Release Date: 12 August 2014

Monthly Economic and Financial Developments
June 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: September 1, September 29, November 3, December 1, December 22.

Monthly Economic and Financial Developments
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1. Domestic Economic Developments

Preliminary indications are that the domestic economy sustained its mildly positive growth path over the review month, supported by modest gains in tourism output and stable contributions from foreign investment-led project activity. Reflecting the gradually improving economic environment, the unemployment rate declined over the six-months to May, while inflation was relatively benign, despite some firming in international oil prices. On the fiscal side, the overall deficit narrowed during the eleven months of FY2013/14, as broad-based gains in revenue outstripped the rise in expenditure. Monetary developments featured a continuation of elevated levels of bank liquidity, and marginal growth in external reserves, supported by tax-related foreign currency receipts.

Based on data from the Ministry of Tourism, total arrivals increased by 1.1% to 2.3 million visitors over the first four months of the year, following a 2.7% advance in 2013. A combination of improving economic conditions in several key source markets, along with ongoing joint public/private sector incentive programmes, contributed to a 3.1% expansion in the air segment, a reversal from a 6.8% decline in the prior year. In a sizeable offset, gains in sea visitors slackened to 0.6% (11,814) from 5.4%, year-on-year.

By port of entry, visitors to the Family Islands improved by 11.8% to 0.8 million, with increases in both sea and air arrivals, of 12.7% and 4.0%, respectively. In New Providence, tourists rose marginally, by 0.9% to 1.34 million, owing primarily to a 1.2% expansion in the sea component, as air arrivals steadied at 0.35 million. Conditions in Grand Bahama remained challenging, as the dominant sea segment fell by 30.7%; however, increased airlift, along with the launch of a new mid-sized resort at end-March, contributed to a 33.2% surge in air passengers, which held the decline in overall arrivals to 22.9%.

Against the backdrop of a sustained, but narrow, recovery, the latest labour market information for the six months to May 2014, showed a 1.1 percentage point reduction in the unemployment rate to 14.3%, as an additional 2,445 persons were added to the workforce. This outturn reflected declines in the jobless rates, in both New Providence and Grand Bahama, from 15.6% and 16.8%, to 15.0% and 14.7%, respectively. Unemployment among young people—the worst affected category—fell by 4.3 percentage points, to 28.0% and, suggestive of improving conditions, the number of discouraged workers contracted by 38.6% to 4,880.

Domestic consumer price inflation for the twelve months to May, 2014—as measured by the Retail Price Index—moderated by half of a percentage point to a mere 0.7%, as gains in average costs for housing, water, gas, electricity & other fuels—the most heavily weighted item on the index—and clothing & footwear, slackened to 1.1% and 0.4%, from 2.0% and 0.7%, respectively. Inflation rates also tapered for furnishing, household equipment & maintenance, by 1.4 percentage points to 0.5%; for food & non-alcoholic beverages, by 0.9 percentage points to 1.2% and for health, by 24 basis points to 1.6%. In an offset, accretions to average costs for alcohol, tobacco & narcotics items accelerated by 5.8 percentage points to 7.2%, and by 2.6% for recreation & culture—to reverse last year's decline of 0.8%. Most of the remaining categories recorded gains in inflation rates of under 2.0 percentage points.

Domestic energy prices sustained their gradual upward trajectory, as the average cost of gasoline firmed by 1.3%, month-on-month, to $5.47 per gallon in June, while the price of diesel declined marginally by 0.4% to $5.06 per gallon. Relative to the same period of 2013, both fuels rose by 1.5% and 0.2%, respectively.

The Government's overall deficit for the eleven months of FY2013/14, narrowed by $65.0 million (14.6%) to $379.0 million, as growth in total receipts of $77.1 million (6.2%) to $1,327.4 million, outpaced the $12.1 million (0.7%) increase in aggregate expenditure to $1,706.4 million. Revenue performance featured a $47.6 million (36.8%) hike in non-tax receipts, to $176.9 million, explained by increases in fines, forfeits & administrative fees, and a dividend boosted increment to income from "other sources", of $35.5 million (40.9%) and $18.5 million (59.1%), respectively. The tax component was higher by $29.1 million (2.6%) at $1,150.0 million, as business & professional fees firmed by $63.6 million (54.7%), reflecting the implementation of a new broad-based, graduated fee schedule for businesses, based on turnover, and the increase in fees for international banks and trust companies. In contrast, non-trade tax receipts fell by $12.4 million (3.0%), as departure tax revenues declined by $20.3 million (15.5%) from the prior year, when one-off inflows from a major carrier boosted this category. In addition, receipts from taxes levied on both property sales and existing structures, contracted by $2.2 million (2.7%) and $1.3 million (1.3%), respectively; however, revenues from other "non-allocated" taxes firmed by 43.1% ($11.3 million).

Government spending on current items expanded by $36.9 million (2.7%) to $1,430.5 million. Specifically, the reclassification of certain health care-related outlays, from purchases in goods & services to transfers, contributed mainly to the $34.1 million (11.3%) fall in the former and the $54.6 million (10.0%) hike in the latter. Additionally, interest payments expanded by $12.7 million (6.7%), buoyed by the higher stock of outstanding debt, while outlays for wages & salaries advanced by $16.4 million (3.0%). Capital expenditure contracted by $2.1 million (1.0%) to $208.5 million, as the $51.0 million (29.9%) decrease in infrastructural spending, and $12.1 million reduction in transfers to non-financial public enterprises were completely offset by a four-fold surge in outlays for asset acquisitions, of $62.1 million to $86.8 million—primarily associated with the delivery of one of a series of new vessels acquired by the Defence Force.

The deficit for the eleven-month period was financed from both external and domestic sources. External borrowings totaled $425.8 million, and comprised a US$300.0 million bond and $125.8 million in project-based loan proceeds, while domestic financing, at $466.0 million, included short-term foreign currency loans ($191.0 million), long-term bonds ($115.0 million), Treasury bills ($81.0 million) and loans & advances ($79.0 million).

2. International Developments

Global economic conditions remained challenging over the review period, reflecting softness in the key United States' market, tempered gains in several emerging market economies and a weak recovery in the euro area. Given these developments, the International Monetary Fund (IMF), in the July edition of its "World Economic Outlook", reduced its 2014 forecast for global growth, by 30 basis points, to 3.4%.

After a weather-related 2.1% contraction in the first quarter of 2014, US real GDP firmed by 4.0% in the three-month period to June, buoyed by an increase in consumer spending and robust gains in exports. The housing sector, however, showed signs of weakness, as rising prices and higher mortgage rates led to declines in residential completions, starts and building permits, by 12.0%, 9.3%, and 4.2%, respectively. On the external side, the trade deficit narrowed in May, by $2.6 billion to $44.4 billion, as increased sales of automotive products, consumer goods and industrial products contributed to higher exports, while imports contracted, due to reductions in industrial goods. Conditions in the labour market continued to improve, with the addition of 288,000 non-farm payroll jobs, lowering the unemployment rate by 20 basis points to 6.1%. Inflation also softened, to 0.3% from 0.4% in May, reflecting a slowdown in average food price gains. In light of the improving employment conditions and relatively stable prices, the Federal Reserve sustained its plans to unwind its "quantitative easing" programmes—reducing the pace of its mortgage-backed securities purchases, by $5.0 billion, to $15 billion per month.

The on-going recovery in Europe remained fragile during the review month, with lower manufacturing output reducing industrial production in the United Kingdom by 0.7% in May, a reversal from a 0.4% uptick a month earlier. In addition, retail sales rose marginally, by 0.1% in June, following a 0.5% contraction in the prior month. The external account deficit widened by £0.3 billion to £2.4 billion, attributed solely to a deterioration in the goods segment, while the services surplus stabilized at £6.8 billion. Reflecting higher costs for clothing, food & non-alcoholic beverages and air transport services, inflation firmed by 40 basis points to 1.9% in June, month-on-month. Labour market conditions continued to improve, with the number of employed persons rising by 254,000, for a 10 basis point reduction in the jobless rate to 6.5% in the three months to May—the lowest level since December, 2008. Given the softness in the economic recovery, the Bank of England decided to keep its bank rate at an historic low of 0.5% and sustain its £375 billion asset purchase programme.

In the euro area, a broad-based reduction in manufactured goods led to a 1.1% decrease in industrial production in May, a reversal from a 0.7% gain in April. Similarly, the volume of retail sales declined by 0.2% month-on-month in May, owing to a fall in the sale of food, drinks & tobacco, compared to growth of 0.3% in the previous period. The region's monthly trade surplus stabilized at €15.4 billion, buoyed by a 0.6% gain in exports, which countered a similar rise in imports. Annualized inflation remained at 0.5% in June, and May's unemployment rate steadied at 11.6%. In an effort to stimulate the region's economy, the European Central Bank lowered its main interest rates on refinancing operations and the deposit facility, by 10 basis points each, and reduced the rate tied to the marginal lending facility by 35 basis points.

Indications are that the Asian economies maintained their positive growth trajectory over the review period. China's real GDP rose by 7.5% in the second quarter, in line with the prior three-month period, largely attributed to gains in manufacturing, mining and quarrying output. Industrial production firmed by 9.2% on an annualized basis in June, outpacing the 8.8% gain in the prior month, while the monthly growth in retail sales was sustained at 12.4%. In the external sector, a slowdown in export growth, alongside a rise in imports, supported a narrowing in the trade surplus by US$4.3 billion to US$31.6 billion in June, over the previous month. Lower food costs led to a decline in average consumer prices, by 0.1%, in contrast to a similar gain in May. Economic activity in Japan remained relatively healthy during the review period, as retail sales rebounded by 4.6% in May from a 19.7% slump in the prior month, when Government introduced a new sales tax. Industrial output grew by 0.7%, after a 0.5% gain in the prior period, while the unemployment rate rose by 20 basis points to 3.7% in June, on a monthly basis. In contrast, the country's trade deficit deteriorated by ¥99.1 billion to ¥910.8 billion, as a slightly higher yen contributed to a 2.7% reduction in exports, which offset the 3.5% decline in the smaller import category. Average consumer prices softened by 0.1% in June, following on a slight 0.4% gain in May. Against this backdrop, the People's Bank of China reduced the deposit reserve ratio for commercial banks by 50 basis points, and the Bank of Japan announced an expansion in its asset purchase programme, to an annual pace of ¥50 trillion.

Amid geopolitical tensions in a number of oil producing regions, the price of crude oil rose by 2.8% to US$113.50 per barrel in June, despite a 278,000 barrel per day (bpd) increase in OPEC's crude oil production, to a daily average of 30.22 million. Similarly, gold and silver prices moved higher, by 6.2% to

$1,327.33 per troy ounce and by 11.8% to $21.03 per troy ounce, respectively, as investors increased their demand for relatively "safe" assets.

Major equity market developments were mixed during the month of June. In the United States, positive trends in employment buoyed gains in both the S&P 500 index and the Dow Jones Industrial Average (DJIA), by 2.0% and 0.7%, respectively. In contrast, concerns over the implications of the penalties being imposed on some of the region's largest banks, contributed to broad-based declines in Europe's largest markets, as France's CAC 40, the United Kingdom's FTSE 100 and Germany's DAX declined, by 2.1%, 1.5% and 1.1%, respectively. However, in Asia, investor sentiment remained positive, with Japan's Nikkei 225 firming by 3.6%, while China's SE Composite edged up by 0.5%.

In exchange rate developments, the US dollar depreciated against all of the major currencies in June. The dollar weakened relative to the British Pound, by 2.1% to £0.5845; the Canadian Dollar, by 1.6% to CAD$1.0671; the Swiss Franc, by 0.9% to CHF0.8868 and the euro, by 0.4% to €0.7304. Similarly, the dollar decreased vis-à-vis Asian currencies, falling by 0.7% versus the Chinese Yuan and by 0.4% against the Japanese Yen, to CNY6.2046 and ¥101.33, respectively.

3. Domestic Monetary Trends

June 2014 vs. 2013

Bank liquidity was relatively stable during the month of June, as excess reserves—a narrow measure of liquidity—rose marginally by $1.2 million to $620.2 million, in contrast to a $4.5 million decrease in 2013. In addition, the reduction in the broader excess liquid assets was lower at $1.7 million from $16.8 million in 2013, for an outstanding stock of $1,339.1 million at end-June.

Government's receipt of stamp duty proceeds related to the sale of a high-end resort, supported the slight $1.4 million rise in external reserves, to $1,004.6 million, a reversal from the $4.3 million contraction registered a year earlier. In terms of transactions, the Central Bank's net foreign currency sale tapered by $4.6 million to $0.5 million, as commercial banks' net sale to the Bank doubled to $18.2 million, although their net transactions with customers reversed to a $2.1 million net outflow from a $19.1 million net purchase in 2013. In a modest offset, the Bank's net sale to the public sector—relating mainly to fuel payments—grew by $4.4 million to $18.7 million.

Growth in Bahamian dollar credit was virtually stable, at $38.5 million, during the review month. Banks' net claim on the Government tapered to $38.3 million from $47.9 million, and credit to public corporations declined further by $0.5 million, following 2013's $0.8 million reduction. In contrast, private sector credit firmed by $0.7 million, vis-à-vis an $8.2 million contraction in 2013, as gains in consumer lending accelerated by $7.3 million to $8.3 million and commercial & other loans rose by $2.3 million, following a comparative period $5.2 million contraction. However, the fall-off in the mortgage component was extended to $9.8 million from $4.0 million.

Banks' credit quality indicators deteriorated in June, although the expansion in arrears was not broad-based. Total private sector loan delinquencies firmed by $20.2 million (1.5%) to $1,359.5 million, resulting in an increase in the corresponding ratio of arrears to total loans, of 33 basis points to 22.2%. By average age, delinquencies in the short-term, 31-90 day segment, advanced by $8.7 million (2.5%) to $359.1 million, and by 14 basis points to 5.9% of total loans. Similarly, the non-performing component—arrears in excess of 90 days and on which banks have stopped accruing interest—moved higher by $11.5 million (1.2%) to $1,000.4 million, with a 19 basis point rise in the attendant loan ratio, to 16.4%.

By category, the growth in total delinquencies was led by the mortgage component, which expanded by $9.8 million (1.4%) to $725.0 million, as both the short-term and non-performing segments firmed by $6.3 million (3.3%) and $3.5 million (0.7%), respectively. Consumer arrears also rose, by $6.1 million (2.4%) to $266.8 million, due to a $3.9 million (4.4%) increase in 31-90 day delinquencies and a $2.2 million (1.3%) rise in non-accrual loans. The commercial component advanced by $4.2 million (1.2%) to $367.7 million, as the $5.7 million (2.0%) increase in the non-performing category, outpaced the $1.5 million (2.1%) decline in short-term delinquencies.

Amid the continued deterioration in credit quality, banks increased their loan loss provisions, by $51.0 million (9.8%), to $568.8 million. As a consequence, the ratio of provisions to both arrears and non-performing loans firmed by 3.2 and 4.5 percentage points, to 41.8% and 56.9%, respectively. Banks also wrote-off approximately $7.1 million in delinquent loans, and recovered an estimated $3.4 million.

During the month, the contraction in total domestic foreign currency credit slowed by $0.7 million to $3.0 million, year-on-year. In terms of the components, the decline in private sector credit moderated, to $1.3 million from $3.7 million in the prior year; however, the reduction in claims on public corporations broadened to $2.3 million from $0.7 million, and the growth in net credit to the Government softened by $0.3 million to $0.5 million.

Total Bahamian dollar deposits fell by $20.4 million in June, a reversal from the prior year's $16.5 million expansion. This outturn mainly reflected declines in both savings and demand balances, of $12.5 million and $11.4 million, vis-a-vis year-earlier gains of $15.0 million and $12.3 million, respectively. However, fixed deposits grew by $3.5 million, behind a $10.8 million reduction in 2013.

In interest rate developments, the weighted average deposit rate at banks firmed by 20 basis points to 1.66%, with the highest rate of 5.00% offered on fixed balances of over 12 months. On the lending side, the weighted average loan rate was marginally higher, by 5 basis points, at 12.01%.

January – June 2014 vs. 2013

During the first half of the year, strong growth was registered in both liquidity and external reserves, primarily reflecting Government's external borrowing activities and, to a lesser extent, real sector-related foreign currency inflows. Accretions to both excess reserves and excess liquid assets accelerated, by $161.0 million and $67.1 million, to $218.5 million and $254.2 million, respectively.

Bolstered by the receipt of net proceeds from the Government's US$300 million external bond issue in January, external reserves strengthened by $264.8 million, in sharp contrast to 2013's $5.2 million reduction. In the underlying foreign currency transactions, the Bank's position was reversed, to a net purchase of $257.3 million from the year-earlier net sale of $11.8 million, associated with a surge in the net purchase from commercial banks, of $124.1 million to $265.5 million. In turn, commercial banks' net intake from their customers was boosted by $106.7 million to $261.4 million, related to real sector activity and one-off inflows. Transactions with the public sector netted a sharply lower sale of $8.2 million, relative to $153.2 million during the first six months of 2013, as inflows from loan proceeds offset sales for the dominant fuel-related imports.

Bahamian dollar credit contracted by $64.6 million, to contrast with a $180.7 million build-up in 2013, as Government utilized proceeds from foreign currency financing to reduce its net liability to banks, by $4.7 million, vis-à-vis a robust $243.4 million expansion a year-earlier. Further, a significant reduction in one entity's outstanding obligations, contributed to a $25.8 million decline in bank credit to public corporations, a turnaround from a slight $2.3 million increase in 2013. Amid the softness in employment and business conditions, credit to the private sector fell by $34.1 million, although below the prior year's $64.4 million contraction. Mortgages—which account for 50.6% of total private sector credit—declined by $11.0 million, vis-à-vis the previous year's $1.4 million gain and the falloff in commercial and other loans eased slightly to $31.7 million from $42.1 million. In contrast, consumer credit recovered by $8.6 million, from a $23.8 million reduction in 2013.

Banks' credit quality indicators rose marginally over the six-month period, reflecting growth in several entities' portfolios. Total private sector loan arrears were higher by $7.3 million (0.5%) at $1,359.5 million, and by 30 basis points to 22.2% of total loans. In terms of the average age, the non-performing segment expanded by $34.4 million (3.6%) to $1,000.4 million, resulting in a 69 basis point rise in the relevant ratio to 16.4% of total loans. In contrast, short-term 31-90 day arrears decreased by $27.0 million (7.0%) to $359.1 million, for a 39 basis point narrowing in the corresponding loan ratio, to 5.9%.

By loan category, the growth in total arrears was solely attributed to the commercial component, which rose by $13.8 million (3.9%) to $367.7 million, with the $21.2 million (7.6%) expansion in non-performing loans, outweighing the $7.4 million (9.7%) decline in 31-90 day arrears. In contrast, mortgage arrears decreased by $5.9 million (0.8%) to $725.0 million, owing to a $15.0 million (7.0%) falloff in the short-term segment, which outpaced the $9.1 million (1.8%) rise in non-accrual loans. Consumer loan arrears were marginally lower, by $0.5 million (0.2%) at $266.8 million, as the $4.7 million (4.8%) reduction in 31-90 day delinquencies eclipsed the $4.1 million (2.4%) rise in 90 day arrears.

Banks expanded their total provisions for loan losses, by $126.1 million (28.5%) to $568.8 million, as a few institutions made one-time adjustments to provisioning levels. As a result, the corresponding ratio of provisions to both arrears and non-performing loans was higher by 9.1 and 11.0 percentage points, at 41.8% and 56.9%, respectively. Banks also wrote-off an estimated $44.9 million in delinquent loans and recoveries totalled $16.5 million.

Over the six-month period, domestic foreign currency credit declined by $94.3 million, extending the $35.1 million reduction in 2013, due to the Government's repayment of a short-term bridging facility with a portion of its external bond receipts. As a result, the system's net claim on the Government contracted by $59.4 million, in contrast to a marginal $0.4 million increase last year. Contractions in credit to both the private sector and public corporations broadened to $26.7 million and $8.6 million, from $27.7 million and $7.7 million, a year earlier.

Accretions to Bahamian dollar deposits advanced by $32.4 million to $145.4 million, as gains in demand and fixed balances firmed by $40.1 million and $4.6 million, to $106.1 million and $7.1 million, respectively. In contrast, the growth in savings deposits slowed to $32.2 million from $44.5 million in 2013.

4. Outlook and Policy Implications

The domestic economy is expected to maintain its mildly positive growth momentum over the latter half of the year, supported by a sustained, but tempered recovery in the tourism sector and on-going varied-scale foreign investment-related activity. In tandem with these developments, conditions in the job market are anticipated to gradually improve, with the majority of gains occurring, initially, in the tourism and construction sectors. In the near-term, domestic inflation is poised to remain benign, although on-going instability in several oil producing markets could lead to higher international oil prices over the medium term, which could exert upward pressure on local energy costs.

In the fiscal sector, further improvement in the Government's deficit and corresponding debt indicators will continue to depend heavily on the pace of the economic recovery and the extent to which it broadens to other sectors. Additional revenue gains should also accrue from the successful implementation of several new measures—the most significant of which is the Value Added Tax (VAT).

On the monetary front, it is anticipated that banking system liquidity will remain buoyant over the near term, with no significant turnaround anticipated in private sector demand, as consumers continue to deleverage and banks maintain their conservative lending posture amid elevated loan arrears. However, banks are expected to keep capital levels in excess of their statutory requirements, thereby mitigating any financial stability concerns. Consistent with the seasonal increase in demand for foreign currency, external reserves are likely to move below existing levels during the final months of the year; although remaining above international benchmarks.

In the context of the mild economic momentum, which constrains foreign inflows and limits external reserve rebuilding, the Central Bank's policy stance remains unchanged, with continued enhanced monitoring of domestic economic and financial sector conditions.

Recent Monetary and Credit Statistics

(B$ Millions)

	JUNE					
	Value		Change		Change YTD	
	2013	2014	2013	2014	2013	2014
1.0 LIQUIDITY & FOREIGN ASSETS						
1.1 Excess Reserves	507.48	620.22	-4.48	1.23	57.46	218.51
1.2 Excess Liquid Assets	1,158.57	1,339.07	-16.80	-1.65	187.08	254.17
1.3 External Reserves	806.91	1,004.61	-4.33	1.41	-5.20	264.84
1.4 Bank's Net Foreign Assets	-537.81	-551.42	-3.11	-27.39	83.98	135.59
1.5 Usable Reserves	311.98	433.39	-6.01	-0.10	-36.30	187.03
2.0 DOMESTIC CREDIT						
2.1 Private Sector	***6,524.20***	***6,468.40***	***-11.90***	***-0.54***	***-92.16***	***-60.80***
a. B$ Credit	6,156.03	6,110.48	-8.17	0.74	-64.44	-34.14
of which: Consumer Credit	2,097.07	2,120.53	0.99	8.26	-23.77	8.55
Mortgages	3,104.45	3,089.62	-4.02	-9.84	1.38	-10.95
Commercial and Other Loans B$	954.51	900.34	-5.15	2.32	-42.06	-31.74
b. F/C Credit	368.16	357.91	-3.72	-1.28	-27.71	-26.66
of which: Mortgages	152.24	132.23	-0.75	-2.75	7.50	-10.02
Commercial and Other Loans F/C	215.93	225.68	-2.97	1.47	-35.21	-16.64
2.2 Central Government (net)	***1,837.20***	***1,897.37***	***48.63***	***38.82***	***243.80***	***-64.09***
a. B$ Loans & Securities	1,973.35	2,012.31	48.63	18.61	256.61	-11.86
Less Deposits	135.31	178.89	0.76	-19.68	13.19	-7.15
b. F/C Loans & Securities	0.00	66.00	0.00	0.00	0.00	-59.00
Less Deposits	0.84	2.05	-0.76	-0.52	-0.38	0.38
2.3 Rest of Public Sector	***401.61***	***366.06***	***-1.47***	***-2.80***	***-5.44***	***-34.33***
a. B$ Credit	121.15	100.84	-0.78	-0.52	2.30	-25.75
b. F/C Credit	280.46	265.23	-0.69	-2.28	-7.74	-8.59
2.4 Total Domestic Credit	***8,763.02***	***8,733.31***	***35.27***	***35.51***	***145.65***	***-158.93***
a. B$ Domestic Credit	8,115.23	8,044.74	38.92	38.51	180.73	-64.59
b. F/C Domestic Credit	647.78	688.57	-3.65	-3.01	-35.07	-94.34
3.0 DEPOSIT BASE						
3.1 Demand Deposits	1,424.03	1,540.85	12.27	-11.42	66.07	106.13
a. Central Bank	13.04	13.98	0.51	-1.91	0.96	5.57
b. Banks	1,410.99	1,526.87	11.76	-9.52	65.11	100.56
3.2 Savings Deposits	1,112.12	1,143.50	15.01	-12.48	44.45	32.21
3.3 Fixed Deposits	3,424.72	3,325.84	-10.79	3.47	2.52	7.07
3.4 Total B$ Deposits	5,960.87	6,010.19	16.49	-20.44	113.04	145.42
3.5 F/C Deposits of Residents	268.31	287.04	-8.64	-19.50	45.17	36.06
3.6 M2	***6,162.72***	***6,218.26***	***30.41***	***-23.35***	***109.73***	***140.58***
3.7 External Reserves/M2 (%)	***13.09***	***16.16***	***-0.14***	***0.08***	***-0.32***	***3.98***
3.8 Reserves/Base Money (%)	***84.86***	***92.56***	***-0.36***	***-0.05***	***-5.07***	***12.57***
3.9 External Reserves/Demand Liabilites (%)	***81.52***	***87.94***	***-0.72***	***-0.11***	***-6.03***	***12.97***

	Value		Year to Date		Change	
	2013	2014	2013	2014	Month	YTD
4.0 FOREIGN EXCHANGE TRANSACTIONS						
4.1 Central Bank Net Purchase/(Sale)	***-5.10***	***-0.50***	***-11.77***	***257.31***	***4.60***	***269.07***
a. Net Purchase/(Sale) from/to Banks	9.20	18.23	141.42	265.53	9.03	124.11
i. Sales to Banks	11.03	32.10	104.70	59.00	21.08	-45.70
ii. Purchases from Banks	20.22	50.33	246.12	324.53	30.11	78.41
b. Net Purchase/(Sale) from/to Others	-14.29	-18.73	-153.19	-8.23	-4.44	144.96
i. Sales to Others	39.00	60.43	306.19	470.44	21.43	164.26
ii. Purchases from Others	24.71	41.70	153.00	462.22	16.99	309.22
4.2 Banks Net Purchase/(Sale)	***19.07***	***-2.08***	***154.75***	***261.40***	***-21.15***	***106.65***
a. Sales to Customers	266.30	406.84	1,735.51	1,795.27	140.54	59.76
b. Purchases from Customers	285.37	404.76	1,890.26	2,056.67	119.39	166.41
4.3 B$ Position (change)	***-15.57***	***-1.69***				
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***

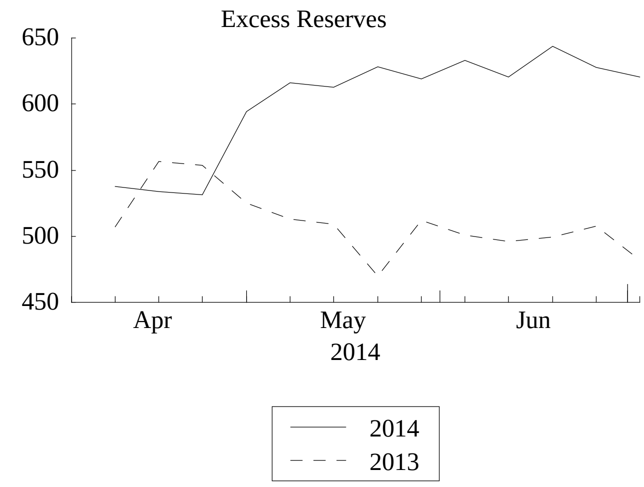
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending:JUNE 26, 2013 and JULY 02, 2014

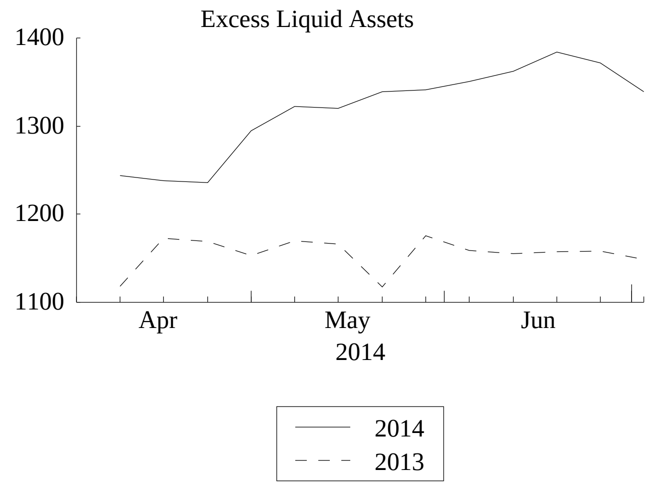
Exchange Control Sales figures are as at month end.

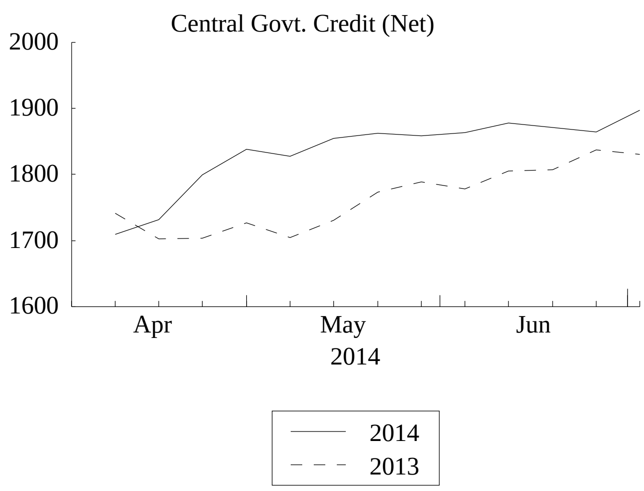
Notes: 1.0, 2.0 and 3.0 YTD change reflects change of current month over previous year end; for 4.0 and 5.0 change is over corresponding period of previous year.

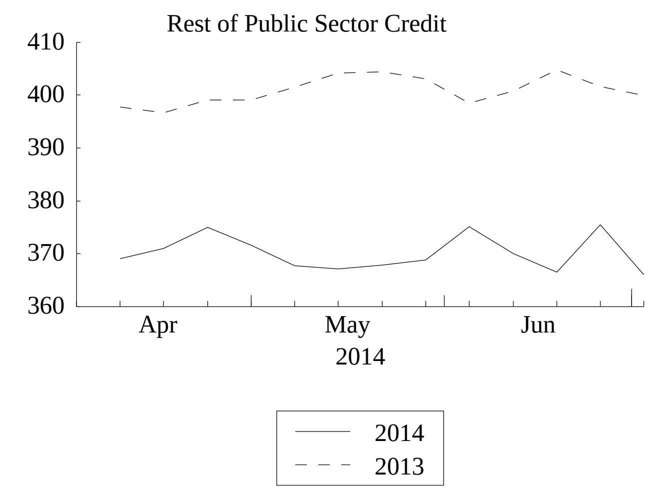
SELECTED MONEY AND CREDIT INDICATORS

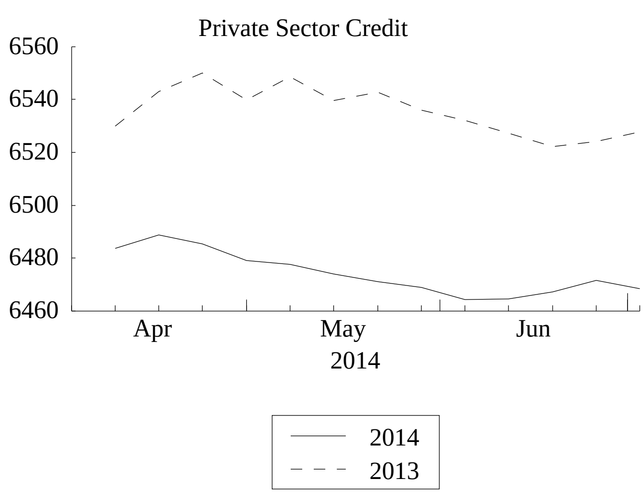
(B$ Millions)

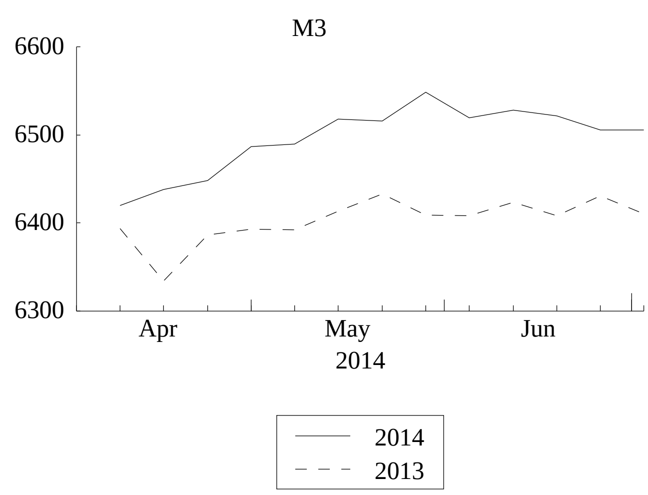


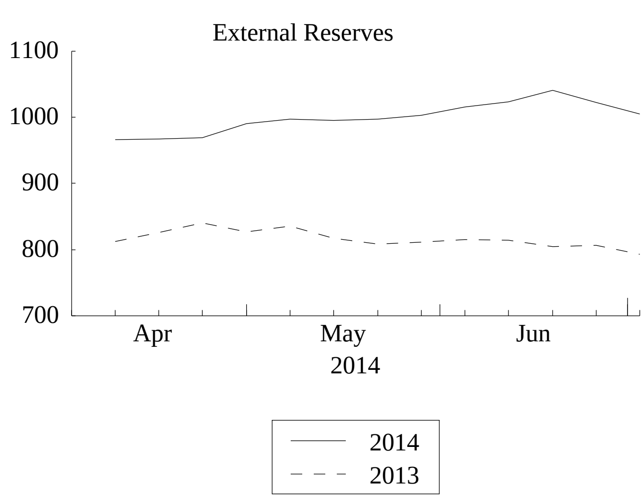


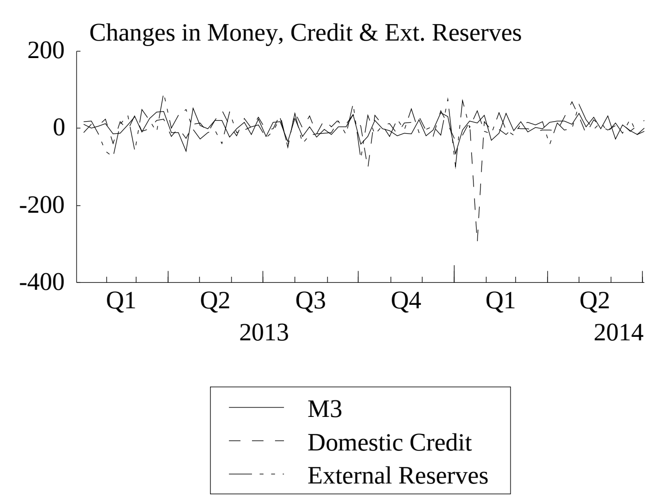












Selected International Statistics

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**
June 2012	4.50	1.00	0.75	0-0.25	0.50
July 2012	4.50	0.75	0.75	0-0.25	0.50
August 2012	4.50	0.75	0.75	0-0.25	0.50
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	0-0.250	0.50
June 2014	4.50	0.15	0.75	0-0.250	0.50

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	**Apr-14**	**May-14**	**June-14**	**Mthly % Change**	**YTD % Change**	**12-Mth% Change**
Euro	0.7211	0.7335	0.7304	-0.42	0.37	-4.98
Yen	102.23	101.78	101.33	-0.44	-3.78	2.21
Pound	0.5927	0.5969	0.5845	-2.07	-3.23	-11.09
Canadian $	1.0962	1.0845	1.0671	-1.60	0.45	1.44
Swiss Franc	0.8804	0.8951	0.8868	-0.93	-0.61	-6.17
Renminbi	6.2597	6.2478	6.2046	-0.69	2.46	1.09
Source: Bloomberg as of June 30, 2014						

D. Selected Commodity Prices ($)					
Commodity	**June 2013**	**May 2014**	**June 2014**	**Mthly % Change**	**YTD % Change**
Gold / Ounce	1234.57	1249.73	1327.33	6.21	10.09
Silver / Ounce	19.67	18.82	21.03	11.76	8.04
Oil / Barrel	102.57	110.40	113.50	2.81	1.71
Source: Bloomberg as of June 30, 2014					

E. Equity Market Valuations – June 30, 2014 (%chg)								
	BISX	**DJIA**	**S&P 500**	**FTSE 100**	**CAC 40**	**DAX**	**Nikkei 225**	**SE**
1 month	-0.12	0.65	2.01	-1.47	-2.14	-1.11	3.62	0.45
3 month	3.02	2.24	5.10	2.21	0.71	2.90	2.25	0.74
YTD	6.24	1.51	5.63	-0.08	2.95	2.94	-6.93	-3.20
12-month	10.89	12.86	21.55	8.50	18.29	23.54	10.86	3.49
Sources: Bloomberg and BISX								

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	**GBP**	**EUR**
o/n	0.10	0.37	0.25
1 Month	0.09	0.43	-0.01
3 Month	0.23	0.50	0.11
6 Month	0.35	0.71	0.19
9 Month	0.46	0.79	0.20
1 year	0.44	0.94	0.26
Source: Bloomberg as of June 30, 2014			

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B$ Millions)

	VALUE									CHANGE								
	Apr. 30	**May. 07**	**May. 14**	**May. 21**	**May. 28**	**Jun. 04**	**Jun. 11**	**Jun. 18**	**Jun. 25**	**Apr. 30**	**May. 07**	**May. 14**	**May. 21**	**May. 28**	**Jun. 04**	**Jun. 11**	**Jun. 18**	**Jun. 25**
I. External Resrves	***990.08***	***997.07***	***995.25***	***996.69***	***1,003.20***	***1,015.07***	***1,023.67***	***1,040.57***	***1,022.31***	***20.74***	***6.99***	***-1.82***	***1.44***	***6.51***	***11.87***	***8.60***	***16.90***	***-18.25***
II. Net Domestic Assets (A + B + C + D)	***64.37***	***70.16***	***68.35***	***81.11***	***80.05***	***80.01***	***55.08***	***57.44***	***60.88***	***51.03***	***5.79***	***-1.81***	***12.76***	***-1.06***	***-0.04***	***-24.93***	***2.36***	***3.44***
A. Net Credit to Gov't(i + ii + iii - iv)	***384.10***	***390.86***	***392.48***	***395.54***	***397.17***	***393.84***	***367.59***	***367.31***	***371.32***	***56.80***	***6.76***	***1.62***	***3.06***	***1.63***	***-3.33***	***-26.24***	***-0.29***	***4.02***
i) Advances	124.66	124.66	124.66	124.66	124.66	124.66	124.66	124.66	129.66	60.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00
ii) Registered Stock	246.31	251.18	250.94	250.91	250.64	250.50	250.45	250.35	250.30	-0.10	4.87	-0.24	-0.03	-0.27	-0.14	-0.05	-0.11	-0.05
iii) Treasury Bills	55.67	56.32	56.32	56.32	59.78	59.78	34.90	34.90	34.90	-0.50	0.65	0.00	0.00	3.46	0.00	-24.88	0.00	0.00
iv) Deposits	42.54	41.30	39.44	36.35	37.92	41.11	42.42	42.60	43.53	2.60	-1.24	-1.86	-3.09	1.57	3.19	1.31	0.18	0.94
B. Rest of Public Sector (Net) (i + ii - iii)	***-14.74***	***-15.38***	***-18.95***	***-3.49***	***-11.74***	***-6.73***	***-6.65***	***-1.87***	***-3.92***	***-6.25***	***-0.64***	***-3.56***	***15.45***	***-8.24***	***5.00***	***0.09***	***4.78***	***-2.05***
i) BDB Loans	4.35	4.35	4.35	4.23	4.15	4.15	4.15	4.15	4.15	0.00	0.00	0.00	-0.13	-0.07	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	19.09	19.73	23.30	7.72	15.89	10.88	10.80	6.02	8.07	6.25	0.64	3.56	-15.58	8.17	-5.00	-0.09	-4.78	2.05
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)*	***-304.99***	***-305.32***	***-305.18***	***-310.94***	***-305.38***	***-307.09***	***-305.86***	***-308.00***	***-306.52***	***0.47***	***-0.33***	***0.13***	***-5.75***	***5.55***	***-1.71***	***1.23***	***-2.14***	***1.48***
III. Monetary Base	***1,054.45***	***1,067.23***	***1,063.60***	***1,077.80***	***1,083.25***	***1,095.08***	***1,078.75***	***1,098.01***	***1,083.20***	***71.77***	***12.78***	***-3.63***	***14.19***	***5.45***	***11.83***	***-16.33***	***19.26***	***-14.81***
A. Currency in Circulation	321.72	313.71	316.98	311.39	317.66	329.48	329.75	325.78	315.00	4.40	-8.01	3.27	-5.59	6.28	11.81	0.27	-3.97	-10.77
B. Bank Balances with CBOB	732.73	753.52	746.63	766.41	765.58	765.60	749.00	772.23	768.19	67.36	20.79	-6.90	19.78	-0.82	0.02	-16.60	23.23	-4.04

* 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	126.8	145.3	130.5	128.8	122.3	129.1	143.4	150.9	111.4	112.5	130.5	124.7	118.6	154.0	140.1	124.4			1393.6	1430.5
% change; over previous month	*-47.15%*	*-43.32%*	*5.59%*	*-8.20%*	*3.86%*	*10.71%*	*-1.48%*	*16.25%*	*2.96%*	*-11.33%*	*-6.28%*	*0.23%*	*17.24%*	*16.88%*	*-22.35%*	*-25.48%*	*17.16%*	*10.90%*	*-9.09%*	*23.51%*	*18.08%*	*-19.24%*			*4.48%*	*2.65%*
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	-49.1	-62.8	-30.9	-42.2	-45.3	-7.3	-47.0	-32.8	-33.9	-17.8	-33.7	1.2	-6.4	-110.0	-53.0	-10.4			-443.9	-379.0
% change; over previous month	*-81.64%*	*-89.80%*	*135.03%*	*78.87%*	*9.18%*	*87.78%*	*-21.74%*	*18.73%*	*-37.02%*	*-32.72%*	*46.34%*	*-82.72%*	*3.94%*	*350.04%*	*-28.03%*	*-45.73%*	*-0.47%*	*-106.92%*	*-81.06%*	*-9022.95%*	*730.24%*	*-90.52%*			*49.26%*	*-14.63%*

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014											2012	2013
Debt$_p$ **																								
6. Total Debt	4,369.9	5,007.1	4,418.6	5,017.1	4,535.3	5,018.1	4,582.9	5,129.9	4,605.2	5,149.9	4,694.3	5,152.5												
% change; over previous month	*-0.58%*	*#DIV/0!*	*1.1%*	*0.2%*	*2.6%*	*0.0%*	*1.0%*	*2.2%*	*0.5%*	*0.4%*	*1.9%*	*0.1%*												
7. External Debt	1,042.6	1,486.5	1,051.3	1,486.5	1,058.0	1,487.4	1,055.5	1,484.3	1,062.9	1,484.3	1,062.8	1,481.9												
% change; over previous month	*0.42%*	*#DIV/0!*	*0.8%*	*0.0%*	*0.6%*	*0.1%*	*-0.2%*	*-0.2%*	*0.7%*	*0.0%*	*0.0%*	*-0.2%*												
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												
% 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												
% change; over previous month	*-0.89%*	*#DIV/0!*	*1.2%*	*0.3%*	*3.3%*	*0.0%*	*1.4%*	*1.4%*	*0.4%*	*0.6%*	*2.5%*	*0.1%*												
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												
% change; over previous month	*-58.17%*	*#DIV/0!*	*-66.9%*	*-96.4%*	*117.3%*	*-89.2%*	*-88.5%*	*1204.9%*	*902.0%*	*-29.3%*	*-90.6%*	*-76.1%*												
11.Total Public Sector F/C Debt	1,890.4	2,309.8	1,899.6	2,308.9	1,907.3	2,314.0	1,903.5	2,376.7	1,915.1	2,375.4	1,916.5	2,371.7												
% change; over previous month	*0.1%*	*#DIV/0!*	*0.5%*	*0.0%*	*0.4%*	*0.2%*	*-0.2%*	*2.7%*	*0.6%*	*-0.1%*	*0.1%*	*-0.2%*												

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC		2013	2014
Real Sector Indicators	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															106.2	107.6
% change; over previous month	*0.22%*	*0.82%*	*-0.08%*	*0.28%*	*0.55%*	*0.31%*	*0.25%*	*-0.16%*	*-0.1%*	*0.0%*															*0.57%*	*1.37%*
13. Tourist arrivals (000's)	538.1	555.2	533.2	566.4	674.0	637.1	554.4	567.4																	2,300	2,326
% change; over previous year	*1.78%*	*3.16%*	*-3.95%*	*6.22%*	*19.00%*	*-5.48%*	*-12.98%*	*2.35%*																	*2.67%*	*1.14%*
14. Air arrivals (000's)	86.1	88.6	104.8	107.7	153.6	149.0	117.4	131.0																	462	476
% change; over previous year	*-3.69%*	*2.88%*	*18.25%*	*2.85%*	*42.57%*	*-3.01%*	*-21.22%*	*11.62%*																	*-6.81%*	*3.14%*
15. Occupied Room Nights																										
% change; over previous year																										
16. Res. Mortgage Commitments-Value of New Const. & Rehab. (B$Millions)																										
% change; over previous qtr.																										

* Includes Net Lending to Public Corporations

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

p - provisional