Release Date: 4th November, 2019

Monthly Economic and Financial Developments
September 2019

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:

2019: December 2, December 23

1. *Domestic Economic Developments*

Overview

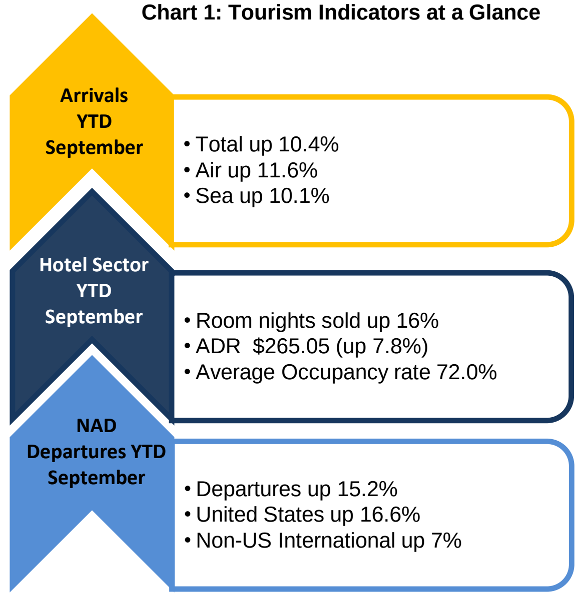
Domestic economic developments for the month of September were dominated by the passage of Hurricane Dorian, which resulted in a falloff in tourism relative to an average monthly strengthening during the first eight months. Nonetheless, positive impulses to construction output from foreign direct investment projects were sustained, with contributions from the domestic sector likely to increase as post-hurricane rebuilding efforts intensify. Further, domestic energy costs firmed in the twelve months to July, reflecting the pass-through effects of the previous-year's increase in the value added tax (VAT) rate. In the monetary sector, bank liquidity expanded during the review month, as the rise in total deposits outpaced the growth in credit, while external reserves grew amid foreign currency inflows from reinsurance receipts and to a lesser extent from real sector activities.

Real Sector

Tourism

Preliminary data suggests that, monthly tourism output softened, reflecting the effects of the passage of Hurricane Dorian, which adversely impacted outturns in Grand Bahama and the Family Islands.

Chart 1: Tourism Indicators at a Glance



Sources: Ministry of Tourism, Nassau Airport Development Co.

The most recent data from the Ministry of Tourism (MOT), revealed that total visitor arrivals contracted by 12.8% in September, following a 62.4% surge during the same period last year—when the Baha Mar properties' capacity boost settled-in. By port of entry, the high value-added air component fell by 14.7%, reversing 2018's 48.7% strengthening. Likewise, the sea segment retreated by 12.4%, in a turnaround from a 65.3% expansion in the prior year.

A disaggregation by island, showed broad-based declines across major markets during September. In New Providence, arrivals fell by 8.1%, vis-à-vis the previous year's 41.8% improvement, with reductions in sea and air arrivals of 8.3% and 7.7%, respectively. In addition, tourists to the Family Islands weakened by 9.8%, following a more than two-fold increase in the prior year. This outturn included a retrenchment in air passengers of 37.6%—with Abaco recording no visitors during the month—while sea traffic lessened by 7.9%. Similarly, total arrivals to Grand Bahama decreased by 63.4%–the sharpest reduction since Hurricanes Francis and Jeanne in September 2004—following a 13.3% gain a year ago, as the island's air traffic diminished by 82.0% and sea visitors contracted by 61.5%.

Buttressed by the strengthening during the first half of the year, total arrivals retained gains of 10.4% on a year to date basis, surpassing the 8.5% growth last year. Specifically, the sea segment grew by 10.1%, outstripping the 6.1% rise of the previous year, while air arrivals growth moderated to 11.6% from 16.5%. The overall improvement was anchored by New Providence, where visitor arrivals advanced by 16.7%, surpassing 2018's 0.1% uptick, supported by a rebound in sea tourists (up 17.2%) and a steady rise in air traffic (up 15.6%). In contrast, growth in arrivals to the Family Islands tapered to 8.9% from 25.4% in 2018, owing to decelerated gains in both air and sea arrivals to 3.3% and 9.9%, respectively. In Abaco, air traffic slowed sharply to 1.0%, from 18.2% a year ago; while arrivals to Grand Bahama contracted by 15.8%, after the prior year's 8.9% improvement, on account of a weakening in both market segments.

Data from The Bahamas Hotel & Tourism Association (BHTA) and the Ministry of Tourism (MOT) for a sample of large hotels in New Providence and Paradise Island confirmed a deterioration in hotel sector performance for the month of September. The average occupancy rate eased by 1.0 percentage point to 36.5%, amid a 1.0% falloff in room nights sold. Nevertheless, the average daily room rate (ADR) edged up by 0.6% to $167.39, however New Providence's room revenue was flat during the month. Taking the remaining Northern Bahamas into account, the overall projected outcome was a reduction in stopover earnings in September. Conversely, in the nine months to September, expansion remained evident, with surveyed large properties in New Providence experiencing a revenue boost of 25.0%. The average occupancy rate rose by 8.5 percentage points to 72.0%, while the number of room nights sold moved higher, by 16.0% and the ADR appreciated by 7.8% to $265.05.

Reflecting the impact of Hurricane Dorian's passage early September, data provided by the Nassau Airport Development Company Ltd. (NAD), showed a 9.2% contraction in departures of foreign persons, sharply contrasting with the 42.3% increase secured during the same period last year. Specifically, growth in the dominant U.S. segment tapered to 9.2%, from the prior year's 44.7% expansion, while traffic by non-U.S. international passengers was reduced by 8.9%, vis-à-vis last year's 30.5% strengthening. Underpinned by improvements in earlier months, total foreign departures expanded by 15.2% during the nine-months to September, extending a 13.4% growth recorded over the same period of 2018. U.S. departures rose by 16.6%, compared to a 12.7% advance a year earlier; however, the growth in the non-U.S. international component slowed to 7.0% from 17.8%.

The storm's impact on capacity in the short-term rental market was also evident in AirDNA estimates for September. In particular, the number of total available listings contracted by approximately 19.9% month-on-month, outdistancing the 2.8% falloff during the same month of 2018, owing to broad-based declines across major markets. Further, when combined with seasonal patterns, this was also accompanied by a reduction in bookings for the month. In terms of pricing, both hotel comparable and entire place listings posted declines in their average daily room rate (ADR) of 4.7% to $142.11 and 14.2% to $337.88, respectively.

On a year to date basis, available rental listings grew by 17.1%, with an increase in properties for both entire place and private room offerings. Likewise, bookings were 31.7% higher over the same period in 2018, reflecting improvements across all major markets, but with lower average prices for both hotel comparable (7.3%) and entire place accommodations (2.4%).

Prices

During the twelve months to July, the domestic inflation rate increased by 1.5 percentage points to 3.11%, reflecting the ongoing impact of the 2018 rise in the VAT rate. A breakdown by segment showed that after posting reductions in 2018, the average prices registered upticks for furnishing, household equipment & maintenance, clothing & footwear items and for unclassified or miscellaneous goods & services. In addition, gains in average prices accelerated for transport, alcoholic beverages, tobacco & narcotics and health; while average increases slowed for restaurants & hotels, housing, water, gas, electricity & other fuels, and food & non-alcoholic beverages; while prices for education, communication, recreation and culture were lowered.

2. Domestic Monetary Trends

September 2019 vs. 2018

Liquidity

Monetary developments for the month of September featured a build-up in banking sector liquidity. The onset of inflows from re-insurance and some real sector activities contributed to an expansion in total deposits, which outweighed the growth in domestic credit. In particular, excess reserves—a narrow measure of liquidity—rose by $60.4 million to $894.7 million, a turnaround from a $110.4 million contraction a year earlier. However, reflecting Treasury bill rediscounting, the broader excess liquid assets declined by $33.0 million to $1,784.8 million, albeit lower than the $104.8 million decrease in 2018.

On a year to date basis, bank liquidity strengthened, following a rise in the deposit base, which contrasted with a reduction in domestic credit. In particular, excess liquid assets expanded by $252.9 million, strongly reversing the $61.1 million reduction in the prior year. Similarly, excess reserves increased by $223.4 million, a turnaround from a $121.0 million decrease during the same period last year.

External Reserves

External reserves grew by $12.3 million to $1,557.4 million in September, a reversal from a $123.8 million falloff in 2018, supported by inflows from re-insurance and real sector activities. The Central Bank's transactions with commercial banks reversed to a net purchase of $31.4 million from a net sale of $55.8 million, as commercial banks purchased a net of $25.0 million from consumers, vis-à-vis a $47.9 million net sale a year earlier. Further, the Bank's net sale to the public sector was more than halved to $32.0 million.

External reserves were $360.1 million higher on a year to date basis, a turnaround from the $91.9 million contraction recorded over the same period of 2018. Underlying this outturn, the Bank's net foreign currency purchases from commercial banks rose, by $475.9 million to $613.7 million. In contrast, the Central Bank's net sale to the public sector expanded by $39.5 million to $291.8 million. For their part, commercial banks' net intake from their customers increased by $522.5 million, to $580.6 million.

Exchange Control Sales

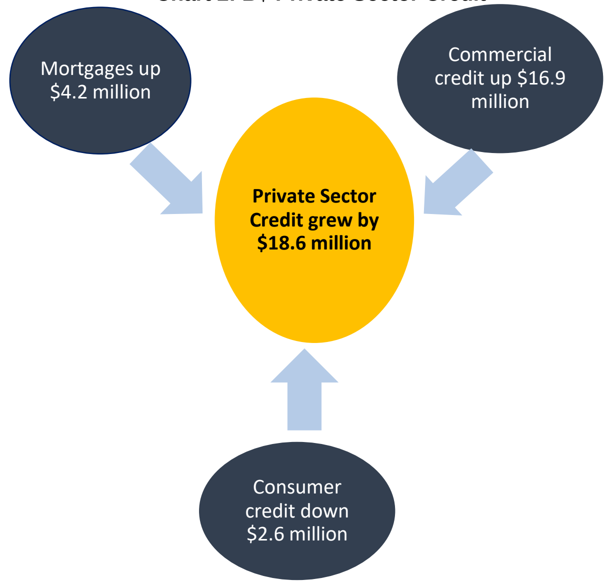
For the month of September, provisional estimates of foreign currency sales to facilitate current account transactions decreased by $71.5 million to $365.1 million, owing to broad-based declines across most outflows, vis-à-vis the same month last year. Notable reductions were recorded for oil imports and factor income of $29.9 million and $28.6 million, respectively, while more muted declines were registered for non-oil imports ($9.3 million), travel ($2.4 million) and "other current items" ($2.9 million). In contrast, sales against transfer payments rose slightly ($1.6 million).

For the year to date, foreign currency sales for current account transactions were reduced by $293.4 million. This contained notable contractions in factor income payments ($204.0 million) and non-oil imports ($138.7 million); alongside smaller declines for oil imports ($5.4 million) and travel payments ($5.1 million). Conversely, foreign currency sales expanded for "other current transactions" ($54.0 million) and transfer payments ($5.9 million).

Domestic Credit

Bahamian Dollar Credit

Chart 2: B$ Private Sector Credit



Source: Central Bank of The Bahamas

During the month of September, growth in Bahamian dollar credit was more than halved to $22.4 million, owing largely to a moderation in net claims on the Government to $8.4 million from $55.0 million a year ago. Further, claims on the rest of the public sector contracted by $4.6 million, after a $0.6 million increase in 2018. However, private sector credit rose by $18.6 million, a reversal from the $9.2 million decline a year earlier. In particular, commercial credit and mortgages firmed by $16.9 million and $4.2 million, respectively, offsetting a $2.6 million reduction in consumer credit.

On a year-to-date basis, Bahamian dollar credit contracted by $22.2 million, in contrast to a $39.1 million growth recorded during the same period in 2018. Notably, net claims on the Government decreased by $15.8 million, after the previous year's $114.0 million expansion; and credit to public corporations, by $18.0 million, vis-à-vis, a $25.6 million increase last year. In contrast, private sector credit grew by $11.6 million, a partial turnaround from a $100.6 million decline during the comparable period in 2018. This was attributed to a $47.0 million rise in commercial credit, following a $22.1 million falloff last year. However, consumer credit and mortgages fell by $32.8 million and $2.6 million, extending the prior year's reductions of $64.0 million and $14.4 million, respectively.

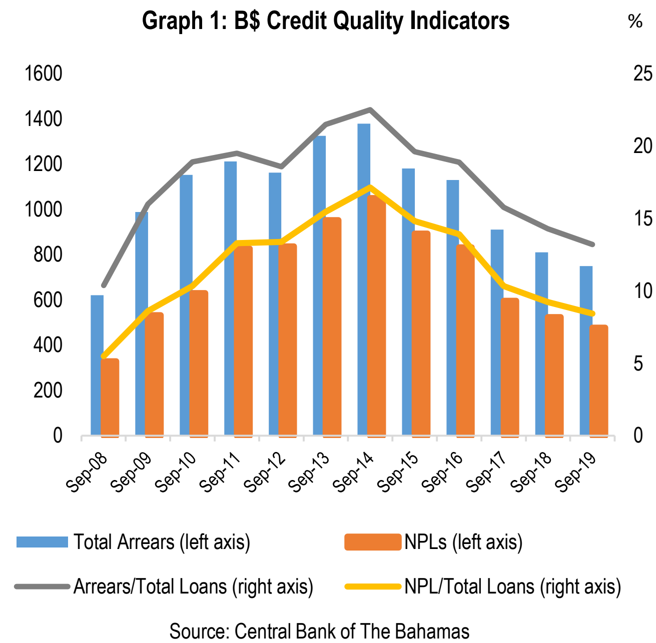
Foreign Currency Credit

Domestic foreign currency credit firmed by $1.5 million during September, following a $1.0 million uptick a year ago. Underlying this development, the expansion in the net claims on the Government deepened to $7.5 million, from $5.8 million in 2018. In addition, claims on the private sector rose by $5.2 million, vis-à-vis a $3.9 million falloff last year. The latter included respective increases of $4.7 million and $0.5 million in commercial loans and mortgages. In a partial offset, credit to the public sector fell by $10.0 million, extending the $0.8 million decline a year earlier.

During the first nine months of 2019, domestic foreign currency credit fell by $31.4 million, a reversal from a $28.3 million growth during the same period last year. Specifically, credit to the public sector reduced by $23.6 million, a turnaround from the prior year's $21.5 million expansion. In addition, claims on the private sector decreased by $15.0 million, contrasting with an $5.8 million increase last year, as commercial loans contracted by $15.1 million, following a $2.0 million upturn in 2018. Conversely, net claims on the Government grew by $7.1 million, extending the $1.0 million uptick in the prior year.

Credit Quality

During the month of September, attributed largely to a deterioration in short-term delinquencies, total private sector arrears rose by $52.9 million (7.6%) to $749.7 million, with the relevant ratio firming by 91 basis points to 13.2% of total private sector loans. By length of delinquencies, short-term arrears (31-90 days) grew by $51.9 million (23.7%) to $271.2 million, with the corresponding ratio higher by 91 basis points at 4.8%. A more muted gain of $1.0 million (0.2%) was recorded in non-performing loans (NPLs), to $478.5 million, but the attendant ratio was unchanged at 8.4%.



Delinquencies increased across all loan categories. Consumer loan arrears, rose by $24.5 million (12.1%) to $227.3 million, as the $25.7 million (32.9%) rise in short-term, past-due accounts overshadowed the $1.1 million (0.9%) decrease in non-accruals. Similarly, mortgage arrears expanded by $19.5 million (4.5%) to $456.7 million, with the short-term category firming by $20.0 million (15.2%), eclipsing the $0.5 million (0.2%) decline in NPLs. Further, commercial loan arrears rose by $8.9 million (15.7%) to $65.7 million, amid increases in the respective short and long-term arrears of $6.3 million (63.7%) and $2.6 million (5.6%).

Although NPLs remained relatively unchanged, banks reduced their total provisions for loan losses by $7.4 million (1.8%) to $409.7 million, resulting in the ratio of total provisions to arrears contracting by 5.2 percentage points to 54.7%, and the ratio of provisions to NPLs narrowing by 1.7 percentage points to 85.6%. During the month, banks wrote-off an estimated $6.9 million in credit and recovered approximately $2.2 million.

On a year to date basis, banks' total arrears were $60.2 million (7.4%) lower, leading to a 1.1 percentage point decline in the ratio of arrears to total private sector loans. Underlying this outcome was a $38.4 million (7.4%) reduction in long-term arrears, with the associated ratio decreasing by 67 basis points. Likewise, the short-term segment fell by $21.7 million (7.4%) and the corresponding ratio narrowed by 38 basis points.

By loan type, residential mortgage arrears were reduced by $42.7 million (8.6%), amid declines in both non-accruals and short-term delinquencies of $30.4 million (9.0%) and $12.3 million (7.5%), respectively. Similarly, commercial delinquencies declined by $15.4 million (18.9%), owing largely to the $17.3 million (51.7%) falloff in the short-term segment, which negated a $1.9 million (4.1%) uptick in NPLs. Further, a more muted decrease of $2.1 million (0.9%) was recorded for consumer loan arrears, reflecting a $10.0 million (7.5%) reduction in the non-accrual category, which overshadowed the $7.9 million (8.3%) rise in the 31-90-day component.

Meanwhile, banks reduced their total provisions for loan losses by $28.8 million (6.6%), during the nine-month period. However, the ratio of total provisions to both arrears and NPLs increased marginally, by 0.5 and 0.8 percentage points, respectively. For the nine-months period, banks wrote-off approximately $84.2 million in bad loans and recovered an estimated $24.3 million.

When compared to September of 2018, the total private sector arrears ratio decreased by 1.1 percentage points, as the short-term and non-accrual segments fell by 0.3 and 0.8 percentage points, respectively. Declines were recorded across all three loan categories, with the commercial ratio narrowing by 3.5 percentage points; mortgages, by 1.2 percentage points and consumer arrears, by 0.1 percentage points.

Deposits

Total Bahamian dollar deposits expanded by $53.5 million in September, reversing the $68.6 million reduction in 2018. In particular, demand balances grew by $60.3 million and savings deposits by $7.8 million, a turnaround from respective declines of $48.3 million and $6.6 million in 2018. In contrast, the reduction in fixed deposits steadied at $14.6 million. Meanwhile, the growth in residents' foreign currency deposits strengthened to $96.3 million from $12.3 million in the prior year.

Similar trends were noted during the nine-month period, as total Bahamian dollar deposits expanded by $331.3 million, following an approximately flat outcome a year earlier. Specifically, the growth in demand and savings balances accelerated to $338.1 million and $99.5 million, from $101.1 million and $55.3 million, respectively; and the contraction in fixed deposits tapered by $49.8 million, to $106.3 million. Comparatively, residents' foreign currency deposits grew by $95.9 million, although a moderation from the $161.5 million growth recorded in the previous year.

Interest Rates

In interest rate developments, the weighted average loan rate at banks firmed by 81 basis points to 12.73% in September. Similarly, the weighted average deposit rate at banks were 21 basis points higher at 0.61%, with the highest rate of 4.00% offered on fixed balances of over 12 months.

3. Domestic Outlook

The domestic economy's post-Hurricane Dorian outlook remains mildly positive for 2019, with the dampening in the tourism sector, being partly countered by a strengthening in construction output, fueled by several foreign investment projects and rebuilding activities. With the Abaco market temporarily offline, and the continued fragility of Grand Bahama tourism, aggressive marketing for the remaining island destinations will be key for a strong winter season. Nevertheless, aggregate output could fall flat or contract in 2020, before resuming growth in 2021. In the labour market, the impact of hurricane-related job losses on the unemployment rate could be partially mitigated by the heightened demand for construction labor to facilitate rebuilding efforts; albeit near-term deterioration is expected. Meanwhile, domestic inflation should remain contained, as the initial effects of the higher VAT rate diminishes and Government concessions lessen import costs for affected citizens.

Outlays associated with the rebuilding and replacement of infrastructure, in addition to increased social welfare spending, are expected to weigh on the Government's fiscal position. Some of this burden is expected to be alleviated by re-insurance receipts, foreign aid and donations, while the remaining budgetary gap will likely be funded via lower cost financing from international agencies and domestic sources.

It is anticipated that developments in the monetary sector will continue to be led by the high levels of liquidity, as banks maintain their conservative lending stance and total deposits increase. External reserves are expected to remain buoyant for the remainder of the year, bolstered principally by public debt proceeds and re-insurance inflows. However, any buildup over the remainder of 2019 is expected to be fully reversed, during 2020, as import spending on rebuilding intensifies, and peak tourism capacity is partly reduced.

4. Monetary Policy Implications

Based on the prevailing outlook, the Central Bank will continue to implement policies that mitigate financial sector disruptions, and support post-hurricane recovery in the affected islands. In addition, the Bank will continue to observe developments within the international and domestic environment, with a view to maintaining financial and economic stability.

APPENDIX

International Developments

In the context of ongoing trade disputes between the United States and its major trading partners, as well as concerns surrounding the potential "no-deal BREXIT" fallout on the global economy, the IMF lowered its global growth projection by 20 basis points to 3.0%, the lowest projected rate of growth since the great recession. Against this backdrop, the Federal Reserve Bank reduced its key policy rate, while the remaining major central banks, such as the European Central Bank and the Bank of Japan, affirmed their accommodative monetary stances.

Economic performance indicators for the United States were mixed over the review period. Positive developments were noted in the labor market, with the unemployment rate declining by 20 basis points to 3.5% in September, as total non-farm payroll employment rose by 136,000, supported by increased opportunities in the health care and business sectors. However, less favorable outcomes were observed for the remaining indicators as industrial production contracted by 0.4% in September, following a 0.8% increase in the prior month, and retail sales decreased by an estimated 0.3%, after a 0.6% improvement in August. On the external front, the goods and services deficit widened by $0.9 billion, to $54.9 billion, as imports grew by 0.5%, outpacing a 0.2% rise in exports. Further, overall prices were stable, as the Consumer Price index (CPI) was unchanged from August's 0.1% increase, with reductions in the costs of oil and used cars & trucks offsetting expansions in food and shelter prices. Against this backdrop, the Federal Reserve lowered its benchmark interest rate by 25 basis points to a range of 1.75% - 2.00%.

Despite ongoing uncertainty concerning BREXIT, indicators for the major European economies were mildly positive. In the UK, GDP grew by 0.3% in the three months to August, bolstered by an uptick in the services sector, which offset a weak performance in the manufacturing sector; meanwhile, output growth in the euro area steadied at 0.2% in the third quarter. Labor market conditions in the euro area continued to improve gradually, evidenced by a 10 basis points reduction in the unemployment rate, to 7.4% in August, while the UK's rate firmed by 10 basis points to 3.9% during the three months to August. In trade developments, the euro area's trade surplus narrowed by 40.3% to €14.7 in August, owing to a 14.1% decline in exports, which outstripped a 10.5% falloff in imports. Meanwhile, the UK's trade deficit fell by £13.0 billion, to £4.6 billion in the three months to August, as a result of a £8.8 billion contraction in imports and a £4.2 billion rise in exports. In the retail sector, growth in sales for the UK was flat in September, after an increase of 0.3% during the preceding month. Further, in the euro area, gains in retail sales eased to 0.3% in August, from 0.5% in the prior month. In terms of prices, the euro area's inflation rate was lower by 10 basis points at 0.9% in September; while the UK's inflation rate was unchanged at 1.7%. In this environment, the Bank of England and the European Central Bank maintained their accommodative monetary policy stances.

Reflective of ongoing trade disputes, developments within the Asian markets continued to vary during the review period. China's GDP expanded by 1.5% over the three months to September, with support from gains in the services sector, vis-a-vis the previous quarter, while Japan reported milder GDP growth of 0.3% during the second quarter, underpinned by gains in both private and Government consumption. Further, China's industrial production increased by 0.7% in September, extending the 0.3% uptick in the previous month; however, data for Japan showed a 1.2% weakening in industrial output, in August, contrasting with a 1.3% increase a month earlier. In the labour market, Japan's unemployment rate was unchanged at 2.2% in August, while in China, the jobless rate decreased by 10 basis points to 5.2%. Meanwhile, in external sector developments, Japan's trade deficit narrowed by 14.3% to ¥123.0 billion in September, with a 3.7% uptick in exports eclipsing the 3.3% rise in imports. In terms of prices, China's inflation rate rose by 20 basis points to 3.0% in September—the the highest recorded for the year—compared to a more modest increase of 0.2% in Japan, vis-à-vis 0.3% a month earlier. In light of these developments, the Bank of Japan retained its policy rate at -0.1%, and the People's Bank of China kept its reverse repo rate at 2.55%, while also reducing its reserve requirements for large and small institutions by 0.5% each, to 13.0% and 11.0%, respectively.

Activity in the major global stock markets was mainly favorable over the review period. In Asia, the Japanese Nikkei 225 advanced by 5.1%, while China's SE Composite improved by 0.7%. Similarly, in Europe, Germany's DAX, France's CAC 40 and the United Kingdom's FTSE all rose by 4.1%, 3.6% and 2.8%, respectively. However, index movements in the United States varied, as the S&P 500 index firmed by 1.7%, while the Dow Jones Industrial Average (DJIA) fell by 5.6%, underpinned by weakened economic outlook.

Currency market developments were mixed over the review period. Specifically, the dollar appreciated against the Japanese Yen, by 1.69% to ¥108.08, euro, by 0.84% to €0.9174 and the Swiss Franc, by 0.76%% to CHF 0.9978. However, the dollar weakened against the British Pound, the Canadian dollar and the Chinese Renminbi, by 1.03%, 0.54% and 0.12% to £0.8135, CAD$1.3240 and CNY 7.1484, respectively.

Commodity market developments featured broad-based declines during September, with the price of crude oil decreasing by 7.4% to $60.40 per barrel, despite the 1,318 thousand barrels per day reduction in OPEC crude oil production to 28.49 million barrels per day. In addition, gold and silver costs declined by 3.2% and 7.5% to $1,472.4 and $16.99 per troy ounce, respectively.

Recent Monetary and Credit Statistics

(B$ Millions)

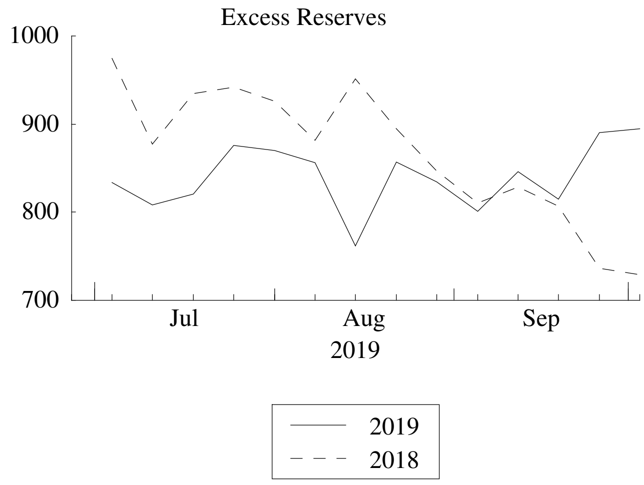
	SEPTEMBER					
	Value		Change		Change YTD	
	2018	2019	2018	2019	2018	2019
1.0 LIQUIDITY & FOREIGN ASSETS						
1.1 Excess Reserves	736.59	894.71	-110.35	60.40	-120.96	223.36
1.2 Excess Liquid Assets	1,737.23	1,784.79	-104.75	-33.29	-61.05	252.86
1.3 External Reserves	1,316.40	1,557.42	-123.83	12.30	-91.89	360.06
1.4 Bank's Net Foreign Assets	-34.52	182.77	11.29	91.57	136.47	120.75
1.5 Usable Reserves	624.37	748.87	-77.33	-32.47	-44.53	226.52
2.0 DOMESTIC CREDIT						
2.1 Private Sector	***5,881.68***	***5,851.60***	***-13.10***	***23.76***	***-94.79***	***-3.38***
a. B$ Credit	5,651.51	5,658.94	-9.20	18.57	-100.55	11.64
of which: Consumer Credit	2,133.48	2,085.10	-5.24	-2.57	-64.04	-32.81
Mortgages	2,867.59	2,863.65	1.66	4.20	-14.42	-2.58
Commercial and Other Loans B$	650.44	710.20	-5.63	16.94	-22.10	47.03
b. F/C Credit	230.17	192.66	-3.90	5.18	5.77	-15.01
of which: Mortgages	65.96	58.17	-1.46	0.52	3.76	0.06
Commercial and Other Loans F/C	164.21	134.49	-2.44	4.66	2.00	-15.08
2.2 Central Government (net)	***2,492.99***	***2,520.82***	***60.72***	***15.89***	***114.98***	***-8.66***
a. B$ Loans & Securities	2,708.10	2,795.42	45.61	27.64	99.14	53.49
Less Deposits	211.28	279.65	-9.35	19.24	-14.86	69.29
b. F/C Loans & Securities	0.00	7.00	0.00	0.00	0.00	-0.00
Less Deposits	3.83	1.95	-5.77	-7.49	-0.98	-7.13
2.3 Rest of Public Sector	***318.01***	***276.56***	***-0.26***	***-14.62***	***47.12***	***-41.55***
a. B$ Credit	125.80	110.33	0.55	-4.62	25.60	-18.00
b. F/C Credit	192.22	166.23	-0.80	-10.00	21.52	-23.56
2.4 Total Domestic Credit	***8,692.70***	***8,649.13***	***47.32***	***23.86***	***67.32***	***-53.53***
a. B$ Domestic Credit	8,274.13	8,285.04	46.29	22.35	39.05	-22.16
b. F/C Domestic Credit	418.57	364.09	1.03	1.51	28.28	-31.37
3.0 DEPOSIT BASE						
3.1 Demand Deposits	2,461.55	2,795.38	-48.28	60.32	101.08	338.11
a. Central Bank	44.11	55.23	15.39	10.38	30.04	-19.74
b. Banks	2,417.44	2,740.15	-63.67	49.94	71.04	357.85
3.2 Savings Deposits	1,422.91	1,520.21	-6.55	7.75	55.25	99.48
3.3 Fixed Deposits	2,586.54	2,455.94	-13.80	-14.57	-156.11	-106.32
3.4 Total B$ Deposits	6,471.00	6,771.53	-68.62	53.50	0.21	331.27
3.5 F/C Deposits of Residents	463.53	613.94	12.26	96.29	161.51	95.87
3.6 M2	***6,767.28***	***7,082.28***	***-66.59***	***62.69***	***-10.52***	***338.41***
3.7 External Reserves/M2 (%)	***19.45***	***21.99***	***-1.62***	***-0.02***	***-1.33***	***4.24***
3.8 Reserves/Base Money (%)	***99.97***	***104.50***	***-0.94***	***-4.10***	***2.36***	***8.84***
3.9 External Reserves/Demand Liabilites (%)	***95.11***	***96.31***	***-2.40***	***-4.84***	***-0.12***	***7.62***

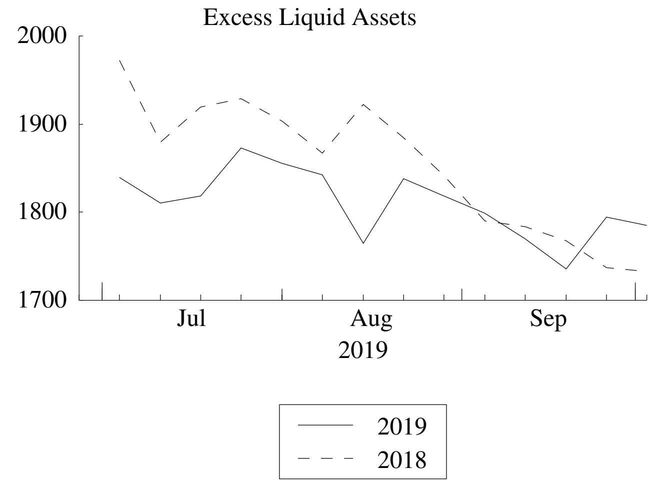
	Value		Year to Date		Change	
	2018	2019	2018	2019	Month	YTD
4.0 FOREIGN EXCHANGE TRANSACTIONS						
4.1 Central Bank Net Purchase/(Sale)	***-126.14***	***-0.54***	***-114.60***	***321.86***	***125.61***	***436.46***
a. Net Purchase/(Sale) from/to Banks	-55.76	31.41	137.72	613.66	87.17	475.94
i. Sales to Banks	71.21	12.00	309.55	59.25	-59.21	-250.30
ii. Purchases from Banks	15.46	43.41	447.27	672.91	27.96	225.64
b. Net Purchase/(Sale) from/to Others	-70.38	-31.95	-252.32	-291.80	38.44	-39.49
i. Sales to Others	103.73	96.60	619.46	702.76	-7.13	83.30
ii. Purchases from Others	33.34	64.65	367.14	410.96	31.31	43.82
4.2 Banks Net Purchase/(Sale)	***-47.91***	***25.03***	***58.08***	***580.61***	***72.94***	***522.53***
a. Sales to Customers	421.36	438.30	4,083.75	3,676.75	16.93	-407.00
b. Purchases from Customers	373.45	463.33	4,141.83	4,257.36	89.88	115.53
4.3 B$ Position (change)	***6.37***	***-3.86***				
5.0 EXCHANGE CONTROL SALES						
5.1 Current Items	***436.65***	***365.14***	***4,336.87***	***4,043.50***	***-71.50***	***-293.37***
of which Public Sector	***70.29***	***4.26***	***443.45***	***227.78***	***-66.03***	***-215.67***
a. Nonoil Imports	101.37	92.12	1,183.83	1,045.11	-9.26	-138.73
b. Oil Imports	52.58	22.73	390.93	385.56	-29.85	-5.37
c. Travel	27.79	25.38	241.82	236.69	-2.41	-5.13
d. Factor Income	44.07	15.48	376.51	172.49	-28.59	-204.02
e. Transfers	11.39	12.94	159.24	165.17	1.55	5.93
f. Other Current Items	199.43	196.50	1,984.53	2,038.48	-2.94	53.95
5.2 Capital Items	***58.13***	***16.45***	***249.47***	***142.25***	***-41.68***	***-107.23***
of which Public Sector	***28.71***	***0.00***	***154.77***	***46.10***	***-28.71***	***-108.67***
5.3 Bank Remittances	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***

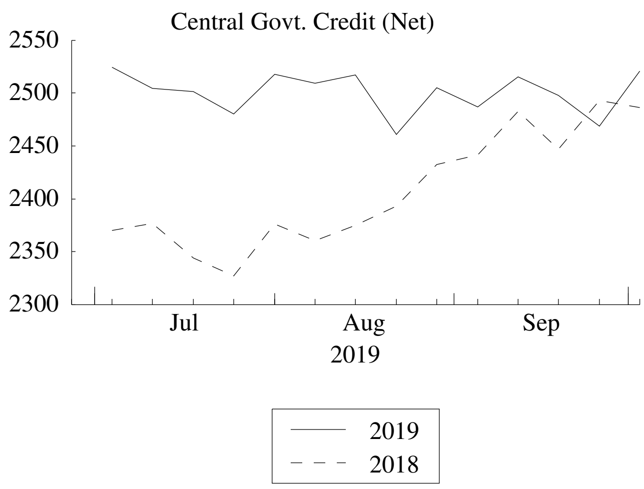
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending:SEPTEMBER 26, 2018 and OCTOBER 02, 2019
Exchange Control Sales figures are as at month end.

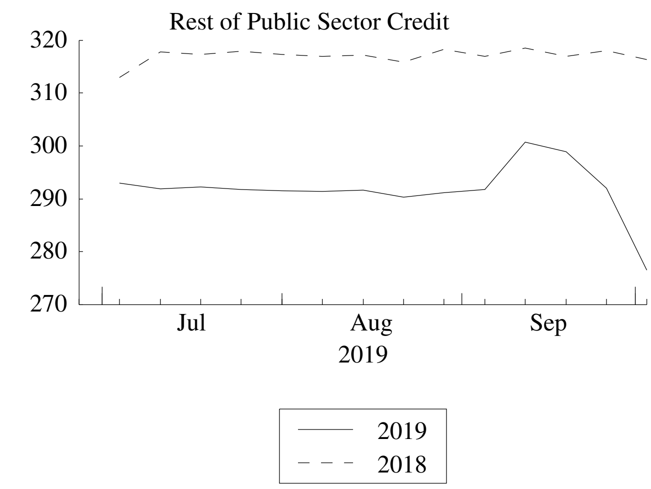
Notes: 1.0, 2.0 and 3.0 YTD change reflects change of current month over previous year end; for 4.0 and 5.0 change is over corresponding period of previous year.

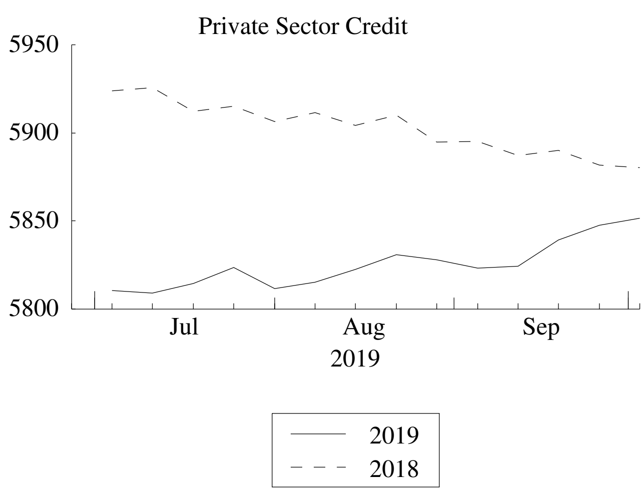
SELECTED MONEY AND CREDIT INDICATORS
(B$ Millions)

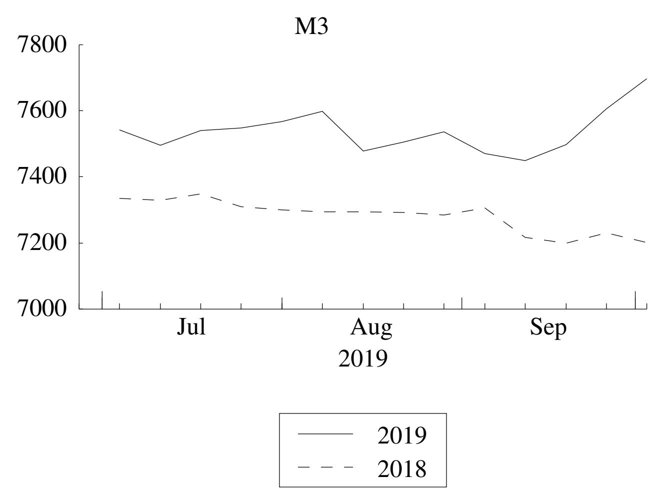


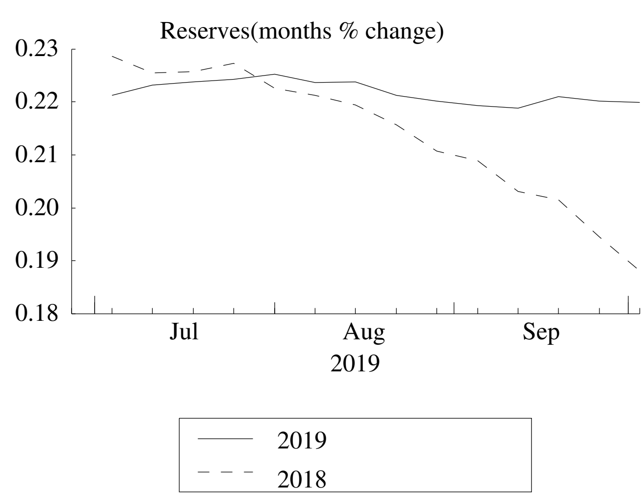












Selected International Statistics

A: Selected Macroeconomic Projections (Annual % Change and % of labor force)						
	Real GDP		**Inflation Rate**		**Unemployment**	
	2017	**2018**	**2017**	**2018**	**2017**	**2018**
Bahamas	1.4	2.3	1.4	2.5	10.1	10.7
United States	2.2	2.9	2.1	2.4	4.4	3.8
Euro-Area	2.4	2.0	1.5	1.7	9.1	8.3
Germany	*2.5*	*1.9*	*1.7*	*1.8*	*3.8*	*3.5*
Japan	1.7	1.1	0.5	1.2	2.9	2.9
China	6.9	6.6	1.6	2.2	3.9	4.0
United Kingdom	1.7	1.4	2.7	2.7	4.4	4.1
Canada	3.0	2.1	1.6	2.6	6.3	6.1

Source: IMF World Economic Outlook October 2018, Department of Statistics

B: Official Interest Rates – Selected Countries (%)					
With effect from	**CBOB**	**ECB (EU)**	**Federal Reserve (US)**		**Bank of England**
	Bank Rate	**Refinancing Rate**	**Primary Credit Rate**	**Target Funds Rate**	**Repo Rate**
June 2017	4.00	0.00	1.75	1.00-1.25	0.25
July 2017	4.00	0.00	1.75	1.00-1.25	0.25
August 2017	4.00	0.00	1.75	1.00-1.25	0.25
September 2017	4.00	0.00	1.75	1.00-1.25	0.25
October 2017	4.00	0.00	1.75	1.00-1.25	0.25
November 2017	4.00	0.00	1.75	1.00-1.25	0.25
December 2017	4.00	0.00	1.75	1.00-1.25	0.50
January 2018	4.00	0.00	2.00	1.25-1.50	0.50
February 2018	4.00	0.00	2.00	1.25-1.50	0.50
March 2018	4.00	0.00	2.00	1.25-1.50	0.50
April 2018	4.00	0.00	2.25	1.50-1.75	0.50
May 2018	4.00	0.00	2.25	1.50-1.75	0.50
June 2018	4.00	0.00	2.50	1.75-2.00	0.50
July 2018	4.00	0.00	2.50	1.75-2.00	0.50
August 2018	4.00	0.00	2.50	1.75-2.00	0.50
September 2018	4.00	0.00	2.50	1.75-2.00	0.75
October 2018	4.00	0.00	2.75	2.00-2.25	0.75
November 2018	4.00	0.00	2.75	2.00-2.25	0.75
December 2018	4.00	0.00	2.75	2.00-2.25	0.75
January 2019	4.00	0.00	3.00	2.25-2.50	0.75
February 2019	4.00	0.00	3.00	2.25-2.50	0.75
March 2019	4.00	0.00	3.00	2.25-2.50	0.75
April 2019	4.00	0.00	3.00	2.25-2.50	0.75
May 2019	4.00	0.00	3.00	2.25-2.50	0.75
June 2019	4.00	0.00	3.00	2.25-2.50	0.75
July 2019	4.00	0.00	3.00	2.00-2.25	0.75
August 2019	4.00	0.00	2.75	2.00-2.25	0.75
September 2019	4.00	0.00	2.50	1.75-2.00	0.75

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	**Sep-18**	**Aug-19**	**Sep-19**	**Mthly % Change**	**YTD % Change**	**12-Mth% Change**
Euro	0.8618	0.9098	0.9174	0.84	5.22	6.46
Yen	113.70	106.28	108.08	1.69	-1.48	-4.94
Pound	0.7674	0.8220	0.8135	-1.03	3.81	6.01
Canadian $	1.2909	1.3312	1.3240	-0.54	-2.94	2.56
Swiss Franc	0.9817	0.9903	0.9978	0.76	1.65	1.64
Renminbi	6.8690	7.1567	7.1484	-0.12	3.92	4.07
Source: Bloomberg as of September 30th, 2019						

D. Selected Commodity Prices ($)					
Commodity	**September 2018**	**August 2019**	**September 2019**	**Mthly % Change**	**YTD % Change**
Gold / Ounce	1192.50	1520.30	1472.39	-3.15	14.81
Silver / Ounce	14.70	18.38	16.99	-7.54	9.65
Oil / Barrel	77.43	65.19	60.40	-7.35	15.53
Source: Bloomberg as of September 30th 2019					

E. Equity Market Valuations – September 30th, 2019 (% change)								
	BISX	**DJIA**	**S&P 500**	**FTSE 100**	**CAC 40**	**DAX**	**Nikkei 225**	**SE**
1 month	1.28	-5.63	1.72	2.79	3.60	4.09	5.08	0.66
3 month	0.50	-6.33	1.19	-0.23	2.51	0.24	2.26	-2.47
YTD	6.44	-4.71	5.42	-1.66	3.57	-5.77	-5.81	-16.54
12-month	10.12	3.12	12.41	-1.35	2.85	-1.46	-3.17	-5.74
Sources: Bloomberg and BISX								

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	**GBP**	**EUR**
o/n	2.02	0.73	-0.46
1 Month	2.06	0.75	-0.47
3 Month	**2.12**	**0.805**	**-0.4525**
6 Month	2.07	0.80	-0.39
9 Month	1.92	0.94	-0.40
1 year	2.11	1.00	-0.35
Source: Bloomberg as of September 30th, 2019			

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B$ Millions)

	VALUE									CHANGE								
	Jul. 31	Aug. 07	Aug. 14	Aug. 21	Aug. 28	Sep. 04	Sep. 11	Sep. 18	Sep. 25	Jul. 31	Aug. 07	Aug. 14	Aug. 21	Aug. 28	Sep. 04	Sep. 11	Sep. 18	Sep. 25
I. External Resrves	***1,583.53***	***1,575.03***	***1,551.24***	***1,545.37***	***1,545.12***	***1,528.56***	***1,520.51***	***1,539.41***	***1,542.33***	***8.69***	***-8.51***	***-23.78***	***-5.87***	***-0.25***	***-16.56***	***-8.04***	***18.89***	***2.92***
II. Net Domestic Assets (A + B + C + D)	***-122.56***	***-131.09***	***-214.06***	***-105.94***	***-122.36***	***-131.82***	***-79.13***	***-129.06***	***-65.52***	***-5.30***	***-8.53***	***-82.97***	***108.13***	***-16.42***	***-9.46***	***52.69***	***-49.94***	***63.54***
A. Net Credit to Gov't(i + ii + iii - iv)	***289.08***	***288.29***	***288.42***	***304.97***	***286.82***	***286.27***	***363.36***	***339.93***	***344.70***	***6.42***	***-0.79***	***0.13***	***16.55***	***-18.15***	***-0.55***	***77.09***	***-23.42***	***4.77***
i) Advances	14.96	14.96	14.96	14.96	14.96	14.96	14.90	14.90	14.90	0.00	0.00	0.00	0.00	0.00	0.00	-0.06	0.00	0.00
ii) Registered Stock	257.77	257.83	257.90	257.47	247.62	247.67	247.82	252.80	252.76	0.17	0.06	0.07	-0.43	-9.86	0.06	0.15	4.98	-0.05
iii) Treasury Bills	75.17	75.15	75.15	90.09	83.87	83.87	161.60	153.60	170.08	-4.13	-0.02	0.00	14.94	-6.21	0.00	77.72	-7.99	16.48
iv) Deposits	58.82	59.64	59.58	57.55	59.63	60.23	60.96	81.37	93.03	-10.38	0.82	-0.06	-2.04	2.08	0.61	0.73	20.41	11.66
B. Rest of Public Sector (Net) (i + ii - iii)	***-45.21***	***-44.47***	***-46.91***	***-37.63***	***-42.48***	***-47.48***	***-44.03***	***-44.27***	***-41.38***	***-17.15***	***0.74***	***-2.44***	***9.27***	***-4.84***	***-5.00***	***3.45***	***-0.24***	***2.90***
i) BDB Loans	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	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	47.58	46.84	49.28	40.01	44.85	49.86	46.41	46.65	43.75	17.15	-0.74	2.44	-9.27	4.84	5.00	-3.45	0.24	-2.90
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)*	***-366.43***	***-374.92***	***-455.58***	***-373.27***	***-366.70***	***-370.61***	***-398.45***	***-424.73***	***-368.85***	***5.43***	***-8.49***	***-80.66***	***82.31***	***6.57***	***-3.91***	***-27.84***	***-26.27***	***55.88***
III. Monetary Base	***1,460.97***	***1,443.93***	***1,337.18***	***1,439.44***	***1,422.76***	***1,396.74***	***1,441.39***	***1,410.34***	***1,476.80***	***3.40***	***-17.04***	***-106.75***	***102.25***	***-16.67***	***-26.03***	***44.65***	***-31.04***	***66.46***
A. Currency in Circulation	436.13	436.57	421.80	419.49	422.47	433.81	434.30	432.01	427.95	12.22	0.44	-14.77	-2.31	2.98	11.34	0.49	-2.28	-4.06
B. Bank Balances with CBOB	1,024.84	1,007.36	915.38	1,019.95	1,000.30	962.93	1,007.09	978.33	1,048.85	-8.83	-17.47	-91.98	104.56	-19.65	-37.37	44.16	-28.76	70.52

* 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 period from previous period)

Fiscal Operations[P]	JUL-SEP 2017/2018	JUL-SEP 2018/2019	OCT-DEC 2017/2018	OCT-DEC 2018/2019	JAN-MAR 2017/2018	JAN-MAR 2018/2019	APR-JUN 2017/2018	APR-JUN 2018/2019	YEAR TO DATE 2017/2018 (Over previous year)	YEAR TO DATE 2018/2019
1. Government Revenue & Grants	453.7	513.8	427.1	497.8	589.6	677.4	572.0	726.9	2042.4	2416.0
% change; over previous quarter	*-24.7%*	*-9.6%*	*-5.9%*	*-3.1%*	*38.1%*	*36.1%*	*-2.99%*	*7.30%*	*-0.9%*	*18.3%*
2. Value Added Tax	168.8	199.4	149.5	185.9	171.8	203.6	190.5	306.0	680.6	894.9
% change; over previous quarter	*-2.3%*	*-1.9%*	*-11.4%*	*-6.8%*	*15.0%*	*9.5%*	*10.89%*	*50.32%*	*6.7%*	*31.5%*
3. Import/Excise Duties	135.0	151.2	127.6	114.4	130.2	103.7	134.4	155.3	527.2	524.6
% change; over previous quarter	*-25.8%*	*-5.6%*	*-5.5%*	*-24.3%*	*2.0%*	*-9.4%*	*3.26%*	*49.83%*	*-8.2%*	*-0.5%*
4. Recurrent Expenditure	484.6	539.9	517.2	566.3	548.5	594.9	638.4	720.1	2188.6	2421.2
% change; over previous quarter	*-41.6%*	*-15.0%*	*6.7%*	*4.9%*	*6.0%*	*5.1%*	*16.39%*	*21.05%*	*-6.5%*	*10.6%*
5. Capital Expenditure	74.4	38.8	56.7	41.2	52.5	48.1	85.2	89.1	268.7	217.2
% change; over previous quarter	*-54.3%*	*-54.4%*	*-23.8%*	*6.2%*	*-7.4%*	*16.6%*	*62.25%*	*85.40%*	*-31.1%*	*-19.2%*
6. Deficit/Surplus*	-105.2	-64.9	-146.8	-109.6	-11.3	34.5	-151.6	-82.3	-414.9	-222.4
% change; over previous quarter	*-73.0%*	*-57.3%*	*39.5%*	*69.0%*	*-92.3%*	*-131.4%*	*1238.64%*	*-338.88%*	*-38.1%*	*-46.4%*

DebtP **	JAN 2018	JAN 2019	FEB 2018	FEB 2019	MAR 2018	MAR 2019	APR 2018	APR 2019	MAY 2018	MAY 2019	JUN 2018	JUN 2019	JUL 2018	JUL 2019	AUG 2018	AUG 2019	SEP 2018	SEP 2019	OCT 2018	OCT 2019	NOV 2018	NOV 2019	DEC 2018	DEC 2019
7. Total Direct Debt	7,209.3	7,514.2	7,198.9	7,476.9	7,205.4	7,476.9	7,175.1	7,473.4	7,217.2	7,465.2	7,243.2	7,527.0	7,290.6	7,508.8	7,337.3	7,543.9	7,378.4	7,580.7						
% change; over previous month	*0.4%*	*0.2%*	*-0.1%*	*-0.5%*	*0.1%*	*0.0%*	*-0.4%*	*0.0%*	*0.6%*	*-0.1%*	*0.4%*	*0.8%*	*0.7%*	*-0.2%*	*0.6%*	*0.5%*	*0.6%*	*0.5%*						
8. External Debt	2,675.9	2,592.5	2,662.4	2,568.6	2,661.2	2,557.1	2,651.3	2,552.1	2,643.1	2,552.4	2,637.1	2,553.2	2,632.1	2,544.9	2,608.2	2,538.1	2,599.1	2,554.8						
% change; over previous month	*2.3%*	*0.0%*	*-0.5%*	*-0.9%*	*0.0%*	*-0.4%*	*-0.4%*	*-0.2%*	*-0.3%*	*0.0%*	*-0.2%*	*0.0%*	*-0.2%*	*-0.3%*	*-0.9%*	*-0.3%*	*-0.3%*	*0.7%*						
9. Internal F/C Debt	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	0.0	0.0	0.0	0.0	0.0						
% change; over previous month																	*#DIV/0!*	*#DIV/0!*						
10. Bahamian Dollar Debt	4,533.4	4,921.7	4,536.5	4,908.3	4,544.2	4,919.7	4,523.8	4,921.3	4,574.1	4,912.8	4,606.1	4,973.9	4,658.5	4,963.9	4,729.1	5,005.8	4,779.2	5,025.9						
% change; over previous month	*-0.7%*	*0.3%*	*0.1%*	*-0.3%*	*0.2%*	*0.2%*	*-0.4%*	*0.0%*	*1.1%*	*-0.2%*	*0.7%*	*1.2%*	*1.1%*	*-0.2%*	*1.5%*	*0.8%*	*1.1%*	*0.4%*						
11. Total Amortization	34.7	41.4	29.0	36.3	91.8	112.5	100.4	133.5	0.1	33.8	21.0	27.7	56.7	36.9	72.5	11.8	33.8	49.5						
% change; over previous month	*4.9%*	*-18.9%*	*-19.7%*	*-14.0%*	*217.1%*	*209.9%*	*9.3%*	*18.7%*	*-99.9%*	*-74.7%*	*40684%*	*-18.0%*	*169.5%*	*33.1%*	*27.9%*	*-67.9%*	*-53.4%*	*318.0%*						
12.Total Public Sector F/C Debt	3,364.4	3,508.8	3,528.8	3,484.9	3,526.7	3,462.0	3,516.8	3,457.0	3,508.6	3,457.3	3,497.5	3,440.6	3,585.6	3,432.3	3,560.9	3,425.5	3,591.0	3,425.6						
% change; over previous month	*-3.4%*	*4.8%*	*4.7%*	*-0.7%*	*-0.1%*	*-0.7%*	*-0.3%*	*-0.1%*	*-0.2%*	*0.01%*	*-0.3%*	*-0.48%*	*2.5%*	*-0.2%*	*-0.7%*	*-0.2%*	*0.8%*	*0.0%*						

Real Sector Indicators	JAN 2018	JAN 2019	FEB 2018	FEB 2019	MAR 2018	MAR 2019	APR 2018	APR 2019	MAY 2018	MAY 2019	JUN 2018	JUN 2019	JUL 2018	JUL 2019	AUG 2018	AUG 2019	SEP 2018	SEP 2019	OCT 2018	OCT 2019	NOV 2018	NOV 2019	DEC 2018	DEC 2019	2018 (Over previous year)	2019
13. Retail Price Index	103.9	106.7	104.3	108.1	104.0	108.2	104.2	108.4	104.7	108.2	105.1	108.1	107.0	108.9											104.7	108.1
% change; over previous month	*0.00%*	*0.70%*	*0.35%*	*1.26%*	*-0.30%*	*0.12%*	*0.18%*	*0.15%*	*0.5%*	*-0.17%*	*0.3%*	*-0.06%*	*1.8%*	*0.7%*											*1.74%*	*3.18%*
14. Tourist arrivals (000's)	533.7	636.9	534.2	608.4	707.5	749.0	587.8	657.6	500.0	589.1	539.8	641.4	602.5	650.4	516.0	553.5									4,521.4	5,086.3
% change; over previous year	*4.79%*	*19.33%*	*-0.08%*	*13.89%*	*3.63%*	*5.87%*	*0.94%*	*11.88%*	*6.59%*	*17.83%*	*9.62%*	*18.83%*	*10.72%*	*7.9%*	*8.19%*	*7.3%*									*5.36%*	*12.49%*
15. Air arrivals (000's)	100.9	129.9	126.3	151.1	184.1	201.6	144.0	171.2	136.1	158.7	154.9	168.4	163.4	176.0	129.6	131.1									1,139.3	1,288.0
% change; over previous year	*6.95%*	*28.78%*	*16.73%*	*19.65%*	*26.09%*	*9.48%*	*4.32%*	*18.83%*	*18.94%*	*16.61%*	*15.72%*	*8.71%*	*12.98%*	*7.7%*	*17.71%*	*1.2%*									*15.13%*	*13.05%*
16. Occupied Room Nights																										
% change; over previous year																										
17. Res. Mortgage Commitments-Value of New Const. & Rehab. (B$Millions)					12.25	7.82					8.60	24.55													20.85	32.38
% change; over previous qtr.					*-19.04%*	*-5.88%*					*-29.8%*	*213.8%*													*-10.23%*	*55.27%*

* Includes Net Lending to Public Corporations

** Debt figures include Central Government only, unless otherwise indicated

p - provisional