



Monthly Economic and Financial Developments March 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: May 29, July 3, July 31, September 4, October 2, October 30, December 4, December 27.



Monthly Economic and Financial Developments (MEFD) March 2017¹

1. Domestic Economic Developments

Overview

Domestic economic activity was mildly improved during the review period, as work on foreign investment projects and to a lesser extent post-hurricane rebuilding activity, supported more construction sector output than in 2016; however, indications are that tourism performance was soft. Domestic energy costs fell marginally during March, but firmed significantly when compared to the same month last year, reflecting the gradual uptrend in global oil prices. With the cumulative setback from Hurricane Matthew still dominating, the fiscal deficit widened over the seven months of FY2016/2017, reflecting increased expenditure, combined with marginally lower revenue receipts. Monetary developments featured a modest decline in liquidity during the month, as the deposit base drawdown exceeded the falloff in Bahamian dollar credit; however, external reserves firmed marginally.

Real Sector

Tourism

Partial metrics for the month of March suggest that tourist arrivals were impacted by the late start to the Easter holiday period, relative to the prior year. In terms of visitor traffic, data from the Nassau Airport Development Company (NAD) showed a 10.2% decline in departures, a turnaround from a 6.7% uptick in March 2016. Within this trend, United States departing passengers fell by 11.6%, in contrast to a 7.9% increase in the prior year, when visitors from that market travelled for the long holiday weekend. In addition, travellers returning to other countries decreased by 1.3%, extending the prior year's 0.2% contraction.

A similar trend was noted on a quarterly basis, as total departures—net of domestic travellers—decreased by 6.5% during the first three months, vis-à-vis a 4.0% gain a year earlier. In terms of the markets, United States travellers decreased by 7.0% during the review period, vis-à-vis a 5.5% gain a year ago, while the falloff in other departing visitors continued at 3.9% vis-à-vis 3.4% in 2016.

Prices

No inflation update was available since the January 2017 report; however, in the transportation sector, data on prices for the month of March showed that both diesel and gasoline softened by 0.3% and 1.2%, respectively, when compared to the previous month. Yet, given the moderate rise in international oil prices, which commenced during the latter part of 2016, prices at the pump were notably higher relative to the same month last year, with diesel costs up by 19.5% and gasoline prices, by 18.0%.

¹ See the Appendix for a summary of International Economic Developments.

Fiscal Sector

Data on the Government's budgetary operations for the seven months of FY2016/17, showed an \$86.4 million (41.4%) rise in the deficit to \$295.3 million. Partly amid the cumulative effects of Hurricane Matthew, this outcome was driven primarily by an \$82.7 million (6.6%) increase in expenditure to \$1,334.4 million, combined with a marginal \$3.7 million (0.4%) decline in revenue to \$1,039.1 million.

With regard to expenditure, current outlays grew by \$70.1 million (6.3%) to \$1,177.5 million, led by a \$54.3 million (10.4%) expansion in transfer payments to \$578.9 million. Specifically, subsidies and other transfers rose by \$49.8 million (13.7%), amid a reclassification associated increase in transfers to public corporations, by \$34.1 million (73.2%), and a \$26.9 million (21.3%) rise in subsidies to the Public Hospital Authority for the launch of National Health Insurance (NHI). In addition, interest payments firmed by \$4.5 million (2.8%), on account of a \$4.4 million (8.9%) gain in payments on external loans. In addition, consumption expenditure expanded by \$15.8 million (2.7%) to \$598.6 million, as personal emoluments advanced by \$16.2 million (4.2%), outpacing the slight, \$0.4 million (0.2%) falloff in purchases of goods and services. Following the reclassification of support to public corporations, net lending stood at \$0.1 million from a more substantive \$39.0 million in FY2015/16. Meanwhile, capital spending also rose, by \$51.5 million (48.9%) to \$156.9 million, as outlays for hurricane rebuilding led to a \$38.8 million (47.3%) boost in infrastructure outlays to \$120.9 million, while asset acquisitions increased by \$12.7 million (54.6%), to \$36.0 million.

In terms of revenue, tax receipts fell by \$2.8 million (0.3%) to \$933.9 million. In terms of the components, value added tax (VAT) inflows contracted modestly by \$5.8 million (1.5%) to \$373.8 million, reflecting in part the hurricane related softening. In addition, property tax receipts narrowed by \$9.2 million (15.0%). Conversely, business & professional fees expanded by \$20.4 million (86.5%) to \$44.0 million, while taxes on international trade rose by \$4.4 million (1.5%), and selective taxes on services firmed by \$4.3 million (41.6%), supported by gains in gaming taxes. In addition, both stamp tax and departure taxes moved higher by \$9.7 million (17.7%) and \$5.8 million (8.6%), respectively. Meanwhile, partly owing to improved recognition of classified revenue sources, other 'miscellaneous' taxes declined by \$32.2 million (13.8%) to \$201.8 million, as other 'unclassified' taxes measured just \$0.4 million, compared to \$37.6 million last year. Under non-tax receipts, collections weakened by \$0.8 million (0.8%) to \$105.2 million, as the \$9.8 million (33.0%) reduction in income from 'other' sources, overshadowed the \$8.7 million (11.8%) uptick in fines, forfeitures & administrative fees.

2. Domestic Monetary Trends

Liquidity

Reflecting mainly a decline in deposits which exceeded the falloff in Bahamian dollar credit, liquidity contracted modestly during March. Specifically, excess liquid assets—a broad measure of liquidity—fell by \$11.5 million to \$1,485.7 million, a turnaround from a \$14.9 million buildup in the previous year, while excess reserves declined by \$10.7 million to \$734.6 million, vis-à-vis 2016's \$9.2 million expansion.

During the first three months of the year, excess liquid assets increased by \$38.6 million, a slowdown from the \$156.0 million gain recorded in the previous year, when liquidity was buoyed by the receipt of proceeds from the Government's external loan. Similarly, excess reserves firmed by \$10.8 million, vis-à-vis a \$144.5 million expansion in 2016.

External Reserves

External reserves grew by \$3.6 million to \$925.5 million during the review month, a significant narrowing from the \$28.2 million improvement a year earlier. Underlying this outcome, the Central Bank's net foreign currency purchase from commercial banks contracted by \$27.1 million to \$29.0 million, as banks' net receipt from their consumers receded by \$40.4 million to \$23.5 million. Further, the Bank sold a net of \$25.1 million to the public sector, compared to \$27.3 million in the prior year.

On a year-to-date basis, the growth in foreign reserves narrowed to \$23.5 million from \$171.1 million in 2016. Reflecting this development, the Central Bank's net purchase from commercial banks tapered to \$53.3 million, from \$124.9 million a year ago, as their net inflow from the private sector was more than halved to \$72.1 million. Further, the Bank sold a net of \$35.0 million to the public sector—to facilitate mainly fuel purchases and interest payments on external loans—in contrast to a net receipt of \$41.6 million last year.

Exchange Control Sales

According to preliminary Exchange Control data, foreign currency sales for current account transactions—as recorded by the Central Bank, commercial banks and money transmission firms—registered a \$44.6 million increase to \$452.3 million, relative to last year. At 9.8% and 35.0% of the total, estimated outflows for oil and non-oil imports rose by \$19.2 million and \$12.2 million respectively, while travel associated disbursements (4.6% of the total) firmed by \$3.8 million. Other services-related payments (35.0% of the total) firmed by \$23.8 million. In a partial offset, factor income remittances (5.6% of the total) narrowed by \$14.1 million, while transfers (4.6%) softened by \$0.2 million.

During the quarter, foreign exchange sales for current transactions advanced by \$158.0 million, on account of a \$67.1 million expansion in the “other” services-related outflows (40.5% of the total) category and a \$58.7 million rise in non-oil imports (35.7% of the total), vis-à-vis last year. Further, sales for travel and oil imports rose modestly, by \$19.4 million and \$12.6 million, respectively. Comparatively, outflows associated with factor income payments (4.0% of the total) were up by \$1.4 million, while outward transfers (5.8% of the total) tapered by \$1.1 million.

Domestic Credit

Bahamian Dollar Credit

During March, total Bahamian dollar credit contracted by \$6.5 million, following a \$5.2 million decline in the same month last year. This development was attributed to a \$14.4 million decrease in net claims on the Government, amid a build-up in bank deposits, after a \$9.1 million gain in the previous year. In contrast, private sector credit advanced by \$8.9 million, a turnaround from a \$14.9 million falloff a year ago. Notably, commercial loans rose by \$14.9 million, vis-à-vis last year's \$9.9 million reduction, while consumer credit declined further by \$5.3 million, following a \$4.0 million contraction in the prior year and mortgages softened by \$0.6 million, after being virtually unchanged in 2016. Similarly, claims on the rest of the public sector decreased by \$1.0 million, versus a gain of \$0.6 million a year earlier.

For the quarter, Bahamian dollar credit recovered by \$14.1 million, relative to a \$48.2 million reduction in 2016. Supporting this outcome, net claims on the Government rose by \$13.1 million, a reversal from a \$29.3 million net repayment in the prior year. Further, credit to the private sector edged-up by \$2.5 million, vis-à-vis a \$19.6 million contraction a year earlier. Specifically, commercial and other loans increased by

\$26.6 million, compared to a \$6.2 million falloff in 2016. In a partial offset, both mortgages and consumer credit fell by \$13.0 million and \$11.1 million, respectively, compared to last year when mortgages were relatively flat, and consumer credit declined by \$13.3 million. In addition, credit to the rest of the public sector fell by \$1.6 million, a reversal from the previous year's \$0.7 million uptick.

Foreign Currency Credit

Domestic foreign currency credit contracted by \$6.0 million during March, in contrast to a \$6.7 million advance in the prior year. The decline in credit to public corporations nearly doubled to \$4.7 million, while claims on the private sector softened by \$1.6 million, after a virtually flat 2016. Further, net claims on the Government rose by \$0.2 million, compared to a \$9.4 million gain in the prior year.

On a year-to-date basis, domestic foreign currency credit contracted by \$12.1 million, outpacing the \$4.4 million falloff in the prior year. Supporting this outcome, credit to public corporations decreased by \$7.0 million, extending the \$5.7 million reduction a year earlier. In addition, net claims on the Government contracted by \$2.5 million, a reversal from a \$14.6 million expansion registered in 2016. In contrast, the decline in private sector credit slowed to \$2.4 million from \$13.4 million.

Credit Quality

Banks' credit quality indicators recorded mixed movement during the review period, as higher overall delinquencies masked a reduction in non-accrual loans. Total private sector loan arrears advanced by \$15.9 million (1.6%) to \$984.5 million, resulting in a 23 basis point rise in the ratio of arrears to total loans to 16.6%. This outcome reflected a \$25.2 million (10.5%) gain in the short-term (31-90 day) category to \$267.9 million, resulting in a 42 basis point advance in the attendant ratio to 4.5%. Nevertheless, non-performing loans (NPLs) contracted by \$9.3 million (1.3%) to \$716.6 million, resulting in a 19 basis points reduction in the corresponding ratio to 12.1%.

By loan type, the upswing in total delinquencies was anchored by a \$26.2 million (5.4%) rise in mortgage arrears, as the \$32.9 million (29.0%) expansion in the short-term segment, countered the \$6.7 million (1.8%) improvement in NPLs. Similarly, consumer arrears firmed marginally, by \$0.6 million (0.2%), as the \$3.7 million (2.2%) decline in non-accruals, was eclipsed by a \$4.4 million (5.1%) gain in short-term delinquencies. In contrast, the commercial segment decreased by \$10.9 million (4.8%), amid a \$12.1 million (28.7%) contraction in short-term arrears, which outpaced the \$1.1 million (0.6%) uptick in the over 90 days segment.

In line with these developments, banks raised their bad debt provisioning by \$4.1 million to \$477.4 million during the month, resulting in a 1.4 percentage point increase in the ratio of provisions to NPLs to 66.6%. However, the ratio of provisions to total arrears softened by 37 basis points, to 48.5%. During the month, banks also wrote-off an estimated \$5.8 million in bad debts and recovered approximately \$2.5 million.

During the quarter, total private sector arrears contracted by \$26.1 million (2.6%), corresponding to a decrease in the ratio of arrears to total private sector loans, by 44 basis points. A breakdown by average age of delinquencies, showed improvements in both the short and long-term segments by \$13.6 million (4.8%) and \$12.5 million (1.7%), respectively, with corresponding declines in both ratios to total loans by 23 and 21 basis points, respectively.

An analysis of the main credit categories showed that the commercial component led the reduction in total delinquencies, decreasing by \$14.5 million (6.2%), occasioned by falloffs in both the non-performing and short-term segments of \$12.0 million (28.6%) and \$2.5 million (1.3%), respectively. Similarly, the mortgage component fell by \$13.1 million (2.5%), amid a \$9.2 million (2.5%) reduction in the non-accrual segment, and a smaller \$3.9 million (2.6%) decrease in the 31 to 90 day category. In contrast, consumer loan delinquencies firmed by \$1.4 million (0.6%), owing to a \$2.3 million (2.6%) rise in the short-term segment, which countered a \$0.9 million (0.5%) gain in non-accruals.

A longer term comparison with March 2016 data, showed that banks' asset quality indicators improved significantly, supported largely by one bank's sale of several non-performing loan tranches, sustained loan-restructuring activities and to a lesser extent, the implementation of the Government's Mortgage Relief Programme (MRP). Reflecting these developments, total loan arrears fell sharply by \$213.5 million (17.8%) year-on-year, while the corresponding ratio of arrears to total loans narrowed by 3.4 percentage points. By age of delinquency, the NPL ratio fell by 3.0 percentage points, while the short-term delinquency rate decreased by 36 basis points. An assessment by loan type revealed reductions in the mortgage, commercial and consumer loan arrears rates of 5.2, 1.6 and 1.5 percentage points, respectively.

Deposits

In March, total Bahamian dollar deposits declined by \$22.8 million, versus a \$17.5 million advance a year earlier. A breakdown of the components showed that demand deposits fell by \$11.7 million, in contrast to a \$14.8 million expansion in 2016, while the contraction in fixed deposits widened by \$5.9 million to \$26.3 million and accretions to savings balances narrowed by \$7.9 million to \$15.1 million.

For the three-month period, gains in total Bahamian dollar deposits narrowed sharply to \$56.0 million from \$116.4 million in the prior year, as the growth in demand deposits was halved to \$50.5 million. Similarly, fixed deposits declined by \$23.7 million, outpacing the prior year's \$14.1 million reduction; however, the expansion in savings balances steadied at \$29.2 million.

Interest Rates

Interest rates were almost largely stable on average during the review period. Specifically, the weighted average deposit rate at banks rose by 1 basis point to 0.97%, with the highest rate of 4.50% offered on fixed balances of over 12 months, while the corresponding loan rate edged up by 3 basis points, to 11.71%.

3. Domestic Outlook and Policy Implications

The near-term outlook for the domestic economy remains mildly positive, following a revised projected flat performance in 2016. This projection is contingent on modest gains in both the tourism and construction sectors, due mainly to the completion and phased opening of the Baha Mar development during the year, as well as stable impulses from other smaller-scale foreign investment projects. Against this backdrop, employment prospects are poised to improve gradually, particularly in the construction and tourism sectors, while inflation is likely to remain mild, despite the modest uptick in global oil costs.

The outturn for the fiscal sector will continue to depend heavily on the success of the Government's ongoing revenue administration strengthening and support from expenditure growth containment. However, expectations are that the cost of recovery from the 2016 hurricane season will continue to negatively impact

expenditure over the near-term.

Banking sector liquidity is projected to remain at robust levels during 2017, as banks' conservative lending practices continue. Nevertheless, further gradual declines in loan arrears are projected, reflecting in part the improvement in employment conditions and the impact of the Government's MRP, while capital levels are expected to exceed domestic regulatory requirements, thereby reducing the impact on financial stability.

The outlook for external reserves remains stable to incrementally improved in 2017, with stronger impulses expected in 2018, when the added capacity in the tourism sector is fully deployed. Nonetheless, external reserve adequacy indicators are poised to continue to trend close to international benchmarks.

APPENDIX

International Developments

The International Monetary Fund (IMF) raised its forecast for global growth in 2017 by 10 basis points to 3.5%, in comparison to the October 2016 outlook, reflecting projected stronger expansions in advanced economies, particularly the United States, where the expected fiscal “stimulus” should provide additional impetus to the economy. Similarly, growth forecasts for the United Kingdom and Japan have also been raised, amid potential gains in manufacturing and trade; however, emerging market projections were lowered, due in part to sustained weakness in commodity exports.

In the United States, economic conditions were mostly favorable over the review period, as real GDP firmed by an estimated 0.7% the first quarter, following a gain of 2.1% in the prior three-month period, reflecting growth in exports, residential fixed investment and consumer spending. During March, the unemployment rate declined by 20 basis points to 4.5%, as an additional 98,000 jobs were added to non-farm payrolls. Bolstered mainly by the utilities sector, the growth in industrial production accelerated by 40 basis points to 0.5% in the month. With regard to inflation, consumer prices decreased by 0.3% in March, a reversal from a slight 0.1% gain in the prior month, mainly on account of a decline in the gasoline index. Given the sustained improvement in labor market conditions, stable growth and benign inflation, the Federal Reserve raised its target range for the federal funds rate to 0.75%-1.00% from 0.50%-0.75%, as a part of its efforts to normalize rates over time.

Indicators for European economies varied over the review month. In particular, labor market conditions strengthened in the euro area, with the jobless rate declining by 10 basis points to 9.5%—the lowest rate since May 2009—while the unemployment rate in the United Kingdom steadied at 4.7% in the three months to February. In the production sector, industrial output in the United Kingdom fell by 0.7%, following the previous month’s 0.4% contraction, owing to lower production of electricity and gas. In addition, industrial production weakened by 0.3% in the euro area, a turnaround from a similar increase in the previous month. On the inflation front, consumer prices rose by 1.5% in the euro area in March, following a 2.0% increase recorded a month earlier, due to hikes in energy prices, while inflation in the UK stabilized at 2.3%. In monetary developments, both the Bank of England and the European Central Bank maintained their highly accommodative monetary policy stance.

Economic conditions in Asia were mostly positive throughout March. In China, the Purchasing Manager’s Index (PMI) increased by 20 basis points to 51.8% over the review month, buoyed by increases in the production, new orders and supplier delivery indices. Similarly, labor market conditions improved in Japan, as the jobless rate softened by 20 basis points to 2.8% in February. Further, industrial production expanded within the region, with output in Japan growing by an annualized 2.0% in February, month-on-month, a reversal from a 0.4% reduction in the previous period, owing to expansions in car and general equipment manufacturing. In addition, retail sales firmed slightly, as purchases by Japanese consumers grew by 0.2% in February, on a monthly basis. Meanwhile, consumer prices in China softened by 0.3% in March, extending the prior month’s 0.2% reduction, on account of decreases in the average costs for food, tobacco and alcohol. In this environment, the Bank of Japan maintained its accommodative monetary policy stance, while the People’s Bank of China (PBOC) increased the interest rates on its 6-month and 1-year medium-term lending facilities, by 10 basis points each to 3.05% and 3.2%, respectively.

In the commodity markets, crude oil prices declined marginally in March by 0.1% to \$55.60 per barrel, driven mainly by an increase in U.S. shale oil output, while OPEC’s oil supply contracted by 153,000 barrels per day (b/d) to 31.9 million b/d. With regard to precious metals, price developments were mixed, as the price of gold grew slightly by 0.1% to \$1,249.35 per troy ounce; however, the price of silver narrowed by 0.3% to \$18.27 per troy ounce.

Movements within the major stock markets varied throughout the review month reflecting mainly domestic factors. In the United States, the Dow Jones Industrial Average (DJIA) and the S&P500 indices declined by 0.72% and 0.04%, respectively, amid concerns regarding healthcare reforms and increased pressure on banks from falling yields. Bourses in Asia performed similarly, against the backdrop of a ‘lukewarm’ earnings season. Specifically, Japan’s Nikkei 225 decreased by 1.10% and China’s SE Composite contracted by 0.59%. In contrast, European stock markets registered gains, as France’s CAC 40 grew by 5.4%, Germany’s DAX by 4.04% and the United Kingdom’s FTSE 100 by 0.82%.

Reflecting in part heightened uncertainty regarding the new administration’s plans for healthcare reform, the U.S. dollar depreciated against the majority of the major currencies in March. Specifically, the dollar weakened relative to the pound sterling (by 1.4% to £0.7967), the Japanese Yen (by 1.2% to ¥111.39), the euro (by 0.7% to €0.9387), and the Swiss Franc (by 0.3% to CHF1.3314). In contrast, the dollar appreciated against the Chinese Renminbi and the Canadian dollar by 0.2% to CNY6.8780 and by 0.1% to CAD\$1.3314, respectively.

Recent Monetary and Credit Statistics

(B\$ Millions)

MARCH						
Value		Change		Change YTD		
2016	2017	2016	2017	2016	2017	

1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	633.91	734.55	9.16	-10.66	144.54	10.83
1.2 Excess Liquid Assets	1,470.38	1,485.70	14.90	-11.47	155.97	38.62
1.3 External Reserves	980.06	925.46	28.21	3.49	171.14	23.39
1.4 Bank's Net Foreign Assets	-420.27	-121.99	9.40	6.51	33.04	9.16
1.5 Usable Reserves	392.20	268.85	22.98	2.48	97.07	25.00

2.0 DOMESTIC CREDIT

2.1 Private Sector	6,248.57	6,152.88	-14.77	7.35	-32.96	0.12
a. B\$ Credit	5,986.19	5,915.91	-14.85	8.94	-19.60	2.54
of which: Consumer Credit	2,155.52	2,236.36	-5.02	-5.34	-13.33	-11.07
Mortgages	3,072.71	2,947.83	0.03	-0.60	-0.04	-12.99
Commercial and Other Loans B\$	757.97	731.72	-9.86	14.87	-6.23	26.60
b. F/C Credit	262.38	236.97	0.08	-1.58	-13.36	-2.42
of which: Mortgages	82.06	67.91	0.20	0.43	0.24	-0.13
Commercial and Other Loans F/C	180.33	169.07	-0.12	-2.01	-13.60	-2.29
2.2 Central Government (net)	2,199.84	2,548.80	18.53	-14.20	-14.70	10.62
a. B\$ Loans & Securities	2,475.78	2,767.58	33.41	11.22	9.04	16.41
Less Deposits	320.26	212.08	24.30	25.64	38.32	3.30
b. F/C Loans & Securities	50.00	0.11	13.39	0.11	13.39	0.11
Less Deposits	5.68	6.80	3.98	-0.12	-1.19	2.61
2.3 Rest of Public Sector	302.13	297.29	-2.19	-5.75	-4.99	-8.59
a. B\$ Credit	78.70	105.71	0.58	-1.03	0.69	-1.60
b. F/C Credit	223.43	191.58	-2.77	-4.73	-5.68	-7.00
2.4 Total Domestic Credit	8,750.67	8,998.99	1.56	-12.51	-52.53	2.00
a. B\$ Domestic Credit	8,220.42	8,577.11	-5.15	-6.52	-48.18	14.06
b. F/C Domestic Credit	530.26	421.88	6.71	-5.99	-4.35	-12.06

3.0 DEPOSIT BASE

3.1 Demand Deposits	1,933.98	2,239.96	14.81	-11.68	102.23	50.45
a. Central Bank	7.55	15.81	-7.69	-0.11	-5.48	0.04
b. Banks	1,926.43	2,224.15	22.50	-11.56	107.71	50.41
3.2 Savings Deposits	1,179.63	1,322.86	23.01	15.12	28.27	29.21
3.3 Fixed Deposits	3,001.90	2,846.75	-20.37	-26.27	-14.12	-23.71
3.4 Total B\$ Deposits	6,115.51	6,409.57	17.45	-22.82	116.38	55.95
3.5 F/C Deposits of Residents	260.27	366.60	27.91	9.66	24.67	-11.86
3.6 M2	6,361.06	6,679.00	47.87	-20.82	125.39	31.63
3.7 External Reserves/M2 (%)	15.41	13.86	0.33	0.10	2.43	0.29
3.8 Reserves/Base Money (%)	85.82	72.47	-0.40	0.59	3.77	2.33
3.9 External Reserves/Demand Liabilities (%)	83.36	70.47	1.67	0.16	4.64	1.95

Value		Year to Date		Change	
2016	2017	2016	2017	Month	YTD

4.0 FOREIGN EXCHANGE TRANSACTIONS

4.1 Central Bank Net Purchase/(Sale)	28.71	3.95	166.54	18.24	-24.76	-148.30
a. Net Purchase/(Sale) from/to Banks	56.05	29.03	124.94	53.26	-27.01	-71.68
i. Sales to Banks	0.00	16.00	15.34	74.80	16.00	59.46
ii. Purchases from Banks	56.05	45.03	140.28	128.06	-11.01	-12.22
b. Net Purchase/(Sale) from/to Others	-27.34	-25.09	41.60	-35.02	2.25	-76.63
i. Sales to Others	69.83	68.18	172.60	165.50	-1.65	-7.10
ii. Purchases from Others	42.49	43.10	214.20	130.48	0.61	-83.72
4.2 Banks Net Purchase/(Sale)	63.88	23.51	149.19	72.08	-40.37	-77.11
a. Sales to Customers	290.08	361.76	944.88	1,121.66	71.68	176.78
b. Purchases from Customers	353.96	385.27	1,094.07	1,193.74	31.31	99.67
4.3 B\$ Position (change)	-30.40	-7.29				

5.0 EXCHANGE CONTROL SALES

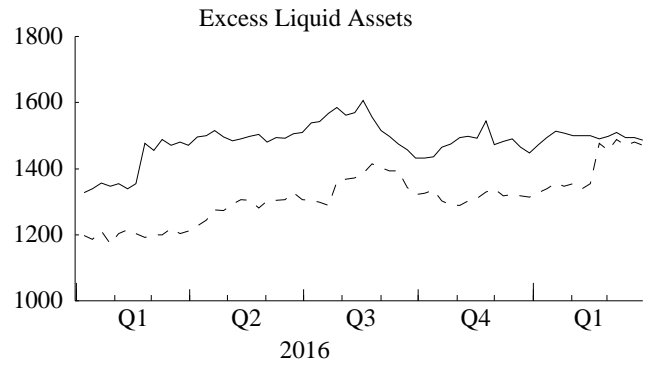
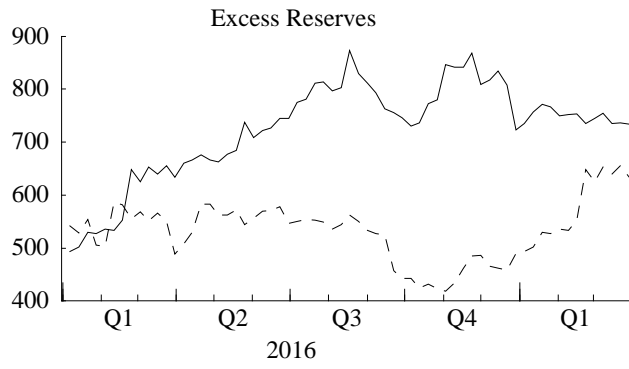
5.1 Current Items	407.73	452.29	1,058.49	1,216.50	44.57	158.01
of which Public Sector	71.94	44.43	178.61	111.60	-27.51	-67.00
a. Nonoil Imports	146.19	158.35	375.86	434.60	12.17	58.74
b. Oil Imports	24.92	44.12	88.51	101.12	19.21	12.61
c. Travel	16.83	20.62	49.12	68.51	3.79	19.39
d. Factor Income	39.41	25.29	47.62	48.97	-14.12	1.35
e. Transfers	27.01	26.77	71.91	70.76	-0.24	-1.14
f. Other Current Items	153.37	177.13	425.46	492.52	23.76	67.06
5.2 Capital Items	28.80	22.83	54.43	29.44	-5.97	-24.99
of which Public Sector	18.15	15.96	30.80	15.96	-2.19	-14.85
5.3 Bank Remittances	ND	ND	ND	ND	ND	ND

Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: MARCH 30, 2016 and MARCH 29, 2017

Exchange Control Sales figures are as at month end.

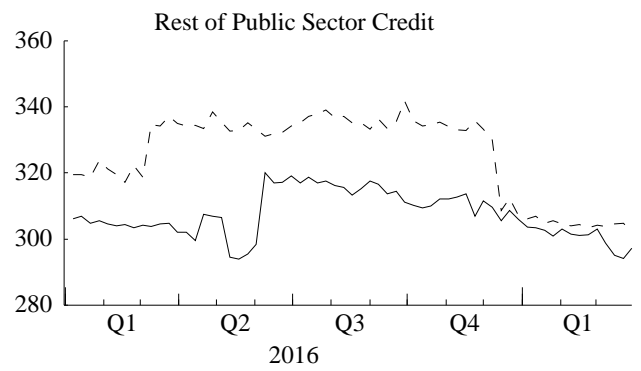
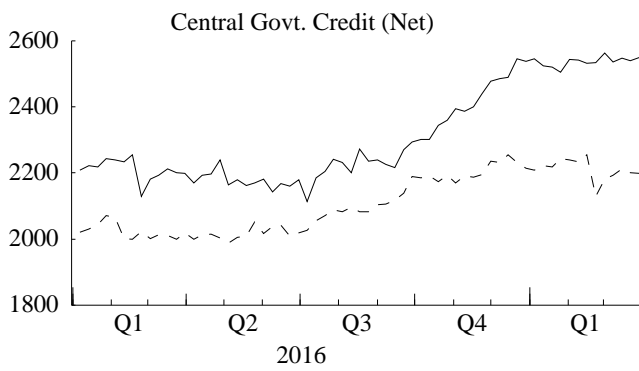
Notes: 1.0, 2.0 and 3.0 YTD change reflects change of current month over previous year end; for 4.0 and 5.0 change is over corresponding period of previous year.

SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



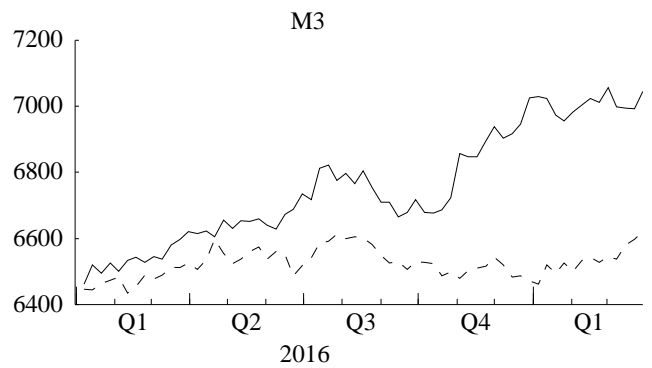
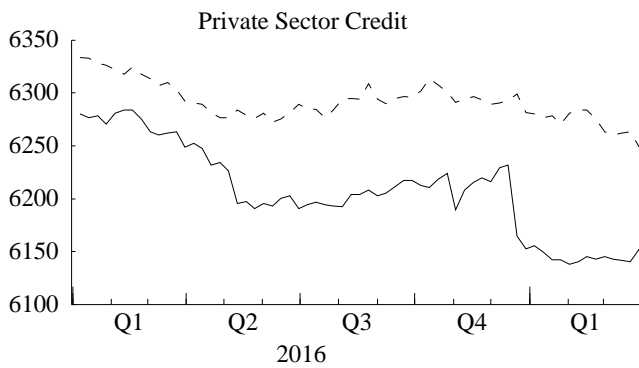
— 2017
- - - 2016

— 2017
- - - 2016



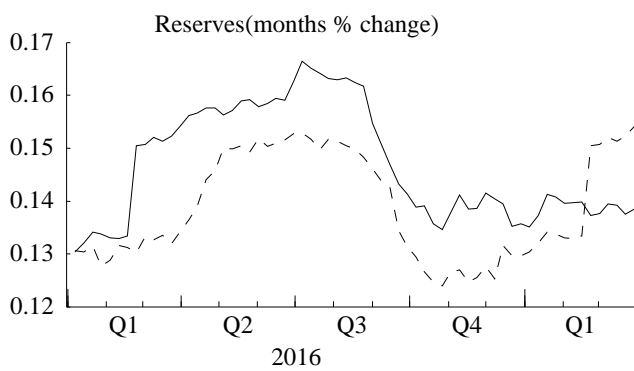
— 2017
- - - 2016

— 2017
- - - 2016



— 2017
- - - 2016

— 2017
- - - 2016



— 2017
- - - 2017

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	N/A	0.8	N/A	11.6	N/A
United States	1.6	2.3	1.2	2.3	4.9	4.8
Euro-Area	1.7	1.6	0.3	1.1	10.0	9.7
<i>Germany</i>	<i>1.7</i>	<i>1.5</i>	<i>0.4</i>	<i>1.5</i>	<i>4.3</i>	<i>4.5</i>
Japan	0.9	0.8	-0.2	0.5	3.2	3.2
China	6.7	6.5	2.1	2.3	4.1	4.1
United Kingdom	2.0	1.5	0.7	2.5	5.0	5.2
Canada	1.3	1.9	1.6	2.1	7.0	7.1
<i>Source: IMF World Economic Outlook January 2017, Department of Statistics</i>						

B: Official Interest Rates – Selected Countries (%)					
<i>With effect</i>	CBOB	ECB (EU)	Federal Reserve (US)		Bank of England
	<i>from</i>	Bank Rate	Refinancing Rate	Primary Credit Rate	Target Funds Rate
March 2015	4.50	0.05	0.75	0-0.25	0.50
April 2015	4.50	0.05	0.75	0-0.25	0.50
May 2015	4.50	0.05	0.75	0-0.25	0.50
June 2015	4.50	0.05	0.75	0-0.25	0.50
July 2015	4.50	0.05	0.75	0-0.25	0.50
August 2015	4.50	0.05	0.75	0-0.25	0.50
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

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	Mar-16	Feb-17	Mar-17	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.8787	0.9455	0.9387	-0.72	-1.25	6.82
Yen	112.57	112.77	111.39	-1.22	-4.79	-1.05
Pound	0.6964	0.8077	0.7967	-1.36	-1.55	14.40
Canadian \$	1.3004	1.3301	1.3314	0.10	-0.95	2.38
Swiss Franc	0.9617	1.0058	1.0032	-0.26	-1.65	4.32
Renminbi	6.4492	6.8654	6.8780	0.18	-1.04	6.65

Source: Bloomberg as of March 31, 2017

D. Selected Commodity Prices (\$)					
Commodity	Mar 2016	Feb 2016	Mar 2017	Mthly % Change	YTD % Change
Gold / Ounce	1232.71	1248.33	1249.35	0.08	8.43
Silver / Ounce	15.44	18.32	18.27	-0.28	14.73
Oil / Barrel	39.76	55.66	55.60	-0.11	-2.15

Source: Bloomberg as of March 31, 2017

E. Equity Market Valuations – March 31, 2017 (% change)								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-0.45	-0.72	-0.04	0.82	5.43	4.04	-1.10	-0.59
3 month	-1.83	4.56	5.53	2.52	5.35	3.98	-1.07	3.83
YTD	-1.83	4.56	5.53	2.52	5.35	3.98	-1.07	3.83
12-month	1.54	26.01	22.33	19.13	11.60	24.63	19.29	20.60

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	GBP	EUR
o/n	0.98	0.25	-0.27
1 Month	1.20	0.32	-0.36
3 Month	1.42	0.41	-0.24
6 Month	1.58	0.58	-0.23
9 Month	1.76	0.70	-0.15
1 year	1.82	0.72	-0.05

Source: Bloomberg as of March 31, 2017

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

	VALUE												CHANGE											
	Feb. 01	Feb. 08	Feb. 15	Feb. 22	Mar. 01	Mar. 08	Mar. 15	Mar. 22	Mar. 29	Feb. 01	Feb. 08	Feb. 15	Feb. 22	Mar. 01	Mar. 08	Mar. 15	Mar. 22	Mar. 29						
I. External Reserves	928.65	930.14	932.08	913.93	921.97	929.29	926.94	914.02	925.46	-1.89	1.48	1.94	-18.14	8.04	7.32	-2.35	-12.92	11.44						
II. Net Domestic Assets (A + B + C + D)	359.99	346.65	347.42	347.84	360.66	354.84	339.79	350.58	351.52	-2.14	-13.33	0.77	0.42	12.82	-5.82	-15.05	10.78	0.94						
A. Net Credit to Gov^t(i + ii + iii - iv)	697.83	693.04	698.15	681.08	693.50	682.76	683.78	679.29	684.47	5.85	-4.80	5.12	-17.08	12.42	-10.73	1.02	-4.49	5.18						
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	364.57	364.57	364.57	364.59	364.63	364.70	364.82	364.85	368.37	0.09	-0.01	0.00	0.02	0.04	0.06	0.13	0.03	3.52						
iii) Treasury Bills	206.46	206.46	206.46	196.62	206.59	206.59	206.59	206.59	201.62	-16.92	0.00	0.00	-9.84	9.97	0.00	0.00	0.00	-4.97						
iv) Deposits	7.85	12.64	7.53	14.79	12.38	23.18	22.28	26.80	20.17	-22.68	4.79	-5.11	7.26	-2.41	10.80	-0.89	4.52	-6.63						
B. Rest of Public Sector (Net) (i + ii - iii)	-18.22	-25.32	-31.22	-13.16	-12.37	-8.20	-20.87	-10.77	-12.26	-4.93	-7.10	-5.90	18.06	0.79	4.17	-12.66	10.09	-1.49						
i) BDB Loans	3.55	3.55	3.55	3.55	3.55	3.55	3.55	3.55	3.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
ii) BMC Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
iii) Deposits	21.77	28.87	34.77	16.71	15.92	11.75	24.42	14.32	15.81	4.93	7.10	5.90	-18.06	-0.79	-4.17	12.66	-10.09	1.49						
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)**	-319.62	-321.06	-319.51	-320.08	-320.47	-319.72	-323.13	-317.95	-320.70	-3.06	-1.44	1.55	-0.57	-0.38	0.74	-3.40	5.18	-2.75						
III. Monetary Base	1,288.64	1,276.79	1,279.50	1,261.77	1,282.63	1,284.12	1,266.73	1,264.60	1,276.98	-4.03	-11.85	2.71	-17.73	20.86	1.49	-17.40	-2.13	12.38						
A. Currency in Circulation	375.23	375.77	370.62	369.44	377.69	381.70	375.91	369.94	377.05	4.00	0.54	-5.15	-1.17	8.25	4.02	-5.80	-5.97	7.11						
B. Bank Balances with CBOB	913.42	901.02	908.88	892.33	904.94	902.42	890.82	894.66	899.92	-8.04	-12.39	7.86	-16.55	12.61	-2.52	-11.60	3.84	5.26						

* 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 Operations ^P	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE		
	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	
1. Government Revenue & Grants	176.9	161.8	127.9	135.8	132.8	152.8	161.1	109.9	136.8	148.7	160.7	142.8	146.6	187.3	146.6	187.3	146.6	187.3	146.6	187.3	146.6	187.3	146.6	187.3	1,043	1,039	
% change: over previous month	5.3%	-7.9%	-27.7%	-16.0%	3.79%	12.3%	21.32%	-28.1%	35.3%	35.3%	17.52%	-4.0%	-8.77%	31.2%	-8.77%	31.2%	-8.77%	31.2%	-8.77%	31.2%	-8.77%	31.2%	-8.77%	31.2%	25.67%	-0.36%	
2. Value Added Tax	76.7	68.7	44.3	49.9	44.6	41.7	64.0	53.8	41.9	45.6	46.1	42.5	62.1	71.7	62.1	71.7	62.1	71.7	62.1	71.7	62.1	71.7	62.1	71.7	373.8	373.8	
% change: over previous month	109.3%	148.8%	-42.3%	-27.29%	0.738%	-16.54%	43.39%	29.07%	-34.43%	-15.238%	10.06%	-6.77%	34.50%	68.74%	-6.77%	68.74%	-6.77%	68.74%	-6.77%	68.74%	-6.77%	68.74%	-6.77%	68.74%	379.6	-1.53%	
3. Import/Excise Duties	39.7	42.9	43.4	44.9	41.8	41.4	43.4	28.1	43.7	45.5	42.5	49.5	34.8	41.0	34.8	41.0	34.8	41.0	34.8	41.0	34.8	41.0	34.8	41.0	293.3	293.3	
% change: over previous month	-3.11%	73.9%	9.4%	0.0%	-3.64%	0.0%	3.85%	0.0%	6.19%	0.51%	-2.57%	8.80%	-18.27%	17.08%	-18.27%	17.08%	-18.27%	17.08%	-18.27%	17.08%	-18.27%	17.08%	-18.27%	17.08%	289.3	1.38%	
4. Recurrent Expenditure	146.0	163.5	137.9	149.1	163.7	157.2	171.2	167.0	144.4	205.2	152.7	151.7	191.6	183.8	191.6	183.8	191.6	183.8	191.6	183.8	191.6	183.8	191.6	183.8	1,177.5	1,177.5	
% change: over previous month	-22.5%	34.6%	-5.8%	-8.8%	18.72%	5.4%	4.56%	6.3%	-15.66%	22.9%	5.75%	-26.1%	25.32%	21.2%	25.32%	21.2%	25.32%	21.2%	25.32%	21.2%	25.32%	21.2%	25.32%	21.2%	1,107.4	6.33%	
5. Capital Expenditure	15.2	14.0	12.4	33.4	12.1	17.7	15.9	14.4	18.1	30.3	15.7	25.1	16.0	21.9	16.0	21.9	16.0	21.9	16.0	21.9	16.0	21.9	16.0	21.9	105.3	105.3	
% change: over previous month	-84.0%	-93.5%	-18.8%	137.8%	-1.95%	-46.8%	31.07%	-18.8%	13.82%	110.8%	-12.96%	-17.2%	1.71%	-13.0%	1.71%	-13.0%	1.71%	-13.0%	1.71%	-13.0%	1.71%	-13.0%	1.71%	-13.0%	105.3	-48.92%	
6. Deficit/Suplus*	3.3	-15.8	-22.3	-46.7	-43.9	-22.2	-26.9	-71.5	-50.0	-86.8	-8.1	-34.0	-81.0	-18.4	-81.0	-18.4	-81.0	-18.4	-81.0	-18.4	-81.0	-18.4	-81.0	-18.4	-208.9	-208.9	
% change: over previous month	-102.6%	-68.5%	-780.1%	196.0%	96.79%	-52.4%	-38.66%	222.0%	85.61%	21.5%	-83.88%	-60.8%	657.01%	-46.0%	657.01%	-46.0%	657.01%	-46.0%	657.01%	-46.0%	657.01%	-46.0%	657.01%	-46.0%	657.01%	-288.1%	41.37%

Debt, **	JAN		FEB		MAR	
	2016	2017	2016	2017	2016	2017
7. Total Direct Debt	5,914.3	6,327.2	6,029.7	6,325.5	6,051.7	6,320.3
% change: over previous month	-0.3%	0.2%	1.9%	0.0%	0.4%	-0.1%
8. External Debt	1,651.0	1,756.4	1,754.4	1,744.1	1,762.8	1,738.9
% change: over previous month	-1.2%	0.7%	5.9%	-0.7%	0.5%	-0.3%
9. Internal F/C Debt	36.6	0.0	36.6	0.0	50.0	0.0
% change: over previous month	0.0%	0.0%	0.0%	0.0%	36.6%	0.0%
10. Bahamian Dollar Debt	4,226.7	4,570.8	4,238.6	4,581.4	4,238.9	4,581.3
% change: over previous month	0.1%	0.0%	0.3%	0.2%	0.0%	0.0%
11. Total Amortization	0.6	3.1	16.2	7.8	17.6	82.9
% change: over previous month	-96.4%	-85.4%	96.1%	59.8%	8.6%	969.9%

12. Total Public Sector F/C Debt	2016		2017	
	2016	2017	2016	2017
	2,583.8	2,659.5	2,687.2	2,646.4
% change: over previous month	-0.8%	0.6%	3.9%	-0.5%

Real Sector Indicators	2016		2017	
	2016	2017	2016	2017
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. Occupied Room Nights				
% change: over previous year				
17. Res. Mortgage Commitments-Value of New Const. & Rehab. (B\$Millions)				
% change: over previous qtr.				

* Includes Net Lending to Public Corporations
 ** Debt figures include Central Government only, unless otherwise indicated
 P - provisional