



Monthly Economic and Financial Developments February 2010

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 Date:

2010: May 3, May 31, June 28, August 3, August 30, October 4, November 1, November 29, December 28.

Monthly Economic and Financial Developments

February 2010

1. Domestic Economic Developments

Amid the incipient global recovery underway, domestic economic indicators showed tentative signs of stabilisation during February. Initial tourism sector statistics suggested a slightly positive outcome for the key stopover segment of the market, following the sharp downturn of a year earlier; and inflation pressures moderated further. On the monetary front, both liquidity and external reserves registered growth; however, the persistent weakness in private sector demand resulted in continued erosion in Government's fiscal performance for FY2009/10.

Provisional data from a sample of large New Providence hotel properties indicated a marginal improvement in stopover arrivals, as well as spending patterns for the first two months of 2010. Room revenues were estimated to have improved by 4.9%, occasioned by a projected 2.6% gain in room nights sold, and a 2.5% increase in average daily room rates. Anecdotal indications are that average occupancy rates for this subset of properties have exceeded 60.0% for the review period.

Inflation for the twelve months to January eased by 2.9 percentage points to 1.8%, in contrast to a 2.2 percentage point advance to 4.7% a year earlier. This outturn reflected a 0.3% decline in housing costs—the most heavily weighted item in the index—compared to an increase of 3.7% in 2009. Additionally, average price gains moderated significantly for “other” goods & services, by 5.4 percentage points to 2.9%; for furniture & household operation, by 3.9 percentage points to 2.8%, and for food & beverages, by 3.0 percentage points to 4.1%. A slowdown in price increases of three (3) percentage points or under also occurred for recreation & entertainment services, medical care & health and transport & communication. In contrast, average prices firmed for education (2.8%) and clothing & footwear (2.0%). In terms of electricity, the fuel surcharge for the month of February rose by an average of 11.7% to 10.75 cents per kilowatt hour (Kwh) over the previous month, and by 3.8% when compared to a year earlier. The average price of diesel fell by 1.6% in January to \$3.60 per gallon; while gasoline costs rose by 0.5% to \$4.19 per gallon. However, on a year-on-year basis, the prices of both products were higher by 31.4% and 29.7%, respectively.

Government's budgetary operations for the seven months of FY2009/10 revealed that the overall deficit widened by 25.8% to \$200.3 million over the previous period, underpinned by increases in expenditures. Aggregate revenue steadied at \$739.7 million, partly reflecting a doubling in non-tax receipts to \$138.1 million from \$71.0 million, which compensated for a 9.9% reduction in tax revenue to \$601.6 million. In the context of sluggish consumer spending trends, taxes on international trade, as well as non-trade stamp taxes, declined by 8.1% and 22.8%, respectively. Total expenditure advanced by 4.7% to \$940.0 million, as capital outlays expanded by 37.8% to \$90.3 million, owing to a \$28.5 million rise in spending on infrastructure projects—which negated a \$6.7 million decline in asset purchases. In contrast, current expenditure weakened marginally by 1.0% to \$786.1 million, reflecting lower outlays for consumption and subsidies and other transfer payments.

2. *International Developments*

The upturn in the global economy was sustained during February, supported mainly by positive developments in the United States and Chinese markets. However, the extraordinary measures taken by Governments in 2009 to stabilise their economies have created significant fiscal imbalances, leading some countries to gradually begin the process of winding down their stimulus programmes.

In North America, economic conditions in the United States continued to improve, as consumer spending firmed by 0.5% in January, and retail sales edged higher by 0.3%, driven by purchases of electronics and appliances. The trade deficit fell by 6.6% to \$37.3 billion, owing to lower demand for foreign oil and cars, which resulted in a falloff in imports, by 1.7% to \$180.0 billion. In addition, indications are that the February unemployment rate steadied at 9.7%, as employers cut an additional 36,000 payroll jobs. Buoyed mainly by higher energy costs, consumer prices advanced on a monthly basis in January, by 0.2%. In monetary developments, as the economy entered a period of relative stability, the Federal Reserve ended its regime of loosening monetary policy, raising its discount rate by 25 basis points to 0.75%—the first interest rate increase in over two years.

In Europe, economic indicators in the UK remained mixed, as adverse weather conditions led to retail sales falling by 1.2% in January on a monthly basis. Occasioned by a fall in the services surplus and an expansion in the goods deficit, the trade balance widened by £1.2 billion to £3.8 billion in January over the previous month. However, consumers remained relatively positive in their outlook for the economy, as evidenced by the increase in the consumer confidence index, by 6 points to 80 in February. With inflation expected to fall below the 2% target level over the medium term, the Bank of England decided to keep interest rates at 0.5% and to maintain its £200 billion asset purchase programme. Despite concerns over the fiscal accounts of several member countries, industrial output for the euro zone economies firmed by 1.7% in January month-on-month; however, a sharp contraction in exports, which overshadowed the falloff in imports, resulted in the trade balance reversing to a €8.9 billion deficit, compared to a €4.1 billion surplus in December. The unemployment rate remained at an 11 year high of 9.9% in January, while inflation softened marginally to 0.9% in February, compared to the previous month. In light of these developments, the European Central Bank decided to keep its key bank rate at 1.0%, and the Bank began the process of unwinding its liquidity support programmes by terminating its swap lines with the Federal Reserve on February 1st.

Asian economic conditions were mixed over the review month, with industrial production and retail sales in China surging by 20.7% and 17.9% in the first two months of the year, from the same period in 2009. However, survey data suggested that the pace of manufacturing activity moderated to a one-year low in February, and the trade surplus narrowed by US\$6.6 billion to US\$7.6 billion, as the rise in imports offset the expansion in exports. With annual inflation accelerating by 2.0 percentage points to 2.7%, and GDP growth remaining strong, the People's Bank of China raised the commercial banks' reserve requirement for a second straight month, by 0.5 of a percentage point in February, to prevent the economy from "overheating". In contrast, authorities in Japan focussed on measures aimed at sustaining the economic recovery, as the country's current account surplus widened on a monthly basis, to ¥1.7 trillion in January, buoyed by an 8.8% gain in exports, which outpaced the 2.3% advance in imports. Further, retail sales

registered their first increase in 16 months, rising by 2.6% from a year ago. Nevertheless, the economy continued to be plagued by deflation, as consumer prices decreased at an annual rate of 1.3% in January, owing to lower utility and food costs. Given these developments, the Bank of Japan voted to keep its uncollateralized overnight call rate at 0.1%.

Despite concerns over the stability of the recovery in the euro zone, and measures by the Chinese authorities to slow the pace of growth, crude oil prices advanced by an average of 6.2% to \$76.77 per barrel in February. OPEC's crude oil production averaged 29.4 million barrels per day, up 192,000 barrels from January. In other commodity markets, the price of gold and silver rose by 3.4% and 1.7%, to \$1,117.60 and \$16.48 per troy ounce, respectively.

Developments in equity markets were mixed during February. In the United States, the Dow Jones Industrial Average (DJIA) increased by 2.6% to 10,325.3 points and the S&P 500 index, by 3.1% to 1,103.4 points. In European markets, the United Kingdom's FTSE 100 index firmed by 3.2% to 5,354.5 points; however, both Germany's DAX and France's CAC 40 fell marginally by 0.2% and 0.8%, to 5,598.5 points and 3,708.8 points, respectively. In Asia, China's SE Composite rose by 2.1% to 3,051.9 points; while Japan's Nikkei index was lower by 0.7% at 10,126.0 points.

Foreign currency market developments in February reflected concerns over the deteriorating fiscal situations of several countries in Western Europe. Consequently, the dollar appreciated against the euro by 1.7% to €0.7337 and by 4.9% and 1.2%, versus the British pound and Swiss Franc, to £0.6562 and CHF1.0734, respectively. In contrast, the dollar fell against the Japanese yen, by 1.5%, and remained fixed at 6.8260 Chinese Yuan to the dollar.

3. Domestic Monetary Trends

February 2010 vs. 2009

Money and credit trends for the month of February featured moderate growth in both liquidity and external reserves, supported by a falloff in private sector demand and net foreign currency inflows relating to real sector activities. Consequently, excess reserves improved by \$21.1 million, extending the previous year's \$14.9 million expansion; while excess liquid assets grew by a further \$25.1 million vis-à-vis a \$15.3 million accumulation.

Accretions to external reserves slowed by \$17.6 million to \$12.7 million, owing to a significant reduction in the Central Bank's net purchase by \$26.8 million to \$2.2 million. The net purchase from commercial banks narrowed by \$13.4 million to \$26.0 million. Meanwhile, the Bank's net foreign currency sale to the public sector—inclusive of payments for fuel—more than doubled to \$23.8 million from \$10.4 million.

Bahamian dollar credit declined by \$9.7 million, a turnaround from the previous year's \$29.5 million expansion. Reflecting depressed consumer demand, the reduction in private sector credit broadened by \$30.7 million to \$33.5 million, marked by accelerated declines in consumer credit and commercial loans, of \$4.9 million and \$16.2 million, to \$13.8 million and \$21.0 million, respectively. Similarly, mortgage growth eased to a mere \$1.3 million from \$10.9 million. In contrast, the net claim on the Government grew by \$26.0 million, in line with the prior year's expansion, reflecting a rise in advances and a drawdown in deposits with commercial banks; while

credit to public corporations contracted by \$2.2 million, a reversal from last year's \$6.4 million increase.

A further disaggregation of consumer credit for January showed declines in lending for the majority of categories. The most significant reductions were recorded for credit card (\$5.7 million), "miscellaneous" and land purchase (\$4.8 million) loans, following respective year-earlier declines of \$2.5 million, \$3.3 million and \$0.4 million. In addition, debt consolidation loans—which included restructured credits—contracted by \$1.3 million, a reversal from last year's \$0.8 million advance. However, net repayments for private cars and travel slowed by \$1.1 million and \$0.5 million, to \$2.5 million and \$1.4 million, respectively; and home improvement loans firmed by \$1.8 million, compared to a \$0.3 million contraction a year ago.

As the economy continued to show some signs of stabilisation, banks' credit quality indicators improved marginally during February. Total private sector loan arrears fell by \$24.2 million (2.2%) to \$1,082.0 million, with a corresponding decrease of 32 basis points in the arrears rate to 17.8% of total loans. Despite these improvements, consumers already in arrears still experienced difficulty in making payments, as evidenced by the increase in non-performing loans—those more than 90 days delinquent and on which banks have ceased accruing interest—by \$9.7 million (1.7%) to \$595.8 million, elevating the corresponding arrears ratio by 20 basis points to 9.8% of total loans. The 31–90 day segment contracted by \$33.9 million (6.5%) to \$486.3 million, resulting in a 52 basis point softening in the relevant ratio to 8.0%.

With regard to the components, the contraction in total arrears was broad-based, with mortgage delinquencies recording the largest decrease, of \$14.0 million (2.6%) to \$529.0 million, as the falloff in the 31-90 day segment, by \$17.3 million (5.9%), surpassed a \$3.2 million (1.3%) rise in the non-performing category. Similarly, commercial delinquencies receded by \$8.9 million (3.4%), reflecting an \$11.6 million (13.1%) decline in the short-term segment, which outstripped the \$2.7 million (1.6%) increase in non-performing loans. A \$5.1 million (3.7%) drop in 31–90 day arrears—which negated a \$3.7 million (2.3%) advance in the non-accrual segment—resulted in consumer delinquencies declining by a more modest \$1.3 million (0.4%).

Despite the short-term improvement in credit quality indicators, banks' total provisions for loan losses moved higher by \$2.9 million (1.3%) to \$219.5 million, elevating the ratio of provisions to arrears by 0.71 of a percentage point to 20.3%. However, the corresponding non-performing loan ratio fell by 0.11 of a percentage point to 36.8%.

In February, the contraction in domestic foreign currency credit slowed to \$1.5 million from \$5.8 million last year, as private sector credit rose by \$0.7 million, following a \$0.5 million repayment in 2009. Similarly, the net claim on the Government grew marginally by \$0.1 million, a turnaround from a \$3.7 million deposit-led falloff last year. In contrast, credit to the rest of the public sector registered a higher net repayment of \$2.3 million, compared with \$1.5 million in 2009.

Accretions to Bahamian dollar deposits abated by 61.2% to \$18.9 million during February, with demand balances declining by \$49.2 million, up significantly from last year's \$7.3 million drawdown. Growth in savings deposits was slightly lower at \$8.5 million from \$10.1 million in 2009; while fixed balances grew by \$59.7 million, exceeding the \$45.9 million build-up a year earlier.

In terms of interest rates, the weighted average deposit rate at banks firmed by 7 basis points to 3.83%, with the highest rate of 6.75% offered on fixed deposits of over 12 months. Similarly, the weighted average loan rate rose by 47 basis points to 10.84%.

4. Outlook and Policy Implications

Expectations are that the domestic economy will still face significant headwinds during 2010, as the improvement in the global market is likely to be less robust than previous economic upturns. Consequently, the turnaround in the tourism sector is projected to be subdued, while any improvement in construction output hinges on the pace at which approved projects commence, although ongoing support is likely to accrue from Government's capital work programmes. Nevertheless, in this environment, short-term employment prospects are anticipated to remain constrained, and private demand is expected to stage a slow recovery. Correspondingly, fiscal operations would continue in the near-term, to feature elevated deficits and debt to GDP indicators.

On the monetary front, liquidity levels are expected to remain robust, reflecting in part, constrained private sector demand, which is expected to translate into less downward pressure on external reserves. Consequently, reserve levels should continue to exceed international benchmarks.

Recent Monetary and Credit Statistics

(B\$ Millions)

	FEBRUARY					
	Value		Change		Change YTD	
	2009	2010	2009	2010	2009	2010
1.0 LIQUIDITY & FOREIGN ASSETS						
1.1 Excess Reserves	288.96	273.00	14.90	21.06	81.65	10.90
1.2 Excess Liquid Assets	377.85	516.57	15.33	25.08	115.90	10.18
1.3 External Reserves	619.34	806.40	30.28	12.73	56.61	-18.97
1.4 Bank's Net Foreign Assets	-702.08	-662.69	3.63	-75.34	19.74	7.52
1.5 Usable Reserves	248.97	449.39	20.17	6.32	15.39	-9.47
2.0 DOMESTIC CREDIT						
2.1 Private Sector	6,473.78	6,545.60	-3.31	-32.78	-29.37	-10.17
a. B\$ Credit	6,035.88	6,092.34	-2.78	-33.48	-27.90	-37.73
of which: Consumer Credit	2,190.18	2,146.15	-8.94	-13.80	-24.74	-26.56
Mortgages	2,773.62	2,884.78	10.90	1.29	22.37	13.29
b. F/C Credit	437.90	453.26	-0.53	0.70	-1.47	27.56
of which: Mortgages	85.43	99.40	-0.91	4.24	0.09	3.46
2.2 Central Government (net)	899.36	1,040.00	22.05	26.10	0.41	49.69
a. B\$ Loans & Securities	1,060.00	1,198.31	36.24	13.99	26.77	31.47
Less Deposits	158.76	159.46	10.45	-11.98	22.34	-15.37
b. F/C Loans & Securities	3.61	3.71	0.00	-0.00	-0.29	0.00
Less Deposits	5.49	2.57	3.74	-0.13	3.72	-2.85
2.3 Rest of Public Sector	400.80	367.82	4.89	-4.46	-1.03	1.71
a. B\$ Credit	84.89	87.34	6.44	-2.16	0.01	5.97
b. F/C Credit	315.92	280.49	-1.54	-2.30	-1.05	-4.27
2.4 Total Domestic Credit	7,773.95	7,953.49	23.63	-11.13	-30.00	41.23
a. B\$ Domestic Credit	7,022.00	7,218.60	29.45	-9.65	-23.47	15.09
b. F/C Domestic Credit	751.94	734.89	-5.82	-1.47	-6.53	26.14
3.0 DEPOSIT BASE						
3.1 Demand Deposits	1,089.62	1,079.06	-7.33	-49.24	8.18	-11.32
a. Central Bank	11.63	10.97	-2.70	-2.25	2.68	-1.63
b. Banks	1,077.98	1,068.09	-4.63	-46.99	5.49	-9.69
3.2 Savings Deposits	1,039.70	1,012.63	10.11	8.45	19.67	17.82
3.3 Fixed Deposits	3,472.73	3,590.70	45.92	59.70	40.33	53.52
3.4 Total B\$ Deposits	5,602.04	5,682.39	48.70	18.91	68.18	60.01
3.5 F/C Deposits of Residents	174.20	195.81	5.29	-80.30	5.22	-21.02
3.6 M2	5,789.43	5,856.72	47.81	18.19	49.76	36.01
3.7 External Reserves/M2 (%)	10.70	13.77	0.44	0.18	0.89	-0.41
3.8 Reserves/Base Money (%)	87.45	117.72	2.93	-1.61	0.19	-0.41
3.9 External Reserves/Demand Liabilities (%)	83.59	112.93	2.02	0.03	-1.70	0.71
	Value		Year to Date		Change	
	2009	2010	2009	2010	Month	YTD
4.0 FOREIGN EXCHANGE TRANSACTIONS						
4.1 Central Bank Net Purchase/(Sale)	28.97	2.17	54.83	-25.06	-26.81	-79.89
a. Net Purchase/(Sale) from/to Banks	39.36	26.00	72.95	13.41	-13.36	-59.54
i. Sales to Banks	0.00	3.86	4.80	60.63	3.86	55.83
ii. Purchases from Banks	39.36	29.86	77.75	74.04	-9.50	-3.71
b. Net Purchase/(Sale) from/to Others	-10.39	-23.84	-18.12	-38.47	-13.45	-20.35
i. Sales to Others	38.91	35.55	76.91	73.17	-3.36	-3.74
ii. Purchases from Others	28.52	11.72	58.79	34.70	-16.80	-24.09
4.2 Banks Net Purchase/(Sale)	28.10	27.90	70.26	34.57	-0.20	-35.69
a. Sales to Customers	275.30	233.75	577.31	527.58	-41.54	-49.72
b. Purchases from Customers	303.39	261.66	647.57	562.15	-41.74	-85.42
4.3 B\$ Position (change)	0.38	-18.31				
5.0 EXCHANGE CONTROL SALES						
5.1 Current Items	220.82	0.00	220.82	0.00	-220.82	-220.82
of which Public Sector	24.01	0.00	24.01	0.00	-24.01	-24.01
a. Nonoil Imports	104.91	0.00	104.91	0.00	-104.91	-104.91
b. Oil Imports	13.11	0.00	13.11	0.00	-13.11	-13.11
c. Travel	16.56	0.00	16.56	0.00	-16.56	-16.56
d. Factor Income	13.05	0.00	13.05	0.00	-13.05	-13.05
e. Transfers	3.18	0.00	3.18	0.00	-3.18	-3.18
f. Other Current Items	70.02	0.00	70.02	0.00	-70.02	-70.02
5.2 Capital Items	4.37	0.00	4.37	0.00	-4.37	-4.37
of which Public Sector	1.16	0.00	1.16	0.00	-1.16	-1.16
5.3 Bank Remittances	11.40	0.00	11.40	0.00	-11.40	-11.40

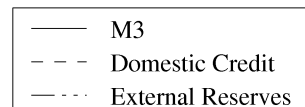
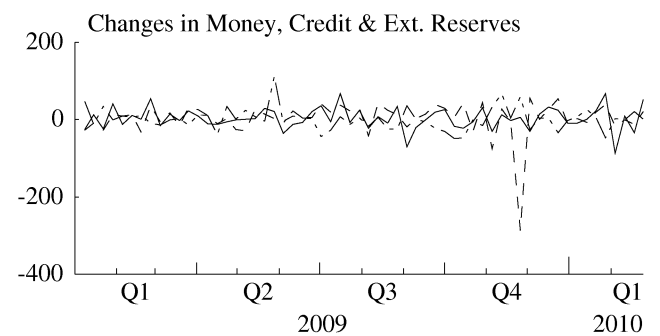
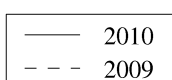
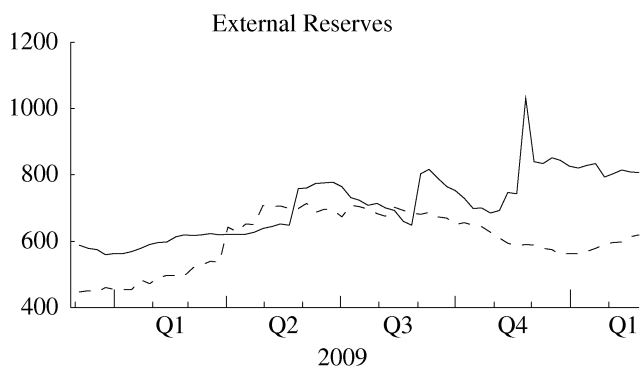
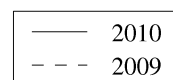
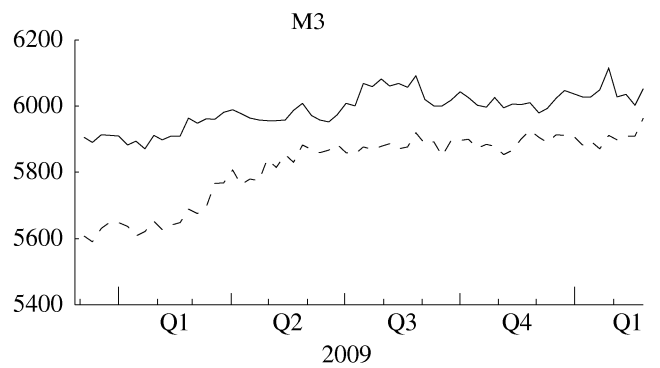
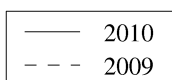
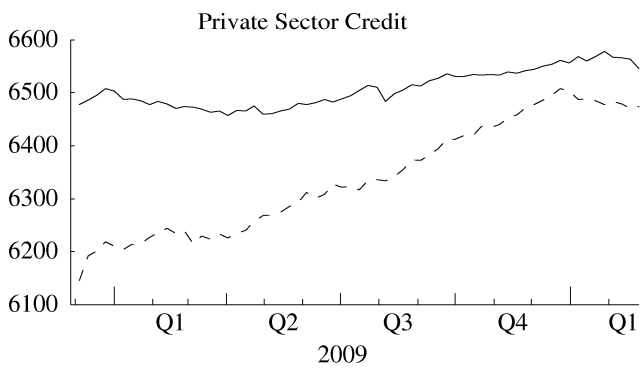
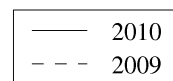
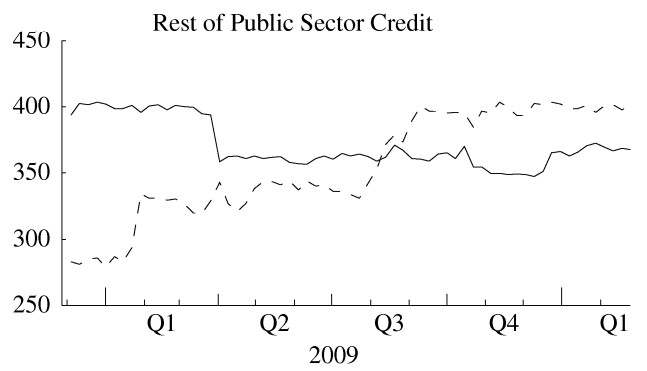
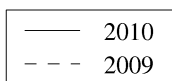
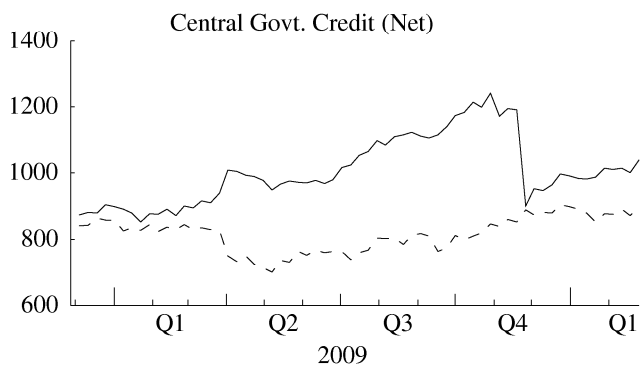
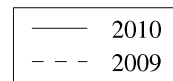
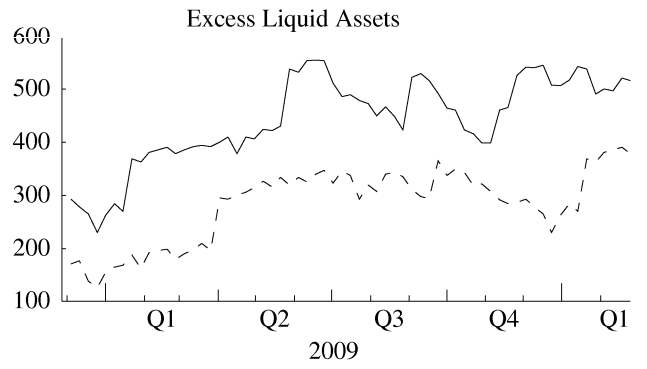
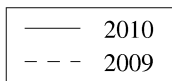
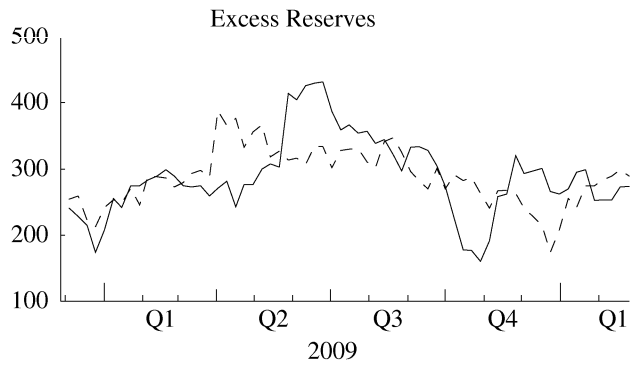
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: FEBRUARY 25, 2009 and FEBRUARY 24, 2010

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. Page 7

Components may not sum to totals due to round-off error.

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	
	2009	2010	2009	2010	2009	2010
Bahamas	-3.9	-0.5	1.8	0.6	14.2*	n/a
United States	-2.7	1.5	-0.4	1.7	9.3	10.1
Euro-Area	-4.2	0.3	0.3	0.8	9.9	11.7
<i>Germany</i>	<i>-5.3</i>	<i>0.3</i>	<i>0.1</i>	<i>0.2</i>	<i>8.0</i>	<i>10.7</i>
Japan	-5.4	1.7	-1.1	-0.8	5.4	6.1
China	8.5	9.0	-0.1	0.6	n/a	n/a
United Kingdom	-4.4	0.9	1.9	1.5	7.6	9.3
Canada	-2.5	2.1	0.1	1.3	8.3	8.6

Sources: IMF World Economic Outlook, October 2009, IMF World Economic Outlook, April 2009 & () The Bahamas Department of Statistics.*

B: Official Interest Rates – Selected Countries (%)					
<i>With effect</i> <i>from</i>	CBOB	ECB (EU)	Federal Reserve (US)		Bank of England
	Bank Rate	Refinancing Rate	Primary Credit Rate	Target Funds Rate	Repo Rate
February 2008	5.25	4.00	3.50	3.00	5.25
March 2008	5.25	4.00	2.50	2.25	5.25
April 2008	5.25	4.00	2.25	2.00	5.00
May 2008	5.25	4.00	2.25	2.00	5.00
June 2008	5.25	4.00	2.25	2.00	5.00
July 2008	5.25	4.25	2.25	2.00	5.00
August 2008	5.25	4.25	2.25	2.00	5.00
September 2008	5.25	4.25	2.25	2.00	5.00
October 2008	5.25	3.75	1.25	1.00	4.50
November 2008	5.25	3.25	1.25	1.00	3.00
December 2008	5.25	2.50	0.50	0.00-0.25	2.00
January 2009	5.25	2.00	0.50	0.00-0.25	1.50
February 2009	5.25	2.00	0.50	0.00-0.25	1.00
March 2009	5.25	1.50	0.50	0.00-0.25	0.50
April 2009	5.25	1.25	0.50	0.00-0.25	0.50
May 2009	5.25	1.00	0.50	0.00-0.25	0.50
June 2009	5.25	1.00	0.50	0.00-0.25	0.50
July 2009	5.25	1.00	0.50	0.00-0.25	0.50
August 2009	5.25	1.00	0.50	0.00-0.25	0.50
September 2009	5.25	1.00	0.50	0.00-0.25	0.50
October 2009	5.25	1.00	0.50	0.00-0.25	0.50
November 2009	5.25	1.00	0.50	0.00-0.25	0.50
December 2009	5.25	1.00	0.50	0.00-0.25	0.50
January 2010	5.25	1.00	0.50	0.00-0.25	0.50
February 2010	5.25	1.00	0.75	0.00-0.25	0.50

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	Feb-09	Jan-10	Feb-10	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.7894	0.7805	0.7337	1.7	3.3	-7.1
Yen	97.62	89.92	88.93	-1.5	-2.9	-8.9
Pound	0.6985	0.6878	0.6562	4.9	1.2	-6.1
Canadian \$	1.2759	1.2291	1.0517	-1.8	1.6	-17.6
Swiss Franc	1.1695	1.1606	1.0734	1.2	2.4	-8.2
Renminbi	6.8398	6.8350	6.8260	-0.012	-0.004	-0.202

Source: Bloomberg as at February 28, 2010

D. Selected Commodity Prices (\$)					
Commodity	February 2009	January 2010	February 2010	Mthly % Change	YTD % Change
Gold / Ounce	942.35	1080.85	1117.60	3.40	1.88
Silver / Ounce	13.12	16.21	16.48	1.67	-2.40
Oil / Barrel	45.57	72.28	76.77	6.21	-1.39

Source: Bloomberg as at February 28, 2010

E. Equity Market Valuations – February 28, 2010 (%chg)								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-1.02	2.56	3.08	3.20	-0.82	-0.18	-0.71	2.10
3 month	1.21	-0.98	-0.66	-1.08	-5.78	-6.03	-3.99	-6.87
YTD	1.21	-0.98	-0.66	-1.08	-5.78	-6.03	-3.99	-6.87
12-month	-5.10	46.19	51.52	39.80	37.24	45.65	33.79	46.53

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	GBP	EUR
o/n	0.12	0.30	0.12
1 Month	0.19	0.42	0.30
3 Month	0.20	0.51	0.65
6 Month	0.31	0.65	0.90
9 Month	0.53	0.88	0.90
1 year	0.84	1.15	1.22

Source: Bloomberg as at February 28, 2010

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

	VALUE										CHANGE									
	Jan. 06	Jan. 13	Jan. 20	Jan. 27	Feb. 03	Feb. 10	Feb. 17	Feb. 24	Jan. 06	Jan. 13	Jan. 20	Jan. 27	Feb. 03	Feb. 10	Feb. 17	Feb. 24				
I. External Reserves	820.58	828.56	834.29	793.67	802.43	814.25	807.80	806.40	-4.79	7.98	5.73	-40.62	8.76	11.82	-6.45	-1.40				
II. Net Domestic Assets (A + B + C + D)	-127.29	-128.65	-129.98	-128.56	-136.35	-153.86	-127.62	-121.40	-0.61	-1.35	-1.33	1.42	-7.79	-17.51	26.23	6.22				
A. Net Credit to Gov't (i + ii + iii - iv)	176.86	174.27	175.53	172.47	169.67	163.57	167.69	173.47	-3.19	-2.59	1.26	-3.06	-2.80	-6.10	4.13	5.77				
i) Advances	96.99	96.99	96.99	96.99	96.99	96.99	96.99	96.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
ii) Registered Stock	104.56	100.17	99.87	98.06	96.34	96.28	94.38	94.25	0.04	-4.39	-0.30	-1.81	-1.72	-0.06	-1.90	-0.13				
iii) Treasury Bills	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				
iv) Deposits	24.68	22.89	21.33	22.58	23.66	29.70	23.67	17.77	3.23	-1.80	-1.56	1.25	1.08	6.04	-6.03	-5.90				
B. Rest of Public Sector (Net) (i + ii - iii)	-8.84	-5.18	-8.02	-7.28	-4.16	-16.44	-5.46	-5.02	-2.38	3.65	-2.84	0.74	3.12	-12.28	10.98	0.44				
i) BDB Loans	6.15	6.15	6.15	5.95	5.95	5.95	5.95	5.95	0.00	0.00	0.00	-0.20	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	14.99	11.33	14.17	13.23	10.11	22.39	11.41	10.97	2.38	-3.65	2.84	-0.94	-3.12	12.28	-10.98	-0.44				
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)*	-295.32	-297.73	-297.49	-293.75	-301.86	-300.98	-289.86	-289.84	4.96	-2.41	0.24	3.74	-8.11	0.88	11.13	0.01				
III. Monetary Base	693.29	699.92	704.31	665.10	666.08	660.40	680.18	685.00	-5.40	6.63	4.39	-39.20	0.98	-5.68	19.78	4.82				
A. Currency in Circulation	295.20	266.49	259.95	258.69	267.26	261.08	260.80	265.85	-21.88	-28.71	-6.53	-1.27	8.57	-6.17	-0.28	5.05				
B. Bank Balances with CBOB	398.09	433.43	444.36	406.42	398.82	399.32	419.38	419.15	16.48	35.34	10.93	-37.94	-7.59	0.49	20.06	-0.23				

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

FISCAL/REAL SECTOR INDICATORS

(US\$ MILLIONS)

(% change represents current month from previous month)

	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE		
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	
Fiscal Operations:																											
1. Government Revenue & Grants % change	100.1	100.2	116.5	124.6	87.6	97.8	80.0	108.3	127.4	87.8	140.2	110.8	110.8	98.5	117.6	110.8	110.8	110.8	110.8	110.8	110.8	110.8	110.8	110.8	110.8	110.8	739.7
	-27.00%	-17.17%	16.45%	12.56%	-12.56%	-16.10%	-8.67%	10.80%	59.27%	-18.98%	10.04%	26.30%	33.31%	-33.31%	6.08%	18.50%	18.50%	18.50%	18.50%	18.50%	18.50%	18.50%	18.50%	18.50%	18.50%	18.50%	0.11%
2. Import/Excise Duties % change	39.5	53.6	51.3	42.1	42.1	51.1	44.3	59.8	43.1	47.1	40.6	48.7	38.8	38.8	38.2	42.9	42.9	42.9	42.9	42.9	42.9	42.9	42.9	42.9	42.9	42.9	305.4
	-48.41%	0.68%	29.76%	-21.41%	-21.41%	-0.39%	5.27%	16.93%	-2.91%	-21.19%	-5.69%	3.35%	-4.48%	-4.48%	-21.60%	10.61%	10.61%	10.61%	10.61%	10.61%	10.61%	10.61%	10.61%	10.61%	10.61%	10.61%	-8.99%
3. Recurrent Expenditure % change	116.7	115.1	100.0	95.8	95.8	114.7	108.9	114.8	117.7	111.2	119.1	108.5	108.5	108.6	128.3	120.9	120.9	120.9	120.9	120.9	120.9	120.9	120.9	120.9	120.9	120.9	786.1
	-24.22%	-30.83%	-14.32%	-16.72%	-16.72%	14.68%	13.65%	0.07%	8.09%	-3.12%	1.18%	-2.42%	-8.81%	-8.81%	18.19%	11.33%	11.33%	11.33%	11.33%	11.33%	11.33%	11.33%	11.33%	11.33%	11.33%	11.33%	-1.03%
4. Capital Expenditure % change	8.2	5.2	10.8	11.7	11.7	9.5	20.6	9.2	18.8	10.0	10.3	11.2	13.8	13.8	6.5	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	90.3
	-75.94%	-82.14%	32.58%	127.85%	127.85%	-12.40%	75.56%	-2.71%	-8.97%	8.58%	-45.09%	11.81%	33.94%	33.94%	-41.82%	-28.26%	-28.26%	-28.26%	-28.26%	-28.26%	-28.26%	-28.26%	-28.26%	-28.26%	-28.26%	-28.26%	37.77%
5. Deficit/Surplus* % change	-29.4	-21.2	1.4	-25.2	-25.2	-32.4	-54.4	-21.0	-43.0	-40.2	5.1	-13.6	-37.5	-37.5	-24.1	-24.1	-24.1	-24.1	-24.1	-24.1	-24.1	-24.1	-24.1	-24.1	-24.1	-24.1	-200.3
	-56.81%	-85.22%	-104.67%	18.61%	18.61%	-2451.67%	116.02%	-35.12%	-20.93%	91.66%	-111.76%	-66.23%	-841.69%	-841.69%	77.17%	-35.73%	-35.73%	-35.73%	-35.73%	-35.73%	-35.73%	-35.73%	-35.73%	-35.73%	-35.73%	-35.73%	25.74%

(Over previous year)	2008	2009
739.7	739.7	739.7
-0.68%	-0.68%	-0.68%
305.4	305.4	305.4
-8.99%	-8.99%	-8.99%
786.1	786.1	786.1
-1.03%	-1.03%	-1.03%
90.3	90.3	90.3
37.77%	37.77%	37.77%
-200.3	-200.3	-200.3
40.65%	40.65%	40.65%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC			
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010		
Debt, **																										
6. Total Debt % change	2,874.0	3,320.3	2,884.5	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3	3,304.3
	5.01%	0.0154%	0.37%	-0.48%	-0.48%	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%	0.00%	0.00%	0.00%
7. External Debt % change	383.7	703.1	394.3	703.1	703.1	703.1	703.1	703.1	703.1	703.1	703.1	703.1	703.1	703.1	703.1	703.1	703.1	703.1	703.1	703.1	703.1	703.1	703.1	703.1	703.1	703.1
	0.19%	0.073%	2.74%	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%	0.00%	0.00%	0.00%	0.00%	0.00%
8. Internal F/C Debt	3.6	1.8	3.6	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
	158.00%	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%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9. Bahamian Dollar Debt % change	2,486.6	2,615.5	2,486.6	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5	2,599.5
	4.51%	0.00%	0.00%	-0.61%	-0.61%	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%	0.00%	0.00%	0.00%
10. Total Amortization % change	0.0	0.1	0.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
	-100.00%	847.27%	#DIV/0!	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%	14931.23%
11. Total Public Sector F/C Debt	856.8	1,178.3	865.6	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5	1,177.5
	55.93%	-0.21%	-26.60%	36.03%	36.03%	36.03%	36.03%	36.03%	36.03%	36.03%	36.03%	36.03%	36.03%	36.03%	36.03%	36.03%	36.03%	36.03%	36.03%	36.03%	36.03%	36.03%	36.03%	36.03%	36.03%	36.03%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC				
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009			
Real Sector Indicators																											
12. Retail Price Index % change; over previous month	124.2	130.1	124.6	130.0	130.0	124.7	130.0	126.6	130.3	128.1	130.4	128.5	130.6	129.3	130.8	130.0	130.8	130.1	130.4	131.1	131.4	130.1	131.6	129.7	131.4		
	0.09%	0.30%	0.32%	-0.09%	-0.09%	0.09%	0.04%	1.56%	0.22%	1.2%	0.1%	0.3%	0.1%	0.6%	0.2%	0.5%	0.0%	0.0%	0.3%	0.2%	0.2%	-0.2%	0.2%	-0.3%	-0.1%		
13. Tourist arrivals (000's) % change; over previous year	372.7	410.8	430.9	389.2	389.2	500.6	466.0	396.9	414.7	339.3	384.5	335.9	379.2	341.5	386.5	345.0	366.8	209.6	254.8	209.6	0.0	410.5	#DIV/0!	#DIV/0!	4183.3		
	-6.19%	10.21%	14.39%	-9.68%	-9.68%	0.11%	-6.90%	-6.23%	4.30%	-5.63%	13.3%	-9.05%	12.9%	-9.37%	13.2%	-8.08%	6.3%	-30.67%	21.6%	-17.7%	-100.0%	0.0	-100.0%	-100.0%	20.14%		
14. Air arrivals (000's) % change; over previous year	110.8	90.0	125.8	103.1	103.1	166.8	133.4	138.1	131.2	128.5	113.5	138.8	119.9	142.8	130.2	122.2	103.1	44.9	50.7	44.9	0.0	90.2	#DIV/0!	#DIV/0!	1139.0		
	7.08%	-18.74%	6.49%	-18.04%	-18.04%	-0.70%	-20.63%	-4.09%	-4.95%	1.54%	-11.7%	-0.55%	-13.6%	9.53%	-8.8%	-2.18%	-15.6%	-32.60%	12.9%	-11.4%	0.0	-100.0%	-100.0%	-100.0%	-2.12%		
15. Occupied Room Nights % change; over previous year	212.9	169.7	211.8	166.3	166.3	262.7	213.1	232.2	231.0	216.0	220.4	232.2	231.0	216.0	220.4	232.2	231.0	232.2	231.0	232.2	231.0	216.0	220.4	232.2	231.0		
	7.01%	-20.30%	2.85%	-20.52%	-20.52%	0.81%	-18.87%	-9.72%	-0.55%	-2.01%	2.0%	-9.72%	-0.55%	-2.01%	2.0%	-9.72%	-0.55%	-2.01%	-0.55%	-0.55%	-0.55%	-2.01%	-0.55%	-0.55%	-0.55%	-0.55%	
16. Res. Mortgage Commitments-New Const. % change; over previous year						44.4	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	
						44.4%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%
	185.39	160.31				44.4	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	
	58.30%	-13.53%				44.4%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	22.99%	

* Includes Net Lending to Public Corporations

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

P - Provisional

Annual's T-D Retail Price data are averages.