Release Date: 4 November 2014

Monthly Economic and Financial Developments
September 2014

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:

2014: December 1, December 22.

Monthly Economic and Financial Developments
September 2014

1. Domestic Economic Developments

Indications are that the Bahamian economy's mildly positive growth pace was sustained during the review month, supported by an improving tourism performance and foreign investment related construction activity. Gains were recorded in both air and sea arrivals, underpinned by targeted promotional campaigns to increase airlift to key domestic destinations. Nevertheless, signs are that labour market conditions remained challenging, owing to the narrowness of the recovery. Amid relatively stable to declining global oil prices, domestic inflation was subdued over the twelve-months to August—advancing, marginally, by 0.3 of a percentage point to 1.00%. In monetary developments, both liquidity and external reserves contracted in September, reflecting the traditional increase in foreign currency demand in the latter half of the year.

Preliminary data for the eight months to August showed total visitor arrivals increasing by 3.0% to 4.3 million, extending the previous year's gain of 2.3%. The high value-added air segment rebounded by 3.6%, from a 6.3% reduction a year earlier, while growth in sea visitors slowed to 2.8% from 5.1%. By major port of entry, arrivals to New Providence were up by 2.3% to 2.5 million, occasioned by improvements in both sea (2.9%) and air (0.8%) passengers. A similar outcome was registered in the Family Islands, where total arrivals expanded by 8.9% to 1.3 million, reflecting a 10.0% surge in sea traffic and a 1.8% rise in the air component. In contrast, the number of visitors to Grand Bahama declined by 6.7% to 0.5 million, as the 12.6% contraction in the dominant sea segment offset the 38.9% expansion in air traffic.

2. International Developments

Global economic conditions continued to improve during the review period, led by modest gains in the United States' economy. However, amid the backdrop of a slowdown in China—Asia's largest economy—and a faltering euro area recovery, the International Monetary Fund (IMF), in the October 2014 edition of its World Economic Outlook (WEO), downgraded the forecast for world growth in 2014 and 2015, by 10 and 20 basis points, to 3.3% and 3.8%, respectively. In this environment, most of the major central banks maintained their highly accommodative monetary policy stance.

Key economic indicators in the United States were, on balance, positive over the review period, with industrial output up by 1.0% in September, after a 0.2% decrease in the prior month. Similarly, conditions in the real estate market supported a strengthening in housing completions and starts, by 8.6% and 6.3%, respectively, and the forward looking building permits indicators rose by 1.5%, on a monthly basis. In contrast, a decline in consumer spending caused total retail sales to fall by 0.3%, a reversal from August's gain of 0.6%. In the external sector, the monthly trade deficit narrowed by $0.2 billion to $40.1 billion, buoyed by increased exports—primarily of transport services—which outpaced the growth in imports. Given the steady economic recovery, the jobless rate receded by 20 basis points to 5.9% in September—the lowest level since the start of the global recession. Inflation remained subdued, as consumer prices rose marginally by 0.1% in September, following a 0.2% decrease in the prior month, associated with gains in food & shelter costs. On the monetary front, the Federal Reserve continued to wind down its quantitative easing programme and announced a further reduction in the level of assets purchases, by $15.0 billion per month, to a mere $15.0 billion, while retaining its benchmark interest rate within the 0.00%-0.25% range.

Indications are that Europe's economic recovery faced significant headwinds during the review period. In the United Kingdom, retail sales declined by 0.3% in September, a turnaround from a 0.4% advance in the previous month, owing to decreased spending on textiles, clothing and footwear. Industrial output was also flat in August, relative to a 0.3% gain a month earlier. Consistent with the slowdown in domestic demand, the monthly trade deficit contracted by £1.2 billion to £1.9 billion in August, as the decrease in imports, of mainly aircraft, fuels and chemicals, outstripped the reduction in exports. Despite the ongoing challenges, employment conditions improved modestly, with the jobless rate falling by 40 basis points to 6.0% in the three months to August—the lowest rate in four years. Annual consumer price inflation slowed by 30 basis points to 1.2% in September, primarily attributed to reduced transport and recreational costs. With the recovery still weak, the Bank of England maintained its 0.5% bank rate and the size of its asset purchase programme at £375 billion.

Economic activity in the euro area showed signs of slowing over the review period, as lower output in Germany—the region's largest economy—led to industrial production decreasing by 1.8% in August, a reversal from the prior month's 0.9% improvement. Similarly, the region's trade surplus contracted sharply, by €12.4 billion to €9.2 billion, in August, reflecting an 18.7% reduction in exports which overshadowed the 13.3% falloff in imports. In a slight offset, the volume of retail trade recovered by 1.2%, from July's 0.4% reduction, owing to higher purchases of automotive fuel and non-food items. Influenced by a decrease in energy costs, inflation softened to 0.3% in September from 0.4% a month earlier, while the unemployment rate stabilized at 11.5%. In an effort to provide economic stimulus and counter a potential deflationary environment, the European Central Bank (ECB) increased the level of monetary accommodation, by announcing the introduction of an asset purchase programme. The ECB also lowered its main interest rates, by 10 basis points each.

The growth momentum of Asian economies continued to slow over the review period, with softness in consumer demand and a subdued real estate market causing a moderation in China's real GDP gains, to an annualized 7.3% in the third quarter from 7.5% in the preceding three-month period—the slowest pace in five years. Similarly, the increase in retail sales tapered by 0.3 of a percentage point to an annualized 11.6% in September, while the trade surplus narrowed by US$18.8 million in August to US$31.0 billion, as the 15.2% expansion in imports outpaced the 2.5% rise in exports. In contrast, industrial production grew by 8.0% in September, year-on-year, outpacing the 6.9% gain in August. Buoyed by broad-based hikes in various categories of goods and services, monthly consumer prices firmed by 0.5% in September, following a 0.2% increase a month earlier. Japan's economy showed signs of emergence from a tax-led contraction in output in the second quarter. Retail sales advanced by 1.2% in August, extending the prior month's 0.6% gain; while the trade deficit widened slightly by 0.9% to ¥958.3 billion in September, as a rise in fuel-related imports offset gains in exports. Industrial production fell by 1.5% in August, reversing the prior period's 0.4% growth; and the jobless rate moved lower by 30 basis points to 3.5% in August. Consumer prices edged up by 0.2%, on a monthly basis, from 0.1% in July, led by higher culture and recreation costs. Given the slowdown in growth, the People's Bank of China injected US$81.0 billion into the banking system, in an attempt to boost liquidity and support further lending activity, while the Bank of Japan sustained its ¥50.0 trillion asset purchase programme.

Reflecting anaemic global demand and excess supply, along with an increase in OPEC's oil production, by approximately 400,000 barrels per day (bpd) to an average of 30.5 million bpd, the average crude oil price declined by 5.8% to $96.50 per barrel in September—its lowest level since 2010. In terms of precious metals, the prices of both gold and silver fell, by 6.2% and 12.8%, to $1,208.16 and $16.98 per troy ounce, respectively.

The performance of major equity market indices was mixed during the review month, reflecting mainly domestic related events. In the United States, a sharp pullback in technology stock prices led to the Dow Jones Industrial Average (DJIA) and the S&P 500 indices moving lower by 0.3% and 1.6%, respectively. The United Kingdom's FTSE 100 index also weakened, by 2.9%, on the expectations that the central bank would soon move to tighten monetary policy. However, France's CAC 40 rose slightly by 0.8%, while Germany's DAX was unchanged. Asian bourses were generally positive, as Japan's Nikkei 225 and China's SE Composite rallied by 4.9% and 6.6%, respectively.

In foreign currency markets, the United States dollar appreciated relative to most major currencies. The dollar strengthened versus the euro and the British Pound, by 4.0% and 2.4%, to €0.7917 and £0.6168, respectively. The dollar also moved higher vis-à-vis the Canadian Dollar, by 2.9% to CAD$1.1198, and the Swiss Franc, by 4.0% to CHF0.9550. In mixed movements against Asian currencies, the dollar gain 5.3% relative to the Japanese Yen, to ¥109.65, but depreciated by 0.1% against the Chinese Yuan, to CNY6.1380.

3. *Domestic Monetary Trends*

September 2014 vs. 2013

During the month of September, both bank liquidity and external reserves contracted, largely reflecting the traditional increase in foreign currency demand during the latter half of the year. As a result, banks' excess cash reserves—a narrow measure of liquidity—and excess liquid assets fell, by $110.4 million and $123.5 million, to $491.3 million and $1,149.3 million, following the previous year's respective declines of $25.4 million and $17.1 million.

External reserves contracted by $129.9 million to $791.7 million, outpacing the prior year's $95.9 million falloff. The $33.3 million increase in the Central Bank's net foreign currency sale to $131.5 million, was led by a hike in the commercial banks' component, by $20.5 million to $67.4 million which, in turn, supported the $40.0 million boost in their net sale to customers. Similarly, the Bank's net sale to the public sector—mainly for fuel and loan payments—was higher by $12.7 million at $64.1 million.

Accretions to Bahamian dollar credit expanded by $6.2 million to $78.9 million, largely explained by relatively stable gains in net claims on the Government, of $78.2 million. Claims on the rest of the public sector increased by $4.0 million, a reversal from last year's $1.9 million net repayment. The persistent softness in consumer demand was evident in an overall contraction in credit to the private sector, by $3.2 million, vis-à-vis a slight $2.2 million increase in 2013. Following respective gains of $5.8 million and $1.8 million in 2013, commercial and other loans and mortgages declined by $1.0 million and $1.5 million; however, the falloff in consumer credit slowed to $0.8 million from $5.5 million a year ago.

In September, banks' credit quality indicators improved modestly, due to broad-based reductions in delinquencies across institutions. Total private sector loan arrears fell by $21.4 million (1.5%) to $1,380.0 million, with the ratio of arrears to total loans narrowing by 33 basis points to 22.5%. In terms of the average age of delinquencies, the short-term (31-90 day) segment moved lower by $23.9 million (6.8%) to $328.4 million, and the relevant ratio decreased by 39 basis points to 5.4%. By contrast, non-performing loans—arrears in excess of 90 days and on which banks have stopped accruing interest—grew by $2.5 million (0.2%) to $1,051.6 million, and by 5 basis points to 17.2% of total private sector loans.

The decline in total private sector arrears was led by a $9.9 million (2.6%) falloff in commercial delinquencies, to $367.6 million, as both the 31-90 day and non-accrual categories decreased by $5.1

million (8.6%) and $4.8 million (1.5%), respectively. Similarly, consumer arrears were lower by $7.0 million (2.2%) at $312.4 million, explained by a $9.7 million (9.7%) contraction in the short-term segment, which outweighed the $2.7 million (1.2%) gain in delinquencies in excess of 90 days. The mortgage component also moved lower, by $4.5 million (0.6%) to $700.1 million, as the $9.1 million (4.7%) reduction in short-term arrears overshadowed the $4.6 million (0.9%) rise in non-performing loans.

Despite the modest improvement in their loan portfolios, banks increased their total provisions for loan losses, by $8.2 million (1.4%) to $596.0 million, during the review month. As a result, the ratio of provisions to both arrears and non-performing loans firmed, by 1.3 and 0.7 percentage points, to 43.2% and 56.7%, respectively. Additionally, banks wrote-off an estimated $9.4 million in bad debts relative to recoveries of $4.1 million.

During the month of September, domestic foreign currency credit contracted by $4.5 million, a reversal from the prior year's $4.6 million expansion. Private sector credit fell by $4.9 million, vis-à-vis 2013's $5.3 million increase, while claims on the public corporations declined slightly by $0.7 million, following last year's $0.6 million reduction. In a modest offset, a decrease in deposit holdings led to net claims on the Government rising by $1.1 million, in contrast to a marginal $0.1 million falloff a year earlier.

Following growth of $2.2 million in 2013, total Bahamian dollar deposits contracted by $34.3 million during the review month. In particular, demand balances were lower by $29.8 million, a turnaround from the previous year's $15.4 million gain. The reduction in savings deposits was extended to $10.3 million from $7.8 million, and fixed balances recovered by $5.7 million from 2013's $5.4 million falloff.

In interest rate developments, the weighted average deposit rate improved by 11 basis points to 1.38% in September, with the highest rate of 5.00% offered on fixed balances of over 12 months. Amid enhanced lending standards, the weighted average loan rate also firmed by 112 basis points to 12.79%.

January – September 2014 vs. 2013

Buoyed by the Government's external bond receipts in January and, to a lesser extent, inflows from real sector activities, both bank liquidity and external reserves expanded modestly over the nine months of 2014. Excess cash reserves advanced by $89.5 million, a reversal from the $69.2 million reduction last year; however, growth in the broader excess liquid assets moderated to $64.4 million from $116.6 million in 2013.

External reserves grew by $51.9 million, in contrast to the previous year's $165.3 million contraction. The Bank's $41.7 million net purchase position was buoyed by a few one-off transactions, which resulted in a more than 40% reduction in the net sale to the public sector, to $144.6 million. The net intake from commercial banks accelerated by $110.7 million to $186.3 million—approximately, matching the increase in their net purchase from customers.

Over the nine-month period, growth in total Bahamian dollar credit slackened to $158.4 million from $293.8 million in the comparative 2013 period. Specifically, the Government's use of proceeds from its foreign currency financing to repay short-term debt slashed the growth in banks' net claims, by $184.1 million to $187.3 million. Further, claims on the public corporations fell by $25.6 million, to reverse the $0.5 million uptick in 2013. In contrast, the decline in private sector credit eased significantly, to $3.3 million from $77.5 million a year ago, supported by a reversal in consumer credit trends, to a $27.1 million gain vis-à-vis a $21.8 million downturn in 2013. The expansion in the dominant mortgage component—at 51.3% of the total—strengthened to $47.1 million from $13.7 million a year earlier, while the contraction in commercial and other loans was slightly higher at $77.4 million relative to $69.4 million.

Buoyed by a significant rise in commercial loan delinquencies, banks' credit quality indicators worsened over the nine-month period. Total private sector loan arrears firmed by $27.8 million (2.1%) to $1,380.0 million, with the ratio of arrears to total loans higher by 58 basis points at 22.5%. The deterioration was concentrated in the non-performing segment, which grew by $85.5 million (8.9%) to $1,051.6 million and by 1.5 percentage points to 17.2% of total loans. In contrast, short-term arrears decreased by $57.7 million (15.0%) to $328.4 million, resulting in the relevant ratio narrowing by 0.9 of a percentage point to 5.4%.

Commercial and mortgage delinquencies accounted for the bulk of the increase in total arrears during the nine-month period. The commercial loan segment rose by $24.0 million (7.0%) to $367.6 million, with the $48.9 million (18.5%) expansion in non-accrual loans eclipsing the $24.9 million (31.5%) falloff in short-term arrears. Similarly, mortgage delinquencies advanced by $9.1 million (1.3%) to $700.1 million, as the $23.5 million (4.8%) elevation in arrears in excess of 90 days outweighed the $14.4 million (7.3%) reduction in the short-term category. However, the consumer segment improved by $5.3 million (1.7%), benefitting from an $18.4 million (16.9%) decline in the 31-90 day component, which exceeded the $13.1 million (6.3%) build-up in non-performing loans.

Reflecting a significant increase in a few institutions' provisions to comply with regulatory requirements, total provisions for loan losses firmed by $153.2 million (34.6%) to $596.0 million. Correspondingly, the ratio of provisions to total arrears and non-performing loans was higher by 10.4 and 10.9 percentage points, at 43.2% and 56.7%, respectively. Over the nine-month period, banks wrote-off an estimated $74.2 million in delinquent loans and recovered approximately $29.9 million.

Occasioned by the Government's utilization of its external debt proceeds to repay short-term bridging financing in January, domestic foreign currency credit contracted by $93.2 million, relative to the $8.7 million decline in the comparative 2013 period. The net claim on the Government fell by $58.5 million, following a slight $0.4 million increase a year earlier. Similarly, credit to the private sector decreased by $30.6 million vis-à-vis last year's $2.9 million gain, reflecting net repayments for commercial loans and mortgages, of $19.4 million and $11.2 million, respectively. In a modest offset, the decrease in credit to the rest of the public sector slowed to $3.0 million from $12.0 million.

In terms of deposits, accretions to Bahamian dollar balances accelerated more than two-fold, to $138.1 million from $61.6 million in 2013, as the build-up in demand and savings balances moved higher, by $43.6 million and $31.4 million, to $121.7 million and $47.9 million, respectively. Further, the decline in fixed deposits slowed marginally, by $1.5 million to $31.5 million.

4. Outlook and Policy Implications

Current projections are that the economy's modest growth rate will be upheld over the remaining months of the year, with some firming in 2015, supported by foreign investment-led construction activity and ongoing gains in the high value-added stopover segment of the tourism market. In this context, expectations are that labour market conditions will continue to improve at a measured pace over the near-term, with the majority of the job gains occurring in the tourism and construction sectors. Inflation is expected to pick-up towards the end of the year, albeit from a very low base, due to the implementation of the Value Added Tax (VAT)—to be partially counterbalanced by the observed downward trajectory in global oil prices.

On the fiscal side, any significant opportunities for improving the Government's deficit and corresponding debt indicators remain contingent upon the pace and broadening of economic activity, alongside the success of new measures to enhance revenue collections. Programmed initiatives to curtail expenditure growth will also have a positive impact on the fiscal outcome.

In the monetary sector, liquidity levels are forecasted to remain elevated over the medium-term, owing to banks' conservative lending stance and continued deleveraging by indebted consumers. Given employment conditions, no significant near-term softening is expected in bank's loan arrears levels; however, overall system wide risks to financial stability is mitigated by banks maintaining capital levels well in excess of their statutory requirements. External reserves are projected to continue to drift downwards, in line with the sustained seasonal increase in consumer demand, although some bottoming out is anticipated towards year-end.

In this environment, the Central Bank will keep its monetary policy stance unchanged and continue to monitor developments, to determine the need for policy adjustment.

Recent Monetary and Credit Statistics

(B$ Millions)

	SEPTEMBER					
	Value		Change		Change YTD	
	2013	2014	2013	2014	2013	2014
1.0 LIQUIDITY & FOREIGN ASSETS						
1.1 Excess Reserves	380.79	491.25	-25.35	-110.40	-69.23	89.54
1.2 Excess Liquid Assets	1,088.07	1,149.33	-17.13	-123.54	116.59	64.43
1.3 External Reserves	646.78	791.65	-95.86	-129.91	-165.33	51.88
1.4 Bank's Net Foreign Assets	-565.39	-549.26	-17.74	-3.99	56.40	137.75
1.5 Usable Reserves	210.87	295.40	-80.75	-73.97	-137.41	49.05
2.0 DOMESTIC CREDIT						
2.1 Private Sector	***6,541.77***	***6,495.30***	***7.45***	***-8.10***	***-74.59***	***-33.89***
a. B$ Credit	6,142.97	6,141.35	2.16	-3.21	-77.51	-3.27
of which: Consumer Credit	2,099.07	2,139.03	-5.46	-0.78	-21.77	27.05
Mortgages	3,116.74	3,147.65	1.80	-1.46	13.67	47.09
Commercial and Other Loans B$	927.17	854.67	5.82	-0.97	-69.41	-77.41
b. F/C Credit	398.80	353.95	5.30	-4.89	2.92	-30.62
of which: Mortgages	152.99	131.07	-1.72	-0.50	8.26	-11.18
Commercial and Other Loans F/C	245.81	222.88	7.01	-4.39	-5.33	-19.44
2.2 Central Government (net)	***1,965.18***	***2,090.27***	***72.32***	***79.19***	***371.78***	***128.82***
a. B$ Loans & Securities	2,097.12	2,187.54	64.87	75.63	380.39	163.36
Less Deposits	131.12	162.14	-7.56	-2.51	9.00	-23.90
b. F/C Loans & Securities	0.00	66.00	0.00	0.00	-0.00	-59.00
Less Deposits	0.82	1.12	0.11	-1.05	-0.40	-0.55
2.3 Rest of Public Sector	***395.47***	***371.78***	***-2.49***	***3.28***	***-11.57***	***-28.61***
a. B$ Credit	119.31	100.94	-1.91	3.97	0.46	-25.64
b. F/C Credit	276.16	270.85	-0.58	-0.69	-12.03	-2.97
2.4 Total Domestic Credit	***8,902.42***	***8,957.41***	***77.28***	***74.39***	***285.06***	***65.17***
a. B$ Domestic Credit	8,228.28	8,267.69	72.67	78.90	293.77	158.35
b. F/C Domestic Credit	674.15	689.72	4.62	-4.50	-8.71	-93.18
3.0 DEPOSIT BASE						
3.1 Demand Deposits	1,436.08	1,556.44	15.44	-29.79	78.12	121.72
a. Central Bank	21.97	11.80	7.08	4.20	9.89	3.40
b. Banks	1,414.11	1,544.63	8.36	-33.99	68.23	118.33
3.2 Savings Deposits	1,084.19	1,159.20	-7.79	-10.27	16.51	47.91
3.3 Fixed Deposits	3,389.16	3,287.28	-5.41	5.73	-33.04	-31.50
3.4 Total B$ Deposits	5,909.43	6,002.91	2.24	-34.33	61.59	138.13
3.5 F/C Deposits of Residents	274.18	292.35	-11.91	-9.40	51.04	41.36
3.6 M2	***6,104.92***	***6,216.54***	***-2.78***	***-30.36***	***51.94***	***138.87***
3.7 External Reserves/M2 (%)	***10.59***	***12.73***	***-1.56***	***-2.02***	***-2.82***	***0.56***
3.8 Reserves/Base Money (%)	***78.19***	***82.34***	***-8.09***	***-3.93***	***-11.75***	***2.36***
3.9 External Reserves/Demand Liabilites (%)	***74.19***	***79.76***	***-8.14***	***-3.68***	***-13.36***	***4.80***

	Value		Year to Date		Change	
	2013	2014	2013	2014	Month	*YTD*
4.0 FOREIGN EXCHANGE TRANSACTIONS						
4.1 Central Bank Net Purchase/(Sale)	***-98.23***	***-131.49***	***-176.98***	***41.68***	***-33.25***	***218.66***
a. Net Purchase/(Sale) from/to Banks	-46.86	-67.38	75.57	186.26	-20.52	110.69
i. Sales to Banks	67.24	83.80	245.40	196.20	16.56	-49.20
ii. Purchases from Banks	20.38	16.42	320.97	382.47	-3.96	61.50
b. Net Purchase/(Sale) from/to Others	-51.37	-64.11	-252.55	-144.59	-12.74	107.96
i. Sales to Others	68.24	94.54	484.37	679.76	26.30	195.38
ii. Purchases from Others	16.86	30.43	231.82	535.17	13.56	303.35
4.2 Banks Net Purchase/(Sale)	***-57.55***	***-44.48***	***68.89***	***178.64***	***13.08***	***109.75***
a. Sales to Customers	413.00	389.57	2,813.80	2,833.84	-23.44	20.05
b. Purchases from Customers	355.45	345.09	2,882.68	3,012.48	-10.36	129.80
4.3 B$ Position (change)	***4.44***	***2.01***				
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***

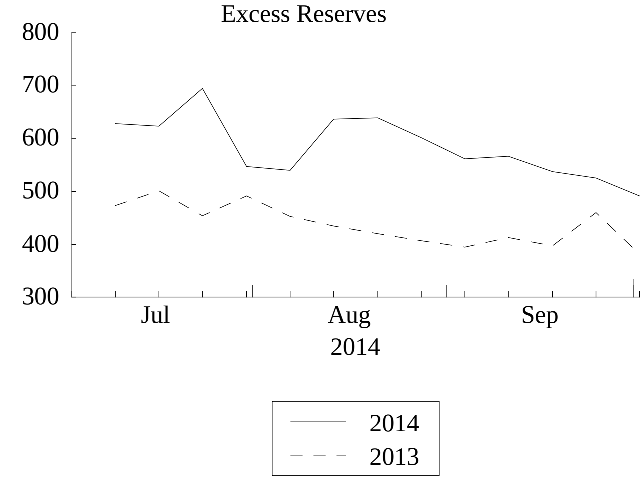
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending:OCTOBER 02, 2013 and OCTOBER 01, 2014
Exchange Control Sales figures are as at month end.

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.

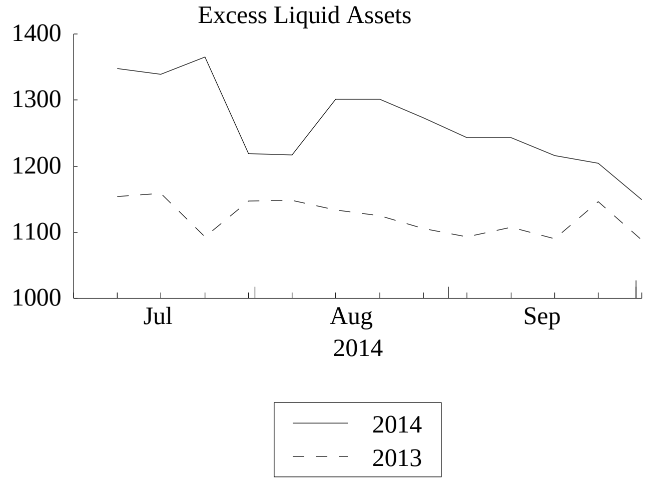
SELECTED MONEY AND CREDIT INDICATORS

(B$ Millions)

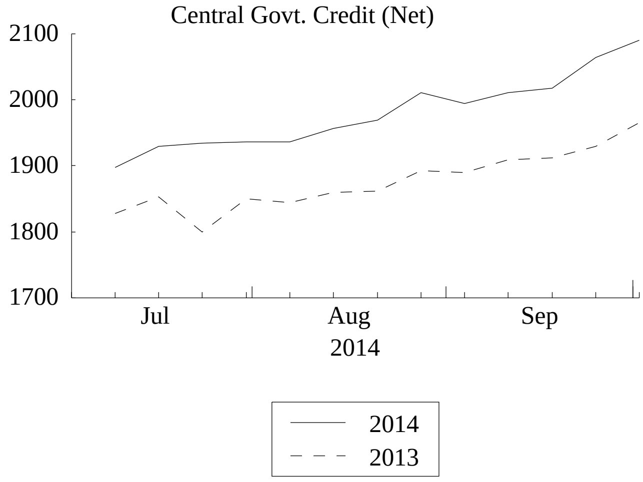
Excess Reserves



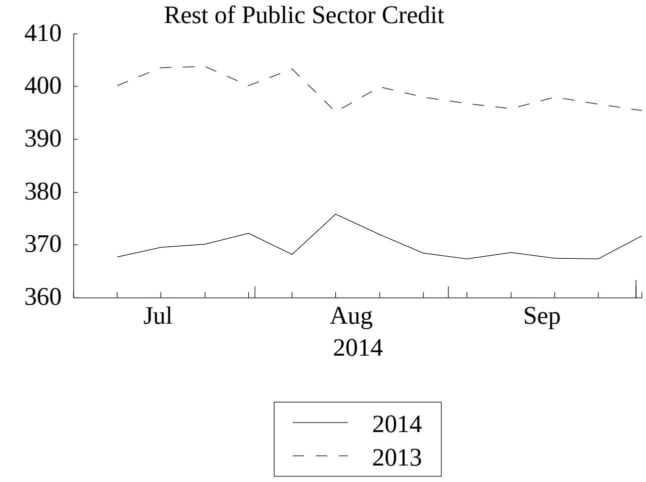
Excess Liquid Assets



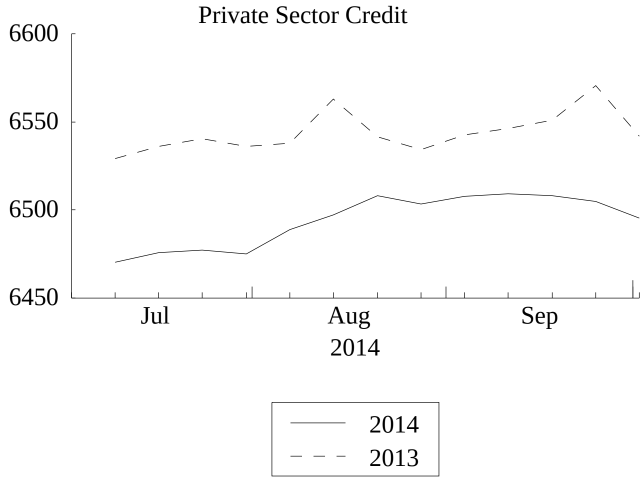
Central Govt. Credit (Net)



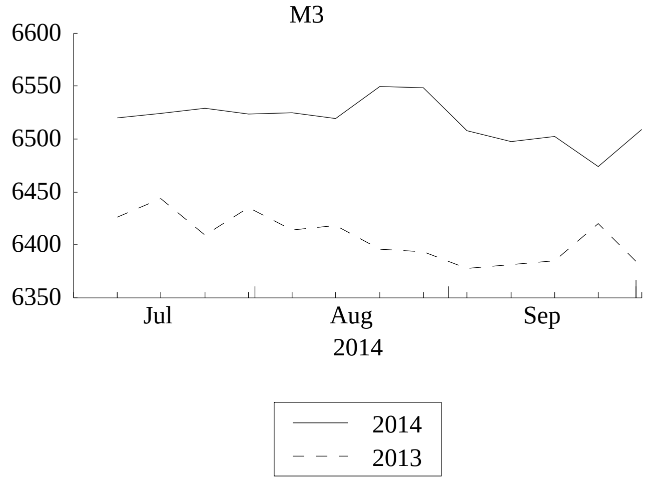
Rest of Public Sector Credit



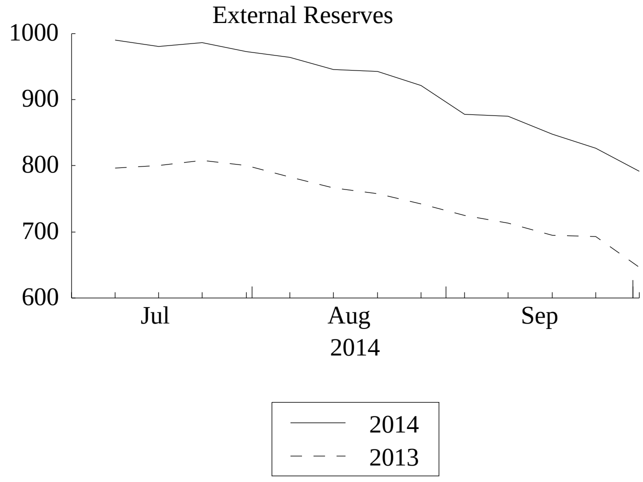
Private Sector Credit



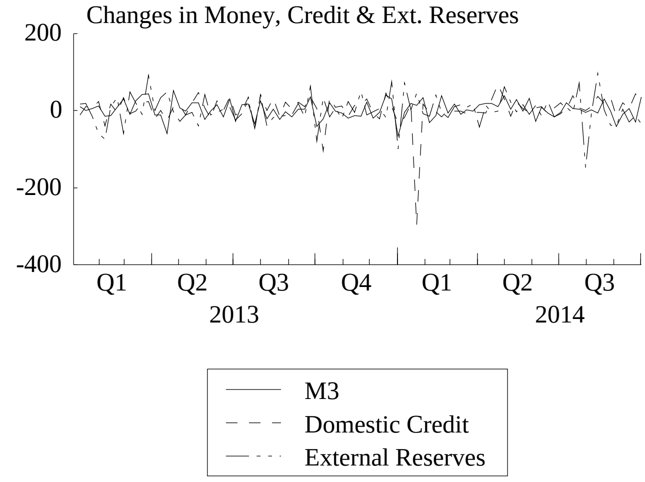
M3



External Reserves



Changes in Money, Credit & Ext. Reserves



Selected International Statistics

A: Selected Macroeconomic Projections
(Annual % Change and % of labor force)

	Real GDP		Inflation Rate		Unemployment	
	2013	**2014**	**2013**	**2014**	**2013**	**2014**
Bahamas	1.9	2.3	0.3	2.0	15.4	14.3
United States	1.9	2.8	1.5	1.4	7.4	6.4
Euro-Area	-0.5	1.2	1.3	0.9	12.1	11.9
Germany	*0.5*	*1.7*	*1.6*	*1.4*	*5.3*	*5.2*
Japan	1.5	1.4	0.4	2.8	4.0	3.9
China	7.7	7.5	2.6	3.0	4.1	4.1
United Kingdom	1.8	2.9	2.6	1.9	7.6	6.9
Canada	2.0	2.3	1.0	1.5	7.1	7.0

Source: IMF World Economic Outlook April 2014, Department of Statistics

B: Official Interest Rates – Selected Countries (%)

With effect from	CBOB	ECB (EU)	Federal Reserve (US)		Bank of England
	Bank Rate	**Refinancing Rate**	**Primary Credit Rate**	**Target Funds Rate**	**Repo Rate**
September 2012	4.50	0.75	0.75	0-0.25	0.50
October 2012	4.50	0.75	0.75	0-0.25	0.50
November 2012	4.50	0.75	0.75	0-0.25	0.50
December 2012	4.50	0.75	0.75	0-0.25	0.50
January 2013	4.50	0.75	0.75	0-0.25	0.50
February 2013	4.50	0.75	0.75	0-0.25	0.50
March 2013	4.50	0.75	0.75	0-0.25	0.50
April 2013	4.50	0.75	0.75	0-0.25	0.50
May 2013	4.50	0.50	0.75	0-0.25	0.50
June 2013	4.50	0.50	0.75	0-0.25	0.50
July 2013	4.50	0.50	0.75	0-0.25	0.50
August 2013	4.50	0.50	0.75	0-0.25	0.50
September 2013	4.50	0.50	0.75	0-0.25	0.50
October 2013	4.50	0.50	0.75	0-0.25	0.50
November 2013	4.50	0.25	0.75	0-0.25	0.50
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

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	**Sep-13**	**Aug-14**	**Sep-14**	**Mthly % Change**	**YTD % Change**	**12-Mth% Change**
Euro	0.7393	0.7615	0.7917	3.97	8.80	7.09
Yen	98.25	104.09	109.65	5.34	4.12	11.60
Pound	0.6178	0.6025	0.6168	2.37	2.12	-0.17
Canadian $	1.0309	1.0879	1.1198	2.93	5.41	8.62
Swiss Franc	0.9049	0.9185	0.9550	3.97	7.04	5.54
Renminbi	6.1202	6.1448	6.1380	-0.11	1.36	0.29
Source: Bloomberg as of September 30, 2014						

D. Selected Commodity Prices ($)					
Commodity	**September 2013**	**August 2014**	**September 2014**	**Mthly % Change**	**YTD % Change**
Gold / Ounce	1328.94	1287.81	1208.16	-6.18	0.21
Silver / Ounce	21.70	19.47	16.98	-12.80	-12.80
Oil / Barrel	108.96	102.43	96.50	-5.79	-13.52
Source: Bloomberg as of September 30, 2014					

E. Equity Market Valuations – September 30, 2014 (% chg)								
	BISX	**DJIA**	**S&P 500**	**FTSE 100**	**CAC 40**	**DAX**	**Nikkei 225**	**SE**
1 month	1.57	-0.32	-1.55	-2.89	0.80	0.04	4.86	6.62
3 month	1.08	1.29	0.62	-1.80	-0.15	-3.65	6.67	15.40
YTD	7.39	2.81	6.70	-1.87	2.80	-0.82	-0.72	11.72
12-month	13.25	15.07	20.78	3.27	12.26	16.92	20.80	12.65
Sources: Bloomberg and BISX								

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	**GBP**	**EUR**
o/n	0.15	0.48	0.20
1 Month	0.18	0.50	-0.02
3 Month	0.27	0.56	0.04
6 Month	0.40	0.72	0.09
9 Month	0.53	0.89	0.16
1 year	0.55	1.07	0.24
Source: Bloomberg as of September 30, 2014			

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B$ Millions)

	VALUE								CHANGE							
	Aug. 06	**Aug. 13**	**Aug. 20**	**Aug. 27**	**Sep. 03**	**Sep. 10**	**Sep. 17**	**Sep. 24**	**Aug. 06**	**Aug. 13**	**Aug. 20**	**Aug. 27**	**Sep. 03**	**Sep. 10**	**Sep. 17**	**Sep. 24**
I. External Resrves	***964.16***	***945.94***	***942.47***	***921.56***	***877.60***	***875.21***	***847.58***	***826.34***	***-7.97***	***-18.22***	***-3.47***	***-20.91***	***-43.96***	***-2.39***	***-27.62***	***-21.24***
II. Net Domestic Assets (A + B + C + D)	***-167.52***	***-51.98***	***-47.04***	***-62.64***	***-58.62***	***-51.99***	***-53.54***	***-44.38***	***-1.65***	***115.54***	***4.94***	***-15.61***	***4.02***	***6.63***	***-1.55***	***9.17***
A. Net Credit to Gov't(i + ii + iii - iv)	***363.93***	***463.26***	***468.68***	***456.04***	***455.67***	***456.27***	***457.97***	***465.04***	***-5.03***	***99.33***	***5.43***	***-12.64***	***-0.37***	***0.60***	***1.69***	***7.07***
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	247.65	247.38	247.39	240.74	240.27	240.28	240.43	240.37	0.01	-0.27	0.02	-6.66	-0.46	0.01	0.15	-0.06
iii) Treasury Bills	116.22	116.22	116.22	107.48	107.48	107.48	107.49	107.49	-8.28	0.00	0.00	-8.73	0.00	0.00	0.01	0.00
iv) Deposits	134.59	34.99	29.58	26.84	26.74	26.15	24.61	17.48	-3.24	-99.60	-5.41	-2.75	-0.10	-0.60	-1.54	-7.13
B. Rest of Public Sector (Net) (i + ii - iii)	***-13.62***	***-8.82***	***-4.39***	***-3.45***	***-6.61***	***-8.33***	***-12.84***	***-6.77***	***-1.82***	***4.80***	***4.43***	***0.94***	***-3.16***	***-1.72***	***-4.51***	***6.07***
i) BDB Loans	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15	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	17.77	12.97	8.54	7.60	10.76	12.48	16.99	10.92	1.82	-4.80	-4.43	-0.94	3.16	1.72	4.51	-6.07
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)*	***-517.83***	***-506.41***	***-511.33***	***-515.23***	***-507.68***	***-499.94***	***-498.67***	***-502.65***	***5.20***	***11.42***	***-4.92***	***-3.90***	***7.55***	***7.75***	***1.27***	***-3.98***
III. Monetary Base	***796.64***	***893.96***	***895.43***	***858.91***	***818.97***	***823.21***	***794.04***	***781.97***	***-9.61***	***97.33***	***1.47***	***-36.52***	***-39.94***	***4.24***	***-29.17***	***-12.08***
A. Currency in Circulation	123.77	129.28	120.62	115.44	128.56	128.52	128.58	123.63	12.74	5.51	-8.66	-5.18	13.12	-0.04	0.06	-4.95
B. Bank Balances with CBOB	672.87	764.69	774.81	743.47	690.41	694.70	665.47	658.34	-22.35	91.82	10.13	-31.34	-53.06	4.28	-29.23	-7.13

* 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	
	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014
Fiscal Operations$_p$																									(Over previous year)	
1. Government Revenue & Grants	107.3	112.7	97.1	104.1	92.5	88.5	94.6	105.8	117.5	103.8	155.8	146.5	123.1	137.4	100.1	112.3	118.9	141.6	129.3	129.4	114.1	145.3			1250.3	1327.4
% change; over previous month	*-34.97%*	*-4.20%*	*-9.50%*	*-7.62%*	*-4.71%*	*-15.03%*	*2.33%*	*19.64%*	*24.16%*	*-1.90%*	*32.59%*	*41.12%*	*-21.00%*	*-6.25%*	*-18.66%*	*-18.25%*	*18.74%*	*26.07%*	*8.74%*	*-8.64%*	*-11.72%*	*12.34%*			*-5.93%*	*6.16%*
2. Import/Excise Duties	50.4	44.0	48.2	49.7	47.8	42.0	50.4	45.7	48.7	49.0	45.8	47.8	51.8	46.0	45.1	45.4	42.7	48.4	51.7	47.9	47.1	52.6			529.7	518.5
% change; over previous month	*-50.39%*	*-15.35%*	*-4.34%*	*12.87%*	*-0.90%*	*-15.42%*	*5.57%*	*8.65%*	*-3.45%*	*7.38%*	*-5.95%*	*-2.59%*	*13.21%*	*-3.60%*	*-13.00%*	*-1.41%*	*-5.29%*	*6.66%*	*21.11%*	*-1.14%*	*-9.02%*	*9.87%*			*0.32%*	*-2.11%*
3. Recurrent Expenditure	117.4	123.0	123.9	112.9	128.7	125.0	127.2	145.3	130.1	128.8	122.3	129.1	143.5	150.9	111.4	112.5	130.7	124.7	118.7	154.0	140.2	124.4			1394.0	1430.5
% change; over previous month	*-47.15%*	*-43.32%*	*5.59%*	*-8.20%*	*3.86%*	*10.71%*	*-1.13%*	*16.25%*	*2.23%*	*-11.33%*	*-5.96%*	*0.23%*	*17.27%*	*16.88%*	*-22.38%*	*-25.48%*	*17.37%*	*10.90%*	*-9.21%*	*23.51%*	*18.12%*	*-19.24%*			*4.51%*	*2.62%*
4. Capital Expenditure	13.8	4.5	25.3	16.8	23.2	8.9	8.3	17.6	14.5	8.9	30.1	19.7	23.7	10.4	21.9	14.4	13.5	13.9	13.5	75.3	22.9	18.1			210.7	208.5
% change; over previous month	*-71.77%*	*-90.95%*	*83.21%*	*273.47%*	*-8.24%*	*-47.18%*	*-64.42%*	*98.57%*	*75.14%*	*-49.79%*	*108.14%*	*122.33%*	*-21.31%*	*-47.05%*	*-7.63%*	*38.51%*	*-38.08%*	*-3.96%*	*-0.30%*	*443.24%*	*69.70%*	*-75.92%*			*7.69%*	*-1.01%*
5. Deficit/Surplus*	-24.5	-15.7	-57.5	-28.2	-62.7	-52.9	-49.6	-62.8	-30.5	-42.2	-45.3	-7.3	-47.1	-32.8	-33.9	-17.8	-33.9	1.2	-6.4	-110.0	-53.1	-10.4			-444.4	-379.0
% change; over previous month	*-81.64%*	*-89.80%*	*135.03%*	*78.87%*	*9.18%*	*87.78%*	*-21.01%*	*18.73%*	*-38.51%*	*-32.72%*	*48.51%*	*-82.71%*	*4.04%*	*349.67%*	*-28.10%*	*-45.73%*	*0.20%*	*-106.92%*	*-81.03%*	*-9022.95%*	*725.27%*	*-90.52%*			*49.41%*	*-14.71%*

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014					2012	2013
Debt$_p$ **																								
6. Total Debt	4,369.9	5,006.6	4,413.6	5,020.6	4,530.3	5,021.5	4,577.8	5,133.4	4,600.2	5,153.4	4,689.3	5,156.0	4,689.3	5,349.6	4,737.2	5,359.6	4,891.4	5,343.5						
% change; over previous month	*-0.58%*	*0.48%*	*1.0%*	*0.3%*	*2.6%*	*0.0%*	*1.0%*	*2.2%*	*0.5%*	*0.4%*	*1.9%*	*0.1%*	*0.0%*	*3.8%*	*1.0%*	*0.2%*	*3.3%*	*-0.3%*						
7. External Debt	1,042.6	1,486.0	1,046.3	1,490.0	1,053.0	1,490.9	1,050.5	1,487.7	1,057.9	1,487.7	1,057.8	1,485.4	1,057.8	1,484.9	1,065.8	1,484.9	1,165.0	1,483.8						
% change; over previous month	*0.42%*	*25.20%*	*0.4%*	*0.3%*	*0.6%*	*0.1%*	*-0.2%*	*-0.2%*	*0.7%*	*0.0%*	*0.0%*	*-0.2%*	*0.0%*	*0.0%*	*0.8%*	*0.0%*	*9.3%*	*-0.1%*						
8. Internal F/C Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	66.0	0.0	66.0	0.0	66.0	0.0	66.0	0.0	66.0	0.0	66.0						
% change; over previous month																								
9. Bahamian Dollar Debt	3,327.3	3,520.7	3,367.3	3,530.7	3,477.3	3,530.7	3,527.3	3,579.7	3,542.3	3,599.7	3,631.5	3,604.7	3,631.5	3,798.7	3,671.5	3,808.7	3,726.5	3,793.7						
% change; over previous month	*-0.89%*	*-4.09%*	*1.2%*	*0.3%*	*3.3%*	*0.0%*	*1.4%*	*1.4%*	*0.4%*	*0.6%*	*2.5%*	*0.1%*	*0.0%*	*5.4%*	*1.1%*	*0.3%*	*1.5%*	*-0.4%*						
10. Total Amortization	30.2	275.4	10.0	10.0	21.7	1.1	2.5	14.1	25.0	10.0	2.3	2.4	2.3	25.4	0.0	10.0	30.9	16.1						
% change; over previous month	*-58.17%*	*425.58%*	*-66.9%*	*-96.4%*	*117.3%*	*-89.2%*	*-88.5%*	*1204.9%*	*902.0%*	*-29.3%*	*-90.6%*	*-76.1%*	*0.0%*	*962.7%*	*-100.0%*	*-60.7%*		*60.8%*						
11.Total Public Sector F/C Debt	1,890.4	2,309.5	1,894.6	2,312.7	1,902.3	2,317.7	1,898.5	2,377.5	1,910.1	2,376.2	1,911.5	2,377.6	1,908.0	2,376.2	1,915.1	2,375.4	2,022.6	2,387.1						
% change; over previous month	*0.1%*	*8.0%*	*0.2%*	*0.1%*	*0.4%*	*0.2%*	*-0.2%*	*2.6%*	*0.6%*	*-0.1%*	*0.1%*	*0.1%*	*-0.2%*	*-0.1%*	*0.4%*	*0.0%*	*5.6%*	*0.5%*						

	JAN		FEB		MAR		APR		MAY		JUN		2013	2014
Real Sector Indicators	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	(Over previous year)	
12. Retail Price Index	105.8	107.3	105.7	107.6	106.3	107.9	106.6	107.7	106.5	107.8	106.4	107.7	106.2	107.7
% change; over previous month	*0.22%*	*0.82%*	*-0.08%*	*0.28%*	*0.55%*	*0.31%*	*0.25%*	*-0.16%*	*-0.1%*	*0.03%*	*-0.1%*	*-0.05%*	*0.49%*	*1.35%*
13. Tourist arrivals (000's)	538.1	555.2	533.2	566.4	674.0	637.1	554.4	567.4	447.6	481.9	477.2	507.0	3,225	3,315
% change; over previous year	*1.78%*	*3.16%*	*0.78%*	*6.22%*	*6.58%*	*-5.48%*	*0.84%*	*2.35%*	*-4.20%*	*7.66%*	*0.81%*	*6.24%*	*1.38%*	*2.80%*
14. Air arrivals (000's)	86.1	88.6	104.8	107.7	153.6	149.0	117.4	131.0	113.9	117.7	131.2	130.9	707	725
% change; over previous year	*-3.69%*	*2.88%*	*-5.56%*	*2.85%*	*-1.69%*	*-3.01%*	*-15.56%*	*11.62%*	*-4.11%*	*3.38%*	*-5.75%*	*-0.22%*	*-6.19%*	*2.55%*
15. Occupied Room Nights														
% change; over previous year														
16. Res. Mortgage Commitments-Value of New Const. & Rehab. (B$Millions)					22.56	28.63					20.71	18.03	43.27	46.66
% change; over previous qtr.					*18.95%*	*18.65%*					*-8.2%*	*-37.0%*	*-12.98%*	*7.83%*

* Includes Net Lending to Public Corporations

** Debt figures pertain to central government only unless otherwise indicated

p - provisional