Release Date: 9 November 2012

Monthly Economic and Financial Developments
September 2012

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:

2012: December 3, December 24.

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1. Domestic Economic Developments

Preliminary data suggests a continuation of the economy's mildly positive growth momentum during September, supported largely by tourism sector output, alongside foreign investment and public sector related construction activity. However, as growth remained narrowly based, high unemployment persisted. Indications are that inflation was subdued, reflecting a softening in energy costs over the review period. Fiscal data for the first two months of FY 2012/13 showed that the overall deficit widened, due to higher expenditure. In monetary developments, bank liquidity remained substantially unchanged while external reserves contracted, owing to the traditional firming in demand in the latter half of the year, and increased fuel payments.

Initial data suggests that the gains in tourism output recorded over the first half of the year were sustained during the third quarter, in comparison to a year earlier when adverse weather conditions in August led to reduced arrivals. Information from a sample of hotels in New Providence and Paradise Island showed total room revenue firming by 1.6% over the three-month period, buoyed by a gain in average occupancy rates of 5.0 percentage points to 68.9%, which negated a contraction in the average daily room rate (ADR) of 6.3% to $205.6. Similar improvements were noted year-to-date, as average occupancy levels remained above 2011's levels, resulting in higher room revenues, but the ADR was substantially lower. In addition, hotel earnings still have not fully returned to their pre-recession levels.

Domestic energy price developments were mixed in September, as diesel and gasoline costs both moved higher by 10.1% to $5.36 and $5.79 per gallon, respectively, and in comparison to the same period a year earlier, both costs were 7.6% and 7.8% higher. In contrast, the Bahamas Electricity Corporation's fuel charge fell by 5.3% to 26.0¢ per kilowatt hour (kWh) over the month and remained in line with the previous year's level.

Preliminary data on the Government's budgetary operations for the first two months of FY2012/13 showed that the overall deficit widened by $27.0 million (49.5%) to $81.6 million, as aggregate expenditure expanded by $43.0 million (17.7%) to $285.8 million, eclipsing the $16.0 million (8.5%) growth in total revenue to $204.3 million. In terms of receipts, tax collections firmed by $16.7 million (9.7%) to $189.5 million, led by gains in international trade taxes of $11.6 million (12.5%). Conversely, non-tax revenues fell marginally by $0.8 million (4.9%) to $14.8 million. Under outlays, capital expenditure more than doubled to $39.1 million, underpinned by a two-fold hike in infrastructure spending to $35.5 million and a slight $1.9 million rise in asset acquisitions. Current expenditure also advanced by $19.2 million (8.7%) to $240.9 million, associated mainly with a $9.6 million (10.2%) uptick in wages and salaries and an $8.4 million (10.2%) advance in transfer payments.

2. International Developments

Global economic developments continued to be adversely affected by the protracted euro area recession, combined with the anaemic pace of the recovery in the United States and signs of a slowdown in economic growth in Asia. In this environment, the International Monetary Fund (IMF), in the October edition of its

World Economic Outlook Report (WEO), downgraded the forecast for global growth in 2012 and 2013, by 0.2 and 0.3 of a percentage point, to 3.3% and 3.6%, respectively.

The United States' economy continued to expand at a modest pace, as output rose by 2.0% in the third quarter, reflecting higher consumer spending and increased government outlays. In addition, industrial output firmed by 0.4% during September, a reversal from the decrease of 1.4% a month earlier, owing to increased production of appliances, clothing and construction supplies, while retail sales improved by 1.1%, which was in line with August's gain of 1.2%. Developments in the housing market were positive, as real estate starts expanded by 15.0% on a monthly basis in September, significantly higher than the prior period's 4.1% growth, and building permits strengthened by 11.6%, a reversal from the earlier month's 1.2% contraction. In a modest offset, the growth in completions slowed to 0.4% from 1.0% in August. Conditions in the labour market also improved modestly, as an estimated 114,000 non-farm payroll jobs were created in September, resulting in the unemployment rate declining by 0.3 of a percentage point to 7.8%—its lowest level in almost four years. Consumer price inflation remained benign, as average prices firmed by 0.6 of a percentage point to 2.0% in September, underpinned by higher fuel costs. In addition, the trade deficit widened by $1.7 billion to $44.2 billion in August, on account of higher net imports. In an attempt to further stimulate the economy, the Federal Reserve decided to implement its third round of "quantitative easing", by purchasing an additional $40.0 billion in mortgage-backed securities per month until the end of the year.

Reflecting mainly gains in the production and services sectors, due to the hosting of the Olympics in July, the United Kingdom's economy expanded for the first time in almost a year, by 1.0% during the third quarter. In contrast, retail sales fell by 0.2% in August, reversing the prior month's 0.3% gain, amid the weakness in consumer demand. Employment conditions improved to some extent, as preparations for the major sporting event contributed to a lowering of the jobless rate for the three-months to August, by 0.2 of a percentage point to 7.9%, while consumer price inflation softened by 0.3 of a percentage point to 2.2% in September. The trade deficit more than doubled to £4.2 billion from £1.7 billion in July, as the deterioration in the goods deficit outpaced the expansion in the services account surplus. In monetary policy developments, the Bank of England maintained its 0.5% policy rate and sustained its £375 billion asset purchase programme.

Economic conditions in the euro area continued to be depressed, as several southern states remained mired in austerity-led recessions. In August, industrial production grew by 0.6%, in line with the prior month's expansion, while growth in retail sales stabilized at 0.1%. In the external sector, the surplus on the trade balance narrowed by €8.1 billion month-on-month, to €6.6 billion in August, as the 3.7% growth in exports offset the 2.1% rise in imports. Annual consumer price inflation steadied at 2.6% in September, and the region's high unemployment rate was unchanged at 11.4% in August. Faced with weakening growth prospects and high borrowing costs in several member countries, the European Central Bank unveiled its "*Outright Monetary Transactions*" programme in September, whereby the Bank pledged to buy unlimited amounts of Government bonds from indebted euro zone economies on the secondary sovereign bond market, under certain conditions, in a bid to lower interest rates.

Asian economies maintained their positive growth trajectory, although the momentum slowed during the review month, due to subdued domestic demand. In China, the trade surplus widened marginally by US$1.0 billion month-on-month to US$27.7 billion in September, as the rise in exports eclipsed the increase in imports. The annualised inflation rate softened to 1.9% in September from 2.0% in the previous month, underpinned by reduced costs for transportation and communication. On the monetary front, the

People's Bank of China injected $40.0 billion into the financial system via repurchase agreements, in an effort to provide liquidity to the banking system.

In Japan, economic indicators were mixed, as industrial output declined by 1.3% in August, extending the 1.0% falloff a month-earlier, due mainly to a slowdown in global demand for automobiles and electronics. Reflecting lower costs for furniture & household utensils, consumer prices fell on an annual basis, by 0.5% in August, following on the 0.4% decrease a month earlier. In the labour market, the unemployment rate narrowed by 0.1 of a percentage point to 4.2% in August. The Bank of Japan continued to loosen monetary policy, by increasing the size of its asset purchase programme, by ¥10 trillion to ¥80 trillion in September, and also removed the minimum bid yield for the purchase of both Japanese Government and corporate bonds.

Reflecting concerns over the potential slowdown in the global recovery, which negated the reduction in OPEC's production by approximately 260,000 barrels per day to average 31.1 million barrels per day, the average price of crude oil fell by 1.4% to $111.53 per barrel in September. In other commodity markets, the price of gold increased by 4.7% to $1,772.10 per troy ounce, and silver costs rose by 8.9% to $34.54 per troy ounce.

Most of the major stock markets posted broad-based gains in September, following the monetary "stimulus" measures undertaken by major central banks. Specifically, in the United States, the Dow Jones Industrial Average (DJIA) appreciated by 2.7%, while the S&P 500 index grew by 2.4%. European bourses were mixed, with the United Kingdom's FTSE 100 and Germany's DAX firming by 0.5% and 3.5%, respectively; however, France's CAC 40 declined by 1.7%. In Asian markets, both Japan's Nikkei 225 and China's SE Composite advanced, by 0.3% and 1.9%, respectively.

Similar trends were noted in the foreign currency markets, as central banks' interventions increased investors' demand for higher risk assets. As a consequence, the US dollar weakened relative to several major currencies during the review month. The dollar depreciated against the euro, by 2.2% to €0.7777 and relative to the British pound, by 1.9% to £0.6185. Similarly, the dollar moved lower vis-a-vis the Swiss Franc and the Canadian Dollar, by 1.6% to CHF0.9398 and by 0.3% to CND$0.9835, respectively. In terms of the Asian currencies, the dollar depreciated against both the Japanese Yen, by 0.6% to ¥77.94, and the Chinese Yuan, by 1.0% to CNY6.2858.

3. Domestic Monetary Trends

September 2012 vs. 2011

During the month of September, money and credit trends continued to feature high levels of bank liquidity. Banks' excess cash holdings grew by $2.2 million, vis-a-vis a marginal $0.8 million decline in 2011, whereas the re-discounting of Treasury bills, resulted in the broader excess liquid assets decreasing by $17.6 million to $944.0 million, a turnaround from a slight $1.3 million increase a year earlier.

External reserves contracted by $74.4 million to $756.7 million, extending last year's $53.5 million reduction. In the underlying transactions, the Central Bank's net foreign currency sale firmed by $21.4 million to $76.1 million, as the net sale to the public sector—mainly for fuel payments—more than doubled to $44.6 million from $20.8 million in 2011. The net sale to commercial banks declined by $2.5 million to $31.5 million, as they in turn, recorded a $3.4 million reduction in their net sale to customers to $25.0 million.

Bahamian dollar credit decreased by $28.6 million, a reversal from the prior year's $24.4 million expansion. This outturn was associated with a $35.2 million contraction in net claims on the Government, versus 2011's $34.3 million increase, as proceeds from a $100 million Registered Stock issue were used to reduce outstanding advances. Claims on the rest of the public sector were up by a modest $1.4 million, after the last year's net repayment of $25.4 million, when an educational institution used proceeds from a bond issue to reduce outstanding loans. Reflecting the continued softness in consumer demand, linked to the problems of high unemployment and debt overhang, private sector credit growth slowed by $10.3 million to $5.3 million. In terms of the breakdown, consumer credit fell by $2.6 million, a turnaround from a year-earlier $6.8 million expansion. Growth in commercial loans narrowed by $8.8 million to $2.1 million, while mortgages rebounded by $5.7 million, vis-à-vis the prior year's $2.1 million contraction.

Banks' credit quality indicators improved during the review month, although the decline in delinquencies was not broad-based across the institutions. Total private sector loan arrears fell by $71.2 million (5.8%) to $1,162.8 million, with the corresponding ratio narrowing by 1.2 percentage points to 18.6% of total loans. By average age of delinquencies, those in the short term (31-90 day) category decreased by $81.0 million (19.9%) to $325.8 million, and the relevant ratio fell by 1.3 percentage points to 5.2%. In contrast, non-performing loans—which consist of arrears exceeding 90 days and on which banks have stopped accruing interest—grew by $9.9 million (1.2%) to $837.0 million, with a corresponding 14 basis point hike in the ratio of total loans, to 13.4%.

The decline in private sector arrears mainly reflected a $59.9 million (19.6%) reduction in commercial delinquencies, to $245.8 million, as the 31-90 day segment decreased by $58.3 million (51.1%) and the non-performing component, by a smaller $1.5 million (0.8%). Lesser declines were reported for consumer and mortgage arrears, which fell by $8.5 million (3.2%) and $2.8 million (0.4%), respectively, owing solely to reductions in short-term delinquencies, by $9.5 million (9.4%) and $13.3 million (6.9%); however, the corresponding non-accrual segment firmed by $0.9 million (0.6%) and $10.5 million (2.2%).

Banks increased their loan loss provisions by $2.9 million (0.9%) to $344.6 million during September, resulting in the ratio of provisions to total delinquencies rising by 2.0 percentage points to 29.6%, while the corresponding ratio to non-accrual loans was broadly unchanged at 41.2%. Banks also wrote-off an estimated $24.4 million in loans during the review month, while recoveries amounted to $4.8 million.

For the month of September, total domestic foreign currency credit grew by $30.1 million, following the previous year's $11.9 million expansion. Borrowing activity by one public corporation elevated credit to public corporations by $34.2 million, vis-à-vis an $8.7 million reduction last year, while the net claim on the Government decreased marginally by $0.8 million, a reversal from a $1.2 million gain in 2011. Foreign currency credit to the private sector fell by $3.4 million, after last year's $2.0 million growth.

The contraction in Bahamian dollar deposits accelerated by $98.5 million to $100.6 million, owing largely to a $38.2 million reduction in fixed balances, reversing the $23.1 million accumulation in the previous year. In addition, demand deposits declined by $64.0 million, more than double the $29.7 million contraction a year earlier; however, savings balances rose slightly by $1.7 million, after 2011's gain of $4.6 million.

In interest rate developments, the weighted average deposit rate was marginally higher by 4 basis points at 1.84% in September, with the highest rate of 5.25% offered on fixed balances of 1 month and greater than 12 months. In contrast, the weighted average loan rate fell by 55 basis points to 10.90%.

January - September 2012 vs. 2011

During the nine month period, both liquidity and external reserves contracted, following a significant build-up in 2011 when several one-off Government transactions led to a surge in foreign currency inflows. Excess "cash" reserves declined by $65.0 million, a turnaround from the $138.5 million gain last year, while accretions to excess liquid assets—a broader measure of liquidity—slowed to $46.8 million from $150.7 million a year earlier.

External reserves were lower by $135.4 million, compared to the $117.7 million expansion a year earlier, as the Bank's net foreign currency transactions reversed to a net sale of $145.7 million from a net purchase of $98.5 million. Reflecting increased outlays for fuel purchases, the net sale to public corporations surged to $288.8 million from $34.1 million and was only modestly offset by the hike in the net purchases from commercial banks of $10.5 million to $143.1 million, which matched their net purchase from clients.

Credit trends continued to reflect the Government's fiscal requirements and restrained private sector activity. Growth in Bahamian dollar credit accelerated by $83.3 million to $194.8 million, as the net claim on the Government rose by $216.0 million, more than three times higher than the previous period's $69.8 million expansion, mainly in the form of increased security holdings and short-term advances. Credit to the rest of the public sector firmed more modestly by $3.3 million, following a $20.2 million net repayment in 2011. In contrast, credit to the private sector fell by $24.5 million, reversing the previous year's $62.0 million gain. Commercial and other loans declined by $22.7 million vis-a-vis a $48.5 million hike in 2011, and consumer credit also contracted by $26.0 million to extend last year's $8.7 million falloff; however, accretions to mortgage loans advanced modestly by $1.9 million to $24.2 million.

Banks' loan delinquencies declined over the nine-month period, by $45.3 million (3.8%) to $1,162.8 million, with the ratio of arrears to total loans lower by 68 basis points at 18.6%. The outcome was due primarily to a reduction in the short-term segment, which fell by $66.2 million (16.9%) to $325.8 million and equated to a lower 5.2% of total loans vis-à-vis 2011's 8.1%. In contrast, as the average age of delinquencies continued to lengthen, the non-performing category expanded by $21.0 million (2.6%) to $837.0 million, resulting in a 37 basis points increase in the corresponding loan ratio, to 13.4%.

Commercial delinquencies accounted for the bulk of the decline in total arrears during the nine-month period, falling by $40.9 million (14.3%) to $245.8 million, due to reductions of $31.8 million (36.4%) in the short-term category and $9.1 million (4.6%) in the non-performing segment. Similarly, consumer loan arrears decreased by a lesser $14.3 million (5.3%) to $257.1 million, as the 31-90 day and the non-accrual components contracted by $12.8 million (12.2%) and $1.5 million (0.9%), respectively. Conversely, as borrowers remained challenged in meeting their monthly debt obligations, total mortgage loan arrears advanced by $9.9 million (1.5%) to $659.9 million, with the $31.5 million (7.0%) growth in non-performing loans, eclipsing the $21.6 million (10.8%) reduction in short-term arrears.

Banks remained conservative in their treatment of delinquencies, as evidenced by the increase in their total provisions for loan losses, by $44.1 million (14.7%) to $344.6 million. As a consequence, the ratio of provisions to total arrears and non-performing loans firmed by 4.8 and 4.4 percentage points, to 29.6% and 41.2%, respectively. In addition, banks wrote-off and recovered $154.9 million and $35.4 million, respectively, in delinquent loans.

Over the nine-month period, domestic foreign currency credit rebounded by $47.6 million, a turnaround from a $125.5 million net repayment in 2011. Broad-based gains in both mortgages and commercial lending led to a $61.2 million upturn in private sector credit, reversing the $41.8 million decline last year when a major foreign investment entity repaid its outstanding obligations. Similarly, net claims on the Government, which fell by $67.5 million in 2011, advanced marginally by $0.4 million. In contrast, credit to the rest of the public sector contracted further by $14.0 million, following last year's $16.3 million reduction.

Bahamian dollar deposits decreased by $31.6 million, a reversal from a $173.5 million build-up in 2011. Fixed balances were lower by $159.7 million, compared to a gain of $60.0 million in the prior period, while growth in demand deposits slowed by $11.3 million to $76.9 million. In contrast, accretions to savings balances more than doubled to $51.3 million.

4. Outlook and Policy Implications

Despite potential global headwinds, the mild growth in the domestic economy is projected to be sustained over the remaining months of the year and continue into 2013—anchored mainly by public and foreign investment-led construction activity and ongoing improvements in the high value-added stopover segment of the tourism market. Notwithstanding, labour market conditions are anticipated to remain constrained, as the majority of the short-term job opportunities are expected to accrue to the construction sector. Although international oil and food prices are forecasted to remain volatile, it is anticipated that domestic consumer price inflation will stay subdued in the near-term.

Fiscal developments are expected to remain challenged by the softness in the economy, thereby constraining the pace of improvement in the deficit and corresponding debt-to-GDP ratios.

In the monetary sector, liquidity is projected to be maintained at relatively buoyant levels over an extended period; however, further downward pressure on external reserves is expected until the end of the year, due to the seasonal increase in foreign currency demand. Given the challenging labour and business environment, loan delinquencies in the banking systems are poised to remain elevated over the near-term. However, financial stability concerns are minimized, given banks healthy capital positions.

Recent Monetary and Credit Statistics

(B$ Millions)

	SEPTEMBER					
	Value		Change		Change YTD	
	2011	2012	2011	2012	2011	2012
1.0 LIQUIDITY & FOREIGN ASSETS						
1.1 Excess Reserves	528.00	369.85	-0.75	2.24	138.50	-65.01
1.2 Excess Liquid Assets	964.26	943.97	1.30	-17.57	150.74	46.82
1.3 External Reserves	978.76	756.65	-53.47	-74.43	117.72	-135.34
1.4 Bank's Net Foreign Assets	-556.16	-627.37	-8.43	-48.93	133.60	-18.33
1.5 Usable Reserves	490.47	336.96	-37.40	-67.59	56.06	-103.02
2.0 DOMESTIC CREDIT						
2.1 Private Sector	***6,560.92***	***6,651.06***	***17.55***	***1.90***	***20.28***	***36.69***
a. B$ Credit	6,207.85	6,235.66	15.58	5.26	62.04	-24.48
of which: Consumer Credit	2,128.32	2,120.65	6.80	-2.58	-8.73	-26.01
Mortgages	3,083.12	3,110.82	-2.13	5.74	22.32	24.22
Commercial and Other Loans B$	996.41	1,004.19	10.90	2.10	48.45	-22.70
b. F/C Credit	353.08	415.40	1.97	-3.36	-41.76	61.18
of which: Mortgages	129.77	144.76	-1.43	0.43	1.15	15.61
Commercial and Other Loans F/C	223.31	270.65	3.40	-3.79	-42.92	45.57
2.2 Central Government (net)	***1,388.79***	***1,653.33***	***35.46***	***-35.98***	***2.29***	***216.34***
a. B$ Loans & Securities	1,517.09	1,788.13	32.95	-26.46	57.78	223.79
Less Deposits	127.38	133.47	-1.31	8.76	-12.01	7.84
b. F/C Loans & Securities	0.05	0.00	-0.19	0.00	-69.95	0.00
Less Deposits	0.96	1.33	-1.39	0.76	-2.45	-0.39
2.3 Rest of Public Sector	***364.70***	***396.89***	***-16.75***	***35.54***	***-36.42***	***-10.67***
a. B$ Credit	93.78	106.76	-25.44	1.35	-20.16	3.33
b. F/C Credit	270.92	290.13	8.69	34.20	-16.26	-14.00
2.4 Total Domestic Credit	***8,314.39***	***8,701.28***	***36.26***	***1.44***	***-14.07***	***242.36***
a. B$ Domestic Credit	7,691.30	7,997.08	24.39	-28.63	111.46	194.79
b. F/C Domestic Credit	623.09	704.21	11.86	30.07	-125.53	47.57
3.0 DEPOSIT BASE						
3.1 Demand Deposits	1,227.84	1,312.24	-29.74	-64.04	88.17	76.93
a. Central Bank	10.57	9.76	-8.35	-10.73	2.57	1.54
b. Banks	1,217.28	1,302.48	-21.39	-53.32	85.60	75.38
3.2 Savings Deposits	1,041.47	1,117.26	4.59	1.69	25.39	51.25
3.3 Fixed Deposits	3,668.03	3,447.08	23.05	-38.23	59.95	-159.72
3.4 Total B$ Deposits	5,937.34	5,876.57	-2.10	-100.58	173.51	-31.55
3.5 F/C Deposits of Residents	219.88	238.59	-2.46	-12.53	-32.79	45.72
3.6 M2	***6,108.95***	***6,071.52***	***-25.68***	***-107.20***	***151.08***	***-34.90***
3.7 External Reserves/M2 (%)	***16.02***	***12.46***	***-0.80***	***-0.99***	***1.57***	***-2.15***
3.8 Reserves/Base Money (%)	***102.60***	***92.38***	***-3.08***	***-8.13***	***-1.02***	***-8.51***
3.9 External Reserves/Demand Liabilites (%)	***99.96***	***89.71***	***-1.99***	***-6.93***	***-0.26***	***-8.68***

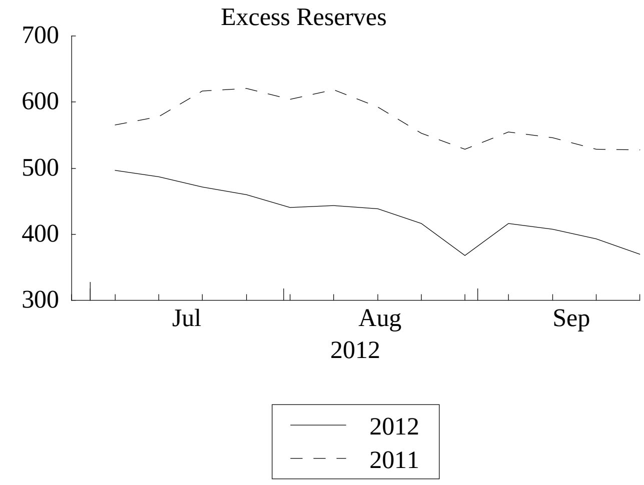
	Value		Year to Date		Change	
	2011	2012	2011	2012	Month	*YTD*
4.0 FOREIGN EXCHANGE TRANSACTIONS						
4.1 Central Bank Net Purchase/(Sale)	***-54.70***	***-76.10***	***98.48***	***-145.66***	***-21.39***	***-244.13***
a. Net Purchase/(Sale) from/to Banks	-33.94	-31.46	132.59	143.09	2.49	10.50
i. Sales to Banks	47.13	44.33	248.51	165.15	-2.81	-83.36
ii. Purchases from Banks	13.19	12.87	381.10	308.24	-0.32	-72.87
b. Net Purchase/(Sale) from/to Others	-20.76	-44.64	-34.12	-288.75	-23.88	-254.63
i. Sales to Others	37.82	64.17	518.41	528.63	26.36	10.23
ii. Purchases from Others	17.06	19.54	484.29	239.89	2.48	-244.40
4.2 Banks Net Purchase/(Sale)	***-28.39***	***-24.96***	***154.34***	***144.83***	***3.42***	***-9.51***
a. Sales to Customers	275.58	279.60	2,656.21	2,624.54	4.02	-31.67
b. Purchases from Customers	247.19	254.64	2,810.54	2,769.37	7.44	-41.17
4.3 B$ Position (change)	***-6.04***	***-4.39***				
5.0 EXCHANGE CONTROL SALES						
5.1 Current Items	***276.95***	***ND***	***2,215.54***	***ND***	***ND***	***ND***
of which Public Sector	***4.95***	***ND***	***131.88***	***ND***	***ND***	***ND***
a. Nonoil Imports	117.89	ND	935.01	ND	ND	ND
b. Oil Imports	31.74	ND	319.73	ND	ND	ND
c. Travel	18.43	ND	155.68	ND	ND	ND
d. Factor Income	16.76	ND	77.33	ND	ND	ND
e. Transfers	8.00	ND	101.93	ND	ND	ND
f. Other Current Items	84.12	ND	625.85	ND	ND	ND
5.2 Capital Items	***4.27***	***ND***	***156.31***	***ND***	***ND***	***ND***
of which Public Sector	***0.49***	***ND***	***4.54***	***ND***	***ND***	***ND***
5.3 Bank Remittances	***0.00***	***ND***	***0.00***	***ND***	***ND***	***ND***

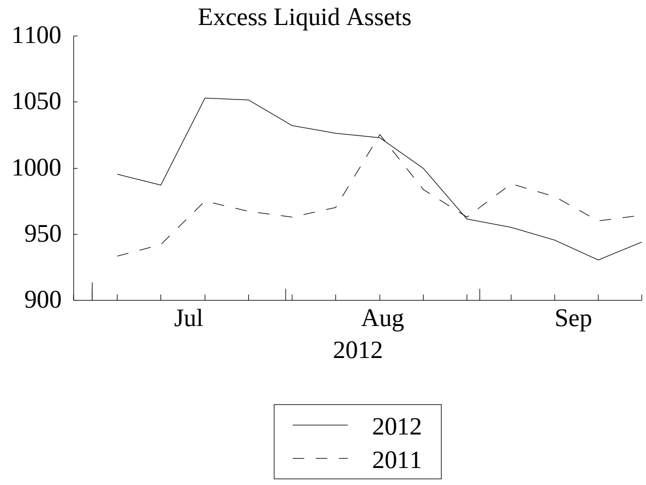
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending:SEPTEMBER 28, 2011 and SEPTEMBER 26, 2012
Exchange Control Sales figures are as at month end.

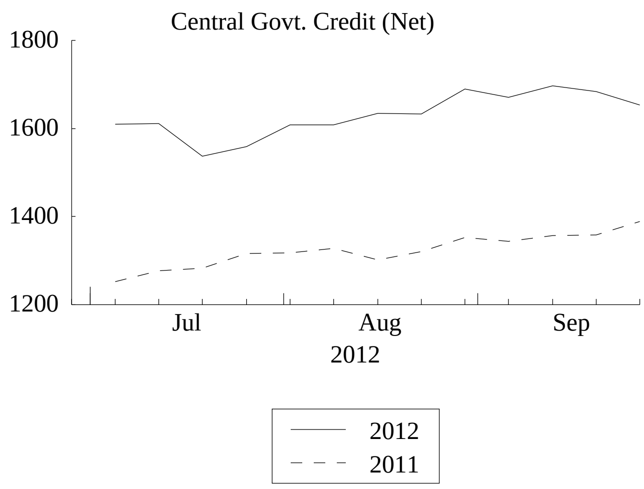
Notes: 1.0, 2.0 and 3.0 YTD change reflects change of current month over previous year end; for 4.0 and 5.0 change is over corresponding period of previous year.

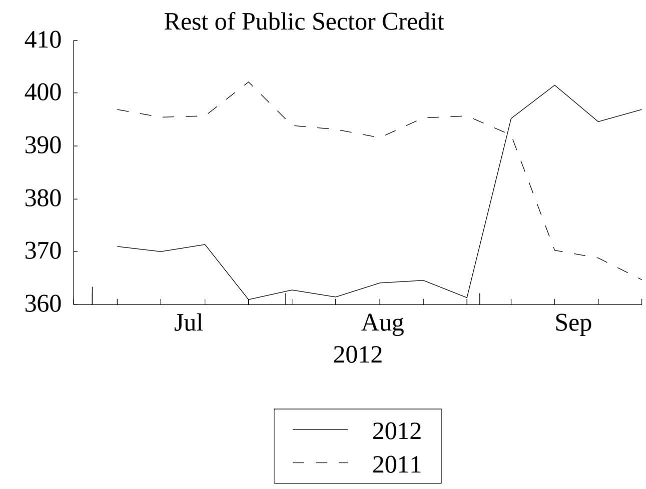
SELECTED MONEY AND CREDIT INDICATORS

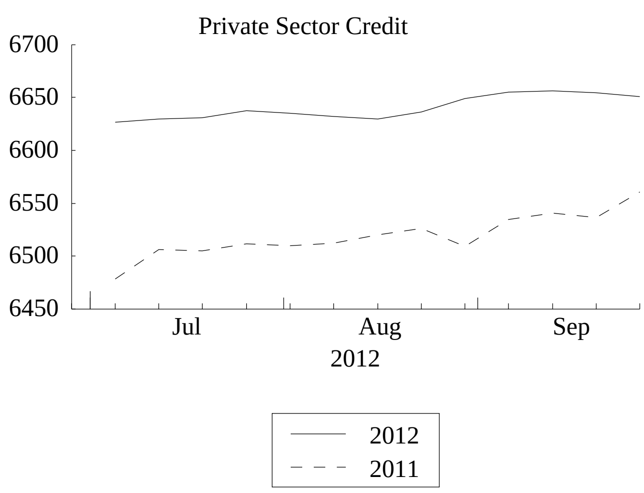
(B$ Millions)

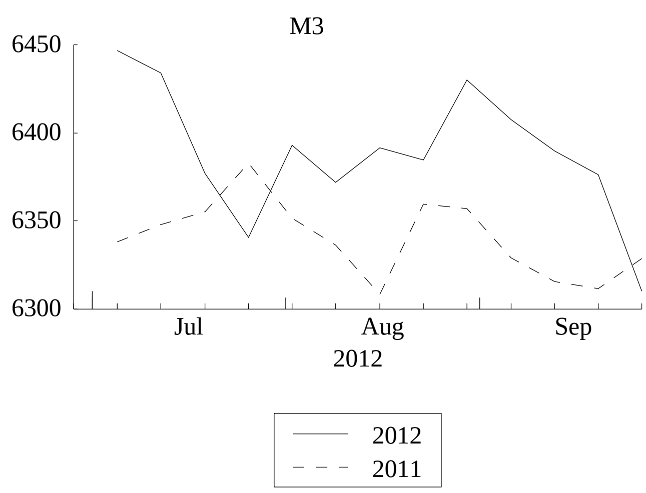


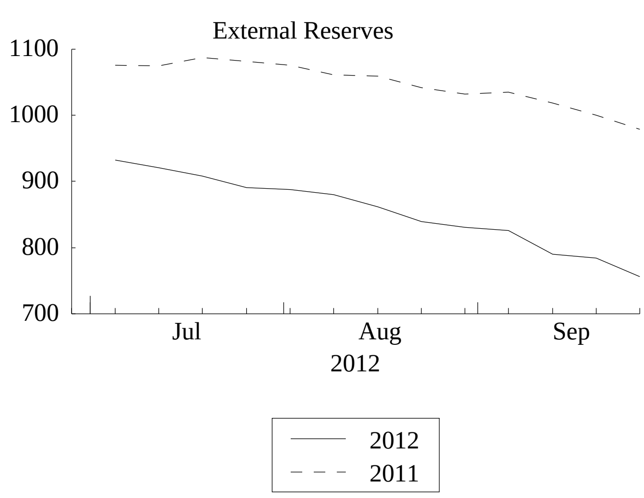


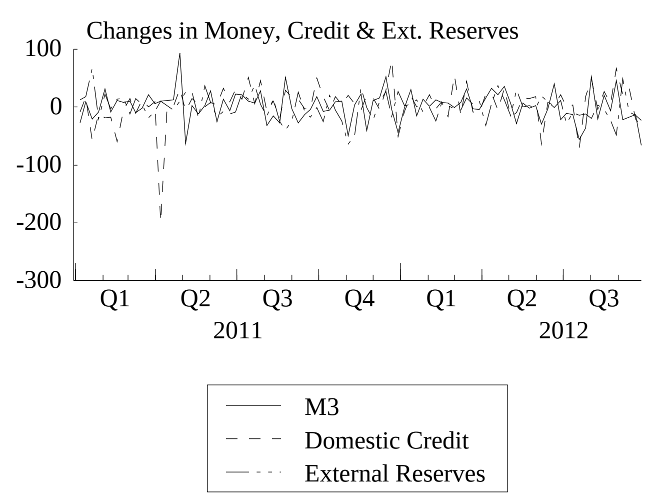












Selected International Statistics

A: Selected Macroeconomic Projections (Annual % Change and % of labor force)						
	Real GDP		**Inflation Rate**		**Unemployment**	
	2011	**2012**	**2011**	**2012**	**2011**	**2012**
Bahamas	1.6	2.5	2.5	2.0	15.9	14.7
United States	1.8	2.2	3.1	2.0	9.0	8.2
Euro-Area	1.4	-0.4	2.7	2.3	10.2	11.2
Germany	*3.1*	*0.9*	*2.5*	*2.2*	*6.0*	*5.6*
Japan	-0.8	2.2	-0.3	0.0	4.6	4.5
China	9.2	7.8	5.4	3.0	4.1	4.1
United Kingdom	0.8	-0.4	4.5	2.7	8.0	8.1
Canada	2.4	1.9	2.9	1.8	7.5	7.3
Source: IMF World Economic Outlook, October 2012						

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**
August 2010	5.25	1.00	0.75	0.00-0.25	0.50
September 2010	5.25	1.00	0.75	0.00-0.25	0.50
October 2010	5.25	1.00	0.75	0-0.25	0.50
November 2010	5.25	1.00	0.75	0-0.25	0.50
December 2010	5.25	1.00	0.75	0-0.25	0.50
January 2011	5.25	1.00	0.75	0-0.25	0.50
February 2011	5.25	1.00	0.75	0-0.25	0.50
March 2011	5.25	1.00	0.75	0-0.25	0.50
April 2011	5.25	1.25	0.75	0-0.25	0.50
May 2011	5.25	1.25	0.75	0-0.25	0.50
June 2011	4.50	1.25	0.75	0-0.25	0.50
July 2011	4.50	1.50	0.75	0-0.25	0.50
August 2011	4.50	1.50	0.75	0-0.25	0.50
September 2011	4.50	1.50	0.75	0-0.25	0.50
October 2011	4.50	1.50	0.75	0-0.25	0.50
November 2011	4.50	1.25	0.75	0-0.25	0.50
December 2011	4.50	1.00	0.75	0-0.25	0.50
January 2012	4.50	1.00	0.75	0-0.25	0.50
February 2012	4.50	1.00	0.75	0-0.25	0.50
March 2012	4.50	1.00	0.75	0-0.25	0.50
April 2012	4.50	1.00	0.75	0-0.25	0.50
May 2012	4.50	1.00	0.75	0-0.25	0.50
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

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	**Sep-11**	**Aug-12**	**Sep-12**	**Mthly % Change**	**YTD % Change**	**12-Mth% Change**
Euro	0.7469	0.7950	0.7777	-2.18	0.78	4.11
Yen	77.02	78.39	77.94	-0.57	1.35	1.19
Pound	0.6417	0.6303	0.6185	-1.86	-3.82	-3.61
Canadian $	1.0503	0.9863	0.9835	-0.28	-3.69	-6.36
Swiss Franc	0.9081	0.9549	0.9398	-1.58	0.23	3.49
Renminbi	6.3833	6.3497	6.2858	-1.01	-0.27	-1.53

Source: Bloomberg as of September 30, 2012

D. Selected Commodity Prices ($)					
Commodity	**September 2011**	**August 2012**	**September 2012**	**Mthly % Change**	**YTD % Change**
Gold / Ounce	1623.97	1691.85	1772.10	4.73	13.33
Silver / Ounce	29.93	31.74	34.54	8.85	24.05
Oil / Barrel	104.82	113.11	111.53	-1.40	3.63

Source: Bloomberg as of September 30, 2012

E. Equity Market Valuations – September 30, 2012 (%chg)								
	BISX	**DJIA**	**S&P 500**	**FTSE 100**	**CAC 40**	**DAX**	**Nikkei 225**	**SE**
1 month	0.81	2.65	2.42	0.54	-1.71	3.52	0.34	1.89
3 month	-0.27	4.32	5.76	3.07	4.95	12.47	-1.52	-6.26
YTD	-4.17	9.98	14.56	3.05	6.17	22.34	4.91	-5.15
12-month	-4.95	23.12	27.33	11.96	12.50	31.15	1.95	-11.57

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	**GBP**	**EUR**
o/n	0.25	0.38	0.02
1 Month	0.21	0.46	0.06
3 Month	0.39	0.52	0.11
6 Month	0.61	0.74	0.25
9 Month	1.10	0.90	0.37
1 year	1.25	1.11	0.52

Source: Bloomberg as of September 30, 2012

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B$ Millions)

	VALUE									CHANGE								
	Aug. 01	**Aug. 08**	**Aug. 15**	**Aug. 22**	**Aug. 29**	**Sep. 05**	**Sep. 12**	**Sep. 19**	**Sep. 26**	**Aug. 01**	**Aug. 08**	**Aug. 15**	**Aug. 22**	**Aug. 29**	**Sep. 05**	**Sep. 12**	**Sep. 19**	**Sep. 26**
I. External Resrves	***888.25***	***880.27***	***861.54***	***839.09***	***831.08***	***825.63***	***790.48***	***784.36***	***756.65***	***-2.05***	***-7.98***	***-18.72***	***-22.45***	***-8.02***	***-5.45***	***-35.14***	***-6.13***	***-27.71***
II. Net Domestic Assets (A + B + C + D)	***10.73***	***19.77***	***28.09***	***25.33***	***-4.19***	***41.44***	***56.47***	***48.98***	***62.44***	***-4.28***	***9.04***	***8.33***	***-2.76***	***-29.52***	***45.63***	***15.03***	***-7.49***	***13.46***
A. Net Credit to Gov't(i + ii + iii - iv)	***310.82***	***321.31***	***322.82***	***322.61***	***305.32***	***340.41***	***357.75***	***351.16***	***358.25***	***0.92***	***10.49***	***1.51***	***-0.21***	***-17.29***	***35.09***	***17.34***	***-6.58***	***7.09***
i) Advances	112.69	112.69	112.69	112.69	122.69	122.69	135.66	135.66	135.66	0.00	0.00	0.00	0.00	10.00	0.00	12.97	0.00	0.00
ii) Registered Stock	178.96	178.89	178.87	178.87	174.47	169.34	169.30	169.35	169.39	-0.19	-0.07	-0.02	-0.00	-4.40	-5.13	-0.04	0.04	0.04
iii) Treasury Bills	38.53	38.53	38.53	38.53	13.55	58.53	63.45	63.45	63.45	0.00	0.00	0.00	0.00	-24.98	44.98	4.93	-0.00	0.00
iv) Deposits	19.36	8.80	7.26	7.47	5.38	10.15	10.67	17.29	10.24	-1.11	-10.56	-1.53	0.21	-2.09	4.76	0.52	6.62	-7.05
B. Rest of Public Sector (Net) (i + ii - iii)	***-5.61***	***-6.48***	***-2.77***	***-4.01***	***-15.54***	***-5.13***	***-8.64***	***-10.54***	***-4.81***	***-1.39***	***-0.86***	***3.71***	***-1.25***	***-11.53***	***10.41***	***-3.51***	***-1.90***	***5.73***
i) BDB Loans	4.95	4.95	4.95	4.95	4.95	4.95	4.95	4.95	4.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii) BMC Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
iii) Deposits	10.56	11.43	7.72	8.96	20.49	10.08	13.59	15.49	9.76	1.39	0.86	-3.71	1.25	11.53	-10.41	3.51	1.90	-5.73
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)*	***-294.47***	***-295.07***	***-291.97***	***-293.27***	***-293.97***	***-293.83***	***-292.63***	***-291.64***	***-290.99***	***-3.80***	***-0.59***	***3.10***	***-1.30***	***-0.70***	***0.13***	***1.20***	***1.00***	***0.64***
III. Monetary Base	***898.98***	***900.03***	***889.64***	***864.42***	***826.89***	***867.07***	***846.95***	***833.34***	***819.09***	***-6.32***	***1.05***	***-10.40***	***-25.21***	***-37.54***	***40.18***	***-20.12***	***-13.62***	***-14.25***
A. Currency in Circulation	293.55	296.59	290.82	294.13	296.92	299.67	290.89	286.26	292.01	5.31	3.04	-5.76	3.31	2.79	2.75	-8.79	-4.63	5.75
B. Bank Balances with CBOB	605.43	603.45	598.81	570.29	529.96	567.40	556.06	547.07	527.08	-11.63	-1.98	-4.63	-28.52	-40.33	37.43	-11.33	-8.99	-19.99

* 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	
	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013
Fiscal Operations$_p$																									(Over previous year)	
1. Government Revenue & Grants	94.9	107.3	93.4	97.0																					188.3	204.3
% change	*-21.52%*	*-27.33%*	*-1.64%*	*-9.57%*																					*2.78%*	*8.48%*
2. Import/Excise Duties	44.0	50.4	44.9	48.2																					88.8	98.6
% change	*-17.43%*	*-13.33%*	*2.06%*	*-4.34%*																					*-2.04%*	*10.97%*
3. Recurrent Expenditure	111.4	117.3	110.3	123.5																					221.7	240.9
% change	*-33.03%*	*-8.47%*	*-0.98%*	*5.26%*																					*3.94%*	*8.65%*
4. Capital Expenditure	3.7	13.8	12.2	25.3																					15.9	39.1
% change	*-87.01%*	*-51.51%*	*224.55%*	*83.21%*																					*-43.74%*	*145.72%*
5. Deficit/Surplus*	-20.8	-24.4	-33.8	-57.2																					-54.6	-81.6
% change	*-85.53%*	*97.30%*	*62.81%*	*133.84%*																					*-13.97%*	*49.45%*

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Debt$_p$ **																								
6. Total Debt	3,724.9	3,806.0	3,725.3	3,816.5	3,740.8	3,861.2	3,608.2	3,854.8	3,558.0	3,879.9	3,552.9	3,900.2	3,618.2	4,075.0	3,694.0	4,038.3	3,712.5	4,156.1						
% change	*0.12%*	*2.30%*	*0.01%*	*0.28%*	*0.42%*	*1.17%*	*-3.54%*	*-0.16%*	*-1.39%*	*0.65%*	*-0.14%*	*0.52%*	*1.84%*	*4.48%*	*2.10%*	*-0.90%*	*0.50%*	*2.92%*						
7. External Debt	732.4	799.9	732.8	810.4	748.3	815.1	748.7	818.7	756.5	823.8	756.5	823.8	763.8	823.6	768.0	823.9	766.4	823.8						
% change	*0.63%*	*9.90%*	*0.05%*	*1.31%*	*2.12%*	*0.57%*	*0.05%*	*0.45%*	*1.04%*	*0.62%*	*0.00%*	*0.00%*	*0.96%*	*-0.02%*	*0.55%*	*0.04%*	*-0.20%*	*-0.02%*						
8. Internal F/C Debt	70.0	0.0	70.0	0.0	70.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0						
% change	*0.00%*	*-100.00%*	*0.00%*		*0.00%*		*-100.00%*																	
9. Bahamian Dollar Debt	2,922.5	3,006.1	2,922.5	3,006.1	2,922.5	3,046.1	2,859.5	3,036.1	2,801.5	3,056.1	2,796.5	3,076.4	2,854.5	3,251.4	2,926.1	3,214.4	2,946.1	3,332.3						
% change	*0.00%*	*2.86%*	*0.00%*	*0.00%*	*0.00%*	*1.33%*	*-2.16%*	*-0.33%*	*-2.03%*	*0.66%*	*-0.18%*	*0.67%*	*2.07%*	*5.69%*	*2.51%*	*-1.14%*	*0.68%*	*3.67%*						
10. Total Amortization	0.2	0.3	0.0	0.0	0.9	1.1	136.2	13.2	58.0	0.0	15.0	0.0	10.3	25.2	55.0	37.0	1.6	1.1						
% change	*2312.77%*	*2677.37%*	*-100.00%*	*-100.00%*			*14845.89%*	*1126.04%*	*-57.43%*	*-100.00%*	*-74.12%*		*-31.61%*	*#########*	*435.74%*	*46.94%*	*-97.16%*	*-97.10%*						
11.Total Public Sector F/C Debt	1,410.0	1,432.7	1,408.5	1,443.2	1,419.9	1,462.1	1,314.0	1,462.9	1,321.8	1,512.4	1,329.5	1,509.1	1,334.5	1,506.2	1,338.7	1,506.5	1,354.5	1,505.5						
	0.16%	*1.78%*	*-1.69%*	*100.73%*	*-1.61%*	*2.97%*	*-10.13%*	*11.33%*	*-9.64%*	*14.42%*	*-12.10%*	*13.51%*	*-11.57%*	*12.87%*	*-11.12%*	*12.54%*	*-10.09%*	*11.15%*						

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC		YEAR TO DATE	
Real Sector Indicators	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2010	2012	2011	2012	2011	2012	2011	2012	2011	2012
																									(Over previous year)	
12. Retail Price Index	102.1	104.7	102.4	104.9	103.1	105.8	103.6	106.1	104.1	106.5	104.4	106.4	104.2	106.4											103.4	105.8
% change; over previous month	*0.47%*	*-0.16%*	*0.31%*	*0.26%*	*0.71%*	*0.78%*	*0.46%*	*0.31%*	*0.4%*	*0.4%*	*0.3%*	*-0.1%*	*-0.2%*	*0.0%*											*3.14%*	*2.32%*
13. Tourist arrivals (000's)	487.4	531.5	484.8	529.1	555.4	632.4	539.3	549.7	413.5	467.3	421.8	473.3	488.7	486.4											3,391	3,670
% change; over previous year	*14.95%*	*9.05%*	*15.65%*	*9.13%*	*2.91%*	*13.86%*	*14.94%*	*1.93%*	*-2.87%*	*13.0%*	*-1.65%*	*12.2%*	*5.92%*	*-0.5%*											*7.03%*	*8.22%*
14. Air arrivals (000's)	81.3	89.4	99.1	110.9	140.3	158.2	129.1	139.0	108.2	118.8	124.8	139.1	140.3	141.8											823	897
% change; over previous year	*-11.30%*	*9.91%*	*-3.80%*	*11.93%*	*-6.12%*	*12.79%*	*3.26%*	*7.69%*	*-4.32%*	*9.8%*	*-3.65%*	*11.5%*	*0.65%*	*1.1%*											*-3.30%*	*9.01%*
15. Occupied Room Nights																										
% change; over previous year																										
16. Res. Mortgage Commitments-New Const.					24.36	17.49					25.2	18.9													24.36	17.49
% change; over previous qtr.					*3.99%*	*-9.01%*					*3.4%*	*7.8%*													*-64.22%*	*-28.19%*

* Includes Net Lending to Public Corporations

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

p - provisional

Annual/Y-T-D Retail Price data are averages.