Release Date: 5 October 2009

Monthly Economic and Financial Developments
August 2009

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:

2009: November 2, December 29.

Monthly Economic and Financial Developments

August 2009

1. Domestic Economic Developments

Despite a short-term boost to the tourism sector, provided by the hosting of an international event during the review month, indications are that the effects of the worldwide economic recession continued to subdue domestic economic activity. Price developments were comparatively favourable, as the easing in inflationary pressure witnessed since the beginning of 2009, was sustained in August. Weak private sector demand conditions continued to support buoyancy in overall bank liquidity and, although the combination of lower foreign currency inflows and the seasonal, but below trend foreign currency demand exerted downward pressure on external reserves, the stock was bolstered by the International Monetary Fund's recent general Special Drawing Right (SDR) allocation under its initiative to enhance global liquidity.[1]

Preliminary estimates suggest that tourism output contracted over the first eight months of the year, owing to persistent weakness in the higher yielding stopover segment of the market. In contrast, sea arrivals were buoyed by both the return and rerouting of a number of cruise ships following health concerns in other destinations. Preliminary hotel performance indicators were adversely impacted by lower occupancy levels which, combined with increased discounts and other incentives, resulted in a double digit contraction in room revenues.

The continuing effect of comparatively lower energy costs tempered consumer price inflation to 3.5% in the twelve months to August from 3.6% a year earlier. Higher gains persisted for food & beverages (7.7%), other goods & services (6.0%), furniture & household operations (4.4%) and education (3.5%); while average cost elevations of less than 3.0% were registered for the remaining categories. In terms of electricity prices, the average fuel surcharge for August rose by 3.2% to 9.92 cents per kilowatt hour (KWh), in comparison to the previous month; however, it stood 60.0% lower than the prior year's rate. Fuel price movements were mixed, as the cost of diesel rose by 1.27% to $3.20 per gallon while gasoline prices fell by 3.6% to $4.01 per gallon. Since August 2008, however, average costs for both gasoline and diesel have receded by 29.4% and 47.7%, respectively.

Early estimates on Government's budgetary operations for the first month of FY2009/10 revealed a moderate narrowing in the deficit, by $8.9 million to $20.6 million. Total spending settled 7.3% ($9.5 million) lower at $120.1 million, attributed mainly to comparatively smaller outlays on infrastructure projects and the marginal $0.6 million fall to $99.5 million in revenue was largely explained by a two-thirds decrease in the property component of stamp tax receipts.

[1] On August 28th 2009, the IMF allocated a total of US$250 billion in SDRs to its 186 member countries, as a key part of its initiative to increase central banks' external reserves in the face of the global financial crisis. Under this arrangement, The Bahamas was allocated 96.6 million in SDRs (US$151 million), with a further 17.6 million SDR allocation (US$27.7 million) occurring on September 9th. (See Section 3 for further details).

2. International Developments

Preliminary evidence suggests that the economic "stimulus" measures implemented globally have contributed to the modest recovery observed in various economies during the third quarter 2009. As a result, stock market indices and consumer confidence have generally improved; however, other economic indicators, including industrial production, trade balances and employment, remain relatively weak.

In the United States, the housing market—which led the economy into recession in 2008—showed signs of stabilization, as housing starts and building permits for single-family residences grew on a monthly basis, by 1.5% and 2.7% to annual rates of 589,000 and 579,000, respectively in August. Similarly, the spike in automobile purchases arising from the government's incentive programme, secured an improvement in retail sales of 2.7%—the largest gain in three years—rebounding from the 0.2% falloff noted in July. Supported by the firming in consumer demand, the trade deficit expanded to $32.0 billion in July from $27.5 billion a month earlier, as the 4.7% rise in imports outpaced a 2.2% gain in exports. Despite initial signs of a near-term recovery, employment conditions continued to deteriorate, with an additional 216,000 jobs being lost in August, pushing upwards the unemployment rate by 0.3 percentage points to 9.7%. In monetary developments, the Federal Reserve reiterated its commitment to maintain its key policy rates at historically low levels for an "extended" period; however, as a sign that it would seek to reduce the level of monetary accommodation in the near-term, the authorities signalled the conclusion of the current debt purchase programmes by year-end.

Reflecting the "bottoming out" of the economic recession, the contraction in output in the UK narrowed to 0.7% in the second quarter, from 2.4% in the previous three-month period. Benefiting from a contraction in the goods deficit—alongside an expansion in the services account surplus—the trade deficit improved by 1.4 percentage points to £7.2 billion in the three months to July, compared to the previous quarter. Inflation tapered to 1.6% in August from 1.8% in the previous month, due to price reductions in housing and household services. Consumer confidence soared to a 15-month high of 63, amid expectations of a near-term recovery, although retail sales weakened by 0.1%, owing to a falloff in non-food purchases. In light of the mixed economic indicators, the Bank of England kept its main interest rate at 0.5% during the review month.

Economic conditions in the euro-area were generally improved, with consumer spending registering its first advance in over a year, rising by 0.2% in the second quarter of 2009 in comparison to a 0.5% contraction in the previous three-month period. In addition, the downturn in manufacturing eased in August, as the relevant index increased by 1.9 points to 48.2, the highest level since the start of 2009. Despite the emergence of the region's two largest economies from recession in the second quarter, the unemployment rate in the zone advanced to a 10 year high of 9.5% in July; while consumer prices declined by an estimated 0.2% in August, following a drop of 0.7% a month earlier. With regard to monetary policy, the European Central Bank left its main interest rates unchanged in August, and continued to monitor the impact of its stimulus measures on the economy.

Indications are that economic growth in China—which dipped modestly in the previous periods—accelerated in August, as industrial production firmed by an annualized 12.3%. Buoyed by accommodative credit conditions, lending to consumers and businesses advanced by 15.3% to $60 billion; and retail sales expanded by 15.4% from a year earlier, reflecting the sustained effects of the Government's "stimulus" spending. In contrast, the 22.2% contraction in exports over the first eight months of the year, relative to the comparative 22.7% drop in the less significant import component, reinforced a reduction in the trade surplus, by 19% to 122.8 billion Yuans.

Revised estimates revealed that Japan's economy grew by 2.3% in the second quarter, in contrast to a 4.0% contraction in the previous period, as increases in net exports and consumer spending outweighed declines in capital expenditures and inventories. Despite signs of improvement, several indicators remained mixed; growth in factory production slowed to 1.9% in July, less than the 2.3% upturn noted in the previous month, and retail sales fell by 2.6%, the eleventh straight month of contraction. Moreover, as employment conditions continued to deteriorate, the jobless rate rose to 5.7% in July—the highest level in five years. Reflecting the sustained softness in aggregate demand, consumer prices declined by 0.3% in July on a monthly basis, and by 2.2% over the previous year.

Despite a modest 100,000 advance in OPEC crude oil production to 28.8 million barrels per day in August, signs of near-term recovery in the global economy and a decline in US crude oil stockpiles triggered a 6.6% advance in average prices to $73.10 per barrel. In other markets, the price of gold fell by 0.3% to $951.25 per troy ounce; however, silver prices rose by 7.0% to $14.90 per troy ounce.

Signs of economic stabilisation buoyed investor confidence and reinforced gains in the major indices during August. In the United States, the Dow Jones Industrial Average (DJIA) and the S&P 500 index advanced by 3.5% and 3.6%, to 9,496.3 points and 1,019.7 points, respectively. With regard to the European indices, France's CAC 40 rose by 6.3% to 3,653.5 points, the United Kingdom's FTSE100 index advanced by 6.5% to 4,908.9 points, and Germany's DAX index gained 2.5% to 5,464.6 points. In Asia, Japan's Nikkei index increased by 1.3% to 10,492.5 points; however, China's SE Composite index fell by 21.8% to 2,667.8 points, amid concerns over the excessive stock price appreciations experienced since the start of the year.

3. Domestic Monetary Trends

Monetary developments for the month of August featured generally healthy liquidity conditions, continuing on the trend observed over the first eight months of the year, which benefitted from the proceeds of public sector foreign currency borrowings and the reduced credit requirements from a weakened private sector.

August 2009 vs. 2008

In August, excess reserves, measured by bank's free cash, declined by $20.3 million vis-a-vis the $15.3 million expansion in 2008; however, excess liquid assets firmed by $50.4 million, following a $16.0 million advance in the previous year—influenced largely by banks' and the Central Bank's participation in the Government's recent $150 million bond issue. The expansion in external reserves was comparatively higher at $90.2 million, from $2.0 million in 2008, and included an IMF SDR allocation to the Government—equivalent to US$151 million.[2] Abstracting from this

[2] As explained on the IMF's website, an SDR is an interest-bearing international reserve asset created by the IMF in 1969 to supplement other reserve assets of member countries. The SDR is not a currency in

extraordinary transaction, external reserves fell by $61.2 million in August, reflecting the traditional, although appreciably tempered, increase in foreign currency outflows witnessed over the latter half of the year. In terms of foreign currency transactions, the Bank's net foreign currency sale to the public sector more than doubled to $22.1 million; and transactions with commercial banks were reversed, from a net purchase of $10.1 million last year to a net sale of $41.2 million. The latter facilitated commercial banks' net sale to their customers, which advanced strongly by $62.9 million to $63.4 million, due to the combined impact of a 3.7% fall in foreign currency purchases and a 12.2% increase in sales.

Bahamian dollar credit grew by $44.7 million, slightly above the previous year's $43.9 million expansion. Buoyed by gains in Government's bond holdings, which outstripped a decline in advances, banks' net claims on the Government strengthened by $14.3 million vis-à-vis $5.6 million a year earlier. Credit to the rest of the public sector also rose by $1.7 million, reversing the $7.0 million repayment in 2008. However, as consumer demand conditions remained depressed, accretions to private sector credit slowed by 36.8% to $28.7 million. Growth was relatively stable for mortgages, at $15.2 million, but tempered for consumer credit to only one-fifth of the $17.5 million registered a year ago.

Foreign currency claims contracted by $29.1 million, in comparison to the $32.1 million expansion in 2008. This outturn primarily reflected a strengthened $26.1 million falloff in private sector credit compared to $7.6 million last year, as a major hotel reduced its outstanding liabilities. Claims on public corporations fell by a lesser $3.3 million relative to $38.3 million a year earlier; while the gain in net credit to the Government moderated to $0.3 million from $1.4 million.

Led by declines in demand and savings balances, Bahamian dollar deposits weakened by $59.3 million, to reverse 2008's $41.3 million expansion. The reduction in the account of a private entity occasioned a narrowing in demand balances by $51.1 million, compared to an $11.0 million improvement a year earlier. The contraction in saving deposits was extended to $30.5 million from $0.6 million, and accretions to fixed deposits slowed by $8.6 million to $22.3 million.

In interest rate developments, the weighted average deposit rate at banks increased by 16 basis points to 3.84%, with the highest rate of 6.00% offered on fixed deposit balances of over 12 months. Similarly, the weighted average loan rate rose by 37 basis points to 10.97%.

January - August 2009

Money and credit trends for the first eight months of 2009 maintained the generally favourable growth trajectory in overall bank liquidity observed since the opening months of 2009, in the context of sluggish private sector demand and benefitting from public sector foreign currency borrowings. Accretions to excess reserves and excess liquid assets advanced by $45.8 million and $80.2 million, to $129.3 million and $260.7 million, respectively.

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itself, but rather, it is based on a basket of currencies comprising the US dollar, Japanese yen, euro and pound sterling. Countries may voluntarily convert SDRs into freely usable currencies, by agreeing to sell a portion of their holdings to another country. Alternatively, the IMF may "designate" another member country with a strong balance of payments position to purchase another member's allotment. It should be noted, however, that the IMF currently pays interest to members who have SDR holdings above their allotment, and charges interest on those whose holdings fall below their allotment.

Inclusive of the proceeds from the IMF's SDR allocation in August, gains in external reserves were higher by $11.3 million (4.9%) at $240.9 million—although, when excluded, growth moderated to $89.6 million from $229.6 million a year earlier. Reflecting the impact of lower foreign currency receipts from real sector activities, the Central Bank's net purchase from commercial banks was lower by 50% at $79.1 million, mirroring the decline in the latter's net purchase from their customers, by $138.7 million to $63.6 million. In addition, the Bank's net transaction with the public sector was reversed, from a net purchase of $14.7 million to a net sale of $2.4 million.

Consistent with the general slowdown in domestic demand due to the economic downturn, Bahamian dollar credit expansion decelerated to $89.7 million from $235.0 million last year. In particular, accretions to private sector credit slackened appreciably to $37.5 million from $262.6 million in 2008. Bank lending to both consumer and commercial entities contracted, by $27.5 million and $18.0 million, in contrast to gains of $92.4 million and $27.1 million last year; while growth in mortgages tapered by almost 50% to $83.0 million. Reflecting the strained fiscal situation, the Government's position was reversed from a $23.9 million net repayment in 2008 to a net liability of $52.2 million; and the falloff in credit to public corporations was lower at $1.1 million from $3.7 million in 2008.

Disaggregated consumer credit data for the first seven months of the year reveal net repayments for credit card ($20.8 million), private car ($17.9 million), "miscellaneous" ($10.9 million), travel ($8.7 million) and home improvement ($5.6 million) loans. The remaining sectors registered reductions of less than $5.0 million, except for debt consolidation loans—comprising loan rewrites––which increased by $43.6 million, albeit, at a slightly slower pace than the previous year's expansion.

Buoyed by lending to Government, domestic foreign currency credit rose by $93.4 million, a turnaround from last year's $23.1 million contraction. After declining by $21.9 million a year ago, the net claim on the Government was higher by $161.0 million, reflecting increased short-term borrowings from domestic banks. While claims on the public corporations fell by $40.1 million, compared to a $98.2 million expansion in 2008, the fall-off in credit to the private sector receded to $27.5 million from $99.4 million last year.

As households and businesses continued to be constrained by the weak economic conditions, asset quality indicators registered further deterioration in August. Private sector loan arrears rose by $60.6 million (6.7%) to $963.1 million, elevating the ratio of arrears to total loans by 1.0 percentage point to 15.9%. A disaggregation of the average age of arrears showed a sustained drift of loans into the short-term and non-performing categories. Specifically, loans which were 31-90 days delinquent advanced by $26.2 million (6.5%) to $427.6 million, with a corresponding 49 basis point increase in the ratio, to 7.0% of total loans. Non-performing loans, those more than 90 days in arrears and on which banks stopped accruing interest, grew by $34.5 million (6.9%) to $535.5 million, to represent 8.8% of total loans—a gain of 54 basis points.

In terms of the components, the most significant growth in delinquencies was noted in the mortgage category, registering an advance of $40.3 million (10.2%) to $436.4 million and reflecting gains in the 31-90 day and non-performing segments, of $28.9 million and $11.4 million, respectively. Consumer delinquencies expanded by $14.2 million (5.0%), comprising accretions in the short-term arrears ($10.5 million) and non-performing ($3.7 million) categories. Commercial arrears expanded by $6.2 million; however, as the average age of delinquencies increased, the non-performing portion moved higher by $19.4 million, overshadowing the $13.2 million decline in the 31-90 day component. Under these conditions, banks increased their loan provisions by $5.0 million (2.4%) to $210.2 million. Partly reflecting the high proportion of mortgages in the arrears mix, the rise in provisions lagged the deterioration in loan quality; resulting in the ratios to both arrears and non-performing loans being reduced by 0.9 and 1.7 percentage points, to 21.8% and 39.3%, respectively.

Bahamian dollar deposit growth decelerated to $74.2 million from $293.6 million in 2008, as accretions to fixed and demand deposits were lower by 67.7% and 66.1%, at $72.3 million and $14.5 million, respectively. Further, savings balances fell by $12.6 million, compared to growth of $27.0 million in 2008.

4. Outlook and Policy Implications

The prospects for the Bahamian economy will remain subdued for the balance of 2009 and into first half of 2010, constrained by the very soft pace of recovery in the key US market and continuing weakness in the consumer segment. Consequently, the performance of the tourism and foreign investment-led construction sectors are forecast to remain moribund throughout this period.

Weak employment conditions are also likely to persist, although various public sector infrastructure projects as well as several core equity-financed private investments will assist in mitigating the effects of the downturn on employment. On the fiscal side, the protracted weakness in Government's revenue collections is poised to occasion a widening in the fiscal deficit and corresponding debt to GDP ratios over the medium-term—within the fiscal space secured from earlier prudent policy positions.

Monetary developments are anticipated to be strongly influenced by the sluggish outlook for the real economy. The downturn in consumer demand, elevated levels of arrears and commercial banks' adoption of more conservative lending standards, will continue to constrain credit growth. This development, combined with Government's foreign currency borrowings and the IMF's SDR allocations, are anticipated to maintain favourable reserve levels through year-end.

Given the lingering uncertainties about the strength, timing and duration of the global recovery, the Central Bank actively monitors the economy to ensure the stability of the domestic financial sector.

Recent Monetary and Credit Statistics

(B$ Millions)

	AUGUST					
	Value		Change		Change YTD	
	2008	2009	2008	2009	2008	2009
1.0 LIQUIDITY & FOREIGN ASSETS						
1.1 Excess Reserves	325.15	332.19	15.25	-24.67	83.46	124.89
1.2 Excess Liquid Assets	335.34	522.63	16.04	50.37	180.50	260.68
1.3 External Reserves	684.38	803.64	2.00	90.21	229.57	240.91
1.4 Bank's Net Foreign Assets	-684.22	-790.00	-44.08	18.97	4.63	-68.19
1.5 Usable Reserves	297.31	393.90	3.01	84.97	192.82	160.32
2.0 DOMESTIC CREDIT						
2.1 Private Sector	***6,373.20***	***6,513.17***	***37.74***	***2.59***	***163.26***	***10.02***
a. B$ Credit	5,940.79	6,101.27	45.36	28.65	262.64	37.49
of which: Consumer Credit	2,194.08	2,187.42	17.45	3.62	92.37	-27.51
Mortgages	2,683.41	2,834.20	16.93	15.17	143.19	82.96
b. F/C Credit	432.42	411.90	-7.63	-26.06	-99.39	-27.47
of which: Mortgages	48.39	95.53	-1.60	2.28	-5.64	10.20
2.2 Central Government (net)	***811.24***	***1,112.14***	***7.01***	***14.65***	***-45.79***	***213.19***
a. B$ Loans & Securities	957.62	1,161.49	6.53	46.71	-5.98	128.26
Less Deposits	146.07	212.46	0.92	32.38	17.90	76.05
b. F/C Loans & Securities	3.39	164.80	0.00	0.00	-19.77	160.89
Less Deposits	3.70	1.69	-1.40	-0.32	2.14	-0.08
2.3 Rest of Public Sector	***373.65***	***360.63***	***31.27***	***-1.65***	***94.47***	***-41.20***
a. B$ Credit	59.35	83.74	-7.04	1.69	-3.74	-1.13
b. F/C Credit	314.30	276.89	38.30	-3.34	98.20	-40.07
2.4 Total Domestic Credit	***7,558.09***	***7,987.02***	***76.01***	***15.62***	***211.93***	***183.08***
a. B$ Domestic Credit	6,811.69	7,135.12	43.94	44.69	235.02	89.65
b. F/C Domestic Credit	746.40	851.90	32.07	-29.08	-23.10	93.43
3.0 DEPOSIT BASE						
3.1 Demand Deposits	1,131.42	1,095.98	10.98	-51.13	42.84	14.54
a. Central Bank	10.90	6.53	-9.07	3.91	1.07	-2.42
b. Banks	1,120.53	1,089.45	20.05	-55.04	41.76	16.96
3.2 Savings Deposits	1,018.36	1,007.42	-0.64	-30.47	27.00	-12.61
3.3 Fixed Deposits	3,379.28	3,504.67	30.93	22.30	223.74	72.28
3.4 Total B$ Deposits	5,529.05	5,608.07	41.27	-59.30	293.58	74.21
3.5 F/C Deposits of Residents	194.07	229.22	1.71	3.61	-5.61	60.25
3.6 M2	***5,724.40***	***5,790.83***	***39.07***	***-65.64***	***275.85***	***51.16***
3.7 External Reserves/M2 (%)	***11.96***	***13.88***	***-0.05***	***1.70***	***3.61***	***4.07***
3.8 Reserves/Base Money (%)	***91.22***	***106.21***	***-1.37***	***15.04***	***23.65***	***18.96***
3.9 External Reserves/Demand Liabilites (%)	***88.36***	***98.05***	***0.49***	***10.08***	***23.57***	***12.76***

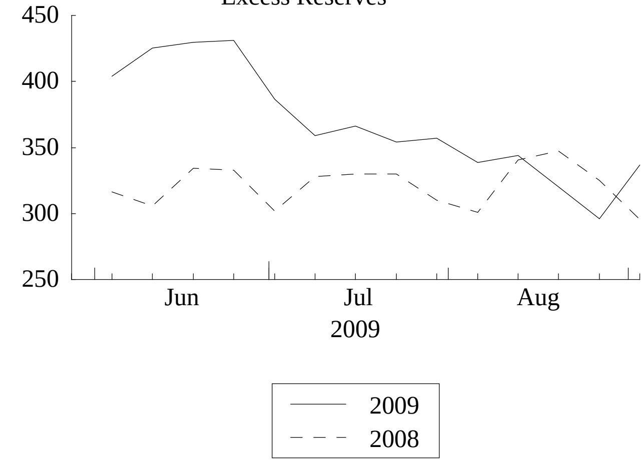
	Value		Year to Date		Change	
	2008	2009	2008	2009	Month	YTD
4.0 FOREIGN EXCHANGE TRANSACTIONS						
4.1 Central Bank Net Purchase/(Sale)	***0.01***	***-63.33***	***221.02***	***76.67***	***-63.34***	***-144.35***
a. Net Purchase/(Sale) from/to Banks	10.10	-41.22	206.37	79.05	-51.32	-127.32
i. Sales to Banks	21.15	58.45	145.81	159.81	37.30	14.00
ii. Purchases from Banks	31.25	17.23	352.17	238.85	-14.02	-113.32
b. Net Purchase/(Sale) from/to Others	-10.09	-22.11	14.65	-2.38	-12.02	-17.03
i. Sales to Others	74.70	46.14	481.20	326.66	-28.56	-154.54
ii. Purchases from Others	64.61	24.03	495.85	324.28	-40.59	-171.56
4.2 Banks Net Purchase/(Sale)	***-0.56***	***-63.47***	***202.28***	***63.55***	***-62.92***	***-138.73***
a. Sales to Customers	395.66	443.95	2,994.09	2,702.46	48.29	-291.63
b. Purchases from Customers	395.10	380.47	3,196.36	2,766.01	-14.63	-430.36
4.3 B$ Position (change)	***0.74***	***8.82***				
5.0 EXCHANGE CONTROL SALES						
5.1 Current Items	***428.26***	***ND***	***2,244.53***	***ND***	***ND***	***ND***
of which Public Sector	***95.43***	***ND***	***367.84***	***ND***	***ND***	***ND***
a. Nonoil Imports	121.60	ND	859.65	ND	ND	ND
b. Oil Imports	129.36	ND	463.26	ND	ND	ND
c. Travel	28.14	ND	145.81	ND	ND	ND
d. Factor Income	7.17	ND	50.84	ND	ND	ND
e. Transfers	10.75	ND	48.66	ND	ND	ND
f. Other Current Items	131.25	ND	676.31	ND	ND	ND
5.2 Capital Items	***8.06***	***ND***	***57.58***	***ND***	***ND***	***ND***
of which Public Sector	***1.14***	***ND***	***19.45***	***ND***	***ND***	***ND***
5.3 Bank Remittances	***0.01***	***ND***	***3.05***	***ND***	***ND***	***ND***

Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending:AUGUST 27, 2008 and SEPTEMBER 02, 2009
Exchange Control Sales figures are as at month end.

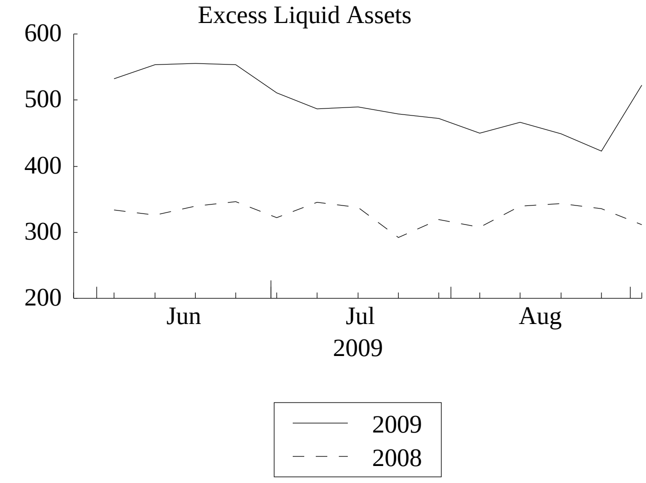
Notes: 1.0, 2.0 and 3.0 YTD change reflects change of current month over previous year end; for 4.0 and 5.0 change is over corresponding period of previous year.
Components may not sum to totals due to round-off error.

SELECTED MONEY AND CREDIT INDICATORS
(B$ Millions)

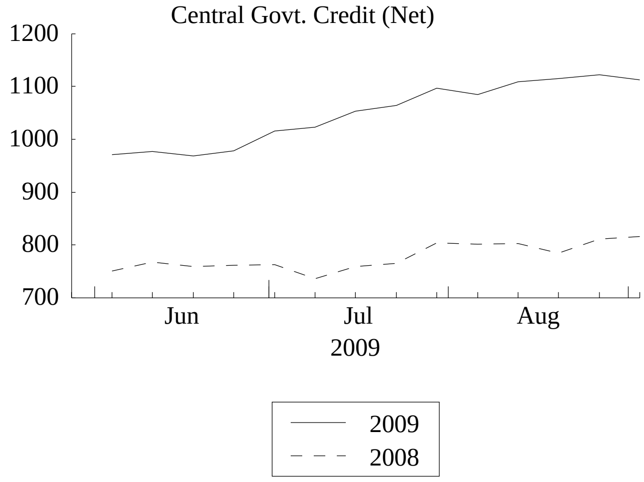
Excess Reserves



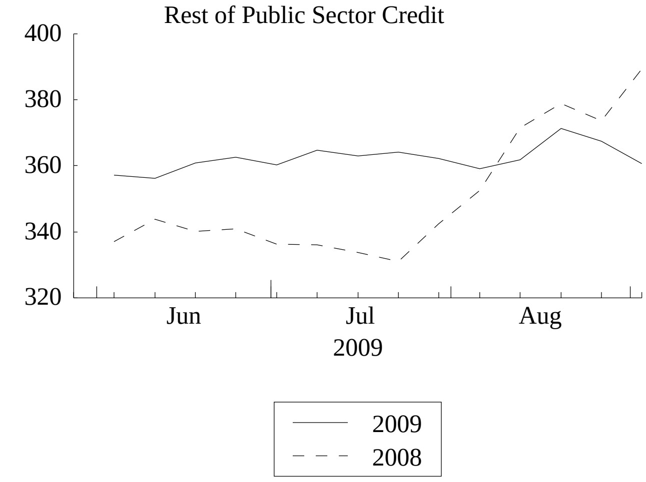
Excess Liquid Assets



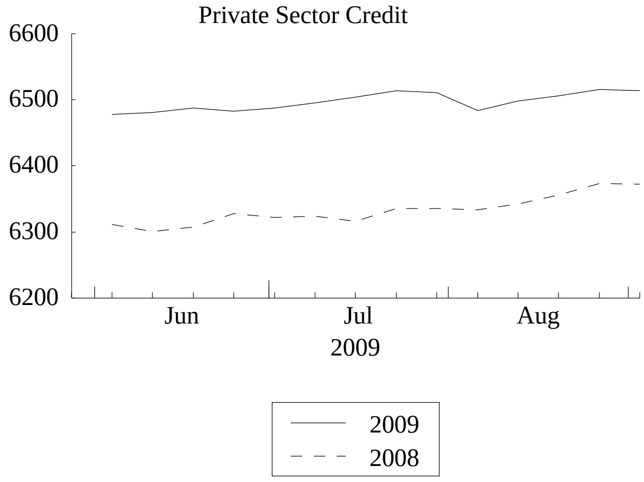
Central Govt. Credit (Net)



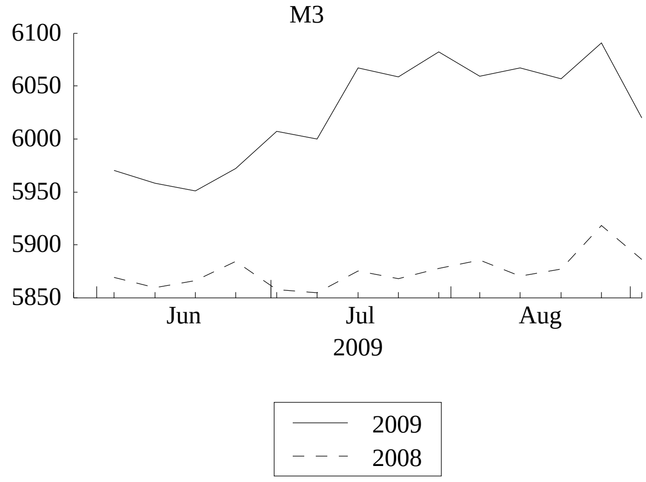
Rest of Public Sector Credit



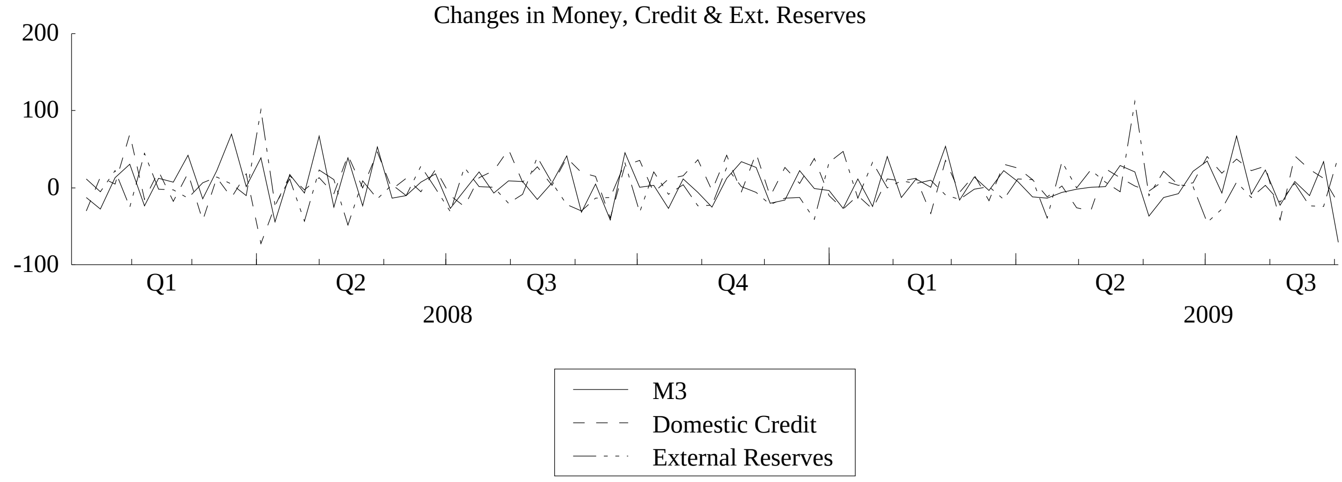
Private Sector Credit



M3



Changes in Money, Credit & Ext. Reserves



Selected International Statistics

A: Selected Macroeconomic Projections (Annual % Change and % of labor force)						
	Real GDP		**Inflation Rate**		**Unemployment**	
	2008	**2009**	**2008**	**2009**	**2008**	**2009**
Bahamas	-1.7	-4.5	4.5	1.8	8.7*	n/a
United States	1.1	-2.6	3.8	-0.9	5.8	8.9
Euro-Area	0.9	-4.8	3.3	0.4	7.6	10.1
Germany	*1.3*	*-6.2*	*2.8*	*0.1*	*7.3*	*9.0*
Japan	-0.6	-6.0	1.4	-1.0	4.0	4.6
United Kingdom	0.7	-4.2	3.6	1.5	5.5	7.4
Canada	0.5	-2.3	2.4	0.0	6.2	8.4

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

B: Official Interest Rates – Selected Countries (%)					
With effect from	**CBOB** Bank Rate	**ECB (EU)** Refinancing Rate	**Federal Reserve (US)** Primary Credit Rate	Target Funds Rate	**Bank of England** Repo Rate
June 2007	5.25	4.00	6.25	5.25	5.50
July 2007	5.25	4.00	6.25	5.25	5.75
August 2007	5.25	4.00	5.75	5.25	5.75
September 2007	5.25	4.00	5.25	4.75	5.75
October 2007	5.25	4.00	5.00	4.50	5.75
November 2007	5.25	4.00	5.00	4.50	5.75
December 2007	5.25	4.00	4.75	4.25	5.50
January 2008	5.25	4.00	3.50	3.00	5.50
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

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	**Aug-08**	**Jul-09**	**Aug-09**	**Mthly % Change**	**YTD % Change**	**12-Mth% Change**
Euro	0.6815	0.7014	0.6976	-0.5	-2.5	2.4
Yen	108.80	94.69	93.12	-1.7	2.7	-14.4
Pound	0.5491	0.5983	0.6140	2.6	-10.2	11.8
Canadian $	1.0638	1.0775	1.0937	1.5	-10.4	2.8
Swiss Franc	1.1013	1.0685	1.0590	-0.9	-1.0	-3.8

Source: Bloomberg as at August 31, 2009

D. Selected Commodity Prices ($)					
Commodity	**August 2008**	**July 2009**	**August 2009**	**Mthly % Change**	**YTD % Change**
Gold / Ounce	831.15	954.00	951.25	-0.3	7.8
Silver / Ounce	13.61	13.92	14.90	7.0	30.8
Oil / Barrel	116.23	68.57	73.10	6.6	84.9

Source: Bloomberg as at August 31, 2009

E. Equity Market Valuations –August 31, 2009 (%chg)								
	BISX	**DJIA**	**S&P 500**	**FTSE 100**	**CAC 40**	**DAX**	**Nikkei 225**	**SE**
1 month	0.20	3.54	3.59	6.52	6.63	2.48	1.31	-21.81
3 month	-0.21	12.42	11.38	15.53	16.34	13.64	5.36	-9.85
YTD	-7.97	8.20	13.29	10.71	13.54	13.60	18.43	46.51
12-month	-12.41	-17.73	-20.50	-12.91	-18.50	-14.91	-19.74	11.28

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	**GBP**	**EUR**
o/n	0.15	0.30	0.23
1 Month	0.16	0.40	0.39
3 Month	0.20	0.45	0.70
6 Month	0.24	0.65	0.98
9 Month	0.98	1.22	1.09
1 year	1.21	1.25	1.20

Source: Bloomberg as at August 31, 2009

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B$ Millions)

	VALUE									CHANGE								
	Jul. 01	Jul. 08	Jul. 15	Jul. 22	Jul. 29	Aug. 05	Aug. 12	Aug. 19	Aug. 26	Jul. 01	Jul. 08	Jul. 15	Jul. 22	Jul. 29	Aug. 05	Aug. 12	Aug. 19	Aug. 26
I. External Resrves	***764.22***	***732.00***	***722.75***	***707.90***	***713.43***	***700.49***	***692.54***	***658.60***	***648.51***	***-13.28***	***-32.22***	***-9.25***	***-14.85***	***5.53***	***-12.94***	***-7.95***	***-33.94***	***-10.09***
II. Net Domestic Assets (A + B + C + D)	***52.23***	***49.12***	***62.62***	***67.78***	***69.11***	***64.83***	***66.38***	***79.06***	***63.29***	***-18.53***	***-3.11***	***13.50***	***5.16***	***1.33***	***-4.27***	***1.55***	***12.68***	***-15.77***
A. Net Credit to Gov't(i + ii + iii - iv)	***181.67***	***172.59***	***184.90***	***186.90***	***189.09***	***184.66***	***193.50***	***193.57***	***210.11***	***-5.17***	***-9.08***	***12.32***	***2.00***	***2.18***	***-4.43***	***8.84***	***0.07***	***16.54***
i) Advances	96.99	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	0.00
ii) Registered Stock	116.52	116.10	115.91	115.90	115.66	113.95	113.70	113.58	113.61	-0.34	-0.42	-0.19	-0.01	-0.24	-1.70	-0.26	-0.11	0.03
iii) Treasury Bills	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	29.82	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	29.81
iv) Deposits	31.84	40.50	28.00	25.99	23.56	26.29	17.19	17.01	30.30	4.83	8.67	-12.50	-2.01	-2.43	2.73	-9.09	-0.19	13.30
B. Rest of Public Sector (Net) (i + ii - iii)	***-10.14***	***-6.48***	***-5.06***	***-2.26***	***3.53***	***-3.46***	***-8.65***	***1.94***	***-30.54***	***-8.74***	***3.66***	***1.42***	***2.79***	***5.79***	***-6.99***	***-5.19***	***10.59***	***-32.47***
i) BDB Loans	6.21	6.21	6.15	6.15	6.15	6.17	6.15	6.15	6.15	0.00	0.00	-0.06	0.00	0.00	0.01	-0.01	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	16.36	12.69	11.21	8.41	2.62	9.63	14.80	4.21	36.69	8.74	-3.66	-1.49	-2.79	-5.79	7.01	5.17	-10.59	32.47
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)*	***-119.30***	***-116.99***	***-117.23***	***-116.86***	***-123.51***	***-116.36***	***-118.47***	***-116.45***	***-116.29***	***-4.62***	***2.31***	***-0.24***	***0.36***	***-6.65***	***7.15***	***-2.11***	***2.02***	***0.16***
III. Monetary Base	***816.45***	***781.12***	***785.37***	***775.68***	***782.54***	***765.32***	***758.92***	***737.66***	***711.79***	***-31.81***	***-35.33***	***4.25***	***-9.69***	***6.86***	***-17.22***	***-6.40***	***-21.26***	***-25.86***
A. Currency in Circulation	279.46	280.77	277.95	271.85	277.96	283.27	275.17	276.42	275.11	6.70	1.31	-2.82	-6.11	6.11	5.31	-8.09	1.24	-1.31
B. Bank Balances with CBOB	536.99	500.35	507.42	503.83	504.58	482.06	483.75	461.24	436.68	-38.51	-36.64	7.06	-3.59	0.75	-22.53	1.69	-22.51	-24.56

* 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	
	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010
Fiscal Operations$_p$																									(Over previous year)	
1. Government Revenue & Grants	100.1	99.5																							100.1	99.5
% change	*-27.70%*																								*-10.28%*	*-0.58%*
2. Import/Excise Duties	39.5	53.4																							39.5	53.4
% change	*-33.78%*																								*-7.92%*	*34.96%*
3. Recurrent Expenditure	116.7	97.0																							116.7	97.0
% change	*-24.20%*																								*14.90%*	*-16.88%*
4. Capital Expenditure	8.2	4.6																							8.2	4.6
% change	*-76.02%*																								*8.09%*	*-43.70%*
5. Deficit/Surplus*	-29.4	-3.3																							-29.4	-3.3
% change	*-55.32%*																								*-3826.96%*	*-88.63%*

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Debt$_p$ **																
6. Total Debt	2,635.0	2,873.4	2,635.2	2,883.9	2,624.4	2,946.8	2,687.6	2,953.4	2,678.7	3,058.5	2,678.6	3,084.2	2,681.2	3,084.6	2,682.2	3,237.0
% change	*-0.02%*	*4.99%*	*0.01%*	*0.37%*	*-0.41%*	*2.18%*	*2.41%*	*0.22%*	*-0.33%*	*3.56%*	*0.00%*	*0.84%*	*0.10%*	*0.01%*	*0.04%*	*4.94%*
7. External Debt	272.4	383.2	272.6	393.7	271.9	392.8	370.9	390.2	370.9	415.3	370.8	421.0	373.4	421.5	374.4	423.8
% change	*0.00%*	*0.04%*	*0.08%*	*2.75%*	*-0.27%*	*-0.24%*	*36.44%*	*-0.66%*	*0.00%*	*6.43%*	*-0.03%*	*1.38%*	*0.69%*	*0.10%*	*0.28%*	*0.56%*
8. Internal F/C Debt	23.2	3.6	23.2	3.6	23.2	53.6	2.3	52.7	3.4	142.7	3.4	162.7	3.4	162.7	3.4	162.7
	-0.17%	*158.00%*	*0.00%*	*0.00%*	*0.00%*	*1384.27%*	*-90.25%*	*-1.68%*	*50.01%*	*170.75%*	*0.00%*	*14.01%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
9. Bahamian Dollar Debt	2,339.4	2,486.6	2,339.4	2,486.6	2,329.4	2,500.5	2,314.4	2,510.5	2,304.4	2,500.5	2,304.4	2,500.5	2,304.4	2,500.5	2,304.4	2,650.5
% change	*-0.02%*	*4.51%*	*0.00%*	*0.00%*	*-0.43%*	*0.56%*	*-0.64%*	*0.40%*	*-0.43%*	*-0.40%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*6.00%*
10. Total Amortization	0.5	0.0	0.1	0.0	10.7	0.9	37.7	18.5	10.0	60.0	0.1	0.0	0.0	0.1	0.0	0.0
	391.80%	*-100.00%*	*-80.46%*		*11076.79%*		*250.76%*	*1868.38%*	*-73.40%*	*224.72%*	*-98.94%*	*-100.00%*	*-100.00%*			*-100.00%*
check																
11.Total Public Sector F/C Debt	692.0	846.5	690.5	855.3	684.1	907.5	761.1	903.5	760.1	1,016.5	773.5	1,036.9	773.5	1,037.3	772.8	1,037.9
	25.94%	*31.47%*	*-18.43%*	*23.87%*	*-20.01%*	*32.65%*	*-16.14%*	*18.72%*	*-15.87%*	*33.73%*	*-23.91%*	*34.06%*	*-25.41%*	*34.10%*	*-25.50%*	*34.31%*

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		YEAR TO DATE	
Real Sector Indicators	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
																	(Over previous year)	
12. Retail Price Index	124.2	129.9	124.6	129.8	124.7	130.0	126.6	130.2	128.1	130.4	128.5	130.7	129.3	130.9	130.0	130.9	127.0	130.4
% change; over previous month	*0.09%*	*0.12%*	*0.32%*	*-0.03%*	*0.09%*	*0.15%*	*1.56%*	*0.18%*	*1.2%*	*0.1%*	*0.3%*	*0.2%*	*0.6%*	*0.1%*	*0.5%*	*0.0%*	*4.15%*	*2.64%*
13. Tourist arrivals (000's)	372.7	410.8	430.9	386.8	500.6	466.0	396.9	414.7	339.3	384.5							2040.3	2062.8
% change; over previous year	*-6.19%*	*10.21%*	*14.39%*	*-10.25%*	*29.43%*	*-6.90%*	*-14.85%*	*4.50%*	*-18.2%*	*13.3%*							*-0.80%*	*1.10%*
14. Air arrivals (000's)	110.8	90.0	125.8	103.1	166.8	133.4	138.1	131.2	128.5	113.5							670.0	571.3
% change; over previous year	*7.08%*	*-18.74%*	*6.49%*	*-18.04%*	*61.83%*	*-20.03%*	*3.50%*	*-4.95%*	*-2.1%*	*-11.7%*							*1.50%*	*-14.73%*
15. Occupied Room Nights	212.9	169.7	211.8	168.3	262.7	213.1	232.2	231.0	216.0	220.4							1135.5	1002.4
% change; over previous year	*7.01%*	*-20.30%*	*2.85%*	*-20.52%*	*0.81%*	*-18.87%*	*-9.72%*	*-0.55%*	*-2.01%*	*2.0%*							*-0.65%*	*-11.72%*
16. Res. Mortgage Commitments-New Const.					44.4	49.2					49.8	46.4					94.16	95.61
% change; over previous qtr.					*44.63%*	*22.99%*					*12.1%*	*-5.8%*					*63.14%*	*1.54%*

**** 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.