



Monthly Economic and Financial Developments September 2016

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:

2016: November 28, December 28

Monthly Economic and Financial Developments

September 2016

1. Domestic Economic Developments

Despite signs of stability during the month of September, the passage of hurricane Matthew in the first week of October caused significant disruption in economic activity in The Bahamas' two major economic centres, New Providence and Grand Bahama. North Andros also received considerable storm-related damage. The hurricane affected businesses through its adverse impact on property, lost electricity supply and communications, and other infrastructure damages. However, the majority of the hotel capacity in the New Providence was undamaged and work to complete the large-scale Baha Mar tourism project stayed on course. Significant recovery efforts have commenced, and initial estimates suggest that damages from the storm will exceed \$600 million, with a large portion of the rebuilding costs being shouldered by the Government and the insurance sector.

A number of policy measures have been implemented to support the recovery efforts of both homeowners and businesses. The Central Bank relaxed the permissible monthly debt service ratio on commercial bank lending for hurricane relief facilities from a maximum of 40%-45% to 55% of personal income and suspended the mandatory 15% equity requirement on such loans. In the public sector, the Government issued an Exigency Order to provide tax exemptions on recovery-related expenditures by businesses and households for property damage suffered during the storm. The Government also proposed an additional \$150 million in expenditure to remedy public infrastructure damage, debris clean up, and to assist displaced vulnerable households, including the residual damages from last year's Hurricane Joaquin. A special resolution of Parliament authorised additional borrowing of this amount for these purposes.

The adverse impact of the hurricane compounded an already soft tourism sector performance, characterised by anaemic hotel occupancy rates, stable stopover arrivals and reduced foreign currency purchases by banks from their clients¹. Nonetheless, modest gains in tourism sector indicators are expected during the final months of 2016, in line with the start of the peak winter season and the return of renovated hotel capacity.

Reflecting the pass through effects of recent gains in global oil prices, domestic energy costs rose modestly in September. Specifically, the Bahamas Power and Light (BPL) fuel charge moved higher by 12.1% relative to the prior month, to 12.67¢ per kilowatt hour (kWh), but was 11.7% lower than the comparable period of last year.

2. International Developments

In light of the lackluster performance of most of the leading economies during the year and the potential adverse effects of the BREXIT vote in June, the International Monetary Fund (IMF) revised downwards its projection for world growth in 2016 by an additional 10 basis points in October to 3.1%, vis-à-vis its April forecast. Against this backdrop, all of the major central banks maintained their accommodative monetary policy stance.

¹ Information on hotel and stopover arrivals for the first 6 months of the year is based on data from the Ministry of Tourism, which has been supplemented by the Bank's own informal surveys of the sector for subsequent periods.

During the review month, economic conditions in the United States improved gradually, as retail sales firmed by approximately 0.6% in September, vis-a-vis a 0.2% contraction in the prior month. In addition, industrial production edged-up by 0.1%, a reversal from a 0.5% falloff in August, while the trade deficit expanded by \$1.2 billion to \$40.7 billion in August, as the capital-led increase in imports, outweighed the uptick in exports of mainly industrial supplies and materials. Further, housing market indicators were mixed in September, with the number of housing starts and completions decreasing by 9.0% and 8.4%, respectively; however, the volume of building permits issued—a forward looking indicator—firmed by 6.3%. Despite an increase in nonfarm payroll employment by 156,000 persons, the monthly jobless rate moved higher in September—the first time in seven months—by 10 basis points to 5.0%. In addition, higher energy costs supported a 0.3% uptick in consumer prices in September, after a 0.2% increase a month earlier. In monetary developments, the Federal Reserve Bank left its key policy rate unchanged; although the Bank signaled that it was prepared to raise rates in the near-term.

Preliminary economic indicators suggest that output in Europe remained relatively weak over the review period, as industrial production in the United Kingdom narrowed by 0.4% in August, a reversal from a marginal 0.1% improvement in the prior month, due to declines in mining and quarrying output. In the retail sector, the volume of sales stabilized in September after a 0.2% decrease a month earlier, as lower purchases of food, textiles and clothing & footwear, were balanced by increases in household items. Employment conditions improved gradually, as an estimated 106,000 workers were added to payrolls during the three months to August; although the jobless rate steadied at 4.9%. Inflation remained relatively subdued, with consumer prices rising by 1.0% in September, a reversal from a 0.6% contraction in the prior month, owing to higher prices for clothing and hotel accommodation. In external developments, the trade deficit widened by £2.5 billion to £4.7 billion in August, due to a surge in imports, which outpaced the marginal rise in exports. Euro area indicators were mixed, with the volume of retail trade easing by 0.1% in August, a turnaround from a 1.1% expansion in the previous month, while industrial production grew by 1.6%, vis-à-vis a 1.1% reduction in July. Further, the trade surplus fell by €6.9 billion to €18.4 billion, due to a combination of a 4.1% decrease in exports and a slight 0.07% reduction in imports. In this environment, both the European Central Bank and the Bank of England maintained their highly accommodative monetary policy stance.

Conditions within Asian economies varied during the review period. In particular, industrial production in China declined by 0.2% in September, a reversal from a 0.3% uptick in the prior month, due to reductions in metals, electronics and power output. The Purchasing Manager's Index (PMI)—a narrow measure of private business conditions—stabilized at 50.4, as increases in the employed persons and production indices, were counteracted by declines in new orders, raw materials, and supplier delivery time indicators. On a positive note, retail sales grew by 0.9%, after a gain of the same magnitude in the prior month. In addition, consumer prices rose by 0.7%, extending the 0.1% increase in the previous period, on account of higher prices for food, tobacco & liquor, and education. Economic conditions in Japan were subdued, with the unemployment rate increasing by 10 basis points to 3.1% in August, while consumer prices stabilized, following a 0.2% rise a month earlier. External trade transactions resulted in a deficit of ¥19.2 billion being recorded in August, a reversal from a sharp ¥510.4 billion surplus a month earlier, as the 2.2% rise in imports overturned the 7.2% decline in exports, linked to the strengthening of the Japanese Yen over the review month. In a slight offset, industrial production firmed by 1.3% after stabilizing in July, reflecting gains in mining and manufacturing. In the monetary sector, the People's Bank of China maintained its neutral policy stance, while the Bank of Japan sustained its "quantitative easing" programme in order to support its growth and inflation objectives.

In commodity price developments, global oil prices narrowed by 4.4% to \$47.05 per barrel, reflecting a “softening” in demand as refineries undergo maintenance in order to switch to winter fuel production, while OPEC’s oil output firmed marginally by 0.22 million barrels per day to 33.39 million barrels per day. In contrast, the movements in the precious metal market were positive, with the prices of both silver and gold rising by 2.8% to \$19.18 per troy ounce, and by 0.5% to \$1,315.75 per troy ounce, respectively.

Stock market movements varied during the month of September, reflecting mainly domestic factors. In the United States, both the Dow Jones Industrial Average (DJIA) and the S&P 500 indices narrowed by 0.5% and 0.1%, respectively, amid growing concerns over interest rate hikes. In contrast, European bourses trended upwards, as the United Kingdom’s FTSE 100 grew by 1.7% and France’s CAC 40 firmed by 0.2%; however, Germany’s DAX declined by 0.8%. Further, Asia’s major stock markets recorded losses, with Japan’s Nikkei 225 index and China’s SE Composite both contracting by 2.6%.

Reflecting in part the Federal Reserve’s decision to keep interest rates unchanged in September, the dollar weakened against most of the major currencies. Specifically, the dollar depreciated vis-à-vis the Japanese Yen by 2.0% to ¥101.33, the Swiss Franc by 1.3% to CHF0.9716, the euro by 0.7% to €0.8897 and the Chinese Yuan by 0.2% to CNY6.6638. In contrast, lingering concerns over the impact of the BREXIT vote on the UK economy led to the dollar strengthening against the British pound by 1.2% to £0.7706, while increasing slightly relative to the Canadian dollar by 0.2% to CAD\$1.3127.

3. Domestic Monetary Trends September 2016 vs. 2015

Amid the seasonal increase in foreign currency demand in the latter half of the year, both bank liquidity and external reserves contracted during September. Specifically, excess liquid assets—the broader measure of liquidity—contracted by \$83.1 million to \$1,432.0 million, in line with the \$81.8 million reduction in 2015. In addition, the narrow excess reserves indicator fell by \$64.7 million to \$746.4 million, after a \$91.0 million reduction a year earlier.

External reserves contracted by \$80.0 million to \$913.2 million in September, a slowdown from the prior year’s \$94.5 million deterioration. In the underlying developments, the Central Bank’s net foreign currency sale to the public decreased by \$22.2 million to \$31.4 million, reflecting in part broad-based declines in fuel costs. Further, despite a \$16.4 million fall in the commercial banks’ net sale to the public to \$18.7 million, the Bank’s net sale to the sector firmed slightly by \$0.5 million to \$43.1 million.

Bahamian dollar credit grew by \$67.2 million, a slowdown from a \$96.5 million expansion in 2015. In terms of the components, net claims on the Government firmed by \$60.1 million—following an \$83.6 million gain in 2015—reflecting mainly the withdrawal of deposits to participate in a domestic bank’s equity rights offering. Additionally, private sector credit moved higher by \$10.6 million, overshadowing a \$5.9 million gain in 2015, as consumer loans firmed by \$10.7 million, exceeding the \$5.5 million increase in the prior year, while the reduction in commercial credit slowed to \$1.1 million from \$4.2 million a year ago; however, accretions to mortgage loans tapered by \$3.4 million to \$1.1 million. In contrast, claims on public corporations decreased by \$3.6 million, a reversal from a \$7.0 million gain a year earlier.

Banks’ credit quality indicators deteriorated in September, but still improved relative to the prior year. Total private sector loan arrears rose by \$14.2 million (1.3%) to \$1,153.0 million and by 23 basis points to correspond to 19.3% of total private sector loans. This outturn was mainly attributed to an \$11.8 million (4.1%) expansion in short-term delinquencies (31 to 90 days) to \$297.8 million, with the attendant ratio

advancing by 19 basis points to 5.0% of total private sector loans. In contrast, non-performing loans (NPLs) firmed modestly by \$2.4 million (0.3%) to \$855.2 million, but narrowed by 15 basis points to 23.7% of total loans. In the year on year comparisons, the total arrears rate as a share of corresponding loans was 35 basis points lower than in 2015, mainly reflecting a 54 basis point falloff in the non-performing loans rate.

An analysis by loan type showed that the September rise in arrears reflected mainly a \$10.8 million (1.7%) increase in the mortgage segment to \$633.3 million, amid gains in both short and long-term delinquencies by \$6.7 million (4.2%) and \$4.1 million (0.9%), respectively. Similarly, for consumer loans, delinquent balances firmed by \$5.5 million (2.0%) to \$283.8 million, due mainly to a \$5.1 million (6.0%) increase in the 31-90 day component, while the non-performing portion rose marginally by \$0.5 million (0.2%). In a partial offset, commercial delinquencies declined by \$2.2 million (0.9%), due solely to a reduction in the non-accrual component, while short-term arrears steadied at \$41.5 million. On a year-on-year basis, the ratio of arrears to total loans decreased for both the consumer and mortgage segments by 1.3 and 1.0 percentage points respectively; however, the commercial rate rose by 5.0 percentage points.

Loan loss provisioning practices remained conservative, with banks increasing their total allowances by \$5.1 million (1.0%) to \$544.5 million, raising the ratio of provisions to non-performing loans by 42 basis points to 63.7%; even though, the ratio to arrears softened by 14 basis points to 47.2%. In addition, banks wrote-off \$4.9 million in overdue loans and recovered \$2.7 million in previous write-offs. In comparison to 2015, the relevant NPL and arrears provisioning ratios firmed by 4.4 and 2.4 percentage points, respectively.

Foreign currency credit narrowed by \$5.1 million, after a \$1.7 million falloff a year earlier, as net claims on the Government slackened by \$5.8 million, vis-à-vis a \$0.7 million uptick in 2015. Additionally, credit to public corporations waned by \$2.8 million, a turnaround from a \$1.6 million increase in the prior period; however, private sector credit firmed by \$3.5 million, reversing the \$4.0 million reduction a year earlier, buoyed by gains in the mortgage and commercial components of \$3.1 million and \$0.4 million, respectively.

Total Bahamian dollar deposits firmed by \$40.3 million, compared to a \$14.5 million decline last year. Underlying this development was a \$23.6 million increase in demand deposits, which contrasted with 2015's \$15.5 million reduction, reflecting the receipt of proceeds by a financial institution following a rights offering. Further, fixed deposits firmed by \$7.2 million, countering an \$8.8 million decrease a year earlier, while savings balances rose by \$9.5 million, slightly less than the prior year's \$9.8 million gain.

In interest rate developments, the weighted average deposit rate at banks narrowed by 29 basis points to 1.06%, with the highest rate of 5.00% available on fixed deposits of over 12 months. In contrast, the average loan rate firmed by 42 basis points to 13.07%.

[January- September 2016 vs. 2015](#)

Buoyed by net receipts from the Government's foreign currency borrowing in the first quarter and sustained inflows from real sector activities, monetary developments for the nine months of the year featured a \$117.6 million expansion in excess liquid assets, relative a \$179.5 million increase in the prior year. Further, excess reserves surged by \$257.0 million, a reversal from a \$50.5 million decline through this point a year earlier.

Accretions to external reserves strengthened by \$64.3 million to \$104.3 million. Notable, the conversion of Government loan proceeds combined with a lower oil import bill, supported a \$163.0 million decline in the Central Bank's net foreign currency sale to the public sector to \$72.4 million. However, in line with the softness in real sector activity, the Bank's net purchases from commercial banks contracted sharply by \$101.6 million to \$166.3 million, reflecting the reduction in banks' net inflows from their clients by \$61.1 million to \$176.5 million.

Bahamian dollar credit growth decelerated to \$113.5 million, vis-à-vis a \$123.6 million build-up in 2015. Supporting this outcome, growth in net claims on the Government tapered to \$116.1 million, after a Treasury note associated gain of \$138.7 million a year ago. In addition, private sector credit contracted further by \$30.4 million, outpacing the preceding year's \$21.5 million decline, as the decrease in commercial credit was extended to \$51.5 million from \$16.6 million last year. Further, the contraction in mortgages slowed by \$4.0 million to \$18.3 million, whereas the gain in consumer credit quickened by \$21.9 million to \$39.3 million. Further, growth in credit to public corporations widened by \$21.4 million to \$27.9 million.

Banks' credit quality indicators improved during the nine-month period, as total private sector loan arrears contracted by \$66.7 million (5.5%), with the ratio of arrears to total private sector loans narrowing by 1.1 percentage points. Underpinning this improvement was a \$51.4 million (5.7%) reduction in arrears in excess of 90 days—due mainly to the sale of a portion of a domestic bank's mortgage portfolio—which resulted in an 82 basis point decline in the attendant ratio. Comparatively, the short-term component narrowed by a more muted \$15.3 million (4.9%) and was 24 basis points lower as a proportion of total private sector loans.

A disaggregation by loan type showed that the contraction in arrears was predominantly attributed to the mortgage category, which declined by \$63.9 million (9.2%), on account of reductions in both the non-accrual and short-term segments by \$54.2 million (10.4%) and \$9.7 million (5.5%), respectively. Similarly, consumer loan arrears decreased by \$13.8 million (4.6%), reflecting declines in both short and long-term delinquencies by \$6.7 million (7.0%) and \$7.1 million (3.5%), respectively. In contrast, the commercial segment rose by \$11.0 million (4.9%), owing largely to a \$9.9 million (5.4%) rise in the non-performing category, while short-term delinquencies edged up by \$1.2 million (2.8%).

In light of banks conservative lending posture, the value of loan loss provisions expanded by \$14.1 million (2.7%), resulting in gains in the ratio of provisions to non-performing loans and arrears by 5.2 and 3.7 percentage points, respectively. In addition, banks wrote-off approximately \$47.2 million in bad loans and recovered an estimated \$21.9 million.

Reflecting mainly the repayment of a short-term bridging facility by the Government, foreign currency credit contracted by \$95.2 million over the review period, outpacing the \$1.4 million decrease a year earlier. In terms of the components, net credit to the Government and claims on the rest of the public sector were lower by \$37.7 million and \$23.7 million, a reversal from respective gains of \$19.3 million and \$14.7 million a year ago. In contrast, the decline in private sector credit softened by \$1.4 million to \$34.0 million, as the reduction in the mortgage component eased by \$4.9 million to \$13.4 million, while the decrease in commercial and "other" loans quickened to \$20.6 million from \$17.1 million.

Growth in Bahamian dollar deposits strengthened by \$140.3 million to \$217.2 million, on account of a \$285.8 million surge in demand deposits—related to a one-off transaction by a telecommunications

company—following a moderate \$91.1 million increase in 2015. In contrast, gains in savings balances slowed to \$67.1 million, following last year’s \$77.3 million expansion. In a partial offset, fixed deposits decreased by \$135.6 million, extending the \$91.4 million reduction recorded in 2015.

4. Outlook and Policy Implications

The near-term outlook for the domestic economy has been tempered to some extent by the passage of Hurricane Matthew, which caused severe damage to housing and infrastructure in the two main economic hubs of the country, as well as several Family Islands. However, expectations are that the disruption to the main tourism sector will be short-lived, given the fact that the hotel plant outside of Grand Bahama remained operational, and disruption in most instances (including Grand Bahama) is anticipated to end before the peak winter tourist season. The restart of the Baha Mar project, along with extensive domestic rebuilding and repair work, should provide strong construction stimulus, although potential skills shortages and projected upward pressures on prices for building materials, could pose significant risks to the sector. Downside factors could impact employment over the near-term, due to temporary business closures.

Expectations are that hurricane-related outlays to facilitate the repair of Government infrastructure and higher social assistance spending, alongside some abatement in near-term revenue potential, will place additional pressure on the fiscal position.

In the monetary sector, liquidity is forecasted to remain robust, although credit should grow modestly, supported by the implementation of several fiscal and monetary policy measures designed to facilitate additional hurricane-related borrowing. Nevertheless, banks are expected to remain well capitalized, thereby mitigating any risks to financial stability.

The seasonal rise in holiday-related demand is projected to sustain the downward trend in external reserves over the remainder of the year. However, negative pressures from hurricane-related imports of building materials should be muted given the anticipated receipt of significant reinsurance inflows to the private sector.

Recent Monetary and Credit Statistics

(B\$ Millions)

SEPTEMBER						
Value		Change		Change YTD		
2015	2016	2015	2016	2015	2016	

1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	442.82	746.37	-90.97	-64.74	-50.45	257.00
1.2 Excess Liquid Assets	1,321.43	1,431.99	-81.78	-83.14	179.54	117.58
1.3 External Reserves	826.71	913.19	-94.45	-79.95	39.95	104.28
1.4 Bank's Net Foreign Assets	-446.91	-262.37	1.49	-17.98	-12.92	190.94
1.5 Usable Reserves	340.58	268.16	-48.96	-51.09	80.46	-26.97

2.0 DOMESTIC CREDIT

2.1 Private Sector	6,296.05	6,217.13	1.85	14.13	-56.90	-64.40
a. B\$ Credit	6,008.32	5,975.39	5.89	10.64	-21.52	-30.40
of which: Consumer Credit	2,168.01	2,208.17	5.51	10.70	17.35	39.32
Mortgages	3,076.75	3,054.48	4.53	1.07	-22.31	-18.26
Commercial and Other Loans B\$	763.56	712.74	-4.15	-1.12	-16.56	-51.46
b. F/C Credit	287.73	241.74	-4.04	3.49	-35.38	-34.00
of which: Mortgages	83.93	68.44	-0.44	3.09	-18.29	-13.38
Commercial and Other Loans F/C	203.80	173.31	-3.60	0.40	-17.10	-20.63
2.2 Central Government (net)	2,189.33	2,292.98	84.35	54.29	158.06	78.43
a. B\$ Loans & Securities	2,434.29	2,527.21	84.87	20.42	161.31	60.47
Less Deposits	257.12	226.31	1.25	-39.67	22.57	-55.62
b. F/C Loans & Securities	13.25	0.00	0.88	0.00	13.25	-36.62
Less Deposits	1.09	7.92	0.16	5.80	-6.07	1.04
2.3 Rest of Public Sector	341.86	311.27	8.56	-6.35	21.09	4.15
a. B\$ Credit	103.65	105.86	6.95	-3.58	6.42	27.85
b. F/C Credit	238.21	205.41	1.61	-2.77	14.66	-23.70
2.4 Total Domestic Credit	8,827.27	8,821.56	94.77	62.08	122.23	18.35
a. B\$ Domestic Credit	8,289.14	8,382.14	96.46	67.15	123.64	113.54
b. F/C Domestic Credit	538.13	439.42	-1.69	-5.07	-1.41	-95.19

3.0 DEPOSIT BASE

3.1 Demand Deposits	1,869.92	2,117.50	-15.52	23.60	91.06	285.75
a. Central Bank	18.44	9.73	0.56	-8.04	-5.13	-3.29
b. Banks	1,851.49	2,107.77	-16.08	31.65	96.19	289.05
3.2 Savings Deposits	1,145.10	1,218.43	9.79	9.49	77.28	67.07
3.3 Fixed Deposits	3,047.67	2,880.44	-8.80	7.16	-91.42	-135.58
3.4 Total B\$ Deposits	6,062.69	6,216.38	-14.53	40.26	76.92	217.24
3.5 F/C Deposits of Residents	241.25	261.31	-4.84	-27.77	-0.80	25.72
3.6 M2	6,288.11	6,457.25	-14.32	37.14	70.92	221.58
3.7 External Reserves/M2 (%)	13.15	14.14	-1.47	-1.33	0.49	1.17
3.8 Reserves/Base Money (%)	88.89	72.54	-1.35	-2.36	8.69	-9.50
3.9 External Reserves/Demand Liabilities (%)	85.03	70.79	-1.61	-2.90	10.33	-7.93

Value		Year to Date		Change	
2015	2016	2015	2016	Month	YTD

4.0 FOREIGN EXCHANGE TRANSACTIONS

4.1 Central Bank Net Purchase/(Sale)	-96.20	-74.46	32.47	93.90	21.73	61.44
a. Net Purchase/(Sale) from/to Banks	-42.55	-43.06	267.90	166.29	-0.51	-101.60
i. Sales to Banks	58.60	56.93	135.00	194.59	-1.67	59.59
ii. Purchases from Banks	16.05	13.87	402.90	360.88	-2.18	-42.01
b. Net Purchase/(Sale) from/to Others	-53.65	-31.41	-235.43	-72.39	22.24	163.04
i. Sales to Others	80.80	58.14	537.72	471.20	-22.67	-66.52
ii. Purchases from Others	27.15	26.73	302.29	398.81	-0.42	96.52
4.2 Banks Net Purchase/(Sale)	-35.07	-18.65	237.56	176.47	16.42	-61.10
a. Sales to Customers	314.87	250.14	3,074.94	3,063.99	-64.72	-10.95
b. Purchases from Customers	279.80	231.50	3,312.50	3,240.46	-48.31	-72.05
4.3 B\$ Position (change)	3.01	0.00				

5.0 EXCHANGE CONTROL SALES

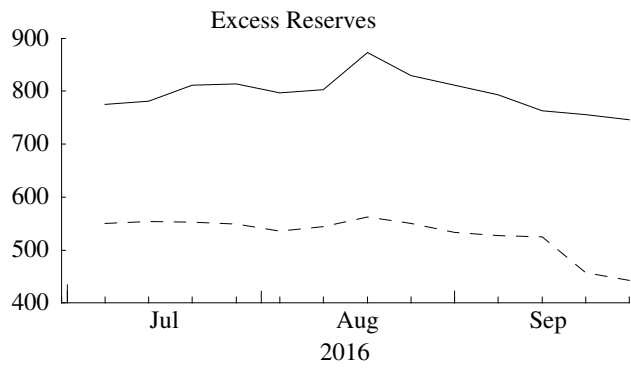
5.1 Current Items	ND	ND	ND	ND	ND	ND
of which Public Sector	ND	ND	ND	ND	ND	ND
a. Nonoil Imports	ND	ND	ND	ND	ND	ND
b. Oil Imports	ND	ND	ND	ND	ND	ND
c. Travel	ND	ND	ND	ND	ND	ND
d. Factor Income	ND	ND	ND	ND	ND	ND
e. Transfers	ND	ND	ND	ND	ND	ND
f. Other Current Items	ND	ND	ND	ND	ND	ND
5.2 Capital Items	ND	ND	ND	ND	ND	ND
of which Public Sector	ND	ND	ND	ND	ND	ND
5.3 Bank Remittances	ND	ND	ND	ND	ND	ND

Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: SEPTEMBER 30, 2015 and SEPTEMBER 28, 2016

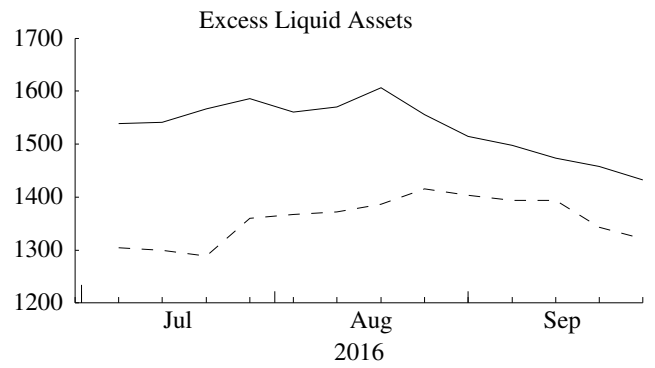
Exchange Control Sales figures are as at month end.

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.

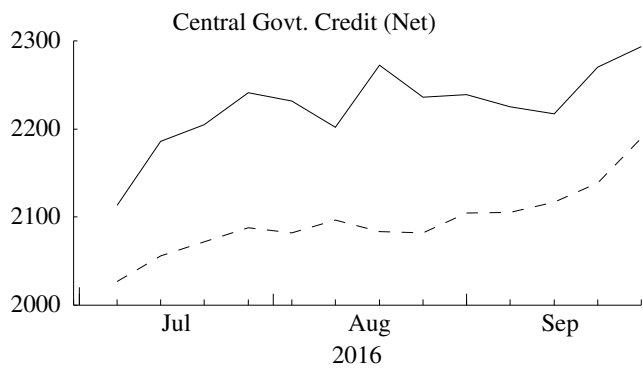
SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



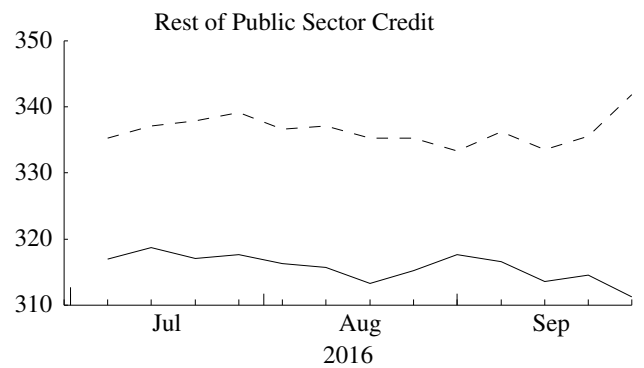
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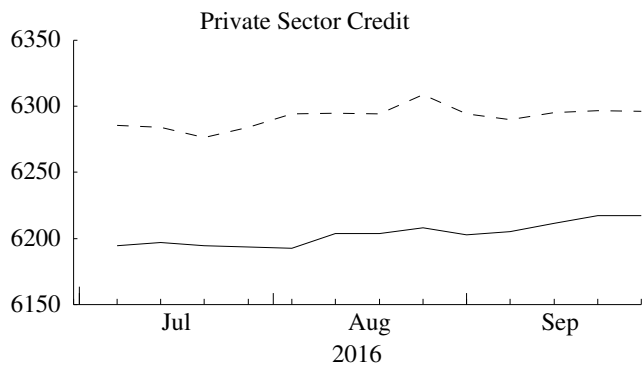
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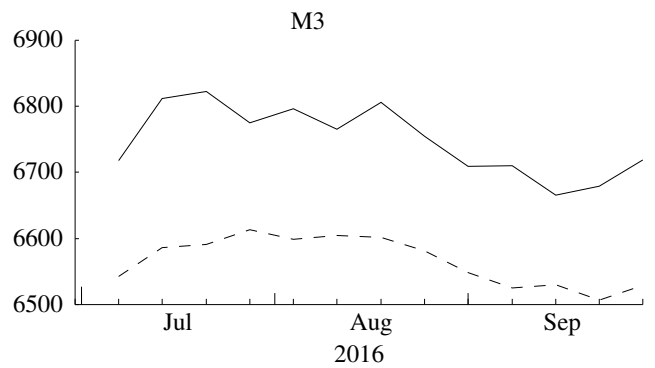
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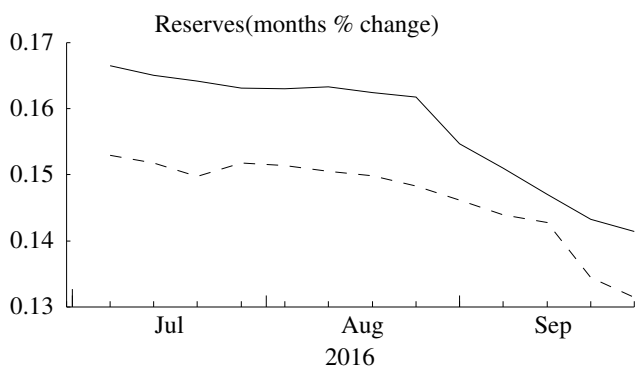
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Selected International Statistics

A: Selected Macroeconomic Projections (Annual % Change and % of labor force)						
	Real GDP		Inflation Rate		Unemployment	
	2015	2016	2015	2016	2015	2016
Bahamas	-1.7	0.3	1.9	0.8	12.0	N/A
United States	2.6	1.6	0.1	0.8	5.3	4.9
Euro-Area	2.0	1.7	0.0	0.4	10.9	10.3
<i>Germany</i>	<i>1.5</i>	<i>1.7</i>	<i>0.1</i>	<i>0.5</i>	<i>4.6</i>	<i>4.6</i>
Japan	0.5	0.5	0.8	-0.2	3.4	3.3
China	6.9	6.6	1.4	1.8	4.1	4.1
United Kingdom	2.2	1.8	0.1	0.8	5.4	5.0
Canada	1.1	1.2	1.1	1.3	6.9	7.3
<i>Source: IMF World Economic Outlook October 2016, 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	Repo Rate
September 2014	4.50	0.05	0.75	0-0.25	0.50
October 2014	4.50	0.05	0.75	0-0.25	0.50
November 2014	4.50	0.05	0.75	0-0.25	0.50
December 2014	4.50	0.05	0.75	0-0.25	0.50
January 2015	4.50	0.05	0.75	0-0.25	0.50
February 2015	4.50	0.05	0.75	0-0.25	0.50
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

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	Sep-15	Aug-16	Sep-16	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.8947	0.8962	0.8897	-0.73	-3.42	-0.56
Yen	119.88	103.42	101.33	-2.02	-15.60	-15.47
Pound	0.6611	0.7612	0.7706	1.24	13.55	16.57
Canadian \$	1.3313	1.3105	1.3127	0.17	-5.10	-1.40
Swiss Franc	0.9732	0.9839	0.9716	-1.25	-3.03	-0.16
Renminbi	6.3565	6.6778	6.6638	-0.21	2.62	4.83

Source: Bloomberg as of September 30, 2016

D. Selected Commodity Prices (\$)					
Commodity	Sep 2015	Aug 2016	Sep 2016	Mthly % Change	YTD % Change
Gold / Ounce	1115.07	1308.97	1315.75	0.52	23.96
Silver / Ounce	14.52	18.66	19.18	2.80	38.38
Oil / Barrel	47.60	49.19	47.05	-4.35	28.80

Source: Bloomberg as of September 30, 2016

E. Equity Market Valuations – September 30, 2016 (% change)								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-1.37	-0.50	-0.12	1.74	0.23	-0.77	-2.59	-2.62
3 month	-0.82	2.11	3.31	6.07	4.97	8.58	5.61	2.56
YTD	6.79	5.07	6.08	10.53	-4.07	-2.16	-13.58	-15.10
12-month	8.00	12.43	12.93	13.82	-0.16	8.80	-5.40	-1.57

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	GBP	EUR
o/n	0.55	0.15	-0.43
1 Month	0.57	0.52	-0.38
3 Month	0.89	0.56	-0.28
6 Month	1.52	0.64	-0.20
9 Month	1.59	0.71	-0.15
1 year	1.65	0.77	-0.06

Source: Bloomberg as of September 30, 2016

SUMMARY ACCOUNTS OF THE CENTRAL BANK
(B\$ Millions)

	VALUE												CHANGE											
	Aug. 03	Aug. 10	Aug. 17	Aug. 24	Aug. 31	Sep. 07	Sep. 14	Sep. 21	Sep. 28	Aug. 03	Aug. 10	Aug. 17	Aug. 24	Aug. 31	Sep. 07	Sep. 14	Sep. 21	Sep. 28						
I. External Reserves	1,060.35	1,056.32	1,058.55	1,043.73	993.14	969.80	939.99	917.96	913.23	2.07	-4.03	2.23	-14.82	-50.59	-23.34	-29.81	-22.03	-4.73						
II. Net Domestic Assets (A + B + C + D)	250.92	248.13	317.70	286.28	332.65	325.33	321.29	339.78	345.57	-15.47	-2.79	69.57	-31.42	46.38	-7.32	-4.05	18.50	5.79						
A. Net Credit to Gov¹(i + ii + iii - iv)	586.17	583.95	642.91	618.13	666.95	658.35	653.18	664.28	669.92	-9.22	-2.22	58.95	-24.78	48.82	-8.60	-5.17	11.10	5.64						
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	293.76	293.79	293.84	293.98	296.99	297.14	297.17	297.31	297.54	-3.00	0.03	0.05	0.14	3.01	0.15	0.03	0.15	0.23						
iii) Treasury Bills	167.62	167.62	220.48	199.35	239.26	239.26	239.26	249.21	259.00	-3.80	0.00	52.86	-21.14	39.91	0.00	0.00	9.95	9.79						
iv) Deposits	9.87	12.12	6.08	9.85	3.96	12.70	17.90	16.90	21.27	2.42	2.25	-6.04	3.77	-5.89	8.75	5.20	-1.00	4.38						
B. Rest of Public Sector (Net) (i + ii - iii)	-22.48	-22.27	-9.71	-17.31	-14.23	-17.79	-16.16	-9.36	-6.18	-5.00	0.22	12.55	-7.59	3.08	-3.57	1.63	6.81	3.18						
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	26.03	25.82	13.26	20.86	17.78	21.34	19.71	12.91	9.73	5.00	-0.22	-12.55	7.59	-3.08	3.57	-1.63	-6.81	-3.18						
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)*	-312.77	-313.56	-315.49	-314.55	-320.07	-315.22	-315.73	-315.14	-318.17	-1.26	-0.79	-1.94	0.95	-5.52	4.85	-0.51	0.59	-3.03						
III. Monetary Base	1,311.26	1,304.45	1,376.24	1,330.00	1,325.79	1,295.14	1,261.28	1,257.75	1,258.81	-13.40	-6.82	71.80	-46.24	-4.21	-30.66	-33.86	-3.53	1.06						
A. Currency in Circulation	352.32	362.05	353.37	348.18	352.31	353.43	348.71	345.89	349.22	-3.30	9.73	-8.68	-5.19	4.13	1.12	-4.72	-2.82	3.33						
B. Bank Balances with CBOB	958.94	942.39	1,022.87	981.82	973.48	941.71	912.57	911.85	909.58	-10.10	-16.55	80.48	-41.05	-8.34	-31.78	-29.14	-0.71	-2.27						

* Includes capital, provisions and surplus account, fixed and other assets, and other demand liabilities of Bank

