



Monthly Economic and Financial Developments June 2023

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:

2023: September 4, October 2, October 30, December 4, December 27



JUNE 2023 SUMMARY

MONTHLY ECONOMIC AND FINANCIAL DEVELOPMENTS

Overall Economic Activity

The domestic economy sustained its growth momentum during the month of June, albeit at a moderate pace, as the seasonal recovery from the COVID-19 pandemic neared completion. Tourism output remained buoyant, supported by healthy gains in both the high value-added air segment and the sea component, as the demand for travel in the key source markets persisted.

Inflation

Average domestic consumer price inflation—as measured by the All Bahamas Retail Price Index—firmed to 5.6% during the twelve months to April, from 3.8% in the corresponding 2022 period, reflective of the pass-through effects of higher international oil prices and other costlier imports.

Monetary Sector

Monetary sector developments were marked by a modest expansion in banking sector liquidity, despite the buildup in the deposit base trailing the growth in domestic credit. However, external reserves decreased during the review month, attributed to net foreign currency outflows through the public sector.

International Economies

During the month of June, global economic performance was mixed, as elevated inflation and protracted geopolitical tensions in Eastern Europe continued to impact developments. Against this backdrop, the major central banks retained their monetary policy tightening stances, in an effort to curtail inflation and maintain financial stability.



Monthly Economic and Financial Developments (MEFD)

June 2023

1. Domestic Economic Developments

Overview

During the month of June, preliminary economic indicators suggest that the domestic economy sustained its growth momentum, albeit at a moderate pace, as recovery from the COVID-19 pandemic neared completion. Tourism sector output remained buoyant, supported by healthy growth in both the high value-added air segment and the sea component, as the demand for travel in the key source markets persisted. In price developments, average consumer price inflation—as measured by changes in the average Retail Price Index (RPI) for The Bahamas—firmed during the twelve months to April, 2023, reflective of the pass-through effects of higher prices on imported oil and other goods. Monetary trends for the month of June were marked by a modest expansion in banking sector liquidity, despite the buildup in the deposit base trailing the growth in domestic credit. However, external reserves decreased during the review month, attributed to net foreign currency outflows through the public sector.

Real Sector

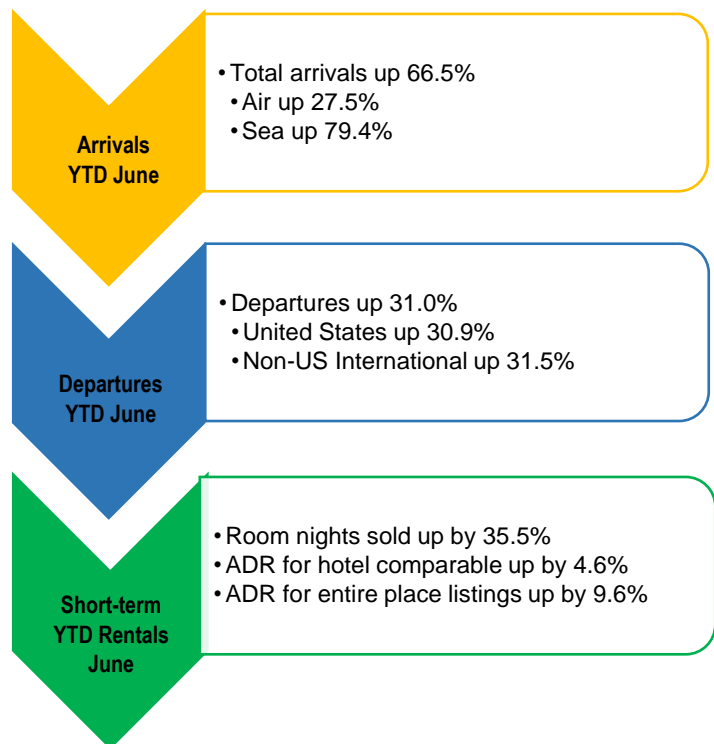
Tourism

Initial data suggested that tourism sustained its robust growth in June, undergirded by buoyant gains in both the high-value air component and sea traffic. The outcome reflected significantly, the closure of the remaining seasonal gap in stopover and cruise visitor, as compared to what still existed on average in the first half of last year.

Official data provided by the Ministry of Tourism (MOT) revealed that total visitor arrivals rose to 0.8 million in June, from 0.6 million in the same period in 2022. Specifically, the dominant sea segment grew to 0.6 million, from 0.4 million passengers in the previous year. In addition, air traffic increased to 0.2 million, from 0.1 million—representing 99.6% of the pre-pandemic high that was recorded in 2019.

Disaggregated by major port of entry, total arrivals to New Providence strengthened to 0.4 million visitors, from 0.3 million in the pre-

Chart 1: Tourism Indicators at a Glance



Sources: Ministry of Tourism, Nassau Airport Development Co. & AirDNA

Table 1: Total Visitor Arrivals January-June 2023

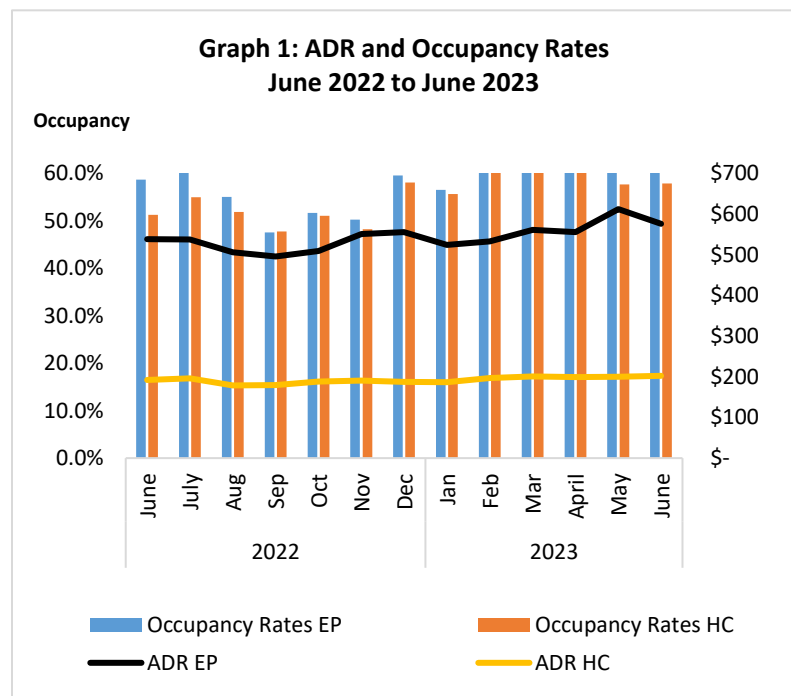
ceding year. Underlying this outcome, the sea and air components stabilised at 0.2 million and 0.1 million visitors, respectively. Further, traffic to the Family Islands advanced to 0.4 million, from 0.3 million in the prior year, as sea and air arrivals rose to 0.3 million and 37,682, respectively. In addition, arrivals to Grand Bahama totalled 43,572, surpassing the 35,720 registered in the previous year, as respective air and sea passengers measured 4,545 and 39,027.

	New Providence (% Change)		Grand Bahama (% Change)		Family Islands (% Change)	
	2022	2023	2022	2023	2022	2023
Arrivals						
Air	137.1	26.6	122.9	60.2	48.8	27.0
Sea	12,623.8	80.2	1,089.0	101.6	3,141.2	76.6
Total	490.1	59.3	661.1	96.2	865.4	71.0

Sources: Ministry of Tourism

On a year-to-date basis, total arrivals recovered to 5.0 million visitors, vis-à-vis 3.0 million in the corresponding 2022 period. Supporting this outcome, air arrivals grew to 1.0 million passengers, from 0.8 million in the prior year, reflecting gains in all major markets. Likewise, sea arrivals accelerated to 4.1 million, from 2.3 million visitors in the previous year (see Table 1).

The most recent data provided by the Nassau Airport Development Company Limited (NAD) revealed that total departures in June—net of domestic passengers—rose by 20.1% to 142,692, vis-à-vis the comparative period last year. Specifically, U.S. departures increased by 20.9% to 127,307, while non-U.S. departures advanced by 13.9% to 15,385, relative to the previous year.



Sources: AirDNA

During the first half of the year, total outbound traffic grew by 31.0% to 827,160 passengers. In particular, U.S. departures expanded by 30.9% to 709,481 visitors, compared to the corresponding period last year. Likewise, non-U.S. departures rose by 31.5% to 117,679 visitors, relative to the same period a year earlier. Comparatively, the half year volume of air arrivals approximated 98.0% of the pre-pandemic and pre-Hurricane Dorian highs, while sea visitor volumes were stabilised at levels surpassing the previous heights by 40.0%.

In the short-term vacation rental market, data provided by AirDNA cemented the positive trends in tourism output. Specifically, for the month of June, total room nights sold rose to 196,825 from 154,036 in the comparative period of 2022. Correspondingly, the occupancy rates for both entire place and hotel comparable listings firmed to 64.5% and 57.9%, respectively, from 58.7% and 51.3% in the previous year. Further, as

depicted in Graph 1, price indicators showed that year-over-year, the average daily room rate (ADR) for entire place listings increased by 6.9% to \$576.46 and for hotel comparable listings, by 5.3% to \$202.51.

Prices

Average domestic consumer price inflation—as measured by the All Bahamas Retail Price Index—firmed to 5.6% during the twelve months to April, from 3.8% in the corresponding 2022 period, reflective of the pass-through effects of higher international oil prices and other costlier imports. Specifically, average costs increased for recreation & culture (16.9%) and miscellaneous goods & services (0.9%), after registering reductions in the previous year. Further, average inflation accelerated for food & non-alcoholic beverages (12.7%), restaurant & hotels (11.1%), health (5.0%), and housing, water, gas, electricity & other fuels (4.5%). Providing some offset, average inflation moderated for transport (8.9%), clothing & footwear (3.5%), alcohol beverages, tobacco & narcotics (3.4%), communication (3.2%), furnishing, household equipment & routine household maintenance (1.8%) and education (1.4%).

2. Monetary Trends

June 2023 vs. 2022

Liquidity

Monetary trends for the month of June revealed a modest increase in bank liquidity, despite the growth in the deposit base trailing the expansion in domestic credit. Specifically, excess reserves—a narrow measure of liquidity—grew by \$7.4 million to \$2,000.4 million, a reversal from a \$5.3 million decline a year earlier. Similarly, excess liquid assets—the broad measure of liquidity—rose by \$4.3 million to \$2,904.4 million, a switch from last year's contraction of \$168.0 million.

On a year-to-date basis, excess reserves expanded by \$72.3 million, albeit a moderation from the \$500.2 million buildup in 2022, that was impacted by proceeds from the Government's external borrowing. Likewise, the growth in excess liquid assets slowed to \$131.6 million from \$237.6 million in the prior year.

External Reserves

During the review month, external reserves reduced by \$173.9 million to \$2,712.4 million, a contrast from the \$243.4 million accumulation a year earlier. Underlying this outturn, the Central Bank net foreign exchange transactions with the public sector reversed to a net sale of \$193.6 million, from a net intake of \$274.2 million last year. Providing some offset, the Central Bank's transactions with commercial banks switched to a net purchase of \$17.8 million, following a net sale of \$31.1 million in the prior year. Further, commercial banks net outflows to their customers moderated to \$1.6 million, from \$43.7 million in the preceding year.

On a year-to-date basis, the growth in external reserves narrowed to \$117.7 million, from \$788.0 million last year, which had included net receipts of proceeds from the Government's external bond offering. Reflective of this development, the Central Bank's net foreign currency transactions with the public sector shifted to a net sale of \$207.1 million, from a net purchase of \$398.0 million in the preceding year. In addition, the Bank's net purchase from commercial banks tapered to \$265.7 million, from \$396.4 million a year earlier. Further, commercial banks' net intake from customers narrowed to \$220.8 million from \$438.5 million in the previous year.

Exchange Control Sales

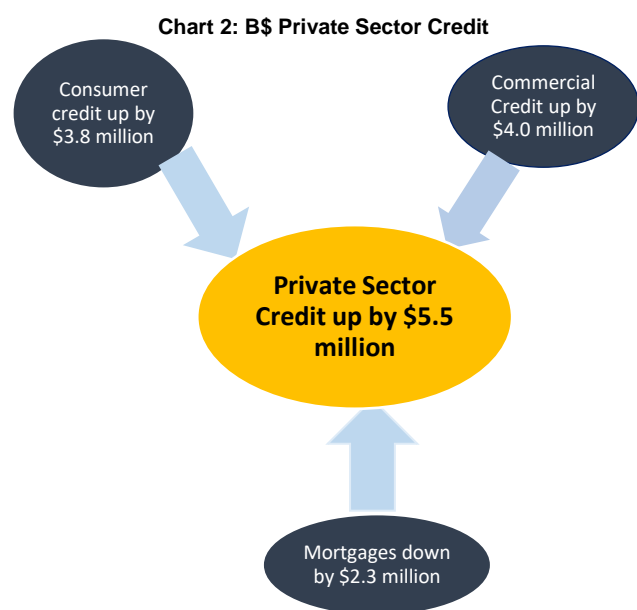
Preliminary data on foreign currency sales for current account transactions showed that monthly outflows contracted by \$93.9 million to \$511.4 million in June, when compared to the same period in 2022. Specifically, payments for oil imports reduced by \$52.6 million and non-oil imports, by \$35.3 million. Correspondingly, decreases were also recorded for factor income remittances (\$11.0 million) and travel related transactions (\$1.0 million). In contrast, outflows for “other” current items—mainly credit and debit card financed imports—grew by \$3.4 million and for transfer payments, by \$2.5 million during the review month.

On a year-to-date basis, foreign currency sales for current transactions increased by \$401.7 million to \$3,759.3 million in 2023. In particular, accretions were recorded for “other” current items inclusive of credit card financed transactions (\$339.7 million), transfer payments (\$32.0 million), non-oil imports (\$28.5 million), oil imports (\$18.3 million) and travel related transactions (\$17.6 million). Providing some offset, factor income payments declined by \$34.5 million, vis-à-vis the comparative period last year.

Domestic Credit

Bahamian Dollar Credit

For the month of June, total Bahamian dollar credit grew by \$175.8 million, a turnaround from a \$184.2 million reduction in the previous year. Leading this outturn, net claims on the Government advanced to \$173.5 million, a switch from a \$174.1 million contraction in the prior year. In addition, private sector credit rose by \$5.5 million, a shift from a \$10.8 million falloff a year earlier. Specifically, growth in commercial credit recovered to \$4.0 million, following a decrease of \$1.5 million in 2022. In addition, a gain of \$3.8 million was noted for consumer credit, vis-à-vis a \$5.1 million decrease last year. Further, the decline in mortgages slowed to \$2.3 million from \$4.2 million in the preceding year. In an offset, credit to public corporations fell by \$3.2 million, a turnaround from the \$0.6 million uptick last year.



Source: Central Bank of The Bahamas

For the first half of the year, total Bahamian dollar credit expanded by \$98.1 million, a shift from a \$286.9 million contraction in 2022. Contributing to this outcome, net claims on the Government increased by \$78.0 million, as opposed to a \$227.3 million retrenchment a year earlier. In addition, private sector credit grew by \$26.1 million, a reversal from a \$96.6 million falloff in the year prior. In particular, commercial credit rose by \$53.5 million, a switch from a \$30.1 million decline in the preceding year. In addition, the decrease in consumer credit moderated to \$2.2 million from \$65.0 million in the previous year. However, mortgages fell by \$25.2 million, extending the \$1.5 million downturn in the prior year. Meanwhile, credit to public corporations reduced by \$6.0 million, following a gain of \$37.0 million in 2022.

Foreign Currency Credit

During the review month, domestic foreign currency credit rose by \$2.9 million, vis-à-vis a decline of \$4.6 million a year earlier. Specifically, net claims on the Government grew by \$1.6 million after a \$1.9 million increase in the previous year. Further, private sector credit rose by \$2.8 million, to contrast with a \$6.6 million reduction in the preceding year. This reflected gains in both commercial credit and mortgages of \$2.4 million and \$0.5 million, respectively, as opposed to reductions of \$5.9 million and \$0.7 million, respectively last year. Conversely, credit to public corporations fell by \$1.5 million, following a flat outturn in the year prior.

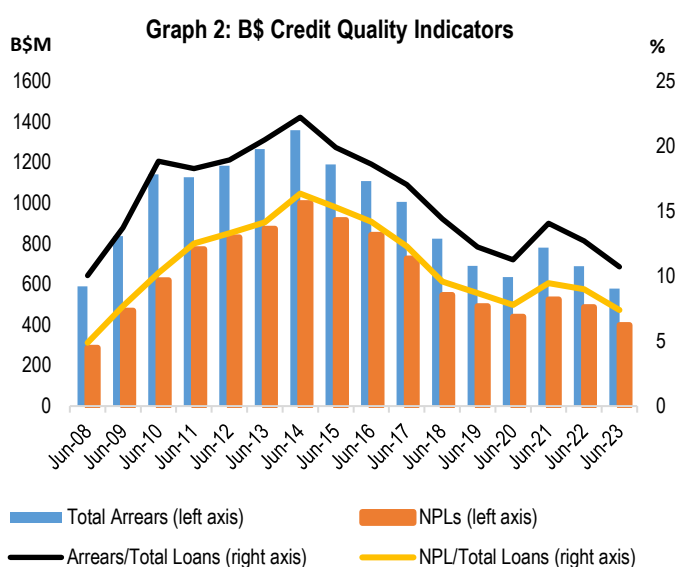
Over the six month period, domestic foreign currency credit reduced by \$18.6 million, although a moderation from the \$61.0 million decrease in the previous year. Underlying this development, credit to the rest of the public sector declined by \$2.3 million, after registering a flat outturn in the preceding year. Further, the falloff in net claims on the Government slowed to \$27.0 million from \$70.1 million in the prior year. In contrast, private sector credit grew by \$10.6 million, surpassing the \$9.1 million gain a year earlier, as both mortgages and commercial credit increased by \$5.9 million and \$4.7 million, respectively.

Credit Quality

Commercial banks credit quality indicators improved during June, as total private sector arrears declined by \$9.1 million (1.6%) to \$579.1 million compared to the previous month. The associated ratio narrowed by 15 basis points to 10.7% of total private sector loans.

By average age of delinquency, non-performing loans (NPLs) contracted by \$8.2 million (2.0%) to \$399.3 million, corresponding with a 14 basis point decrease in the attendant ratio—with retrenchments in NPL rates for mortgages, by 20 basis points to 9.6%; consumer loans, by 11 basis points to 5.7%; and commercial loans, by 6 basis points to 5.2%. Similarly, short-term arrears reduced by \$0.9 million (0.5%) to \$179.8 million, while the accompanying ratio fell by 1 basis point to 3.3%.

An analysis by loan category revealed that consumer loan delinquencies reduced by \$9.3 million (5.4%) to \$161.3 million, with both the short-term and non-accrual components decreasing by \$6.9 million (11.9%) and by \$2.3 million (2.1%), respectively. Likewise, mortgage arrears fell by \$6.2 million (1.7%) to \$356.1 million, owing to declines in NPLs by \$5.2 million (2.1%), and in the short-term segment by \$1.0 million (0.9%). Providing some offset, commercial delinquencies grew by \$6.3 million (11.4%) to \$61.7 million, attributed to a \$7.0 million (141.0%) expansion in the short-term category, which overshadowed the \$0.7 million (1.3%) uptick in the non-accrual component.



Source: Central Bank of The Bahamas

As regard allowance for credit losses, banks reduced their total provisions by \$6.3 million (1.7%) to \$357.0 million in June. As a result, the ratio of total provisions to arrears narrowed by 11 basis points to 61.7%. However, the ratio of total provisions to NPLs rose by 25 basis points to 89.4%. During the review month, banks also wrote-off an estimated \$10.3 million in bad loans and recovered approximately \$2.5 million.

In comparison to June 2022, the total private sector arrears rate narrowed by 2.0 percentage points. In particular, the non-accrual component moved lower by 1.6 percentage points, while the short-term segment declined by 0.4 percentage points. Further, by loan type, delinquency rates fell for consumer loans, by 2.7 percentage points; mortgages, by 1.7 percentage points; and commercial credit, by 1.1 percentage points.

On a year-to-date basis, total private sector arrears decreased by \$31.1 million (5.1%), with the corresponding rate narrowing by 63 basis points. By length of delinquency, non-performing loans declined by \$15.6 million (3.8%), resulting in a 33 basis point falloff in the attendant ratio. Similarly, short-term arrears reduced by \$15.4 million (8.0%), as the accompanying ratio fell by 30 basis points.

A disaggregation by loan type showed that mortgage arrears narrowed by \$25.4 million (6.7%), as both long and short-term segments contracted by \$16.4 million (6.4%) and by \$9.0 million (7.2%), respectively. In addition, consumer delinquencies reduced by \$12.2 million (7.0%), underpinned by decreases in the short-term component, by \$8.7 million (14.4%); and in the non-accruals segment, by \$3.5 million (3.1%). Conversely, commercial arrears increased by \$6.5 million (11.8%), on account of gains in the non-performing balance by \$4.3 million (9.5%); and short-term arrears, by \$2.2 million (22.5%).

During the six-month period, commercial banks total provisions for losses contracted by \$14.8 million (4.0%). Accordingly, the ratio of total provisions to NPLs fell by 20 basis points; while the ratio of total provisions to arrears increased by 71 basis points. For the half-year period, banks wrote-off approximately \$39.8 million in overdue loans and recovered an estimated \$22.3 million.

Deposits

During June, the growth in Bahamian dollar deposits extended to \$85.7 million, from \$47.0 million in the comparable period of 2022. Underpinning this outturn, the buildup in demand deposits accelerated to \$60.0 million, from \$28.9 million in the preceding year. Further, accumulation in savings deposits advanced to \$36.2 million, from \$26.1 million a year earlier. In contrast, fixed deposits decreased further by \$10.6 million, vis-à-vis \$8.0 million in the prior year. However, the decline in residents' foreign currency deposits narrowed to \$0.5 million, from \$2.1 million in the previous year.

On a year-to-date basis, the expansion in total Bahamian dollar deposits slowed to \$138.8 million from \$577.0 million in 2022. By component, the rise in demand balances moderated sharply to \$27.1 million, from \$479.3 million a year earlier. Further, the gain in savings deposits tapered to \$130.6 million, from \$137.6 million in the previous year. Conversely, fixed deposits fell by \$18.9 million, albeit lower than the \$39.9 million contraction in the preceding year. Meanwhile, the accumulation in foreign currency deposits of residents was almost steady at to \$91.8 million.

Interest Rates

In June, banks' weighted average loan rate fell by 14 basis points to 11.23%. Similarly, the weighted average deposit rate narrowed by 8 basis points to 0.5%, with the highest rate of 3.75% offered on fixed balances over 12 months.

3. Domestic Outlook

The domestic economy is expected to sustain its positive growth momentum in 2023, reflecting substantial closure of the seasonal gap in tourism inflows over the first half of the year. However, the pace of expansion is projected to moderate, as indicators attain pre-pandemic levels. Further, downside risks to the sector persist, related largely to exogenous factors. In particular, higher global prices could disrupt travel sector activity, and major central banks' counter-inflation policies could curtail the spending capacity of consumers from key source market. Nevertheless, new and ongoing foreign investment-led projects are expected to provide continued stimulus to the construction sector, which would contribute to the growth matrix.

In the labor market, ongoing improvement in employment conditions is projected, with additional job gains concentrated mainly in the construction and tourism sectors. As it relates to prices, inflation is anticipated to remain high in the near-term, though easing is foreseeable, with a lag to given moderating price trajectories in the major trading and more delayed fuel cost pass-through in domestic energy costs. Upside risks to inflations, still evolve around uncertainty in international energy prices, and supply chain shortages, related to geopolitical tensions in Eastern Europe.

On the fiscal front, the Government's net financing gap is expected to maintain its downward trend, as conditions become favorable for more consolidation. The recovery in revenue is expected to be significantly correlated with tourism-led improvements in taxable economic activities. Further, the estimated budgetary gap is projected to require a blend of domestic and external borrowings, though with a higher proportion of the total funding from domestic sources.

Monetary sector developments will feature high levels of banking sector liquidity, as commercial banks sustain their conservative lending posture. In addition, external reserves are forecasted to remain buoyant in 2023, remaining above international benchmarks, supported by anticipated foreign currency inflows from tourism and other net private sector receipts. Consequently, external balances should remain more than adequate to sustain the Bahamian dollar currency peg.

4. Monetary Policy and Financial Stability Implications

Given the prevailing outlook, the Central Bank will maintain its accommodative policy stance for private sector credit and pursue policies that ensure a favorable outturn for external reserves, and mitigate financial sector disruptions. Further, the Bank will continue to monitor developments within the foreign exchange market, and if necessary, adopt appropriate measures to support a positive outcome for the foreign reserves.

APPENDIX

International Developments

Global economic performance was mixed during the month of June, as elevated inflation and protracted geopolitical tensions in Eastern Europe continued to impact developments. Against this backdrop, the major central banks retained their monetary policy tightening stances, in an effort to curtail inflation and encourage economic growth, in addition to financial stability.

Economic developments in the United States were mostly positive during the review month. Specifically, retail sales edged up by 0.2% in June, although lower than the 0.5% rise in May, explained by higher online sales. However, industrial production declined for the second consecutive month by 0.5% in June, owing to a falloff in manufacturing, mining and utilities output. In price developments, consumer prices firmed by 0.2% in June, following a gain of a similar magnitude a month earlier, attributed to an increase in the average costs of shelter, motor vehicle insurance, and energy prices. Conversely, on the labour front, the jobless rate decreased by 10 basis points to 3.6% in June, as total non-farm payroll employment grew by 209,000, due to job gains in Government, health care, social assistance, and construction. On the external front, the trade deficit narrowed by \$5.5 billion (7.3%) to \$69.0 billion in May, as the 2.3% reduction in imports, outpaced the 0.8% falloff in exports. In this environment, the Federal Reserve retained the target range for the Federal funds rate at 5.00%-5.25%, in an effort to reduce inflation and stimulate economic growth.

In Europe, economic indicators varied over the review period. In the United Kingdom, real GDP contracted by 0.1% in May, a turnaround from a 0.2% growth in the prior month, attributed to a falloff in production output. Industrial production fell by 0.6% in May, extending the 0.2% contraction in April, amid decreases in electricity & gas, water supply & sewerage, and manufacturing. However, retail sales grew by 0.3% in May, although below the 0.5% rise in April, underpinned by an increase in online retail sales and fuel purchases. Meanwhile, consumer prices rose by 0.7%, slightly lower than the 0.8% uptick in the previous month, buoyed by higher prices for air travel, recreational & cultural goods and services, and second-hand cars. In the labour market, the jobless rate increased by 20 basis points to 4.0% in the three months to May. On the external front, the trade in goods and services deficit widened by £4.1 billion (91.6%) to £6.6 billion, as imports rose by 3.1%, while exports fell by 2.6%. In the euro area, industrial production increased by 0.2% in May, albeit a slowdown from the 1.0% gain in April, while for the second consecutive month, retail sales registered a flat outturn in May. Further, the annual inflation rate slowed to 5.5% in June, from 6.1% in the previous month, reflecting declines in the food index; while the unemployment rate remained unchanged at 6.5% in May. In external developments, the euro area recorded a €0.3 billion trade deficit in May, considerably lower than the €30.3 billion deficit in the same period last year, reflecting a 12.8% decline in imports, which outstripped the 2.3% reduction in exports. Given these developments, the Bank of England increased its key policy rate to 5.00%, from 4.50%. Similarly, the European Central Bank also raised its interest rates on its main refinancing operations to 4.00% from 3.75%, marginal lending facility to 4.25% from 4.00% and the deposit facility, to 3.50% from 3.25%.

Developments in the Asian economies were mixed in the review month. In China, industrial production grew by 4.4% in June, exceeding the 3.5% growth in May, owing to a rise in manufacturing and mining output. Further, retail sales moved higher by 3.1%, although a slowdown from the month earlier 12.7% expansion, on account of a rise in the sale of consumer goods other than motor vehicles. Further, the annual consumer price index remained unchanged in June, following a 0.2% rise in May. Likewise, the unemployment rate steadied at 5.2% in June. In the external sector, China's trade surplus narrowed to \$70.6 billion in June, from \$97.4 billion in the same period last year, as the 12.4% reduction in exports outpaced the 6.9% decline in imports. In Japan, industrial production decreased by 2.2% in May, a reversal from a gain of 1.6% the month earlier, attributed to declines in the production of motor vehicles, electrical machinery, information & electronics equipment, and inorganic & organic chemicals. In contrast, retail sales firmed by 5.7%, exceeding the 5.0% rise in April, underpinned by gains in general merchandise, food & beverages, motor vehicles, medicine & toiletry and non-store retail business. Meanwhile, average consumer prices fell by 3.2% in May, a switch from a 3.5% rise a month earlier, reflecting declines in the cost of furniture & household utensils, fuel, light and water. In the labour market, the unemployment rate steadied at 2.6% in May vis-à-vis the previous month. In this environment, the People's Bank of China reduced its reverse repo rate to 1.9%, while the Bank of Japan maintained its policy rate at -0.1%.

During the month of June, almost all of the major equity markets reported positive movements. Specifically, the United States' S&P 500 and Dow Jones Industrial Average (DIJA) grew by 6.5% and by 4.6%, respectively. In Europe, the United Kingdom's FTSE 100 increased by 1.2%, the French CAC 40, by 4.3% and the German DAX, by 3.1%. In Asia, Japan's Nikkei 225 strengthened by 7.5%, while China's SE Composite declined by 0.1%.

In foreign exchange market developments, the US dollar depreciated against most of the major currencies during the review month. In particular, the US dollar weakened against the Canadian dollar, by 2.5% to CAD\$1.3242, the British Pound, by 2.1% to £0.7872, the euro, by 2.0% to €0.9167, and the Swiss Franc, by 1.7% to CHF0.8956. However, in Asian markets, the US dollar appreciated against the Japanese Yen, by 3.6% to ¥144.31, and the Chinese Renminbi, by 2.0% to CNY7.2537.

In the commodity markets, prices trended downward during the month of June. Specifically, the cost of crude oil decreased by 8.6% to \$72.68 per barrel, as OPEC's crude oil production increased by 91,000 barrels per day, to an average 28.19 million barrels per day in June. Similarly, the price of silver fell by 3.0% to \$22.77 per troy ounce and the cost of gold, by 2.2% to \$1,919.35 per troy ounce.

Recent Monetary and Credit Statistics

(B\$ Millions)

June					
Value		Change		Change YTD	
2022	2023	2022	2023	2022	2023

1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	2,040.51	2,000.43	-5.25	7.44	500.20	72.31
1.2 Excess Liquid Assets	2,676.48	2,904.43	-168.03	4.31	237.64	131.61
1.3 External Reserves	3,247.11	2,712.42	243.37	-173.88	787.96	117.74
1.4 Bank's Net Foreign Assets	126.14	-39.44	2.89	-6.06	158.47	58.34
1.5 Usable Reserves	1,785.45	1,256.30	240.74	-105.55	520.09	105.29

2.0 DOMESTIC CREDIT

2.1 Private Sector	5,500.88	5,650.74	-17.33	8.29	-87.44	36.65
a. B\$ Credit	5,364.36	5,359.08	-10.77	5.45	-96.56	26.09
of which: Consumer Credit	1,937.48	1,901.38	-5.12	3.80	-65.04	-2.23
Mortgages	2,720.07	2,682.18	-4.15	-2.34	-1.46	-25.21
Commercial and Other Loans B\$	706.80	775.53	-1.49	4.00	-30.06	53.54
b. F/C Credit	136.53	291.66	-6.56	2.84	9.12	10.56
of which: Mortgages	58.63	157.13	-0.67	0.45	-10.40	5.86
Commercial and Other Loans F/C	77.90	134.53	-5.89	2.40	19.52	4.69
2.2 Central Government (net)	2,647.95	3,256.78	-172.13	175.06	-297.43	51.09
a. B\$ Loans & Securities	2,846.91	3,241.81	-174.10	44.40	-305.42	57.89
Less Deposits	295.05	286.25	-0.03	-129.10	-78.08	-20.15
b. F/C Loans & Securities	102.17	308.53	0.00	0.00	-67.80	-24.83
Less Deposits	6.07	7.31	-1.94	-1.56	2.29	2.12
2.3 Rest of Public Sector	353.59	340.36	0.59	-4.70	36.97	-8.29
a. B\$ Credit	323.59	313.36	0.59	-3.20	36.97	-6.04
b. F/C Credit	30.00	27.00	0.00	-1.50	0.00	-2.25
2.4 Total Domestic Credit	8,502.42	9,247.89	-188.86	178.65	-347.90	79.44
a. B\$ Domestic Credit	8,239.80	8,628.01	-184.24	175.75	-286.92	98.09
b. F/C Domestic Credit	262.62	619.89	-4.62	2.90	-60.97	-18.64

3.0 DEPOSIT BASE

3.1 Demand Deposits	3,861.87	3,901.44	28.94	60.02	479.29	27.11
a. Central Bank	83.52	85.19	21.39	10.71	22.16	-7.98
b. Banks	3,778.35	3,816.25	7.55	49.31	457.13	35.09
3.2 Savings Deposits	2,018.44	2,233.62	26.08	36.21	137.63	130.56
3.3 Fixed Deposits	2,138.25	2,055.30	-7.97	-10.57	-39.93	-18.86
3.4 Total B\$ Deposits	8,018.57	8,190.37	47.04	85.65	576.99	138.81
3.5 F/C Deposits of Residents	530.17	559.91	-2.13	-0.50	88.32	91.80
3.6 M2	8,399.03	8,611.85	29.85	64.62	568.22	120.67
3.7 External Reserves/M2 (%)	38.66	31.50	2.77	-2.27	7.26	0.94
3.8 External Reserves/Base Money (%)	117.96	98.37	9.72	-5.75	4.01	2.44
3.9 External Reserves/Demand Liabilities (%)	111.08	93.14	8.14	-1.53	8.08	3.27
	Value		Year To Date		Change	
	2022	2023	2022	2023	Month	YTD

4.0 FOREIGN EXCHANGE TRANSACTIONS

4.1 Central Bank Net Purchase/(Sale)	243.11	-175.79	794.37	58.53	-418.90	-735.84
a. Net Purchase/(Sale) from/to Banks	-31.05	17.81	396.40	265.66	48.86	-130.74
i. Sales to Banks	83.70	34.00	236.18	268.72	-49.70	32.54
ii. Purchase from Banks	52.65	51.81	632.57	534.38	-0.84	-98.20
b. Net Purchase/(Sale) from/to Others	274.16	-193.60	397.97	-207.13	-467.76	-605.10
i. Sales to Others	87.34	220.96	699.12	871.72	133.62	172.61
ii. Purchase from Others	361.50	27.36	1097.08	664.59	-334.14	-432.49
4.2 Banks Net Purchase/(Sale)	-43.70	-1.62	438.49	220.77	42.08	-217.73
a. Sales to Customers	586.57	506.09	3211.09	3567.06	-80.48	355.97
b. Purchase from Customers	542.87	504.47	3649.58	3787.83	-38.40	138.24

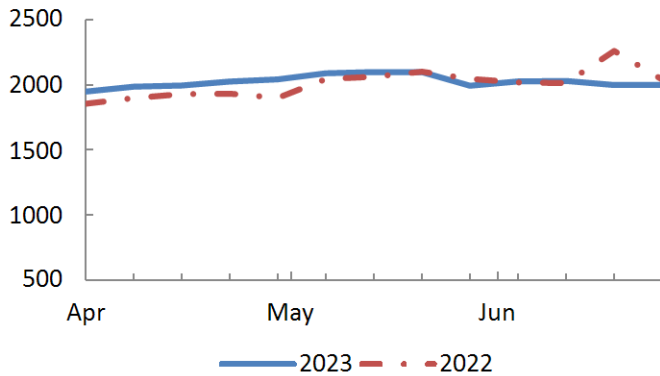
5.0 EXCHANGE CONTROL SALES

5.1 Current Items	605.38	511.44	3,357.59	3,759.29	-93.94	401.70
of which Public Sector	84.73	46.54	461.74	556.62	-38.18	94.87
a. Nonoil Imports	146.39	111.06	921.54	950.02	-35.33	28.49
b. Oil Imports	78.61	26.05	395.75	414.06	-52.56	18.31
c. Travel	14.93	13.89	72.98	90.61	-1.03	17.63
d. Factor Income	47.99	37.03	300.72	266.23	-10.96	-34.48
e. Transfers	12.61	15.12	80.50	112.52	2.52	32.03
f. Other Current Items	304.86	308.29	1,586.11	1,925.84	3.43	339.73
5.2 Capital Items	61.91	205.86	418.90	613.77	143.94	194.87
of which Public Sector	6.73	184.49	238.12	427.51	177.75	189.39

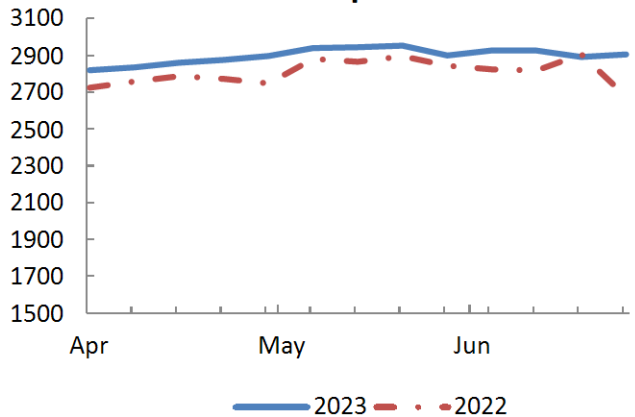
SELECTED MONEY AND CREDIT INDICATORS

(B\$ Millions)

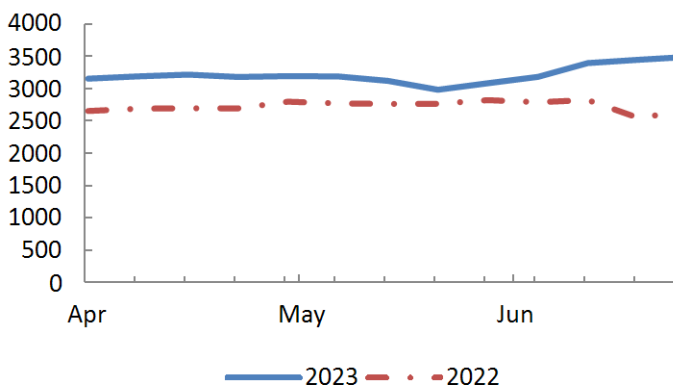
Excess Reserves



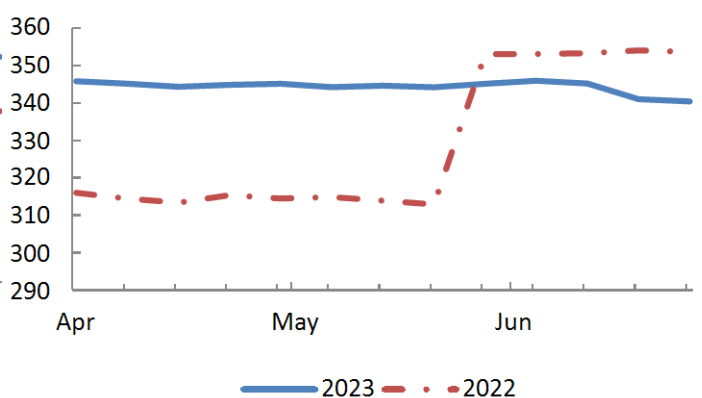
Excess Liquid Assets



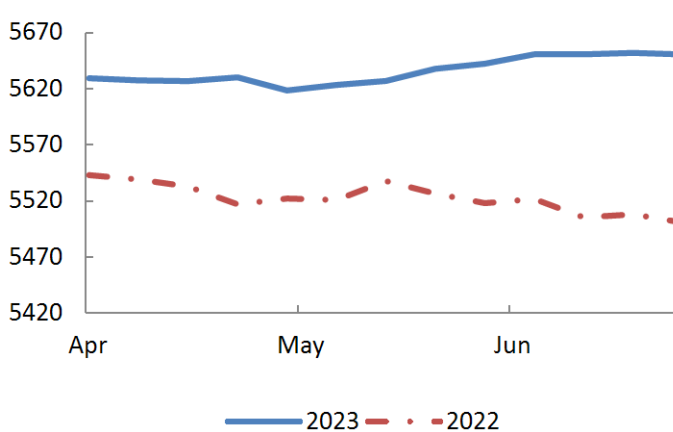
Central Govt. Credit (Net)



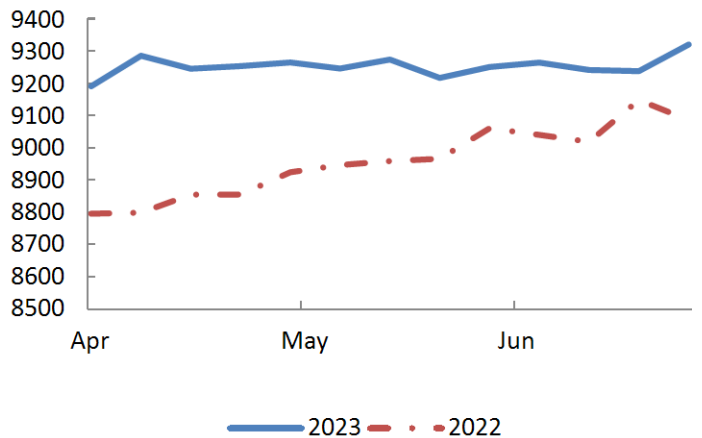
Rest of Public Sector Credit



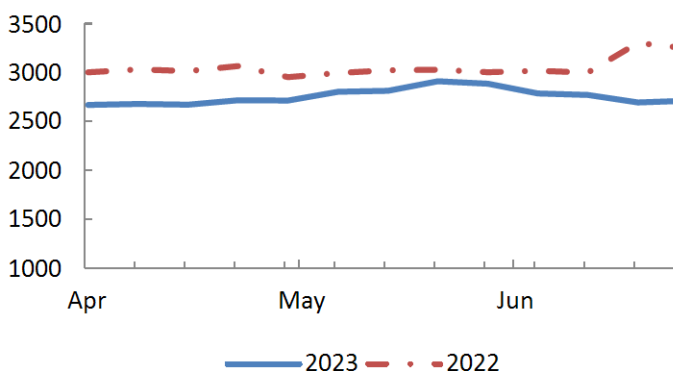
Private Sector Credit



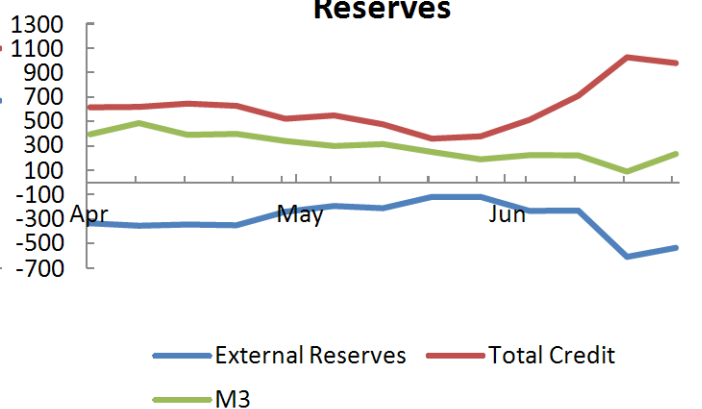
M3



External Reserves



Changes in Money, Credit & Ext. Reserves



Selected International Statistics

A: Selected Macroeconomic Projections (Annual % Change and % of labor force)						
	Real GDP		Inflation Rate		Unemployment	
	2022	2023	2022	2023	2022	2023
Bahamas	11.0	4.3	5.6	4.5	12.3	12.0
United States	2.1	1.6	8.0	4.5	3.6	3.8
Euro-Area	3.5	0.8	8.4	5.3	6.8	6.8
Germany	1.8	-0.1	8.7	6.2	3.1	3.8
Japan	1.1	1.3	2.5	2.7	2.6	2.3
China	3.0	5.2	1.9	2.0	4.2	4.1
United Kingdom	4.0	-0.3	9.1	6.8	3.7	4.2
Canada	3.4	1.5	6.8	3.9	5.3	5.8

Source: IMF World Economic Outlook April 2023

B: Official Interest Rates – Selected Countries (%)					
<i>With effect from</i>	CBOB	ECB (EU)	Federal Reserve (US)		Bank of England
	Bank Rate	Refinancing Rate	Primary Credit	Target Funds	Repo Rate
June 2021	4.00	0.00	0.25	0.00-0.25	0.10
July 2021	4.00	0.00	0.25	0.00-0.25	0.10
August 2021	4.00	0.00	0.25	0.00-0.25	0.10
September 2021	4.00	0.00	0.25	0.00-0.25	0.10
October 2021	4.00	0.00	0.25	0.00-0.25	0.10
November 2021	4.00	0.00	0.25	0.00-0.25	0.10
December 2021	4.00	0.00	0.25	0.00-0.25	0.25
January 2022	4.00	0.00	0.25	0.00-0.25	0.25
February 2022	4.00	0.00	0.25	0.00-0.25	0.50
March 2022	4.00	0.00	0.50	0.25-0.50	0.75
April 2022	4.00	0.00	1.00	0.75-1.00	1.00
May 2022	4.00	0.00	1.75	1.50-1.75	1.25
June 2022	4.00	0.00	1.75	1.50-1.75	1.25
July 2022	4.00	0.50	2.50	2.25-2.50	1.25
August 2022	4.00	1.25	2.50	2.25-2.50	1.75
September 2022	4.00	1.50	3.25	3.00-3.25	2.25
October 2022	4.00	2.00	4.00	3.75-4.00	2.25
November 2022	4.00	2.00	4.00	3.75-4.00	3.00
December 2022	4.00	2.50	4.50	4.25-4.50	3.50
January 2023	4.00	2.50	4.50	4.25-4.50	4.00
February 2023	4.00	3.00	4.75	4.50-4.75	4.00
March 2023	4.00	3.50	5.00	4.75-5.00	4.25
April 2023	4.00	3.50	5.00	4.75-5.00	4.25
May 2023	4.00	3.75	5.25	5.00-5.25	4.50
June 2023	4.00	4.00	5.25	5.00-5.25	5.00

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	June-22	May-23	June-23	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.9538	0.9355	0.9167	-2.01	-14.37	-3.89
Yen	135.72	139.34	144.31	3.57	10.06	6.33
Pound	0.8212	0.8038	0.7872	-2.06	-14.85	-4.13
Canadian \$	1.2873	1.3574	1.3242	-2.45	-2.30	2.87
Swiss Franc	0.9551	0.9107	0.8956	-1.66	-3.13	-6.23
Renminbi	6.6993	7.1085	7.2537	2.04	5.15	8.28

Source: Bloomberg as of 30th June 2023

D. Selected Commodity Prices (\$)					
Commodity	June-22	May-23	June-23	Mthly % Change	YTD % Change
Gold / Ounce	1807.27	1962.73	1919.35	-2.2102	5.2264
Silver / Ounce	20.2790	23.4858	22.7747	-3.0278	-4.9252
Oil / Barrel	122.61	79.54	72.68	-8.6246	-11.7104

Source: Bloomberg as of 30th June 2023

E. Equity Market Valuations – June 30th, 2023 (% change)								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	2.40	4.56	6.47	1.15	4.25	3.09	7.45	-0.08
3 month	6.67	3.41	8.30	-1.31	1.06	3.32	18.36	-2.16
YTD	-3.31	3.80	15.91	1.07	14.31	15.98	27.19	3.65
12-month	-1.03	11.80	17.57	5.05	24.94	26.32	25.75	-5.78

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	GBP	EUR
o/n	5.1050	4.9750	3.4500
1 Month	5.2950	5.0725	3.5010
3 Month	5.5200	5.5088	3.7050
6 Month	5.8625	6.0300	3.9000
9 Month	5.8825	6.2950	4.0100
1 year	5.8838	6.4800	4.1150

Source: Bloomberg as of 30th June 2023

**Summary Accounts of the Central Bank
(B\$ Millions)**

	VALUE									CHANGE								
	May. 03	May. 10	May. 17	May. 24	May. 31	Jun. 07	Jun. 14	Jun. 21	Jun. 28	May. 03	May. 10	May. 17	May. 24	May. 31	Jun. 07	Jun. 14	Jun. 21	Jun. 28
I. External Reserves	2,714.13	2,803.47	2,813.50	2,911.48	2,886.30	2,786.43	2,771.26	2,694.62	2,712.42	(2.64)	89.34	10.03	97.98	(25.19)	(99.87)	(15.17)	(76.64)	17.80
II. Net Domestic Assets (A + B + C + D)	79.06	27.02	49.88	(63.71)	(114.21)	(6.91)	10.31	54.76	45.08	20.40	(52.04)	22.86	(113.58)	(50.50)	107.30	17.21	44.45	(9.67)
A. Net Credit to Gov't (I + ii + iii -iv)	789.02	803.80	756.44	644.64	673.10	776.47	743.61	784.86	803.52	26.29	14.78	(47.36)	(111.80)	28.47	103.36	(32.86)	41.25	18.66
i) Advances	565.47	565.47	565.47	565.47	565.47	565.47	565.47	565.47	565.47	-	-	-	-	-	-	-	-	-
ii) Registered Stock	296.68	296.78	292.79	292.88	292.92	290.26	290.24	293.72	290.56	3.79	0.10	(3.99)	0.08	0.04	(2.66)	(0.02)	3.48	(3.16)
iii) Treasury Bills	0.02	0.02	16.77	16.77	16.77	16.77	16.77	16.77	16.77	(1.12)	(0.00)	16.75	-	(0.00)	0.00	(0.00)	0.00	(0.00)
iv) Deposits	73.14	58.47	118.60	230.48	202.05	96.04	128.88	91.11	69.28	(23.61)	(14.67)	60.13	111.89	(28.43)	(106.02)	32.84	(37.77)	(21.83)
B. Rest of Public sector (Net) (i+ii-iii)	(79.40)	(39.59)	(53.00)	(58.59)	(67.73)	(71.20)	(57.15)	(65.61)	(78.43)	(4.70)	39.81	(13.41)	(5.59)	(9.13)	(3.47)	14.04	(8.46)	(12.82)
i) Loans	1.63	1.63	1.63	1.63	1.63	1.63	1.63	1.63	1.63	-	-	-	-	-	-	-	-	-
ii) Bonds/Securities	5.13	5.14	5.14	5.14	5.14	5.14	5.14	5.14	5.14	-	0.00	-	-	-	-	-	-	-
iii) Deposits	86.16	46.36	59.76	65.36	74.49	77.96	63.92	72.37	85.19	4.70	(39.80)	13.41	5.59	9.13	3.47	(14.04)	8.46	12.82
C. Loans to/Deposits with Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
D. Other Items (Net)*	(630.56)	(737.19)	(653.56)	(649.75)	(719.59)	(712.17)	(676.15)	(664.49)	(680.00)	(1.18)	(106.63)	83.62	3.81	(69.83)	7.41	36.03	11.66	(15.51)
III. Monetary Base	2,793.19	2,830.49	2,863.38	2,847.78	2,772.09	2,779.52	2,781.57	2,749.38	2,757.50	17.75	37.30	32.89	(15.60)	(75.68)	7.43	2.04	(32.19)	8.12
A. Currency in Circulation	568.43	564.89	559.82	555.99	576.33	565.03	569.74	558.38	562.42	9.32	(3.54)	(5.07)	(3.83)	20.35	(11.31)	4.72	(11.36)	4.03
B. Bank Balances with CBOB	2,224.76	2,265.59	2,303.56	2,291.79	2,195.76	2,214.50	2,211.83	2,190.99	2,195.09	8.43	40.84	37.96	(11.77)	(96.03)	18.74	(2.67)	(20.83)	4.09

FISCAL/REAL SECTOR INDICATORS

(BS MILLIONS)

(% change represents current period from previous period)

Fiscal Operations ^p	
1. Government Revenue & Grants	
% change: over previous quarter	
2. Value Added Tax	
% change: over previous quarter	
3. Import/Excise/Export Duties	
% change: over previous quarter	
4. Recurrent Expenditure	
% change: over previous quarter	
5. Capital Expenditure	
% change: over previous quarter	
6. Deficit/Surplus*	
% change: over previous quarter	

				JUL-SEP						OCT-DEC						JAN-MAR						APR-JUN		YEAR TO DATE	
				2021/2022	2022/2023					2021/2022	2022/2023					2021/2022	2022/2023					2021/2022	2022/2023	2021/2022	2022/2023
				596.4	654.7					537.3	603.6					711.7	854.2							1,845.4	2,112.6
				-12.1%	-13.9%					-9.9%	-7.8%					32.5%	41.5%							50.0%	14.5%
				295.4	331.0					249.2	267.8					290.5	348.7							835.1	947.47
				9.4%	10.1%					-15.6%	-19.1%					16.6%	30.2%							77.6%	13.5%
				131.8	127.0					107.6	116.6					104.3	126.9							343.8	370.5
				0.4%	87.0%					-18.4%	-8.2%					-3.0%	8.9%							20.0%	7.8%
				668.5	621.3					642.9	797.0					710.2	716.5							2,021.5	2,134.8
				-28.3%	-39.2%					-3.8%	28.3%					10.5%	-10.1%							4.2%	5.6%
				64.3	55.3					39.4	62.5					56.4	76.1							160.1	193.9
				-68.3%	-55.3%					-38.8%	13.0%					43.3%	21.7%							-4.7%	21.1%
				-136.37	-21.93					-144.90	-255.88					-54.89	61.66							-336.16	-216.15
				-70.1%	-94.3%					6.3%	1066.6%					-62.1%	-124.1%							-61.7%	-35.7%

Debt ^{p **}	
7. Total Direct Debt	
% change: over previous month	
8. External Debt	
% change: over previous month	
9. Internal F/C Debt	
% change: over previous month	
10. Bahamian Dollar Debt	
% change: over previous month	
11. Total Amortization	
% change: over previous month	
12. Total Public Sector F/C Debt	
% change: over previous month	

JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC	
2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
10,182.8	11,039.9	10,157.6	11,125.1	10,532.4	11,104.3	10,383.4	11,053.7	10,389.1	11,340.2	10,792.8	11,255.5												
-1.3%	0.0%	-0.2%	0.8%	3.6%	-0.2%	-1.4%	-0.5%	0.1%	2.59%	3.9%	-0.7%												
4,327.4	4,839.8	4,308.3	4,912.2	4,732.8	4,846.4	4,616.1	4,840.1	4,625.6	5,083.8	4,997.1	5,000.2												
-0.4%	-0.1%	-0.4%	1.5%	9.0%	-1.4%	-2.5%	-0.1%	0.2%	5.0%	8.0%	-1.6%												
112.6	329.5	112.6	326.1	112.6	328.9	108.5	321.6	108.5	318.1	108.5	318.6												
-36.1%	-0.1%	0.0%	-1.1%	0.0%	0.9%	-3.8%	-2.3%	0.0%	-1.1%	0.0%	0.1%												
5,742.8	5,870.6	5,736.7	5,886.9	5,686.9	5,929.0	5,658.8	5,892.1	5,655.0	5,938.3	5,687.3	5,936.6												
-0.9%	0.1%	-0.1%	0.3%	-0.9%	0.7%	-0.5%	-0.6%	-0.1%	0.8%	0.6%	0.0%												
482.2	268.8	112.8	142.5	210.7	262.5	293.5	278.2	111.8	161.8	223.0	237.3												
372.7%	-15.6%	-327.4%	-88.7%	46.5%	45.7%	28.2%	5.7%	-61.9%	-41.8%	99.5%	46.7%												
4,952.3	5,648.4	4,933.2	5,717.3	5,351.1	5,644.9	5,230.2	5,631.2	5,239.6	5,871.5	5,602.7	5,776.1												
-1.6%	-0.1%	-0.4%	1.2%	7.8%	-1.3%	-2.3%	-0.2%	0.18%	4.27%	6.93%	-1.63%												

Real Sector Indicators	
13. Retail Price Index	
% change: over previous month	
14. Tourist arrivals (000's)	
% change: over previous year	
15. Air arrivals (000's)	
% change: over previous year	
16. Res. Mortgage Commitments-Value of New Const. & Rehab. (BSMillions)	
% change: over previous qtr.	

JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC	
2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
113.9	119.4	114.0	119.3	115.1	119.8	115.9	120.6																
3.8%	4.8%	3.78%	4.65%	4.72%	4.11%	5.12%	4.04%																
318.3	846.6	414.5	820.6	627.2	951.3	588.7	865.4	506.6	755.4														
1247.8%	165.9%	1304.8%	97.9%	899.3%	51.7%	755.8%	47.0%	439.6%	49.1%														
74.1	132.5	104.5	150.7	151.1	186.8	147.1	170.6	130.0	149.6														
256.2%	78.9%	306.1%	44.3%	168.13%	23.57%	143.9%	16.0%	60.1%	15.1%														
				11.51	15.27																		
				-31.58%	-9.18%																		

YEAR TO DATE	
2021/2022	2022/2023
(Over previous year)	
1,845.4	2,112.6
50.0%	14.5%
835.1	947.47
77.6%	13.5%
343.8	370.5
20.0%	7.8%
2,021.5	2,134.8
4.2%	5.6%
160.1	193.9
-4.7%	21.1%
-336.16	-216.15
-61.7%	-35.7%

YEAR TO DATE	
2022	2023
(Over previous year)	
114.7	119.8
4.37%	4.40%
2,455.4	4,239.3
781.47%	72.65%
606.7	790.2
148.3%	30.2%
11.51	15.27
-19.55%	32.74%

* Includes Net Lending to Public Corporations

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

p - provisional