



Monthly Economic and Financial Developments December 2015

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:

2016: February 29, April 4, May 2, May 30, July 4, August 8, August 29, October 3, October 31, November 28, December 19.

Monthly Economic and Financial Developments

December 2015

1. Domestic Economic Developments

Preliminary indicators suggest that the mild growth in the domestic economy was maintained during the month of December, mainly reflecting modest gains in tourism sector output, while foreign investment projects continued to support construction activity. Although an improvement from the previous year, employment conditions deteriorated in the six months to November, owing to the retrenchment of workers from the Baha Mar project and return of previously discouraged workers to job search activity. Inflationary pressures remained well contained, due to the sharp falloff in global oil prices. Buoyed by net inflows from the Value Added Tax (VAT), the fiscal deficit contracted over the first five months of FY2015/16, while monetary sector developments in December were dominated by the receipt of proceeds from Government's external loan, which supported the modest gain in external reserves, although a reduction in commercial banks' Treasury bill holdings led to a decline in broad liquidity.

Initial data from the Ministry of Tourism showed that output in the sector expanded modestly during the first ten months of 2015, as improving economic conditions in several source markets supported the rise in the high value-added air segment by 4.5% to 1.2 million, in line with the previous year's growth. However, total visitor arrivals fell by 3.1% during the review period, a reversal from a 3.5% increase in the prior year, reflecting a decline in the dominant sea segment by 5.3% to 3.8 million, vis-à-vis 2014's 3.2% expansion.

By major port of entry, the total number of visitors to New Providence declined by 8.0% to 2.7 million, compared to a 2.3% uptick in the preceding year. This outturn reflected a fall in the sea segment by 11.5% to 1.8 million, which outpaced the marginal 0.4% rise in air arrivals to 0.8 million. Further, total visitors to the Family Islands contracted by 5.9% to 1.5 million, a turnaround from the 8.5% gain registered in the previous year, as the number of sea passengers contracted by 7.6% to 1.3 million, outpacing the 8.8% increase in the air segment to 0.2 million. In contrast, total visitors to Grand Bahama rebounded by 25.0% to 0.8 million, after a 2.4% contraction in the prior year, with increased airlift and higher room capacity spurring the 30.4% surge in air arrivals to 0.1 million, while the sea component expanded by 24.0% to 0.7 million.

In line with the gain in air visitors, provisional data from the Bahamas Hotel & Tourism Association showed that total room revenue for a sample of resorts in New Providence advanced by 3.0% during the eleven months of the year. Supporting this outturn, the average occupancy rate rose by 2.5 percentage points to 69.2%, while the average daily room rate firmed by 5.9% to \$248.26.

The Department of Statistics' Labour Force survey results showed that since reaching a peak in 2011, the unemployment rate has remained within a narrow band of between 14.0% and 16.0%. The latest data for the six months to November 2015, noted that the jobless rate rose by 2.8 percentage points to 14.8%—although lower than the 15.7% rate recorded a year earlier—reflecting the layoff of 2,000 Baha Mar employees and a 30.0% reduction in previously discouraged workers who have resumed job search activities. The jobless rate remained highest among the young persons (15-24) category at 30.0%.

A breakdown by major market showed that the unemployment rate in New Providence rose to 15.9% in November from 12.0% in the prior six-month period, while the rate in Grand Bahama grew by 1.3

percentage points to 14.2%. In contrast, decreased unemployment in Abaco led to the corresponding rate falling by 2.5 percentage points to 9.7%.

Domestic inflation for the twelve months to September, as measured by the All Bahamas Retail Price Index, rose by 52 basis points to 1.64%, relative to the comparable period of 2014. This outturn reflected accelerated price gains for health, recreation & culture, and furnishing, household equipment & maintenance, of 9.2 percentage points to 11.2%, 5.3 percentage points to 8.4%, and 4.9 percentage points to 5.6%, respectively. Similarly, higher inflation rates were noted for communication (by 3.0 percentage points to 3.7%), clothing and footwear (by 2.9 percentage points to 4.2%), restaurant & hotels (by 2.6 percentage points to 4.7%), education (by 2.4 percentage points to 4.9%), food & non-alcoholic beverages (by 2.3 percentage points to 4.2%), and alcohol beverages, tobacco & narcotics (by 1.0 percentage point to 7.2%). In addition, the decline in the housing, water, gas electricity and other fuels component—the most heavily weighted item on the index—tapered by 46 basis points to 0.3%. In a slight offset, the downward trajectory in global oil prices contributed to the 4.0% falloff in transportation costs, compared to a similar gain a year earlier, while cost increases in miscellaneous goods and services narrowed significantly to a mere 0.6%.

Reflecting the direct impact of the significant fall in global crude oil prices, domestic energy costs moved lower during the review month. In particular, the Bahamas Electricity Corporation's fuel charge fell by 11.2% month-on-month, in December, to 8.91 cents per kilowatt hour (kWh) and by 62.1% on an annual basis.

The Government's overall deficit was approximately halved to \$134.1 million during the first 5 months of FY2015/16. Reflecting reforms, including the rebalancing of revenue sources and the broadening of the tax base with the introduction of VAT, revenue expanded by \$209.2 million (39.8%) to \$735.5 million, countering the \$64.9 million (8.1%) increase in aggregate expenditure, to \$869.6 million. Specifically, tax revenue rose by \$202.3 million (44.7%) to \$655.1 million, with VAT revenue totaling \$271.4 million. Tariff rate reductions in the context of VAT resulted in decreased collections on international trade and transactions by 13.6% to \$216.9 million, with both import duties and excise taxes lower by \$17.6 million (13.6%) and \$9.0 million (8.3%), respectively. Further, selective taxes on services fell by \$7.4 million to \$10.2 million, as the reform eliminated hotel occupancy taxes of \$15.2 million; however, the initial licensing fees from the legalization of web-shop gambling raised gaming revenues by \$7.8 million. The composition of revenue from real estate conveyances also shifted predominantly to VAT, with stamp taxes correspondingly reduced by \$29.5 million (69.7%). Meanwhile, non-tax inflows also firmed by 13.9% to \$80.3 million, supported by dividend payments from the Bahamas Telecommunications Company (BTC).

The expenditure growth also incorporated major classification shifts to recognize flows to public corporations as direct budgetary assistances, rather than capital transfers and loans. Current payments rose by 15.1% to \$794.0 million, due mainly to a \$77.2 million (24.4%) expansion in transfer payments to \$393.8 million. This captured significant outlays classified last year as net lending to public corporations (\$33.4 million). In addition, increased incentives and support for tourism activities elevated subsidies by \$20.3 million (15.9%) to \$148.1 million. In addition, government consumption expenditure increased by 7.3% to \$400.2 million, amid higher spending on goods and services by \$16.6 million (15.9%) and wages & salaries by \$10.4 million (3.9%). However capital expenditure contracted by 7.5% to \$73.6 million, as the \$14.2 million (74.4%) reduction in the 'other' asset purchases, overshadowed the \$4.5 million increase in land acquisitions.

2. International Developments

Developments within the global economy continued to be characterized by the uneven pace of growth across both developed and emerging markets, as gains in the United States were offset by the softness in Asia, while the recovery in Europe remained fragile. As a result, most of the major central banks maintained their highly accommodative monetary policy measures, with the exception of the Federal Reserve, which began the process of policy tightening.

Preliminary data showed that the growth in the United States' economy tapered to 0.7% in the fourth quarter, from 2.0% in the prior three-month period, as the expansion in consumer spending slowed and both residential fixed-investment and exports contracted. In addition, retail sales fell in December, compared to a 0.2% increase a month earlier. Housing market indicators were mixed over the review period, with the number of completions rising by 5.6%; however, building permits issued—a forward looking indicator—and housing starts fell by 3.9% and by 2.5%, respectively. Labour market conditions continued to improve, with the jobless rate unchanged at 5.0%, as increased employment in the professional & business services, health care and construction fields contributed to a 292,000 expansion in non-farm payrolls. Amid the persistent downward trajectory in oil costs, average consumer prices fell slightly by 0.1% in December. Given the improving employment conditions and relatively modest downside risks to economic growth, the Federal Reserve raised the target range for its key federal funds rate for the first time in 9 years, from 0.00%-0.25% to 0.25%-0.50% and the discount rate by 25 basis points to 1.0%.

Economic conditions in the major European markets improved modestly during the review period, as real output in the United Kingdom firmed by 0.5% in the fourth quarter, following a similar 0.4% increase recorded in the prior period. Further, retail sales rebounded by 1.7% in November, after a 0.6% contraction a month earlier, benefiting from a fall in average store prices. In the external sector, the trade deficit narrowed on a monthly basis by £0.3 billion to £3.2 billion, largely attributed to lower oil imports. In contrast, declines in the manufacturing, mining & quarrying, and electricity & gas sectors resulted in a 0.7% reduction in production, a reversal from a slight 0.1% uptick in October. Given the improving economic conditions, the unemployment rate contracted by 10 basis points to 5.1% during the three-months to November; an additional 267,000 jobs were created in predominately the professional and construction sectors. Further, consumer prices rose marginally by 0.2% over the year. The euro area showed signs of growth during the review period; however, the performance of several member states remained weak. Supported by gains in financial indicators, the Leading Economic Indicators Index (LEI) firmed slightly by 0.5% in November, following a similar rise in the previous month; however, retail trade decreased by 0.3%, extending the prior month's 0.2% falloff, and industrial production softened by 0.7%, a turnaround from October's 0.8% improvement. The region's jobless rate declined by 10 basis points to 10.5% in November—the lowest level in four years. Amid the sharp fall in oil costs, average consumer prices remained relatively unchanged in December, after a 0.1% decline in the prior month. In monetary developments, the Bank of England maintained its highly accommodative policy stance, while the European Central Bank strengthened efforts to stimulate euro zone economies by reducing the key interest rate on its deposit facility by 10 basis points to an historic low of 0.30%, while leaving rates on both its main refinancing operations and marginal lending facility unchanged at 0.05% and 0.30%, respectively.

Economic conditions in Asia remained relatively subdued, weighed down by the deceleration in China. The country's output growth tapered by 10 basis points on a quarterly basis to 6.8% in the final three months of the year—the slowest pace of expansion since 2009. Further, the rise in retail sales moderated by 30 basis points to 0.8% in December, while industrial production firmed by 0.4%, following a 0.6% advance in the

prior month. Buoyed by an increase in food costs, consumer prices edged up by 0.5%, after stabilizing in the previous period. In Japan, industrial production fell by 0.9% in November, a reversal from a 1.4% expansion in the prior period, reflecting declines in the commercial machinery, chemical, and electronic parts & devices industries. In addition, after recording its first surplus in seven months during October, the trade balance slumped to a deficit of ¥381.3 billion, amid weak global demand, which pushed exports down by 8.6%, eclipsing the 1.2% drop in imports. In this environment, the unemployment rate firmed marginally by 20 basis points to 3.3%, while deflationary conditions persisted, with consumer prices declining by 0.3%, extending October's slight 0.1% softening. On the monetary front, the People's Bank of China maintained its accommodative monetary policy stance, while the Bank of Japan held its main monetary stimulus target unchanged, and also lengthened the average maturities of its government bond purchases from 7-10 years, to 7-12 years.

Despite a slight decrease in OPEC's oil production by 0.21 million barrels per day (mb/d) to 32.18 mb/d, sustained weakness in oil demand and excess supply resulted in the price of crude oil slumping by a further 18.3% to \$36.53 per barrel in December—the lowest level in over seven years. Similarly, precious metals prices declined over the review period, as the cost of both silver and gold narrowed by 1.6% and 0.3% to \$13.86 and \$1,061.42 per troy ounce, respectively.

Declines were recorded for most of the major equity markets during the review month, reflecting in part the adverse effects of the slide in oil prices on the shares of domestic energy producers. Specifically, in Europe, France's CAC 40, Germany's DAX and the United Kingdom's FTSE 100, retreated by 6.5%, 5.6% and 1.8%, respectively, while declines were also noted for the United States' Dow Jones Industrial Average (DIJA) (1.7%) and the S&P 500 (1.8%). In Asia, Japan's Nikkei 225 contracted by 3.6%, while, China's equity markets remained volatile, as the SE Composite rose modestly by 2.7% on this occasion.

Currency market developments were mixed over the review period, as the United States dollar firmed relative to the Canadian dollar by 3.5% to CAD\$1.3832, the British pound by 2.2% to £0.6786, and the Chinese Yuan by 1.5% to CNY6.4935. In contrast, the dollar depreciated against the euro, the Swiss Franc and the Japanese Yen, by 2.7%, 2.6% and 2.5% to €0.9211, CHF1.0020 and ¥120.06, respectively.

3. Domestic Monetary Trends December 2015 vs. 2014

Liquidity in the banking sector contracted in December, mainly reflecting the combined effects of a reduction in commercial banks' holdings of Treasury bills and a build-up of Government deposits at the Central Bank. As a result, banks' excess liquid assets fell by \$25.1 million to \$1,314.4 million, a reversal from a \$13.9 million gain a year-earlier, while excess reserves—a narrow measure of liquidity—firmed marginally by \$3.3 million to \$489.4 million, a turnaround from the previous year's \$8.5 million reduction.

Buoyed mainly by the receipt of net proceeds from the Government's borrowing activities, external reserves rose modestly by \$6.2 million to \$808.4 million, a slowdown from the tourism-led \$42.6 million build-up in 2014. In the underlying developments, the Central Bank's net foreign currency transactions with commercial banks were approximately balanced, compared to a net purchase of \$39.7 million a year ago, while banks' net sales to customers totaled \$9.8 million. Comparatively, the Bank's net purchase from the public sector of \$9.2 million contrasted with a marginal, \$0.4 million net sale in the preceding year.

The contraction in Bahamian dollar credit tapered to \$35.0 million, from \$99.7 million in the previous year, as the decline in net claims on the Government narrowed to \$15.9 million from \$96.5 million in 2014, when

proceeds from an external loan were utilized to reduce short-term commercial bank debt. Further, credit to public corporations decreased by \$19.6 million, compared to a marginal gain of \$0.6 million a year ago. In contrast, claims on the private sector edged up by \$0.5 million, following an earlier \$3.8 million reduction, underpinned by a \$10.9 million expansion in commercial and “other” loans, vis-à-vis the prior period’s \$6.4 million contraction, while the reduction in mortgages eased to \$0.2 million from \$8.3 million. However, the consumer credit decline of \$10.1 million, reversed the \$11.0 million gain in the previous year.

In December, total private sector loan arrears rose modestly by \$3.7 million (0.3%) to \$1,205.1 million, and as a proportion of total loans, the ratio firmed by 12 basis points to 20.1%. In terms of the average age, the increase in delinquencies was solely attributed to a \$4.8 million (1.6%) rise in the short-term (31-90 day) segment, to \$315.9 million, corresponding to a 10 basis point increase in the attendant ratio to 5.3%. In contrast, non-performing loans—arrears in excess of 90 days and on which banks have stopped accruing interest—decreased by \$1.1 million (0.1%) to \$889.2 million; however, given the size of the reduction in total loans, the corresponding ratio edged up by 3 basis points to 14.8%.

In terms of the main categories, the rise in arrears solely reflected a \$9.7 million (4.5%) expansion in the commercial segment to \$225.5 million, as short-term delinquencies firmed by \$6.6 million (19.6%) and non-accrual loans increased by \$3.0 million (1.7%). In contrast, the consumer component fell by \$3.9 million (1.3%) to \$306.8 million, as a \$5.2 million (2.4%) reduction in arrears in excess of 90 days, overshadowed the \$1.3 million (1.3%) gain in 31-90 day delinquencies. The mortgage category also declined by \$2.0 million (0.3%) to \$672.8 million, with the \$3.1 million (1.7%) reduction in short-term arrears, countering a \$1.0 million (0.2%) uptick in the non-performing segment.

Banks reduced their total provisions for loan losses during the month by \$2.1 million (0.4%) to \$530.4 million. Consequently, the ratio of provisions to both arrears and non-performing loans decreased by 31 basis points and by 16 basis points, to 44.0% and 59.7%, respectively. Loan write-offs totaled \$9.5 million during the review month, and recoveries amounted to \$1.4 million.

The contraction in domestic foreign currency credit slowed to \$19.5 million from \$73.7 million a year earlier, as the fall in claims on public corporations narrowed to \$6.5 million from \$49.1 million in the prior year, when one entity restructured a significant portion of its outstanding debt. Further, credit to the private sector decreased by \$8.3 million, following a \$19.3 million reduction in 2014, while net claims on the Government fell further by \$4.7 million.

Total Bahamian dollar deposits declined by \$58.9 million, approximating a similar reduction in the previous period. In terms of deposits, demand balances moved lower by \$50.8 million, reversing a similar \$54.3 million gain a year-ago, while fixed deposits decreased by \$17.2 million, after a sharp \$82.7 million contraction in 2014. Conversely, savings balances expanded by \$9.0 million, vis-à-vis the prior year’s \$32.1 million moderation.

In terms of interest rates, the weighted average deposit rate at banks narrowed by 24 basis points to 1.37%, with the highest rate of 5.00% offered on fixed balances of over 12 months. In contrast, the weighted average loan rate rose by 14 basis points to 12.68%.

January – December 2015 vs. 2014

Liquidity expanded robustly in 2015, reflecting a build-up in the banking system’s holdings of new short-term Government debt issues and to a lesser extent, net foreign currency inflows from real sector activities.

As a consequence, excess liquid assets strengthened by \$172.5 million to \$1,314.4 million, outpacing the previous year's \$57.0 million gain. In contrast, excess reserves fell marginally by \$3.9 million to \$489.4 million, a reversal from a \$91.6 million expansion in 2014.

External reserves grew by \$21.6 million to \$808.4 million, a slowdown from a \$47.0 million gain recorded in 2014. Underpinning this outturn, the Bank's net foreign currency sale to the public sector firmed by \$54.5 million to \$259.2 million; however, the corresponding net purchase from commercial banks expanded by \$35.2 million to \$274.3 million, despite a \$4.9 million fall in the net intake from banks' clients to \$254.2 million.

Growth in Bahamian dollar credit nearly doubled to \$103.1 million from a \$56.2 million advance in the previous year. The decline in private sector credit slowed to \$24.1 million from a \$114.8 million reduction in 2014, when one institution restructured a sizeable portfolio of commercial loans. In terms of the components, declines in mortgages and commercial loans narrowed to \$26.3 million and \$15.9 million, from \$51.9 million and \$101.6 million, respectively, in the prior year; however, accretions to the consumer segment slowed by \$20.5 million to \$18.2 million. In addition, credit to public corporations decreased by \$19.2 million, following a \$29.4 million reduction in the previous year. Meanwhile, buoyed by an increase in Treasury bill holdings, net claims on the Government rose by an additional \$146.4 million, after a \$200.3 million expansion in 2014.

Reflecting a combination of loan write-offs and the modest improvement in domestic economic conditions, banks' credit quality indicators improved in 2015. Total private sector loan arrears contracted by 6.8% to \$1,205.1 million, and by 1.4 percentage points to 20.1% of total loans. The reduction was concentrated in the non-performing segment, which decreased by 9.1% to \$889.2 million, reducing the attendant ratio by 1.4 percentage points to 14.8%. In contrast, short-term delinquencies grew by a mere 0.2% to \$315.9 million, elevating the corresponding ratio by 4 basis points to 5.3%.

By loan type, the reduction in delinquencies was led by commercial arrears, which decreased by 14.1% to \$225.5 million, as both the non-performing and short-term segments fell by \$35.7 million (16.2%) and \$1.5 million (3.5%), respectively. In addition, the consumer loan category contracted by 7.7% to \$306.8 million, owing to a \$23.0 million (10.1%) reduction in arrears of more than 90 days and a more muted \$2.5 million (2.4%) fall in 31-90 day delinquencies. Similarly, the mortgage component declined by \$25.5 million (3.7%), with a \$30.0 million (5.7%) decrease in the non-accrual segment, eclipsing the \$4.6 million (2.7%) rise in short-term arrears.

During the year, banks increased their total provisions for loan losses by 5.8% to \$530.4 million. As a consequence, the ratio of total provisions to arrears moved higher by 5.3 percentage points to 44.0% and the corresponding non-performing loan ratio firmed by 8.4 percentage points to 59.7%. Additionally, banks wrote off an estimated \$122.2 million in loans and recovered approximately \$25.9 million.

Total domestic foreign currency credit fell by \$4.9 million, a significant slowdown from 2014's \$243.4 million contraction. In particular, net claims on the Government grew by \$36.9 million, following a \$130.5 million plunge in 2014, when net proceeds from an external bond issue were utilized to repay a short-term bridging facility. In addition, credit to the rest of the public sector firmed by \$5.6 million, a reversal from a \$50.3 million decrease recorded earlier, while private sector credit fell by an additional \$47.4 million, after a \$61.5 million reduction a year ago.

During the year, accretions to total Bahamian dollar deposits narrowed by \$107.6 million to \$13.4 million. In terms of the components, growth in demand deposits decelerated by \$291.3 million to \$52.9 million, while fixed deposits contracted by \$123.1 million, following the \$179.7 million decrease a year-earlier. In contrast, savings deposits firmed by \$83.6 million, vis-a-vis the previous year's \$43.5 million drawdown.

4. Outlook and Policy Implications

Expectations are that the mild pace of growth in the domestic economy recorded in 2015 will be sustained in 2016, supported by on-going growth in the tourism sector, combined with continued foreign-investment-led construction activity. Further potential economic and employment gains could also accrue from resumed construction on the Baha Mar development. Inflation is expected to remain relatively subdued, reflecting the dampening effect of low oil prices.

In the fiscal sector, expectations are that the narrowing in the deficit should be maintained over the near-term, supported by VAT-related revenue inflows, and a conservative spending posture.

In the monetary sector, bank liquidity is anticipated to remain elevated over the year, reflecting the continued deleveraging by consumers, and banks' conservative lending practices. Nonetheless, commercial banks are expected to remain well capitalized, with ratios well above regulatory requirements. External reserve developments will depend significantly on the performance of the tourism sector—particularly during the winter tourist season—as well as the extent of the demand for foreign currency to facilitate current payments, such as fuel imports.

Recent Monetary and Credit Statistics

(B\$ Millions)

DECEMBER						
Value		Change		Change YTD		
2014	2015	2014	2015	2014	2015	

1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	493.27	489.37	-8.45	3.33	91.56	-3.91
1.2 Excess Liquid Assets	1,141.89	1,314.41	13.90	-25.11	56.99	172.52
1.3 External Reserves	786.76	808.38	42.58	6.20	46.99	21.61
1.4 Bank's Net Foreign Assets	-433.99	-453.32	59.52	-5.21	253.02	-19.33
1.5 Usable Reserves	260.12	294.59	18.38	-11.47	13.76	34.47

2.0 DOMESTIC CREDIT

2.1 Private Sector	6,352.96	6,281.53	-23.06	-7.80	-176.23	-71.43
a. B\$ Credit	6,029.85	6,005.78	-3.79	0.53	-114.78	-24.06
of which: Consumer Credit	2,150.66	2,168.84	10.95	-10.12	38.68	18.18
Mortgages	3,099.06	3,072.74	-8.34	-0.24	-51.86	-26.32
Commercial and Other Loans B\$	780.12	764.20	-6.40	10.89	-101.61	-15.93
b. F/C Credit	323.11	275.74	-19.26	-8.34	-61.46	-47.37
of which: Mortgages	102.22	81.81	-20.99	-2.98	-40.03	-20.40
Commercial and Other Loans F/C	220.90	193.93	1.72	-5.36	-21.43	-26.97
2.2 Central Government (net)	2,031.27	2,214.54	-101.72	-20.56	69.81	183.28
a. B\$ Loans & Securities	2,272.98	2,466.74	-71.83	13.79	248.80	193.76
Less Deposits	234.55	281.94	24.67	29.70	48.51	47.39
b. F/C Loans & Securities	0.00	36.62	0.00	0.00	-125.00	36.62
Less Deposits	7.16	6.88	5.22	4.65	5.49	-0.29
2.3 Rest of Public Sector	320.77	307.12	-48.52	-26.11	-79.62	-13.65
a. B\$ Credit	97.23	78.01	0.61	-19.60	-29.36	-19.22
b. F/C Credit	223.55	229.11	-49.13	-6.50	-50.27	5.57
2.4 Total Domestic Credit	8,705.04	8,803.21	-173.34	-54.49	-187.21	98.17
a. B\$ Domestic Credit	8,165.50	8,268.60	-99.68	-34.98	56.17	103.10
b. F/C Domestic Credit	539.54	534.61	-73.66	-19.51	-243.37	-4.93

3.0 DEPOSIT BASE

3.1 Demand Deposits	1,778.87	1,831.75	54.28	-50.79	344.15	52.88
a. Central Bank	23.56	13.02	18.16	-1.44	15.16	-10.54
b. Banks	1,755.30	1,818.73	36.11	-49.34	328.99	63.42
3.2 Savings Deposits	1,067.81	1,151.36	-32.09	9.04	-43.47	83.55
3.3 Fixed Deposits	3,139.08	3,016.03	-82.71	-17.17	-179.69	-123.06
3.4 Total B\$ Deposits	5,985.76	5,999.14	-60.53	-58.92	120.99	13.37
3.5 F/C Deposits of Residents	242.05	235.59	-19.66	-21.38	-8.93	-6.46
3.6 M2	6,217.18	6,235.67	-43.24	-49.94	139.51	18.49
3.7 External Reserves/M2 (%)	12.65	12.96	0.77	0.20	0.48	0.31
3.8 Reserves/Base Money (%)	80.20	81.99	3.62	-0.40	0.21	1.80
3.9 External Reserves/Demand Liabilities (%)	74.70	78.67	0.64	-2.18	-0.27	3.97
	Value		Year to Date		Change	
	2014	2015	2014	2015	Month	YTD

4.0 FOREIGN EXCHANGE TRANSACTIONS

4.1 Central Bank Net Purchase/(Sale)	39.23	9.74	34.40	15.11	-29.49	-19.29
a. Net Purchase/(Sale) from/to Banks	39.67	0.53	239.12	274.34	-39.13	35.22
i. Sales to Banks	14.40	12.00	235.50	182.50	-2.40	-53.00
ii. Purchases from Banks	54.07	12.53	474.62	456.84	-41.53	-17.78
b. Net Purchase/(Sale) from/to Others	-0.44	9.20	-204.72	-259.23	9.64	-54.51
i. Sales to Others	55.30	60.88	863.61	697.68	5.58	-165.92
ii. Purchases from Others	54.86	70.08	658.89	438.46	15.22	-220.43
4.2 Banks Net Purchase/(Sale)	43.45	-9.81	259.02	254.16	-53.25	-4.86
a. Sales to Customers	411.03	331.66	3,825.52	4,078.75	-79.37	253.24
b. Purchases from Customers	454.48	321.85	4,084.54	4,332.92	-132.62	248.37
4.3 B\$ Position (change)	-25.52	-5.15				

5.0 EXCHANGE CONTROL SALES

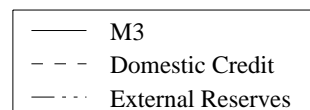
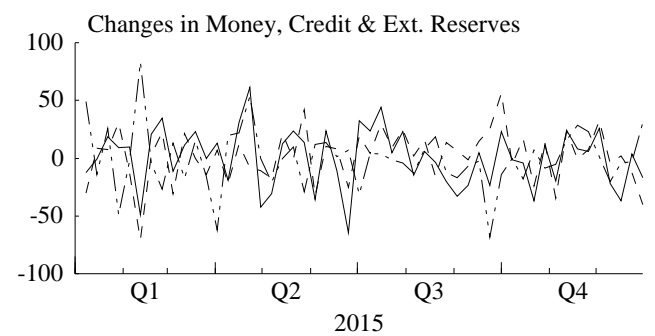
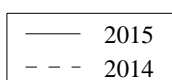
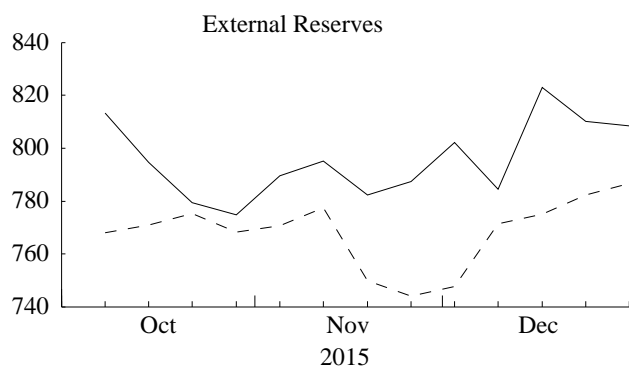
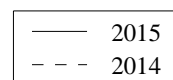
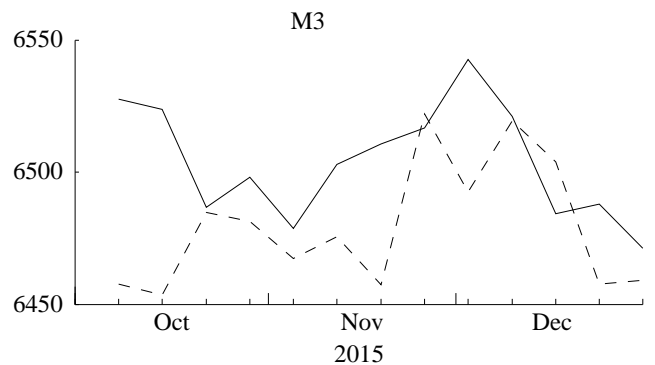
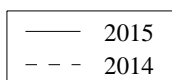
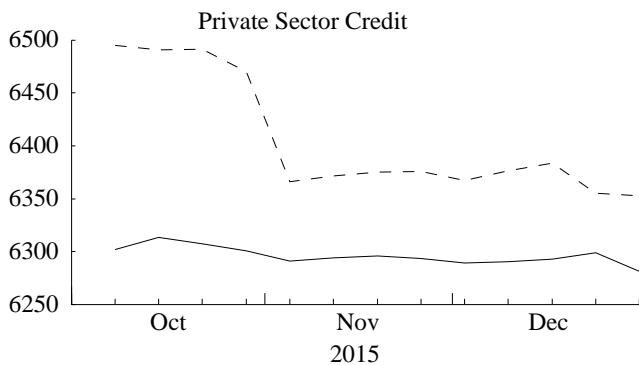
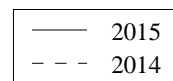
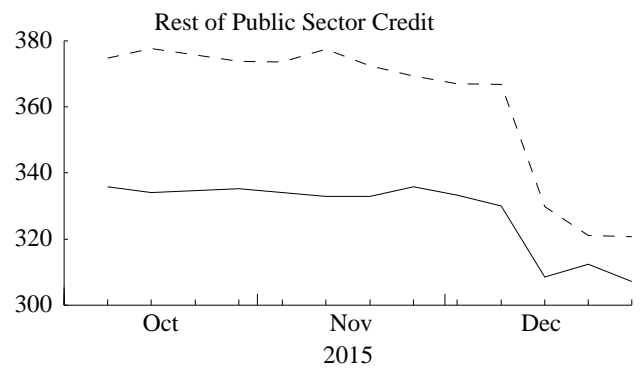
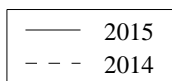
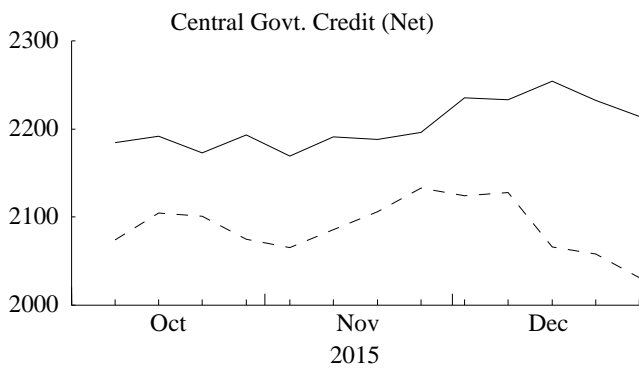
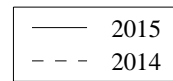
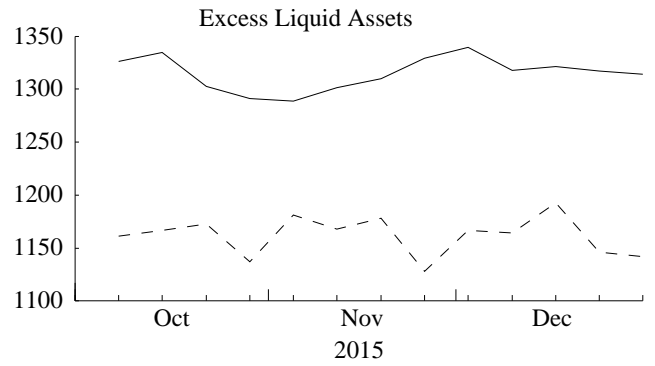
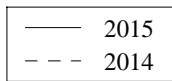
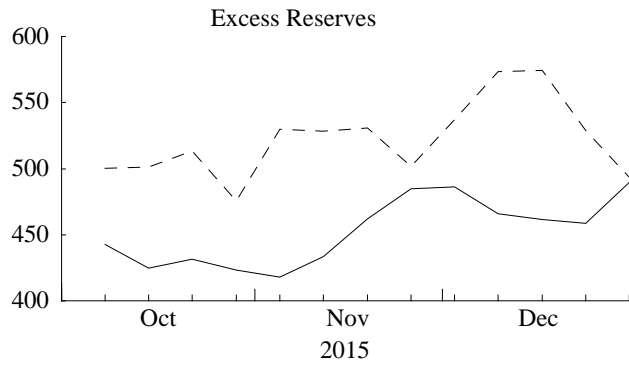
5.1 Current Items	ND	ND	ND	ND	ND	ND
of which Public Sector	ND	ND	ND	ND	ND	ND
a. Nonoil Imports	ND	ND	ND	ND	ND	ND
b. Oil Imports	ND	ND	ND	ND	ND	ND
c. Travel	ND	ND	ND	ND	ND	ND
d. Factor Income	ND	ND	ND	ND	ND	ND
e. Transfers	ND	ND	ND	ND	ND	ND
f. Other Current Items	ND	ND	ND	ND	ND	ND
5.2 Capital Items	ND	ND	ND	ND	ND	ND
of which Public Sector	ND	ND	ND	ND	ND	ND
5.3 Bank Remittances	ND	ND	ND	ND	ND	ND

Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: DECEMBER 31, 2014 and DECEMBER 30, 2015

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	
	2014	2015	2014	2015	2014	2015
Bahamas	1.0	1.2	1.2	1.7	15.7	12.0
United States	2.4	2.6	1.6	0.1	6.2	5.3
Euro-Area	0.9	1.5	0.4	0.2	11.6	11.0
<i>Germany</i>	<i>1.6</i>	<i>1.5</i>	<i>0.8</i>	<i>0.2</i>	<i>5.0</i>	<i>4.7</i>
Japan	-0.1	0.6	2.7	0.7	3.6	3.5
China	7.3	6.8	2.0	1.5	4.1	4.1
United Kingdom	3.0	2.5	1.5	0.1	6.2	5.6
Canada	2.4	1.0	1.9	1.0	6.9	6.8
<i>Source: IMF World Economic Outlook October 2015, 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
December 2013	4.50	0.25	0.75	0-0.25	0.50
January 2014	4.50	0.25	0.75	0-0.25	0.50
February 2014	4.50	0.25	0.75	0-0.25	0.50
March 2014	4.50	0.25	0.75	0-0.25	0.50
April 2014	4.50	0.25	0.75	0-0.25	0.50
May 2014	4.50	0.25	0.75	0-0.25	0.50
June 2014	4.50	0.15	0.75	0-0.25	0.50
July 2014	4.50	0.15	0.75	0-0.25	0.50
August 2014	4.50	0.15	0.75	0-0.25	0.50
September 2014	4.50	0.05	0.75	0-0.25	0.50
October 2014	4.50	0.05	0.75	0-0.25	0.50
November 2014	4.50	0.05	0.75	0-0.25	0.50
December 2014	4.50	0.05	0.75	0-0.25	0.50
January 2015	4.50	0.05	0.75	0-0.25	0.50
February 2015	4.50	0.05	0.75	0-0.25	0.50
March 2015	4.50	0.05	0.75	0-0.25	0.50
April 2015	4.50	0.05	0.75	0-0.25	0.50
May 2015	4.50	0.05	0.75	0-0.25	0.50
June 2015	4.50	0.05	0.75	0-0.25	0.50
July 2015	4.50	0.05	0.75	0-0.25	0.50
August 2015	4.50	0.05	0.75	0-0.25	0.50
September 2015	4.50	0.05	0.75	0-0.25	0.50
October 2015	4.50	0.05	0.75	0-0.25	0.50
November 2015	4.50	0.05	0.75	0-0.25	0.50
December 2015	4.50	0.05	1.00	0.25-0.50	0.50

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	Dec-14	Nov-15	Dec-15	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.8266	0.9465	0.9211	-2.68	11.44	11.44
Yen	119.68	123.10	120.06	-2.47	0.32	0.32
Pound	0.6419	0.6642	0.6786	2.17	5.71	5.71
Canadian \$	1.1619	1.3362	1.3832	3.52	19.05	19.05
Swiss Franc	0.9944	1.0290	1.0020	-2.62	0.76	0.76
Renminbi	6.2052	6.3975	6.4935	1.50	4.65	4.65

Source: Bloomberg as of December 31, 2015

D. Selected Commodity Prices (\$)					
Commodity	December 2014	November 2015	December 2015	Mthly % Change	YTD % Change
Gold / Ounce	1184.37	1064.77	1061.42	-0.31	-10.38
Silver / Ounce	15.71	14.09	13.86	-1.62	-11.79
Oil / Barrel	57.33	44.69	36.53	-18.26	-36.28

Source: Bloomberg as of December 31, 2015

E. Equity Market Valuations – November 30, 2015 (% chg)								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	0.32	-1.66	-1.75	-1.79	-6.47	-5.62	-3.61	2.72
3 month	1.13	7.00	6.45	2.98	4.08	11.21	9.46	15.93
YTD	9.92	-2.23	-0.73	-4.93	8.53	9.56	9.07	9.41
12-month	9.92	-2.23	-0.73	-4.93	8.53	9.56	9.07	9.41

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	GBP	EUR
o/n	0.43	0.48	-0.10
1 Month	0.61	0.50	-0.15
3 Month	0.68	0.58	-0.09
6 Month	0.85	0.83	-0.08
9 Month	1.12	0.89	-0.06
1 year	1.18	1.05	0.01

Source: Bloomberg as of December 31, 2015

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

	VALUE												CHANGE											
	Nov. 04	Nov. 11	Nov. 18	Nov. 25	Dec. 02	Dec. 09	Dec. 16	Dec. 23	Dec. 30	Nov. 04	Nov. 11	Nov. 18	Nov. 25	Dec. 02	Dec. 09	Dec. 16	Dec. 23	Dec. 30						
I. External Reserves	789.61	795.26	782.40	787.51	802.18	784.53	823.04	810.25	808.91	14.83	5.66	-12.87	5.11	14.67	-17.65	38.51	-12.79	-1.33						
II. Net Domestic Assets (A + B + C + D)	110.77	113.92	160.65	177.33	171.42	159.03	127.24	156.82	176.99	-18.49	3.14	46.74	16.68	-5.91	-12.39	-31.79	29.58	20.17						
A. Net Credit to Gov^t(i + ii + iii - iv)	442.19	452.46	468.28	490.10	494.17	478.23	482.13	472.74	492.59	-8.87	10.27	15.82	21.82	4.07	-15.94	3.89	-9.39	19.86						
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	261.02	260.84	260.63	260.61	260.39	260.22	260.20	258.38	258.21	-0.32	-0.18	-0.21	-0.01	-0.22	-0.17	-0.02	-1.83	-0.16						
iii) Treasury Bills	76.42	76.42	91.40	101.36	101.36	101.36	101.36	101.36	126.54	1.83	-0.00	14.98	9.96	0.00	0.00	0.00	0.00	25.18						
iv) Deposits	29.90	19.46	18.41	6.54	2.24	18.01	14.10	21.66	26.82	10.37	-10.44	-1.05	-11.87	-4.30	15.77	-3.91	7.56	5.16						
B. Rest of Public Sector (Net) (i + ii - iii)	-20.89	-27.75	-3.08	-2.63	-10.77	-8.50	-4.26	-4.66	-9.32	-10.75	-6.86	24.67	0.45	-8.14	2.27	4.24	-0.40	-4.66						
i) BDB Loans	3.90	3.90	3.83	3.70	3.70	3.70	3.70	3.70	3.70	0.00	0.00	-0.07	-0.13	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	24.79	31.65	6.90	6.33	14.47	12.20	7.96	8.36	13.02	10.75	6.86	-24.74	-0.58	8.14	-2.27	-4.24	0.40	4.66						
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)*	-310.53	-310.80	-304.55	-310.14	-311.99	-310.70	-350.62	-311.26	-306.29	1.12	-0.27	6.25	-5.59	-1.85	1.28	-39.92	39.37	4.97						
III. Monetary Base	900.38	909.18	943.05	964.84	973.60	943.56	950.28	967.07	985.90	-3.66	8.80	33.87	21.79	8.76	-30.04	6.72	16.79	18.83						
A. Currency in Circulation	337.93	333.55	341.02	343.74	351.20	351.40	355.43	384.65	385.26	0.79	-4.38	7.47	2.71	7.46	0.20	4.03	29.23	0.61						
B. Bank Balances with CBOB	562.46	575.63	602.03	621.10	622.40	592.16	594.86	582.41	600.64	-4.45	13.18	26.39	19.08	1.29	-30.23	2.69	-12.44	18.22						

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

