%	1.3%	-31.23%	-61.7%	9.10%	163.28%	22.73%	-8.94%	21.14%	32.21%	63.42%	15.32%	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	-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	-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%	-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%	-263.29%	-299.4%	-211.9%	

	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	4,591.5	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%	-0.4%	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	3,520.1	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%	16.73%	-13.17%	26.09%
16. Occupied Room Nights						
17. Res. Mortgage Commitments-Value of New Const. & Rehab. (B\$Millions)						
% change: over previous year						
* Includes Nat. Lenders to Public Corporations						
** Debt figures include Central Government only, unless otherwise indicated						
P - provisional						