Monthly Economic and Financial Developments
September 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 4, December 27.

1. Domestic Economic Developments

Overview

Preliminary evidence suggests that domestic output trends remained mildly positive during the review period, as the construction sector continued to benefit from foreign investment projects, as well as post hurricane rebuilding activities. However, the passage of Hurricane Irma at the beginning of September, led to disruptions in the tourism sector, from cruise line diversions and flight cancellations. In prices developments, domestic inflation firmed marginally during the 12 months ending in August, due mainly to higher fuel costs. Meanwhile, monetary developments featured growth in both liquidity and external reserves, buoyed by the receipt of proceeds from the Government's external borrowing.

Real Sector

Tourism

Official data from the Ministry of Tourism revealed continued softness in output, with total arrivals decreasing by 2.8% to 4.3 million over the first eight months of the year, a reversal from a 4.0% gain recorded in the same period of 2016. By port of entry, air visitors contracted by 6.3%, vis-à-vis a 3.2% rise in the prior period, while the sea component eased by 1.6%, overturning the year earlier 4.3% expansion.

In terms of the various components, the growth in visitors to the dominant New Providence market slowed to 4.6% to 2.5 million tourists, from an 8.7% advance in the prior year, as the 5.7% falloff in air passengers, offset the 9.3% increase in the cruise segment. Comparatively, arrivals to the Family islands—which account for 29.8% of the total—fell by 3.0%, vis-à-vis a 0.8% softening last year, reflecting a 5.8% contraction in the high volume sea segment, which overshadowed the 13.3% expansion in air visitors. Meanwhile, arrivals to the Grand Bahama market—comprising 11.1% of total visitors—remained constrained by the hurricane-related reduction in room capacity since 2016, as arrivals fell sharply by 29.1%, extending last year's 1.9% contraction. Underpinning this outturn was a 48.1% reduction in the key air segment, together with a 25.7% falloff in sea passengers.

The ongoing weakness in the sector is expected to be more pronounced in September, given the disruption to travel itineraries caused by Hurricane Irma during the first half of the month. As a result of the storm, the Nassau Port, along with both the Lynden Pindling International Airport (LPIA) and Grand Bahama International Airport were closed, resulting in the cancellation of approximately 288 flights at LPIA. Reflecting this development, data released by the Nassau Airport Development Company Ltd. (NAD), showed a 22.7% reduction in passenger traffic in September, a reversal from a 1.7% gain in the previous year. The decline was led by a 23.2% contraction in U.S. departures, compared to a 2.2% increase in 2016, while non-U.S. international departures decreased by 20.5%, outstripping the prior year's 0.8% falloff.

Prices

Data from the All Bahamas Retail Price Index showed a slight increase in the domestic inflation rate to 0.99% for the 12 months to August, from 0.15% in the comparable period of last year. This outturn was driven by accretions to average prices for housing, water, gas, electricity, and other fuels—accounting for more than one third of the index—and transport, by 3.2% and 2.7%, respectively, vis-à-vis reductions of 2.6% and 5.6% in the prior year. In addition, the rise in average costs for education quickened by 1.1 percentage points to 6.4%. In slight offsets, the inflation rates for both alcohol beverages, tobacco, & narcotics and clothing & footwear slowed by 2.7 percentage points to 1.0%, 0.2% respectively, while the increase in communication costs narrowed by 1.4 percentage points to 1.1%. Further, after rising by 9.2%, 5.2%, 3.0% and 2.4% in the prior period, the average prices for health, recreation & culture, restaurant & hotels and furnishing, household equipment & routine household maintenance, declined by 3.2%, 2.9%, 3.2%, and 0.6%, respectively, while food & non-alcoholic beverages and miscellaneous goods & services decreased by 1.0% and 0.8%, respectively, compared to gains of 1.9% and 1.8% in the previous year.

2. Domestic Monetary Trends
September 2017 vs. 2016

Liquidity

Buoyed by net proceeds from the Government's US$250 million external loan, broad-based bank liquidity, excess liquid assets, strengthened by $95.5 million to $1,707.4 million, a reversal from a year-earlier $83.1 million contraction, Similarly, excess reserves—a narrow measure of liquidity—grew by $117.0 million to $918.7 million, vis-à-vis last year's $64.7 million reduction.

On a year-to-date basis, accretions to excess liquid assets accelerated by $142.7 million to $260.3 million, reflecting an increase in commercial banks' holdings of short-term Government paper. In contrast, the growth in excess reserves narrowed by $62.0 million to $195.0 million during the nine-month period.

External Reserves

Given proceeds from the Government's foreign currency borrowing, external reserves strengthened by $90.8 million to $1,064.9 million in September, a significant turnaround from the previous year's foreign currency demand-driven $79.9 million reduction. Reflecting this development, the Central Bank's transactions with the public sector reversed to a $105.3 million net purchase from a $31.4 million net sale in the prior period, while the net sale to commercial banks narrowed by $27.0 million to $16.1 million, as the latter's net sale to the private sector slowed by $8.4 million to $18.5 million.

For the first nine months of 2017, accretions to external reserves widened by $58.5 million to $162.8 million, as the Central Bank's transactions with the public sector shifted to a net purchase of $58.4 million, from 2016's net sale of $72.4 million. In a slight offset, with private sector spending abroad and on imports strengthened, the Bank's net purchase from commercial banks fell by almost one-half ($81.7 million) to $84.6 million, reflecting the falloff in their net purchases from clients by $72.9 million to $95.4 million.

Exchange Control Sales

During the month of September, initial Exchange Control data showed that foreign currency sales for current account transactions—mainly by commercial banks and money transmission businesses—decreased by an estimated $62.1 million to $341.3 million, relative to the same period of last year. This outturn mainly reflected a $26.5 million decline in factor income-related transactions (3.6% of the sales) and a $37.4 million reduction in sales for other services (39.6%); while payments associated with oil imports (8.1%) eased by $12.4 million. Conversely, outflows for non-oil imports—accounting for 35.4% of the total—grew by $10.9 million, transfers at 6.3%, rose by $2.6 million and travel-related transfers at 6.9%, edged-up by $0.7 million.

On a year-to-date basis, foreign exchange sales advanced by $193.8 million to $3,595.2 million, largely attributed to a $143.3 million expansion in non-oil imports (which accounted for 35.8% of the total). Gains were also recorded for sales related to residents spending abroad on travel (6.6%), miscellaneous current items (39.5%), transfers (6.0%) and oil imports of $52.4 million, $40.9 million, $31.0 million and $3.4 million, respectively. In contrast, sales associated with factor income outflows (3.9% of the total) contracted by $77.1 million, relative to the same period last year.

Domestic Credit

Bahamian Dollar Credit

Reflecting mainly the effects of sales of non-performing loans (NPLs), total Bahamian dollar credit contracted by $152.2 million in September, a reversal from a year-earlier gain of $67.1 million. In particular, credit to the private sector decreased by $134.8 million, vis-à-vis 2016's $10.6 million expansion, led by the Bank of The Bahamas' (BOB) sale of $138.0 million in NPLs to the Government's Resolve Corporation[1]. This was reflected in a $72.4 million contraction in commercial loans, compared to a $1.1 million decrease last year, while residential mortgages fell by $50.5 million, a reversal from a slight $1.1 million uptick in 2016. Similarly, consumer credit moved lower by $12.0 million, vis-a-vis the prior year's $10.7 million gain. Further, supported in part by the Government's use of external loan proceeds to reduce short-term commercial bank obligations, net credit to the Government declined by $17.4 million, compared to a $60.0 million expansion in the previous year, while claims on the rest of the public sector were virtually unchanged, after declining by $3.6 million a year ago.

On a year-to-date basis, accretions to total Bahamian dollar credit slowed sharply by $108.8 million to a mere $4.7 million. Also influenced by NPL sales, claims on the private sector contracted further by $134.7 million, following a $30.4 million decline last year. Specifically, both mortgages and commercial loans fell by $62.8 million and $41.5 million, respectively, following declines of $18.3 million and $51.5 million in 2016. Similarly, consumer credit decreased by $30.5 million, a turnaround from the prior year's $39.3 million expansion. Further, claims on public corporations fell by $6.4 million, contrasting with 2016's $27.9 million growth; however, buoyed by an increase in short-term lending, accretions to net credit to the Government accelerated by $29.8 million to $145.8 million.

Foreign Currency Credit

The reduction in domestic foreign currency credit eased to $3.4 million from $5.1 million a year earlier, as net claims on the Government softened by $1.5 million, compared to a $5.8 million falloff a year ago. Comparatively, credit to public corporations decreased by $4.7 million, after a $2.8 million reduction in the prior year. Meanwhile, private sector credit edged-up by $2.8 million, vis-à-vis a $3.5 million gain in 2016, with mortgages almost unchanged and commercial and "other" loans firming by $2.7 million.

During the nine-month period, foreign currency credit narrowed by $22.2 million, a slowdown from a $95.2 million reduction over the same period of 2016. In particular, net credit to the Government softened by $0.2 million, following the prior year's $37.7 million reduction, while private sector credit decreased by $1.0 million, vis-à-vis a $34.0 million reduction in the previous year, as declines in mortgages and commercial and "other" loans narrowed by $12.5 million and $20.6 million, to $0.9 million and $0.1 million, respectively. Further, claims on public corporations contracted by $21.0 million, after a $23.7 million decline a year ago.

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[1] Resolve Corporation is a wholly owned Government Special Purpose Vehicle (SPV), which was established to purchase and manage non-performing loans from BOB.

Credit Quality

Banks' credit quality indicators improved in September, with total private sector loan arrears declining by $38.9 million (4.1%) to $912.2 million and by 49 basis points as a proportion of total loans to 15.8%. A breakdown of delinquencies by age, showed that the reduction was attributed to the non-performing segment, which contracted by $49.5 million (7.7%) to $597.0 million, resulting in the corresponding ratio falling by 70 basis points to 10.3%. In contrast, the short-term (31-90 day) segment rose by $10.6 million (3.5%) to $315.2 million, with a 24 basis point rise in the attendant ratio, to 5.5%.

The falloff in arrears was mainly attributed to the commercial segment, which contracted by $38.0 million (23.9%) to $121.0 million, with the $44.7 million (34.6%) decrease in non-performing loans, eclipsing the $6.7 million (22.3%) increase in short-term delinquencies. Further, mortgage arrears fell modestly by $3.7 million (0.7%), to $525.2 million, with short-term and non-accrual loans narrowing by $1.6 million (0.9%) and $2.1 million (0.6%), respectively. In contrast, the consumer segment rose by $2.8 million (1.1%) to $266.1 million, as a $5.5 million (5.4%) increase in 31-90 day delinquencies, offset the $2.7 million (1.7%) decline in arrears in excess of 90 days.

Following the NPL sales, total private sector arrears contracted by $98.4 million (9.7%) over the first nine months of the year, resulting in a 1.3 percentage point decline in the corresponding loan ratio. NPLs fell by $132.1 million (18.1%) and by 2.0 percentage points as a proportion of total loans. This overshadowed a $33.7 million (12.0%) increase in short-term arrears and the corresponding 70 basis point rise in the attendant ratio.

The contraction in aggregate arrears was anchored by a $111.0 million (47.9%) falloff in the commercial segment, as both the non-performing and short-term components moved lower by $105.4 million (55.5%) and $5.6 million (13.3%), respectively. In contrast, consumer loan arrears rose by $8.5 million (3.3%), with the $20.3 million (23.0%) rise in 31-90 day delinquencies, offsetting an $11.8 million (7.0%) reduction in arrears in excess of 90 days. In addition, mortgage delinquencies firmed by $4.1 million (0.8%), owing to an $18.9 million (12.5%) rise in short-term arrears, which countered the $14.8 million (4.0%) reduction in non-accrual loans.

In the context of an improving asset portfolio, banks reduced their total provisions for loan losses by $30.2 million (6.7%) to $424.4 million during September. Consequently, the ratio of total provisions to arrears narrowed by 1.3 percentage points to 46.5%; however, given the significant contraction in non-performing loans, the corresponding ratio rose by 76 basis points to 71.1%. In addition, write-offs for the month totalled $10.4 million, while recoveries amounted to $1.6 million.

Over the nine-month period, banks decreased their total provisions for loan losses by $90.4 million (17.6%), leading to a 4.4 percentage point decline in the ratio of provisions to arrears, although the corresponding non-performing ratio rose by 48 basis points. During the same period, banks wrote-off an estimated $82.0 million in loans and recovered approximately $22.1 million.

Deposits

In September, the growth in Bahamian dollar deposits slackened by $11.0 million to $29.3 million, as accretions to demand balances narrowed by $21.5 million to $2.1 million. In a slight offset, the growth in savings and fixed deposits quickened, by $7.0 million and $3.5 million, to $16.5 million and $10.7 million, respectively.

During the nine month period, the expansion in total Bahamian dollar deposits decelerated to $176.4 million from $217.2 million, as the growth in demand deposits weakened by $75.3 million to $210.4 million. Conversely, savings deposits rose by $77.1 million, outpacing the $67.1 million increase in 2016, while the contraction in fixed deposits slowed by $24.5 million to $111.0 million.

Interest Rates

In interest rate developments, the weighted average deposit rate at banks declined by 18 basis points to 0.92%, with the highest rate of 4.50% offered on balances of over 12 months. Similarly, the weighted average loan rate contracted by 130 basis points to 10.96%. Consequently, the interest rate spread narrowed by 111 basis points to 10.04 percentage points.

3. Domestic Outlook and Policy Implications

Expectations are that domestic growth will trend mildly positive over the near-term, as construction sector activity should continue to be buoyed by foreign direct investment projects, as well as hurricane rebuilding efforts. In addition, the phased opening of the Baha Mar resort, the potential near-term resolution of hotel room capacity related issues in Grand Bahama, along with likely temporary shifts in tourists from other hurricane-affected markets, should provide some support to the tourism sector. In this environment, employment conditions are anticipated to improve modestly. Further, inflationary pressures are expected to remain well contained, although geopolitical tensions in certain key producer markets may lead to volatility in crude oil prices.

In the fiscal sector, the success of the Government's efforts to improve revenue administration and restrain the growth in expenditure, will continue to determine the prospects for the medium-term reduction in the deficit and the public debt burden. However, over the near-term, outlays to rebuild key infrastructure in the aftermath of the major storms, will continue to add pressures to expenditures.

Liquidity is projected to remain elevated, as commercial banks maintain their conservative lending stance, and consumers sustain their efforts to deleverage. Further, banks' asset quality indicators are expected to show further improvement, supported by their loan restructuring initiatives and potential additional asset sales. In this vein, banks are expected to remain well capitalized, thereby negating any financial stability concerns.

External reserve indicators are poised to remain in line with international benchmarks throughout the remainder of the year, despite the seasonal hike in foreign currency demand during the holiday period, reflecting mainly the impact of the Government's external borrowing activities.

APPENDIX

International Developments

In its October 2017 World Economic Outlook (WEO), the International Monetary Fund (IMF) revised its estimate for world output for 2017 upwards by 10 basis points to 3.6%, amid signs of growth in investment, industrial production and trade, as well as further strengthening in business and consumer confidence. Specifically, for advanced economies, the growth forecast was raised to 2.2% from 2.0%, due mainly to expected improvements in the euro area, Japan and Canadian economies. However, amid the significant political uncertainty surrounding the Government's fiscal stimulus plans, forecasts for the United States were reduced slightly, while growth prospects for China are anticipated to continue to hinge on external demand. In this environment, all of the major central banks maintained their monetary policy stances.

Although Hurricanes Harvey and Irma—which made landfall in August and September, respectively—caused significant damage in a few states, economic conditions in the United States were mainly positive over the third quarter, as the economy grew at an annual rate of 3.0%, following a gain of 3.1% in the prior three-month period, reflecting growth in consumer spending, non-residential fixed investment and exports. In addition, the jobless rate ebbed by 20 basis points to 4.2% in September, as nonfarm payroll employment fell by 33,000, amid gains in sectors such as health care, transportation and warehousing. Further, consumer prices grew marginally by 0.5% in September, slightly higher than the month earlier 0.4% expansion, buoyed by growth in energy prices. Similarly, retail sales firmed by 1.6%, a turnaround from the 0.1% falloff in the prior month. In external developments, the trade deficit decreased by $1.2 billion to $42.4 billion in August, due to the $0.8 billion rise in exports—of mostly consumer goods—and the $0.4 billion falloff in automobile vehicles, parts, and engines dominated imports. Against this backdrop, the Federal Reserve decided to maintain their target range for interest rates at 1.00%-1.25%, in support of continued improvement in labor market conditions and the 2.0% inflation target.

Developments in European economies were mixed over the review period. Specifically, industrial production growth in the United Kingdom (U.K.) stabilized at 0.2% in August, owing mainly to gains in the manufacturing sector, while production in the euro area rose by 1.4%, outpacing the 0.3% advance in the previous month, due to higher capital goods' output. Further, employment conditions within the region were stable, as the jobless rate steadied at 9.1% in August in the euro area. Externally, the trade deficit in the U.K. widened by £1.7 billion to £4.6 billion in August, amid a £1.8 billion increase in imports. In monetary developments, both the European Central Bank and the Bank of England held their interest rates at historic lows, in order to sustain support for their economies.

Asian market conditions were subdued during the review month. Specifically, retail sales in Japan fell by 1.8% in August, a turnaround from the 1.1% gain a month earlier, while unemployment for the region remained unchanged, with the country's jobless rate steadying at 2.8% in August. Further, the country's trade surplus contracted by 73.3% to ¥112.6 million, due to the 1.5% increase in imports and the 3.3% decline in exports. Consumer prices moved higher in Asia, with inflation edging-up to 0.2% in Japan, after remaining flat in the previous month, while in China, the inflation rate rose slightly by 10 basis points to 0.5% in August, month-on-month, led by higher prices for services. On a positive note, China's Manufacturing Purchasing Managers Index (PMI) firmed by 0.7% to 52.4 in September, buoyed by increases in the production, new orders, and main raw materials indices, while the growth in retail sales quickened by 20 basis points to 0.9% in August. Given these developments, the People's Bank of China and the Bank of Japan held their neutral monetary policy stances.

Commodity markets were relatively subdued over the review period. In particular, crude oil prices softened by 0.6% to $52.32 per barrel, on account of a rise in U.S. shale oil drilling, while OPEC's oil production increased by 88,000 barrels per day (b/d) to an average of 32.75 million b/d. In addition, the prices for both silver and gold decreased by 5.4% and 3.1% to $16.65 and $1,280.15 per troy ounce, respectively.

During September, stock market developments were mainly positive, reflecting domestic factors. In the United States, driven by the strengthening in technology shares, both the Dow Jones Industrial Average (DIJA) and the S&P500 indices moved higher by 2.1% and 1.9%, respectively. Moreover, in Europe, Germany's DAX strengthened by 6.4%, while France's CAC40 increased by 4.8%; however, the United Kingdom's FTSE100 fell marginally by 0.8%, as a result of the stronger pound. Movements in Asian markets were mixed, with Japan's Nikkei225 firming by 3.6%, while China's SE Composite fell by 0.4%.

The U.S. dollar strengthened against most of the major currencies during September, amid heightened expectations for a further tightening in monetary policy. Specifically, the dollar appreciated against the Japanese Yen, the Swiss Franc, the Euro and the Chinese Renminbi, by 2.3% to ¥112.53, 1.0% to CHF0.9685, 0.8% to €0.8465, and by 0.6% to CNY6.6339, respectively. Conversely, the dollar weakened against the pound by 3.5% to £0.7462, and the Canadian Dollar by 0.1% to CAD$1.2471.

Recent Monetary and Credit Statistics

(B$ Millions)

	SEPTEMBER					
	Value		Change		Change YTD	
	2016	2017	2016	2017	2016	2017
1.0 LIQUIDITY & FOREIGN ASSETS						
1.1 Excess Reserves	746.37	918.74	-64.74	116.96	257.00	195.02
1.2 Excess Liquid Assets	1,431.99	1,707.38	-83.14	95.49	117.58	260.30
1.3 External Reserves	913.23	1,064.87	-79.90	90.81	104.32	162.80
1.4 Bank's Net Foreign Assets	-262.08	-172.49	-17.68	-41.15	191.23	-41.33
1.5 Usable Reserves	268.20	309.16	-51.05	41.09	-26.93	65.31
2.0 DOMESTIC CREDIT						
2.1 Private Sector	***6,217.13***	***6,017.06***	***14.13***	***-132.05***	***-64.40***	***-135.70***
a. B$ Credit	5,975.39	5,778.66	10.64	-134.84	-30.40	-134.71
of which: Consumer Credit	2,208.17	2,216.97	10.70	-11.98	39.32	-30.46
Mortgages	3,054.48	2,898.06	1.07	-50.46	-18.26	-62.75
Commercial and Other Loans B$	712.74	663.63	-1.12	-72.40	-51.46	-41.49
b. F/C Credit	241.74	238.40	3.49	2.79	-34.00	-0.99
of which: Mortgages	68.44	67.11	3.09	0.13	-13.38	-0.93
Commercial and Other Loans F/C	173.31	171.29	0.40	2.67	-20.63	-0.06
2.2 Central Government (net)	***2,292.93***	***2,683.81***	***54.24***	***-18.91***	***78.38***	***145.62***
a. B$ Loans & Securities	2,527.17	2,912.15	20.38	-33.26	60.43	160.98
Less Deposits	226.32	223.99	-39.66	-15.86	-55.61	15.20
b. F/C Loans & Securities	0.00	0.00	0.00	-0.00	-36.62	0.00
Less Deposits	7.92	4.35	5.80	1.50	1.04	0.15
2.3 Rest of Public Sector	***311.27***	***278.53***	***-6.35***	***-4.64***	***4.15***	***-27.34***
a. B$ Credit	105.86	100.91	-3.58	0.09	27.85	-6.39
b. F/C Credit	205.41	177.62	-2.77	-4.73	-23.70	-20.95
2.4 Total Domestic Credit	***8,821.51***	***8,979.43***	***62.03***	***-155.56***	***18.30***	***-17.57***
a. B$ Domestic Credit	8,382.09	8,567.72	67.10	-152.15	113.49	4.67
b. F/C Domestic Credit	439.42	411.71	-5.07	-3.41	-95.19	-22.24
3.0 DEPOSIT BASE						
3.1 Demand Deposits	2,117.50	2,399.93	23.60	2.12	285.75	210.43
a. Central Bank	9.73	22.48	-8.04	-1.71	-3.29	6.71
b. Banks	2,107.77	2,377.45	31.65	3.83	289.05	203.71
3.2 Savings Deposits	1,218.43	1,370.70	9.49	16.51	67.07	77.05
3.3 Fixed Deposits	2,880.44	2,759.42	7.16	10.66	-135.58	-111.04
3.4 Total B$ Deposits	6,216.38	6,530.06	40.26	29.29	217.24	176.44
3.5 F/C Deposits of Residents	261.31	326.12	-27.77	-42.52	25.72	-52.33
3.6 M2	***6,457.25***	***6,800.25***	***37.14***	***19.67***	***221.58***	***152.88***
3.7 External Reserves/M2 (%)	***14.14***	***15.66***	***-1.33***	***1.29***	***1.17***	***2.09***
3.8 Reserves/Base Money (%)	***72.55***	***72.64***	***-2.36***	***1.10***	***-9.50***	***2.50***
3.9 External Reserves/Demand Liabilites (%)	***70.79***	***70.45***	***-2.90***	***1.47***	***-7.93***	***1.93***

	Value		Year to Date		Change	
	2016	2017	2016	2017	Month	YTD
4.0 FOREIGN EXCHANGE TRANSACTIONS						
4.1 Central Bank Net Purchase/(Sale)	***-74.46***	***89.16***	***93.90***	***142.96***	***163.63***	***49.06***
a. Net Purchase/(Sale) from/to Banks	-43.06	-16.11	166.29	84.59	26.94	-81.70
i. Sales to Banks	56.93	42.01	194.59	277.46	-14.92	82.87
ii. Purchases from Banks	13.87	25.89	360.88	362.05	12.02	1.17
b. Net Purchase/(Sale) from/to Others	-31.41	105.28	-72.39	58.37	136.68	130.76
i. Sales to Others	58.14	78.92	471.20	527.10	20.78	55.90
ii. Purchases from Others	26.73	184.20	398.81	585.46	157.47	186.66
4.2 Banks Net Purchase/(Sale)	***-26.86***	***-18.51***	***168.26***	***95.38***	***8.35***	***-72.87***
a. Sales to Customers	342.75	309.12	3,156.60	3,350.08	-33.64	193.48
b. Purchases from Customers	315.89	290.60	3,324.85	3,445.46	-25.29	120.61
4.3 B$ Position (change)	***-8.20***	***0.76***				
5.0 EXCHANGE CONTROL SALES						
5.1 Current Items	***403.37***	***341.26***	***3,401.38***	***3,595.19***	***-62.11***	***193.82***
of which Public Sector	***47.52***	***24.34***	***433.86***	***269.25***	***-23.18***	***-164.61***
a. Nonoil Imports	109.98	120.85	1,142.05	1,285.31	10.87	143.26
b. Oil Imports	40.18	27.78	292.31	295.66	-12.40	3.35
c. Travel	22.98	23.63	185.37	237.73	0.65	52.35
d. Factor Income	38.90	12.42	216.83	139.77	-26.47	-77.06
e. Transfers	18.80	21.44	185.73	216.75	2.64	31.02
f. Other Current Items	172.53	135.13	1,379.09	1,419.97	-37.40	40.89
5.2 Capital Items	***17.06***	***32.10***	***161.35***	***142.82***	***15.04***	***-18.53***
of which Public Sector	***8.27***	***14.32***	***82.09***	***38.44***	***6.04***	***-43.65***
5.3 Bank Remittances	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***

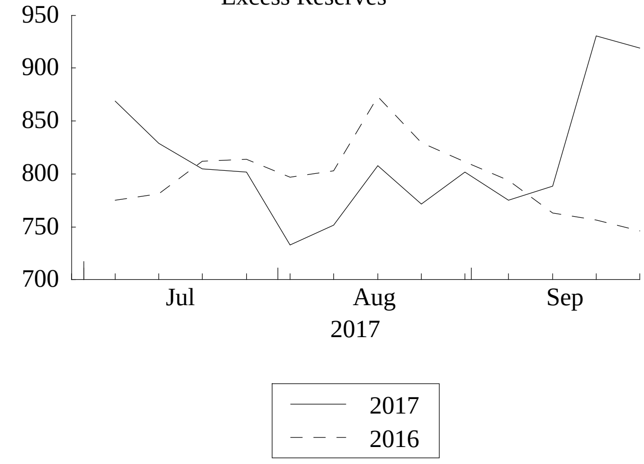
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending:SEPTEMBER 28, 2016 and SEPTEMBER 27, 2017
Exchange Control Sales figures are as at month end.

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.

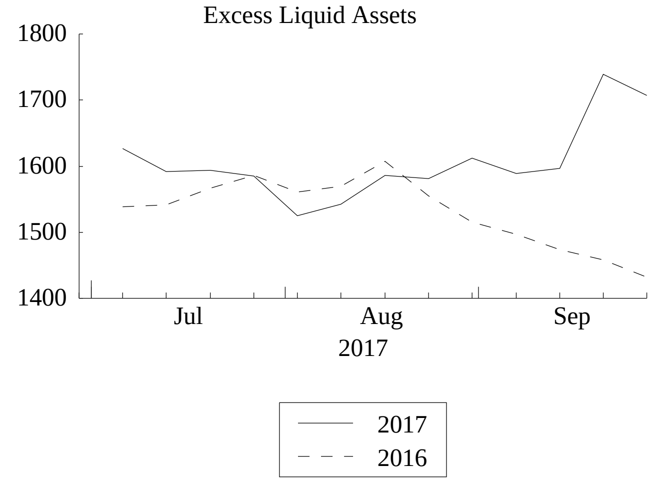
SELECTED MONEY AND CREDIT INDICATORS

(B$ Millions)

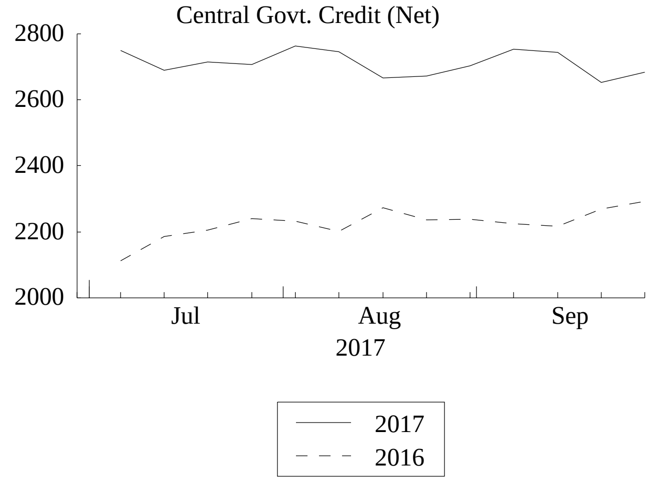
Excess Reserves



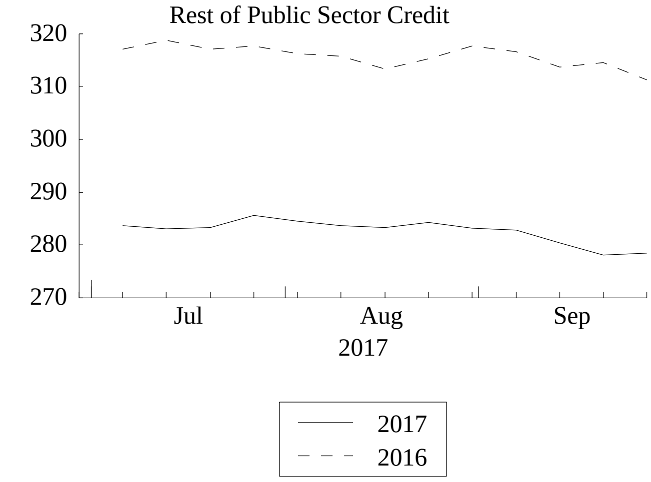
Excess Liquid Assets



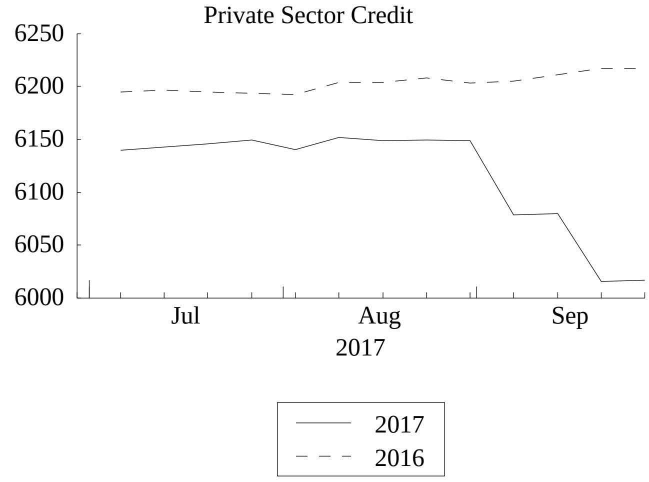
Central Govt. Credit (Net)



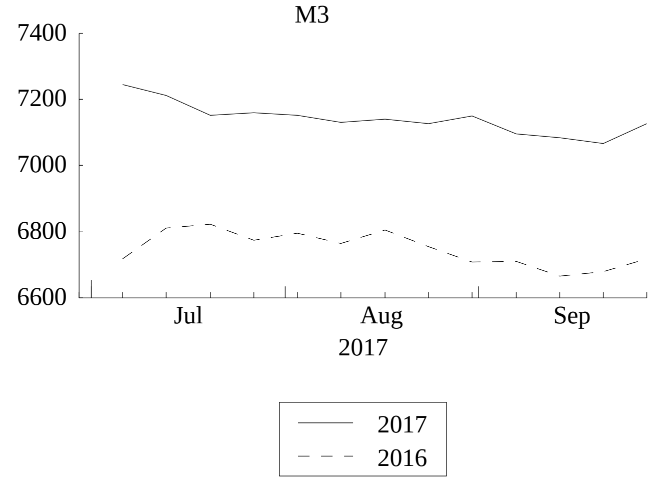
Rest of Public Sector Credit



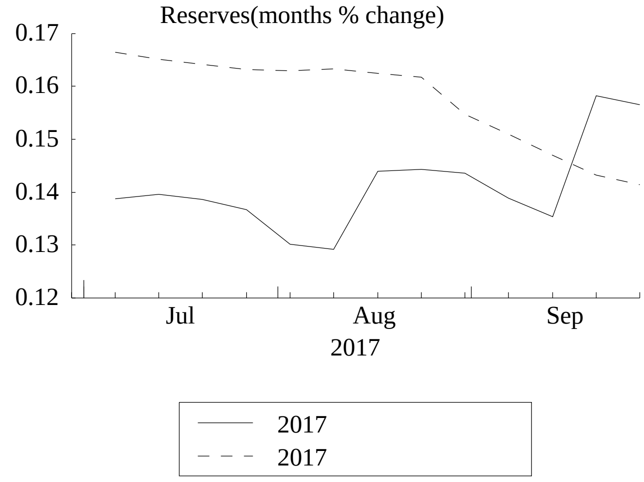
Private Sector Credit



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
September 2015	4.50	0.05	0.75	0-0.25	0.50
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

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	**Sep-16**	**Aug-17**	**Sep-17**	**Mthly % Change**	**YTD % Change**	**12-Mth% Change**
Euro	0.8897	0.8396	0.8465	0.81	-10.95	-4.86
Yen	101.33	109.98	112.53	2.32	-3.82	11.05
Pound	0.7706	0.7734	0.7462	-3.52	-7.80	-3.17
Canadian $	1.3127	1.2481	1.2471	-0.08	-7.22	-5.00
Swiss Franc	0.9716	0.9587	0.9685	1.02	-5.05	-0.32
Renminbi	6.6638	6.5963	6.6339	0.57	-4.55	-0.45

Source: Bloomberg as of September 30, 2017

D. Selected Commodity Prices ($)					
Commodity	**September 2016**	**August 2017**	**September 2017**	**Mthly % Change**	**YTD % Change**
Gold / Ounce	1315.75	1321.40	1280.15	-3.12	11.10
Silver / Ounce	19.18	17.59	16.65	-5.36	4.59
Oil / Barrel	47.10	52.63	52.32	-0.59	-7.92

Source: Bloomberg as of September 30, 2017

E. Equity Market Valuations – September 30, 2017 (% change)								
	BISX	**DJIA**	**S&P 500**	**FTSE 100**	**CAC 40**	**DAX**	**Nikkei 225**	**SE**
1 month	1.72	2.08	1.93	-0.78	4.80	6.41	3.61	-0.35
3 month	0.05	4.94	3.96	0.82	4.08	4.09	1.61	4.90
YTD	-3.73	13.37	12.53	3.22	9.61	8.34	6.50	7.90
12-month	-4.21	22.38	16.19	6.86	19.82	22.05	23.75	11.46

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	**GBP**	**EUR**
o/n	1.30	0.25	-0.40
1 Month	1.32	0.30	-0.38
3 Month	1.40	0.39	-0.35
6 Month	1.60	0.60	-0.30
9 Month	1.73	0.75	-0.25
1 year	1.98	0.87	-0.20

Source: Bloomberg as of September 30, 2017

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B$ Millions)

	VALUE									CHANGE								
	Aug. 02	Aug. 09	Aug. 16	Aug. 23	Aug. 30	Sep. 06	Sep. 13	Sep. 20	Sep. 27	Aug. 02	Aug. 09	Aug. 16	Aug. 23	Aug. 30	Sep. 06	Sep. 13	Sep. 20	Sep. 27
I. External Resrves	***881.90***	***871.96***	***974.55***	***975.27***	***974.07***	***936.58***	***913.04***	***1,065.08***	***1,064.87***	***-45.35***	***-9.94***	***102.59***	***0.72***	***-1.20***	***-37.49***	***-23.54***	***152.04***	***-0.21***
II. Net Domestic Assets (A + B + C + D)	***410.16***	***426.83***	***375.72***	***344.07***	***387.49***	***393.79***	***412.60***	***404.06***	***401.15***	***-9.55***	***16.68***	***-51.11***	***-31.65***	***43.42***	***6.30***	***18.81***	***-8.54***	***-2.91***
A. Net Credit to Gov't(i + ii + iii - iv)	***771.16***	***771.19***	***732.91***	***731.36***	***742.31***	***754.82***	***754.90***	***749.63***	***753.25***	***-4.00***	***0.04***	***-38.28***	***-1.55***	***10.95***	***12.51***	***0.09***	***-5.27***	***3.62***
i) Advances	134.66	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	0.00
ii) Registered Stock	327.18	327.19	327.21	331.58	323.64	323.66	324.23	324.26	324.28	0.16	0.01	0.02	4.37	-7.94	0.02	0.56	0.03	0.02
iii) Treasury Bills	341.89	341.89	341.89	310.01	310.01	316.99	316.99	316.99	316.99	-5.20	0.00	0.00	-31.88	0.00	6.98	0.00	0.00	-0.00
iv) Deposits	32.57	32.54	70.84	44.88	26.00	20.49	20.97	26.27	22.67	-1.04	-0.03	38.30	-25.96	-18.88	-5.50	0.48	5.30	-3.60
B. Rest of Public Sector (Net) (i + ii - iii)	***-27.80***	***-12.92***	***-25.53***	***-26.29***	***-21.24***	***-25.48***	***-9.36***	***-13.00***	***-19.53***	***-2.51***	***14.88***	***-12.61***	***-0.76***	***5.05***	***-4.24***	***16.12***	***-3.65***	***-6.53***
i) BDB Loans	3.35	3.35	3.35	3.35	2.95	2.95	2.95	2.95	2.95	0.00	0.00	0.00	0.00	-0.40	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	31.15	16.27	28.88	29.64	24.19	28.43	12.31	15.95	22.48	2.51	-14.88	12.61	0.76	-5.45	4.24	-16.12	3.65	6.53
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)*	***-333.20***	***-331.44***	***-331.66***	***-361.00***	***-333.58***	***-335.54***	***-332.95***	***-332.57***	***-332.57***	***-3.05***	***1.76***	***-0.22***	***-29.34***	***27.43***	***-1.97***	***2.60***	***0.38***	***0.00***
III. Monetary Base	***1,292.06***	***1,298.79***	***1,350.27***	***1,319.34***	***1,361.56***	***1,330.37***	***1,325.64***	***1,469.15***	***1,466.03***	***-54.90***	***6.73***	***51.48***	***-30.93***	***42.22***	***-31.19***	***-4.73***	***143.51***	***-3.12***
A. Currency in Circulation	395.49	391.57	388.46	382.05	387.64	399.81	390.14	384.85	379.42	11.59	-3.92	-3.11	-6.41	5.58	12.17	-9.66	-5.30	-5.43
B. Bank Balances with CBOB	896.57	907.22	961.81	937.29	973.92	930.56	935.49	1,084.30	1,086.61	-66.49	10.65	54.59	-24.52	36.64	-43.36	4.93	148.80	2.32

* 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		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE	
	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018
																									(Over previous year)	
1. Government Revenue & Grants	161.8	168.6																							162	169
% change; over previous month																									*-8.51%*	*4.20%*
2. Value Added Tax	68.7	76.6																							68.7	76.6
% change; over previous month																									*-10.43%*	*11.50%*
3. Import/Excise Duties	42.9	44.0																							42.9	44.0
% change; over previous month																									*8.17%*	*2.51%*
4. Recurrent Expenditure	164.0	159.5																							164.0	159.5
% change; over previous month																									*3.55%*	*-2.72%*
5. Capital Expenditure	14.0	0.0																							14.0	0.0
% change; over previous month																									*-7.78%*	*-99.97%*
6. Deficit/Surplus*	-16.2	9.1																							-16.2	9.1
% change; over previous month																									*-594.02%*	*-156.02%*

Debt$_P$ **	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
7. Total Direct Debt	5,905.3	6,227.1	6,020.7	6,231.0	6,042.7	6,228.5	6,034.0	6,227.6	5,960.7	6,248.4	5,964.8	6,449.7	5,996.3	6,476.9	6,039.8	6,550.7
% change; over previous month	*-0.5%*	*-1.4%*	*1.9%*	*0.1%*	*0.4%*	*0.0%*	*-0.1%*	*0.0%*	*-1.2%*	*0.3%*	*0.1%*	*3.2%*	*0.5%*	*0.4%*	*0.7%*	*1.1%*
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	1,754.6	1,753.3	1,756.2	1,754.2	1,762.6	1,762.1	1,867.2
% change; over previous month	*-1.8%*	*0.3%*	*5.9%*	*-0.4%*	*0.5%*	*-0.2%*	*0.1%*	*0.1%*	*-0.2%*	*0.8%*	*0.1%*	*0.1%*	*0.1%*	*0.4%*	*0.5%*	*5.9%*
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
% change; over previous month	*0.0%*		*0.0%*		*36.6%*		*0.0%*		*-100.0%*							
10. Bahamian Dollar Debt	4,226.7	4,477.8	4,238.6	4,488.4	4,238.9	4,488.6	4,229.1	4,486.6	4,209.6	4,493.8	4,211.5	4,693.6	4,242.2	4,714.3	4,277.7	4,683.5
% change; over previous month	*0.1%*	*-2.0%*	*0.3%*	*0.2%*	*0.0%*	*0.0%*	*-0.2%*	*0.0%*	*-0.5%*	*0.2%*	*0.0%*	*4.4%*	*0.7%*	*0.4%*	*0.8%*	*-0.7%*
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	58.3	61.1	34.1
% 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%*	*1651.7%*	*41.4%*	*-41.4%*
12.Total Public Sector F/C Debt	2,574.8	2,650.5	2,678.2	2,643.8	2,691.4	2,633.3	2,787.4	2,634.3	2,729.8	2,648.0	2,638.8	2,641.7	2,722.8	2,647.3	2,730.7	2,751.1
% change; over previous month	*-1.2%*	*0.2%*	*3.9%*	*-0.3%*	*0.5%*	*-0.4%*	*3.6%*	*0.0%*	*-2.1%*	*0.5%*	*-3.3%*	*-0.2%*	*3.2%*	*0.2%*	*0.3%*	*3.9%*

Real Sector Indicators	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG			
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
																	(Over previous year)	
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