Release Date: 5th December 2017

Monthly Economic and Financial Developments
October 2017

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:

2017: December 27.

1. Domestic Economic Developments

Overview

Indications are that domestic economic activity stayed mildly positive over the review month, with the tourism sector showing signs of improvement, while construction sector output continued to be supported by foreign direct investment-related projects and to a lesser extent, ongoing post hurricane re-construction work. Foreign exchange flows through the banking sector, meanwhile, underscored further strengthening in domestic demand and hence spending on imports of goods and services. In the fiscal sector, a sharp increase in expenditures during June led to a sizeable increase in the deficit over FY2016/17; however, timing-related factors contributed to a narrowing in the budgetary gap during the first quarter of FY2017/18. Monetary sector developments in October were dominated by the Government's foreign currency borrowing activities, which led to expansions in both liquidity and external reserves.

Real Sector

Tourism

After a downturn in arrivals in September, due to a weather-related contraction in passenger traffic, data from the Nassau Airport Development Company Ltd (NAD) showed improved visitor activity for the month of October. Specifically, the total number of departures expanded by 16.1%, a turnaround from the weather-associated contraction of nearly the same magnitude last year. This outturn was supported by a 23.3% increase in the US segment, which reversed the prior year's 20.0% contraction. In contrast, the low volume non-US international component decreased by 15.7%, vis-a-vis a 3.2% gain in the preceding year.

A further analysis of the data revealed that tourism activity remained subdued over the first 10 months of 2017, as visitor departures fell by 1.9% year-on-year, compared to 2016's slight 0.9% expansion. In particular, non-US departures decreased by 4.2%, extending the previous year's 3.7% reduction, while the US component contracted by 1.5%, reversing the 1.7% uptick reported for over the same period of 2016.

Fiscal Sector

FY2016/17 vs. FY2015/16

Preliminary data for the Government's operations over the entire fiscal year 2016/17 showed a more than two-fold expansion in the deficit to an estimated $669.4 million. This outturn reflected a $490.0 million (21.9%) rise in expenditure to $2,729.9 million, which outpaced the $131.0 million (6.8%) gain in aggregate revenue to $2,060.5 million.

The expansion in expenditure was driven by a $334.7 million (16.7%) gain in current outlays to an estimated $2,339.7 million, as consumption spending firmed by $248.0 million (24.9%), owing mainly to the $208.2 million (63.0%) increase in purchases of goods and services. In terms of the components, the largest gains were noted for rent, communications & utilities ($80.9 million), other contractual services ($60.7 million)—related mainly to payment of medical health insurance premiums. In addition, wages & salaries expanded by $39.8 million (6.0%); and transfer payments by $86.7 million (8.6%), including an estimated $94.9 million (12.9%) increase in subsidies and other transfers—largely to the Public Hospital Authority (PHA) and National Health Insurance. However interest costs on public debt, also classified as transfer payments declined by $8.2 million (3.0%). Meanwhile, capital outlays grew by $158.9 million (68.7%) to $390.2 million, supported by a $99.1 million (57.3%) increase in hurricane-related infrastructure spending and a doubling in asset acquisitions to $118.2 million.

With regard to revenue, tax receipts—comprising approximately 90.0% of the total—strengthened by $160.4 million (9.6%) to $1,836.6 million, inclusive of a $76.3 million (15.1%) advance in taxes on international trade, which featured significant gains in excise and import taxes of $57.6 million (25.0%) and $22.4 million (8.5%), respectively. Similarly, value-added tax (VAT) receipts moved higher by $10.1 million (1.6%) to $638.0 million, while selective taxes on services posted a more muted gain of $1.5 million (5.7%), comprising mainly higher revenue from gaming taxes. Further, business and professional fees expanded by $42.6 million (29.2%), led by an increase hike in “other” license fees ($42.7 million), while other taxes inclusive of property and financial stamps taxes grew by $29.8 million (8.1%). In contrast, non-tax revenue—which accounted for the remaining 10%—decreased by $29.3 million (11.6%) to $223.9 million, reflecting lower receipts of fines, forfeits and administration fees.

First Quarter of FY2017/2018 vs. Q1 FY2016/2017

During the first quarter of FY2017/18, the deficit narrowed by $18.9 million (22.3%) to an estimated $65.6 million, when compared to the same period last year. Underlying this development was a $17.1 million (3.2%) decrease in total expenditure to $517.7 million, together with a $1.7 million (0.4%) increase in revenue to $452.2 million.

In terms of spending, capital outlays were almost halved to $34.4 million. In particular, infrastructure-related expenditure contracted by $22.6 million (45.4%), as a number of roadwork and coastal protection projects were concluded. Similarly, the acquisition of assets was $8.2 million lower, reflecting in part reduced investments in land. In a partial offset, current expenses firmed by $13.7 million (2.9%) to $483.4 million, owing to a $25.0 million (10.4%) expansion in consumption outlays, due to a $16.7 million (9.7%) increase in payments for wages and salaries, and growth in purchases of goods and services, by $8.3 million (12.3%). However, transfer payments decreased by $11.2 million (4.9%) to $218.2 million, underpinned by a contraction in subsidies and “other” transfers, particularly related to healthcare services.

A disaggregation of revenue showed that the gain was attributed to a $15.5 million (3.9%) expansion in tax receipts, to $414.1 million, mainly sourced from improvements for motor vehicle licensing business and professional fees and selective taxes on certain services. In addition, the VAT registered a more muted gain of $3.3 million (2.0%). In contrast, taxes on international trade declined by $5.7 million (4.3%), due mainly to a fall in import duties. Further, non-tax inflows contracted by $13.8 million (26.6%) to $38.0 million, as income from non-public enterprises narrowed by $14.3 million (92.6%).

2. *Domestic Monetary Trends*
October 2017 vs. 2016

Liquidity
Buoyed mainly by the receipt of net proceeds from the Government's US$200.0 million external loan, liquidity strengthened over the review period. Specifically, excess liquid assets—a broad measure of liquidity—grew by $45.3 million to $1,752.7 million; albeit lower than 2016's $62.0 million expansion. In contrast, reflecting a shift in banks' funds from cash to Government securities, the narrower measure excess reserves, declined by $14.8 million to $903.9 million, vis-à-vis a $100.3 million expansion last year.

External Reserves
External reserves strengthened by $141.5 million to $1,206.4 million, a turnaround from the $12.1 million contraction a year earlier, as the Government's net external loan receipts reversed the Central Bank's transactions with the public sector to a $156.2 million net purchase, from a net sale of $37.6 million in the previous year. In contrast, the Bank recorded a $15.3 million net sale to commercial banks, vis-à-vis a $23.7 million net purchase a year earlier, as they in turn, recorded a $22.5 million net sale to their customers, compared to a net purchase of $50.0 million in the prior year.

Exchange Control Purchase and Sales
In line with increased domestic demand for imports of goods and services, Exchange Control data for the month of October showed that foreign currency sales for current account transactions, by mainly commercial banks and money transmission businesses, rose by $88.2 million to $323.1 million, vis-à-vis the same period of last year. Specifically, outflows for non-oil imports—which accounted for 37.2% of sales—expanded by $41.5 million, while other current items (39.3% of total sales) advanced by $46.8 million. In addition, outlays for travel-related purchases (8.4% to total sales) firmed by $11.6 million, while those for transfers (6.9% of the total) firmed by a muted $3.9 million. In contrast, declines were recorded for oil imports, by $8.6 million, and factor income outflows, by $7.0 million.

Domestic Credit
Bahamian Dollar Credit
Bahamian dollar credit fell sharply by $174.7 million in October, a reversal from a gain of $72.3 million recorded in the prior year. This outturn was mainly due to a $158.9 million reduction in net claims on the Government—as the proceeds from the external loan were utilized to repay local advances—in contrast to a $96.5 million expansion a year earlier. In addition, credit to the public corporations contracted by $1.5 million in October, vis-à-vis an increase of nearly the same magnitude last year. Conversely, the contraction in claims on the private sector credit eased to $14.3 million, from $25.7 million a year ago, as the decline in mortgages narrowed to $18.3 million from $45.9 million in 2016. In addition, consumer credit decreased by $8.7 million, reversing the $14.4 million expansion in the prior year, while commercial and other credit firmed by $12.7 million, extending 2016's $5.7 million growth.

Foreign Currency Credit
Accretions to foreign currency credit strengthened by $11.5 million to $15.2 million. This mainly reflected a $27.4 million rise in net claims on the Government, outpacing the $6.0 million increase from a year earlier. In contrast, the decline in credit to the private sector quickened to $10.8 million from $1.6 million in 2016, as commercial and other loans balances narrowed by $10.4 million, relative to a $3.6 million falloff last year, while mortgages decreased by $0.4 million, vis-à-vis a $2.0 million uptick a year earlier. In addition, the decrease in credit to the rest of the public widened to $1.6 million from a mere $0.8 million in 2016.

Credit Quality

Over the review month, banks' credit quality indicators improved modestly as total private sector arrears declined by $11.1 million (1.2%) to $901.2 million, with the corresponding arrears to total loans ratio decreasing by 16 basis points to 15.6%. A breakdown by average length of delinquency showed an $18.5 million (3.1%) reduction in nonperforming loans—arrears in excess of 90 days and on which banks have stopped accruing interest—to $578.6 million, resulting in a 30 basis point decline in the attendant arrears rate to 10.0%. In contrast, short-term delinquencies (31-90 days) grew by $7.4 million (2.3%) to $322.6 million, and by 14 basis points to 5.6% of total loans.

An analysis by loan type showed that the decline in arrears was led by the commercial category, which contracted by $21.1 million (17.5%), amid decreases in both the short-term and non-accrual segments by $12.2 million (33.6%) and by $8.9 million (10.5%), respectively. In a slight offset, residential mortgage arrears rose by $3.5 million (0.7%), due to an $11.6 million (6.8%) expansion in 31-90 day arrears, which outpaced the $8.1 million (2.3%) falloff in the non-performing segment. Similarly, consumer delinquencies advanced by $6.5 million (2.4%), with the short-term component growing by $8.0 million (7.4%), while non-performing loans fell by $1.5 million (1.0%).

During the review month, banks decreased their loan loss provisions by $13.3 million (3.1%) to $411.2 million. As a result, the ratio of total provisions to both arrears and non-performing loans decreased by 90 and 2 basis points to 45.6% and 71.1%, respectively. In addition, banks wrote-off a total of $18.9 million in bad debts, and recovered approximately $2.5 million.

Similar trends in credit quality were noted on a year-on-year basis, as the arrears to total loans ratio softened by 3.0 percentage points, amid portfolio restructuring and accumulated assets sales. Reflecting this development, the non-performing loan ratio fell by 3.3 percentage points, while the short-term delinquencies loan ratio firmed marginally by 31 basis points. By loan type, the ratios contracted across all categories, with the commercial loans arrears rate decreasing by 14.7 percentage points (reflecting asset sale transactions), while the mortgage and consumer rates registered more muted declines of 2.0 percentage points and 20 basis points, respectively.

Deposits

In October, total Bahamian dollar deposits contracted by $77.5 million, a turnaround from a $67.2 million increase in the prior year. This outcome reflected declines of $38.2 million and $12.6 million in demand and savings balances, in contrast to gains of $65.9 million and $7.4 million, respectively, in the prior year. In addition, the contraction in fixed deposits widened to $26.7 million from $6.2 million.

Interest Rates

In interest rate developments, the weighted average loan rate advanced by 73 basis points to 11.69%, while the weighted average deposit rate rose by 1 basis point to 0.93%, with the highest rate of 5.00% offered on fixed balances of over 12 months.

3. Domestic Outlook and Policy Implications

The mild pace of economic growth should be sustained over the near-term, as several varied-scale foreign investment projects are expected to support construction sector activity. In addition, the performance of the tourism sector is forecasted to improve modestly, buoyed by the increase in room inventory from the phased opening of the Baha Mar resort, alongside temporary shifts in visitor traffic from destinations heavily impacted by recent hurricanes. Against this backdrop, conditions in the labour market should continue to gradually improve, while inflationary pressures are anticipated to remain subdued; even though the upward trend in global oil prices may result in higher fuel costs.

Developments in the fiscal sector will continue to be driven the Government's initiatives to enhance revenue administration and curb expenditure growth. However, in the short-term, capital spending to rebuild hurricane-damaged infrastructure, is likely to maintain some upward pressure on costs.

In the monetary sector, liquidity is anticipated to remain at robust levels, as banks sustain their conservative lending stance and consumers continue to deleverage. Moreover, banks' credit quality indicators should continue to improve over time, supported by institutions' ongoing loan restructuring initiatives and strengthened credit collections efforts. In this environment, banks are poised to remain adequately capitalized, thereby negating any financial stability concerns.

External reserve indicators are projected to remain above international benchmarks over the near-term, underpinned by the Government's external borrowings, and to a lesser extent, net foreign currency receipts from real sector activities.

APPENDIX

International Developments

Indications are that the global economy remained on an upward trajectory during the review period, reflecting the sustained improvement among advanced economies, in particular, the United States. In Europe, developments were positive, while Asian economies maintained their relatively robust levels of growth, albeit at a moderated pace compared to prior years. Against this backdrop, the major central banks kept their main policy rates at historic lows, in order to support further growth in their economies.

In the United States, real GDP grew by an annualized 3.0% in the third quarter, following a 3.1% expansion in the preceding three-month period. This outturn reflected strong consumer spending, private inventory investment, non-resident fixed investment, exports and federal government spending. Further, housing market developments were positive, with the number of starts rising by 13.7% to 1.3 million units in October. In addition, retail sales firmed marginally by 0.2%, after growing by 1.9% in September, while industrial production expanded by 0.9%, following the prior month's 0.4% improvement. In the international sector, the trade deficit widened by $0.7 billion to $43.5 billion in September, amid rising imports of capital goods and industrial supplies. With regard to consumer prices, the inflation rate softened by 40 basis points to a mere 0.1% in October, due in part to lower energy costs. Labour market conditions remained positive, with the jobless rate falling by 10 basis points to 4.1% in October, as nonfarm payrolls grew by 261,000. In this environment, the Federal Reserve left its benchmark rate unchanged at the 1.00%-1.25% range.

Conditions in Europe were relatively stable over the review period, with real output in the United Kingdom higher by 0.4% in the three months to September, after a 0.3% increase in the second quarter, while the euro area's economy grew by 0.6% in the third quarter, after a 0.7% expansion in the preceding three-month period. Further, industrial production in the UK firmed by 0.7% in September, extending the prior month's 0.3% improvement, while for the same period the euro area's industrial production shifted to a 0.6% decline from a 1.4% expansion. In addition, UK retail sales volume rose by 0.3% in October, after the previous month's 0.1% increase, while the volume of retail trade in the euro area for September firmed by 0.7%, a turnaround from a reported 0.1% decline a month earlier. With regard to international trade, the UK's goods and services deficit narrowed by £0.7 billion to £9.5 billion in September, owing to increased exports, while the euro area reported a €26.4 billion trade surplus during the same month, up from €24.3 billion a year ago. Annual inflation in the UK steadied at 2.8% in October, month-on-month, while the euro area's rate of inflation moderated slightly to 1.4% from 1.5% in September. Further, the jobless rate in the UK narrowed by 0.2 of a percentage point to 4.3% in the three months to September, while in the euro area, the unemployment rate decreased by 10 basis points to 8.9%. On the monetary front, both the Bank of England and the European Central Bank left their key policy rates unchanged at historic lows.

Asian economies maintained their above-par performance over the review period, with real GDP in China firming by 6.8% in the third quarter, following the preceding period's 6.9% expansion, while the Japanese economy grew by an annualised 1.4% in the three months to September, after the second quarter's 2.6% growth rate. Retail sales in China strengthened at a 10.0% annual rate in October, following the previous month's 10.3% improvement, while sales in Japan expanded by 2.2% in September, after an increase of 1.8% a month earlier. China's trade surplus declined to US$28.5 billion in October, from US$42.0 billion in the previous month, as the 18.7% increase in imports, outpaced the 8.1% fall in exports. Additionally, industrial production in China firmed by 0.5% in October, after the prior month's 0.6% gain; however, the purchasing managers index (PMI), softened by 80 basis points to 51.6%. China's inflation rate tapered by 40 basis points to 0.1% in October, while consumer prices in Japan steadied in September, after a 0.2% rise in the previous month. Moreover, the unemployment rate in Japan remained at 2.8% in September. In monetary developments, both the People's Bank of China and the Bank of Japan maintained their accommodative monetary policy stances.

In commodity price developments, crude oil prices strengthened by a 9.8% to $57.46 per barrel in October, as OPEC reduced its average daily oil production by 150,000 barrels per day (b/d) to 32.59 b/d. Meanwhile, precious metal price movements were relatively flat, with the cost of gold softening by 0.7% to $1,271.07 per troy ounce, while silver prices rose marginally by 0.4% to $16.72 per troy ounce.

Broad-based gains were reported among the major equity markets during October, as the momentum in global growth improved. In the United States, both the Dow Jones Industrial Average (DJIA) and the S&P 500 indices rose by 4.3% and 2.2%, respectively. Similarly, European bourses rallied, with France's CAC 40 and Germany's DAX registering respective gains of 3.3% and 3.1%, with a more muted 1.6% gain for the United Kingdom's FTSE 100. In Asia, Japan's Nikkei225 posted a significant 8.1% expansion, while China's SE composite firmed by 1.3%.

In October, the dollar rose relative to nearly all of the major currencies, buoyed by the signs on improvement in the U.S. economy. The dollar appreciated versus the Canadian Dollar by 3.3% to CAD$1.2888, and by 3.0% against the Swiss Franc to CHF0.9976. Gains were also registered vis-à-vis the euro and the British pound of 1.4% and 0.9%, to €0.8587 and £0.7529, respectively. In addition, the dollar's performance was mixed relative to the Asian currencies, with a 1.0% appreciation versus the Japanese Yen to ¥113.64, and a marginal 0.1% decline against the Chinese Yuan to CNY6.6303.

Recent Monetary and Credit Statistics

(B$ Millions)

	OCTOBER					
	Value		Change		Change YTD	
	2016	2017	2016	2017	2016	2017
1.0 LIQUIDITY & FOREIGN ASSETS						
1.1 Excess Reserves	846.65	903.93	100.29	-14.81	357.29	180.21
1.2 Excess Liquid Assets	1,494.02	1,752.68	62.03	45.30	179.61	305.60
1.3 External Reserves	901.12	1,206.42	-12.11	141.54	92.21	304.35
1.4 Bank's Net Foreign Assets	-172.61	-182.54	89.47	-10.05	280.71	-51.38
1.5 Usable Reserves	207.52	443.78	-60.69	134.63	-87.61	199.93
2.0 DOMESTIC CREDIT						
2.1 Private Sector	***6,189.80***	***5,991.95***	***-27.33***	***-25.10***	***-91.73***	***-160.80***
a. B$ Credit	5,949.65	5,764.33	-25.74	-14.32	-56.13	-149.04
of which: Consumer Credit	2,222.59	2,208.28	14.42	-8.69	53.74	-39.15
Mortgages	3,008.63	2,879.75	-45.86	-18.31	-64.12	-81.07
Commercial and Other Loans B$	718.44	676.30	5.70	12.68	-45.76	-28.82
b. F/C Credit	240.15	227.62	-1.59	-10.78	-35.59	-11.77
of which: Mortgages	70.47	66.73	2.04	-0.38	-11.34	-1.31
Commercial and Other Loans F/C	169.68	160.90	-3.62	-10.39	-24.25	-10.45
2.2 Central Government (net)	***2,395.37***	***2,552.39***	***102.45***	***-131.42***	***180.83***	***14.21***
a. B$ Loans & Securities	2,636.53	2,784.82	109.36	-127.32	169.79	33.66
Less Deposits	239.22	255.52	12.89	31.53	-42.72	46.73
b. F/C Loans & Securities	0.00	25.00	0.00	25.00	-36.62	25.00
Less Deposits	1.94	1.92	-5.98	-2.43	-4.94	-2.28
2.3 Rest of Public Sector	***312.07***	***275.40***	***0.80***	***-3.14***	***4.94***	***-30.48***
a. B$ Credit	107.46	99.38	1.60	-1.53	29.45	-7.92
b. F/C Credit	204.61	176.01	-0.80	-1.61	-24.51	-22.56
2.4 Total Domestic Credit	***8,897.49***	***8,819.91***	***75.99***	***-159.52***	***94.29***	***-177.09***
a. B$ Domestic Credit	8,454.42	8,393.02	72.33	-174.71	185.82	-170.03
b. F/C Domestic Credit	443.07	426.89	3.65	15.18	-91.54	-7.06
3.0 DEPOSIT BASE						
3.1 Demand Deposits	2,183.41	2,361.71	65.91	-38.23	351.66	172.20
a. Central Bank	9.53	45.70	-0.20	23.22	-3.49	29.93
b. Banks	2,173.88	2,316.01	66.11	-61.45	355.15	142.27
3.2 Savings Deposits	1,225.85	1,358.14	7.42	-12.56	74.49	64.49
3.3 Fixed Deposits	2,874.29	2,732.70	-6.15	-26.73	-141.74	-137.76
3.4 Total B$ Deposits	6,283.55	6,452.54	67.17	-77.51	284.42	98.93
3.5 F/C Deposits of Residents	314.88	333.71	53.57	7.58	79.29	-44.75
3.6 M2	***6,542.38***	***6,725.97***	***85.13***	***-74.29***	***306.71***	***78.59***
3.7 External Reserves/M2 (%)	***13.77***	***17.94***	***-0.37***	***2.28***	***0.80***	***4.37***
3.8 Reserves/Base Money (%)	***65.67***	***82.90***	***-6.88***	***10.27***	***-16.38***	***12.76***
3.9 External Reserves/Demand Liabilites (%)	***64.96***	***79.10***	***-5.83***	***8.64***	***-13.76***	***10.57***

	Value		Year to Date		Change	
	2016	2017	2016	2017	Month	YTD
4.0 FOREIGN EXCHANGE TRANSACTIONS						
4.1 Central Bank Net Purchase/(Sale)	***-13.91***	***140.94***	***80.00***	***283.89***	***154.84***	***203.90***
a. Net Purchase/(Sale) from/to Banks	23.74	-15.31	190.03	69.29	-39.04	-120.74
i. Sales to Banks	30.70	43.47	225.29	320.93	12.77	95.64
ii. Purchases from Banks	54.44	28.16	415.32	390.21	-26.27	-25.11
b. Net Purchase/(Sale) from/to Others	-37.64	156.24	-110.03	214.61	193.88	324.64
i. Sales to Others	60.27	78.37	531.47	605.47	18.10	74.00
ii. Purchases from Others	22.63	234.61	421.44	820.08	211.98	398.64
4.2 Banks Net Purchase/(Sale)	***49.96***	***-10.29***	***218.22***	***85.10***	***-60.25***	***-133.12***
a. Sales to Customers	359.60	381.23	3,516.19	3,731.31	21.64	215.12
b. Purchases from Customers	409.56	370.95	3,734.41	3,816.41	-38.61	81.99
4.3 B$ Position (change)	***-34.42***	***-6.90***				
5.0 EXCHANGE CONTROL SALES						
5.1 Current Items	***234.99***	***323.14***	***3,636.37***	***3,918.33***	***88.15***	***281.96***
of which Public Sector	***36.70***	***9.32***	***470.56***	***278.57***	***-27.38***	***-191.99***
a. Nonoil Imports	78.71	120.18	1,220.76	1,405.49	41.48	184.74
b. Oil Imports	28.66	20.03	320.97	315.69	-8.63	-5.28
c. Travel	15.64	27.25	201.01	264.98	11.61	63.96
d. Factor Income	13.39	6.43	230.22	146.20	-6.96	-84.02
e. Transfers	18.46	22.33	204.19	239.09	3.88	34.90
f. Other Current Items	80.14	126.91	1,459.22	1,546.89	46.78	87.66
5.2 Capital Items	***12.80***	***6.59***	***174.14***	***149.41***	***-6.20***	***-24.73***
of which Public Sector	***4.14***	***2.30***	***86.24***	***40.74***	***-1.85***	***-45.50***
5.3 Bank Remittances	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***

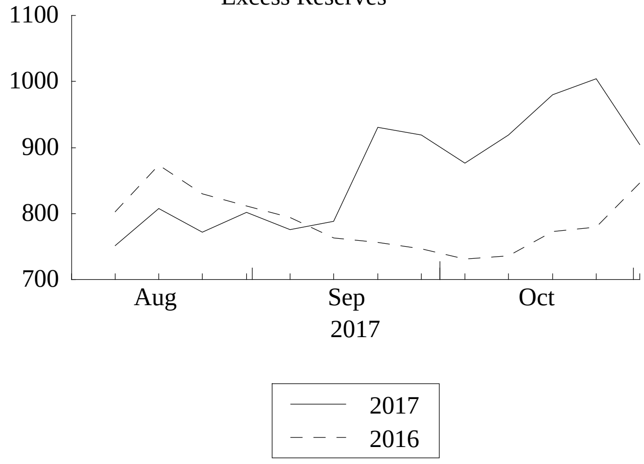
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending:NOVEMBER 02, 2016 and NOVEMBER 01, 2017
Exchange Control Sales figures are as at month end.

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.

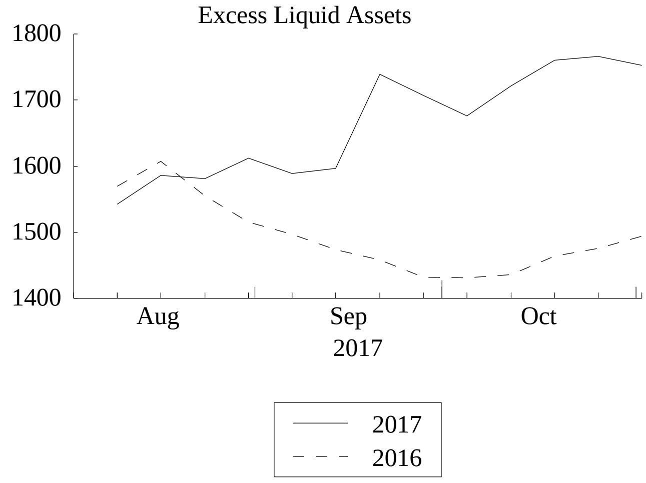
SELECTED MONEY AND CREDIT INDICATORS

(B$ Millions)

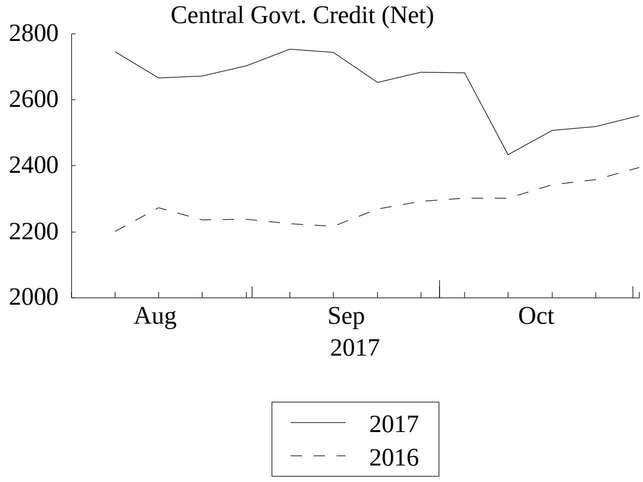
Excess Reserves



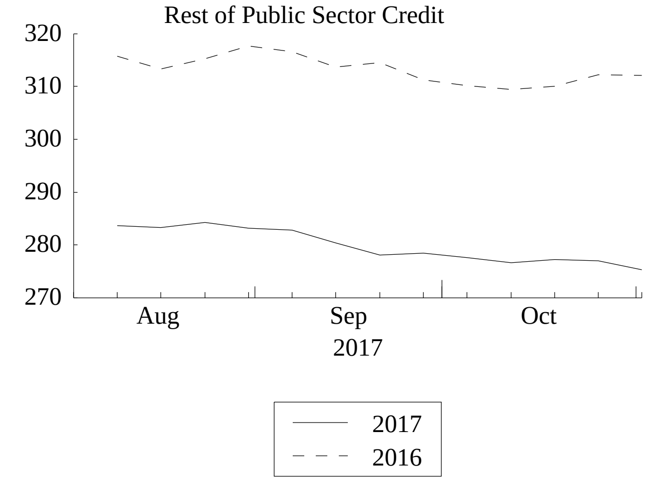
Excess Liquid Assets



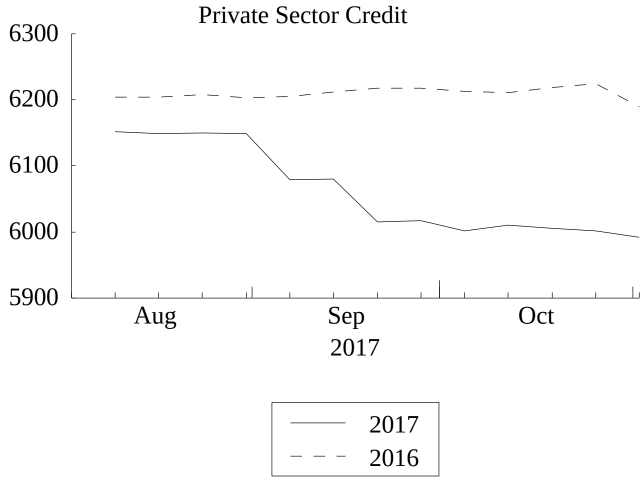
Central Govt. Credit (Net)



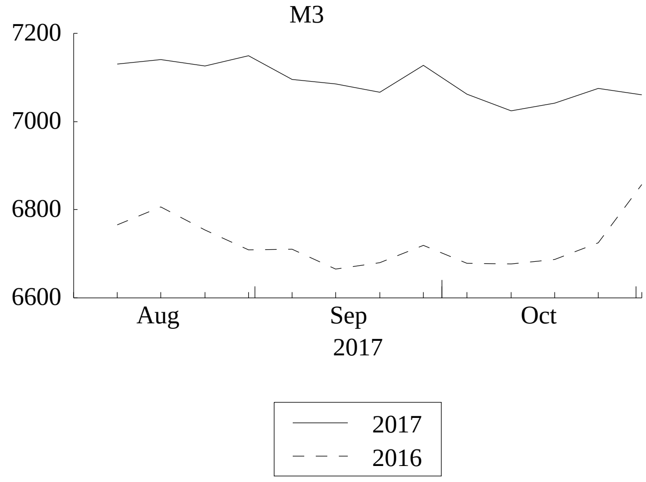
Rest of Public Sector Credit



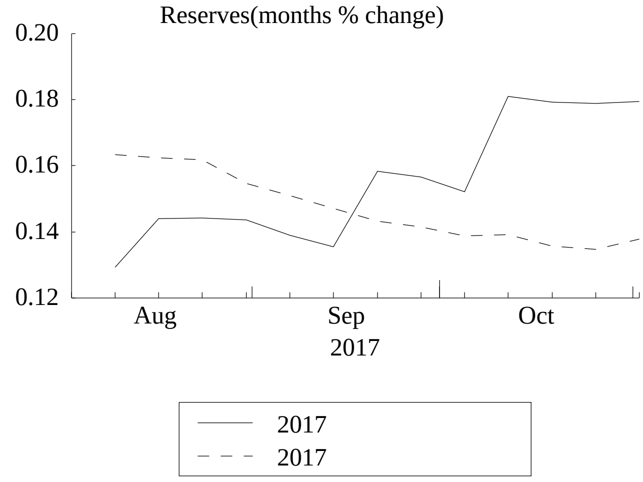
Private Sector Credit



M3



Reserves(months % change)



Selected International Statistics

A: Selected Macroeconomic Projections (Annual % Change and % of labor force)						
	Real GDP		**Inflation Rate**		**Unemployment**	
	2016	**2017**	**2016**	**2017**	**2016**	**2017**
Bahamas	-0.3	1.8	-0.4	2.4	11.6	9.9
United States	1.5	2.2	1.3	2.1	4.9	4.4
Euro-Area	1.8	2.1	0.2	1.5	10.0	9.2
Germany	*1.9*	*2.0*	*0.4*	*1.6*	*4.2*	*3.8*
Japan	1.0	1.5	-0.1	0.4	3.1	2.9
China	6.7	6.8	2.0	1.8	4.0	4.0
United Kingdom	1.8	1.7	0.7	2.6	4.9	4.4
Canada	1.5	3.0	1.4	1.6	7.0	6.5

Source: IMF World Economic Outlook October2017, 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**
October 2015	4.50	0.05	0.75	0-0.25	0.50
November 2015	4.50	0.05	0.75	0-0.25	0.50
December 2015	4.50	0.05	1.00	0.25-0.50	0.50
January 2016	4.50	0.05	1.00	0.25-0.50	0.50
February 2016	4.50	0.05	1.00	0.25-0.50	0.50
March 2016	4.50	0.00	1.00	0.25-0.50	0.50
April 2016	4.50	0.00	1.00	0.25-0.50	0.50
May 2016	4.50	0.00	1.00	0.25-0.50	0.50
June 2016	4.50	0.00	1.00	0.25-0.50	0.50
July 2016	4.50	0.00	1.00	0.25-0.50	0.50
August 2016	4.50	0.00	1.00	0.25-0.50	0.25
September 2016	4.50	0.00	1.00	0.25-0.50	0.25
October 2016	4.50	0.00	1.00	0.25-0.50	0.25
November 2016	4.50	0.00	1.00	0.25-0.50	0.25
December 2016	4.00	0.00	1.25	0.50-0.75	0.25
January 2017	4.00	0.00	1.25	0.50-0.75	0.25
February 2017	4.00	0.00	1.25	0.50-0.75	0.25
March 2017	4.00	0.00	1.50	0.75-1.00	0.25
April 2017	4.00	0.00	1.50	0.75-1.00	0.25
May 2017	4.00	0.00	1.75	1.00-1.25	0.25
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

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	**Oct-16**	**Sep-17**	**Oct-17**	**Mthly % Change**	**YTD % Change**	**12-Mth% Change**
Euro	0.9107	0.8465	0.8587	1.44	-9.67	-5.71
Yen	104.82	112.53	113.64	0.99	-2.87	8.41
Pound	0.8167	0.7462	0.7529	0.90	-6.96	-7.82
Canadian $	1.3409	1.2471	1.2888	3.34	-4.12	-3.89
Swiss Franc	0.9890	0.9685	0.9976	3.00	-2.20	0.87
Renminbi	6.7662	6.6339	6.6303	-0.05	-4.60	-2.01
Source: Bloomberg as of October 31, 2017						

D. Selected Commodity Prices ($)					
Commodity	**October 2016**	**September 2017**	**October 2017**	**Mthly % Change**	**YTD % Change**
Gold / Ounce	1277.30	1280.15	1271.07	-0.71	10.31
Silver / Ounce	17.91	16.65	16.72	0.42	5.02
Oil / Barrel	49.10	52.32	57.46	9.82	1.13
Source: Bloomberg as of October 31, 2017					

E. Equity Market Valuations – October 31, 2017 (% change)								
	BISX	**DJIA**	**S&P 500**	**FTSE 100**	**CAC 40**	**DAX**	**Nikkei 225**	**SE**
1 month	11.18	4.34	2.22	1.63	3.25	3.12	8.13	1.33
3 month	10.92	6.79	4.25	1.64	8.04	9.17	10.47	3.68
YTD	7.03	18.29	15.03	4.90	13.18	11.73	15.16	9.33
12-month	7.49	28.85	21.12	7.75	22.04	24.05	26.32	9.45
Sources: Bloomberg and BISX								

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	**GBP**	**EUR**
o/n	1.18	0.25	-0.46
1 Month	1.23	0.45	-0.40
3 Month	1.37	0.43	-0.39
6 Month	1.60	0.60	-0.33
9 Month	1.78	0.80	-0.29
1 year	1.90	0.86	-0.27
Source: Bloomberg as of October 31, 2017			

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B$ Millions)

	VALUE								CHANGE							
	Sep. 06	Sep. 13	Sep. 20	Sep. 27	Oct. 04	Oct. 11	Oct. 18	Oct. 25	Sep. 06	Sep. 13	Sep. 20	Sep. 27	Oct. 04	Oct. 11	Oct. 18	Oct. 25
I. External Resrves	***936.58***	***913.04***	***1,065.08***	***1,064.87***	***1,022.23***	***1,210.25***	***1,201.59***	***1,205.84***	***-37.49***	***-23.54***	***152.04***	***-0.21***	***-42.65***	***188.02***	***-8.66***	***4.25***
II. Net Domestic Assets (A + B + C + D)	***393.79***	***412.60***	***404.06***	***401.15***	***388.08***	***251.02***	***319.01***	***339.29***	***6.30***	***18.81***	***-8.54***	***-2.91***	***-13.08***	***-137.06***	***67.99***	***20.28***
A. Net Credit to Gov't(i + ii + iii - iv)	***754.82***	***754.90***	***749.63***	***753.25***	***752.53***	***612.08***	***680.11***	***717.18***	***12.51***	***0.09***	***-5.27***	***3.62***	***-0.72***	***-140.45***	***68.03***	***37.07***
i) Advances	134.66	134.66	134.66	134.66	134.66	134.66	134.66	134.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii) Registered Stock	323.66	324.23	324.26	324.28	324.39	324.40	324.33	324.37	0.02	0.56	0.03	0.02	0.11	0.01	-0.07	0.04
iii) Treasury Bills	316.99	316.99	316.99	316.99	316.99	267.30	280.24	280.24	6.98	0.00	0.00	-0.00	0.00	-49.69	12.94	0.00
iv) Deposits	20.49	20.97	26.27	22.67	23.49	114.27	59.12	22.09	-5.50	0.48	5.30	-3.60	0.82	90.78	-55.16	-37.03
B. Rest of Public Sector (Net) (i + ii - iii)	***-25.48***	***-9.36***	***-13.00***	***-19.53***	***-31.13***	***-34.26***	***-20.31***	***-36.93***	***-4.24***	***16.12***	***-3.65***	***-6.53***	***-11.60***	***-3.12***	***13.94***	***-16.61***
i) BDB Loans	2.95	2.95	2.95	2.95	2.95	2.95	2.95	2.95	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
iii) Deposits	28.43	12.31	15.95	22.48	34.08	37.21	23.26	39.88	4.24	-16.12	3.65	6.53	11.60	3.12	-13.94	16.61
C. Loans to/Deposits with Banks	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***
D. Other Items (Net)*	***-335.54***	***-332.95***	***-332.57***	***-332.57***	***-333.32***	***-326.81***	***-340.79***	***-340.96***	***-1.97***	***2.60***	***0.38***	***0.00***	***-0.76***	***6.51***	***-13.98***	***-0.17***
III. Monetary Base	***1,330.37***	***1,325.64***	***1,469.15***	***1,466.03***	***1,410.31***	***1,461.26***	***1,520.60***	***1,545.13***	***-31.19***	***-4.73***	***143.51***	***-3.12***	***-55.72***	***50.96***	***59.34***	***24.53***
A. Currency in Circulation	399.81	390.14	384.85	379.42	385.40	386.91	382.08	379.94	12.17	-9.66	-5.30	-5.43	5.99	1.51	-4.83	-2.14
B. Bank Balances with CBOB	930.56	935.49	1,084.30	1,086.61	1,024.91	1,074.36	1,138.52	1,165.19	-43.36	4.93	148.80	2.32	-61.71	49.45	64.16	26.67

* 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)

Fiscal OperationsP	JUL 2016/2017	JUL 2017/2018	AUG 2016/2017	AUG 2017/2018	SEP 2016/2017	SEP 2017/2018	OCT 2016/2017	OCT 2017/2018	NOV 2016/2017	NOV 2017/2018	DEC 2016/2017	DEC 2017/2018	JAN 2016/2017	JAN 2017/2018	FEB 2016/2017	FEB 2017/2018	MAR 2016/2017	MAR 2017/2018	APR 2016/2017	APR 2017/2018	MAY 2016/2017	MAY 2017/2018	JUN 2016/2017	JUN 2017/2018	YEAR TO DATE 2016/2017 (Over previous year)	YEAR TO DATE 2017/2018
1. Government Revenue & Grants	161.8	171.6	135.8	152.7	152.8	127.9																			450	452
% change; over previous month	*-3.6%*	*-2.3%*	*-16.0%*	*-11.0%*	*12.47%*	*-16.3%*																			*2.93%*	*0.39%*
2. Value Added Tax	68.7	73.4	49.9	49.5	41.7	40.7																			160.3	163.6
% change; over previous month	*87.4%*	*166.0%*	*-27.29%*	*-32.61%*	*-16.54%*	*-17.85%*																			*-3.16%*	*2.04%*
3. Import/Excise Duties	42.9	44.0	44.9	47.0	41.4	33.5																			129.3	124.5
% change; over previous month	*-25.5%*	*78.3%*	*4.7%*	*0.0%*	*-7.86%*	*0.0%*																			*3.49%*	*-3.74%*
4. Recurrent Expenditure	163.2	162.8	149.0	156.6	157.4	164.0																			469.6	483.4
% change; over previous month	*-13.3%*	*-25.0%*	*-8.7%*	*-3.8%*	*5.65%*	*4.8%*																			*1.91%*	*2.93%*
5. Capital Expenditure	14.0	0.0	33.4	17.4	17.7	17.0																			65.1	34.4
% change; over previous month	*-85.2%*	*-100.0%*	*137.8%*	*434475.0%*	*-46.85%*	*-2.3%*																			*64.16%*	*-47.25%*
6. Deficit/Surplus*	-15.5	8.8	-46.5	-21.2	-22.5	-53.1																			-84.4	-65.6
% change; over previous month	*-87.9%*	*-125.8%*	*201.1%*	*-341.4%*	*-51.72%*	*150.3%*																			*34.17%*	*-22.34%*

Debt$_P$ **	JAN 2016	JAN 2017	FEB 2016	FEB 2017	MAR 2016	MAR 2017	APR 2016	APR 2017	MAY 2016	MAY 2017	JUN 2016	JUN 2017	JUL 2016	JUL 2017	AUG 2016	AUG 2017	SEP 2016	SEP 2017	OCT 2016	OCT 2017
7. Total Direct Debt	5,905.3	6,320.1	6,020.7	6,323.9	6,042.7	6,321.5	6,034.0	6,320.6	5,960.7	6,344.8	5,964.8	6,550.1	5,996.3	6,559.6	6,053.8	6,636.3	6,038.9	6,866.6	6,214.9	7,004.7
% change; over previous month	*-0.5%*	*0.1%*	*1.9%*	*0.1%*	*0.4%*	*0.0%*	*-0.1%*	*0.0%*	*-1.2%*	*0.4%*	*0.1%*	*3.2%*	*0.5%*	*0.1%*	*1.0%*	*1.2%*	*-0.2%*	*3.5%*	*2.9%*	*2.0%*
8. External Debt	1,642.0	1,749.3	1,745.4	1,742.5	1,753.8	1,739.9	1,754.8	1,741.0	1,751.0	1,757.9	1,753.3	1,763.6	1,754.2	1,770.1	1,762.1	1,877.7	1,757.0	2,115.3	1,747.3	2,310.6
% change; over previous month	*-1.8%*	*0.3%*	*5.9%*	*-0.4%*	*0.5%*	*-0.2%*	*0.1%*	*0.1%*	*-0.2%*	*1.0%*	*0.1%*	*0.3%*	*0.1%*	*0.4%*	*0.5%*	*6.1%*	*-0.3%*	*12.7%*	*-0.6%*	*9.2%*
9. Internal F/C Debt	36.6	0.0	36.6	0.0	50.0	0.0	50.0	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	*0.0%*		*0.0%*		*36.6%*		*0.0%*		*-100.0%*											
10. Bahamian Dollar Debt	4,226.7	4,570.8	4,238.6	4,581.4	4,238.9	4,581.5	4,229.1	4,579.6	4,209.6	4,586.8	4,211.5	4,786.5	4,242.2	4,789.5	4,291.7	4,758.6	4,281.9	4,751.3	4,467.6	4,694.1
% change; over previous month	*0.1%*	*0.0%*	*0.3%*	*0.2%*	*0.0%*	*0.0%*	*-0.2%*	*0.0%*	*-0.5%*	*0.2%*	*0.0%*	*4.4%*	*0.7%*	*0.1%*	*1.2%*	*-0.6%*	*-0.2%*	*-0.2%*	*4.3%*	*-1.2%*
11. Total Amortization	0.6	3.1	16.2	2.4	17.6	82.9	14.7	4.8	80.2	10.1	12.5	3.3	43.2	76.0	61.1	34.2	42.6	23.6	184.8	244.3
% change; over previous month	*-96.4%*	*-85.6%*	*96.1%*	*-28.3%*	*8.6%*	*3319.3%*	*-16.7%*	*-94.2%*	*446.9%*	*108.2%*	*-84.5%*	*-67.0%*	*246.8%*	*2185.6%*	*41.4%*	*-55.0%*	*-30.3%*	*-31.1%*	*334.0%*	*936.5%*
12.Total Public Sector F/C Debt	2,574.8	2,650.0	2,678.2	2,642.7	2,691.4	2,633.3	2,787.4	2,633.5	2,729.8	2,649.7	2,636.9	2,647.2	2,722.8	2,652.8	2,730.7	2,759.7	2,669.3	2,986.8	2,658.8	3,181.4
% change; over previous month	*-1.2%*	*0.2%*	*3.9%*	*-0.3%*	*0.5%*	*-0.4%*	*3.6%*	*0.0%*	*-2.1%*	*0.6%*	*-3.4%*	*-0.1%*	*3.3%*	*0.2%*	*0.3%*	*4.0%*	*-2.2%*	*8.2%*	*-0.4%*	*6.5%*

Real Sector Indicators	JAN 2016	JAN 2017	FEB 2016	FEB 2017	MAR 2016	MAR 2017	APR 2016	APR 2017	MAY 2016	MAY 2017	JUN 2016	JUN 2017	JUL 2016	JUL 2017	AUG 2016	AUG 2017	2016 (Over previous year)	2017
13. Retail Price Index	101.3	102.1	100.8	103.8	100.5	103.3	101.1	102.7	101.7	103.0	102.0	102.5	102.0	101.9	101.9	102.6	101.4	102.7
% change; over previous month	*-0.82%*	*-0.04%*	*-0.49%*	*1.74%*	*-0.24%*	*-0.54%*	*0.59%*	*-0.55%*	*0.6%*	*0.30%*	*0.3%*	*-0.49%*	*0.0%*	*-0.6%*	*0.0%*	*0.6%*	*-0.69%*	*1.32%*
14. Tourist arrivals (000's)	534.3	509.3	571.2	534.6	659.4	682.7	595.6	582.3	487.6	469.0	488.0	492.7	576.3	544.2	500.8	477.0	4413.3	4291.9
% change; over previous year	*-6.33%*	*-4.68%*	*3.82%*	*-6.41%*	*1.20%*	*3.55%*	*6.45%*	*-2.23%*	*3.89%*	*-3.81%*	*2.19%*	*0.95%*	*12.52%*	*-5.6%*	*10.64%*	*-4.8%*	*4.00%*	*-2.75%*
15. Air arrivals (000's)	95.9	94.3	120.5	108.2	168.2	146.0	133.4	138.1	121.5	114.4	142.5	134.2	158.6	144.6	116.0	110.2	1056.5	990.1
% change; over previous year	*-5.73%*	*-1.63%*	*3.22%*	*-10.17%*	*6.73%*	*-13.17%*	*-1.42%*	*3.51%*	*3.38%*	*-5.86%*	*7.85%*	*-5.85%*	*7.73%*	*-8.8%*	*0.37%*	*-5.0%*	*3.20%*	*-6.29%*
16. Occupied Room Nights																		
% change; over previous year																		
17. Res. Mortgage Commitments-Value of New Const. & Rehab. (B$Millions)					12.94	11.44					11.79	14.36					24.73	25.80
% change; over previous qtr.					*2.91%*	*-24.39%*					*-8.9%*	*25.5%*					*-6.80%*	*4.30%*

* Includes Net Lending to Public Corporations

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

p - provisional