Monthly Economic and Financial Developments
December 2014

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:

2015: March 2, March 30, May 4, June 1, June 29, August 10, August 31, September 28, November 2, November 30, December 21.

Monthly Economic and Financial Developments
December 2014

1. Domestic Economic Developments

The domestic economy sustained its modest expansion over the review month, supported by improvements in the key tourism sector, while foreign investment projects continued to provide impetus to the construction sector. However, given the limited nature of the recovery, the unemployment rate firmed during the six months to November, while the downward trend in global oil prices constrained inflationary pressures. Buoyed by net foreign currency inflows from the tourism sector, both bank liquidity and external reserves expanded in December.

The ongoing recovery in several key source markets, combined with joint public/private sector promotional campaigns and increased airlift, secured a stable 3.5% expansion in total visitor arrivals to 5.1 million over the ten months to October, when compared with the year-earlier period. After a 6.3% reduction a year ago, the high value-added air segment strengthened by 4.5%, while growth in the sea component slowed to 3.2% from 6.5%. By major port of entry, visitors to the Family Islands improved by 8.5%, outpacing last year's 0.4% uptick, based on gains in both the sea (9.2%) and air (2.7%) segments. Bolstered by a 43.2% advance in air arrivals, which offset the 8.1% fall in the larger sea segment, the contraction in tourists to Grand Bahama softened by 2.0 percentage points to 2.4%. In contrast, growth in tourists to New Providence slowed to 2.3% from 7.3% in the 2013 comparative period, as the expansion in the dominant sea component tapered to 2.7%, to moderate the reversal in air arrivals from a 6.9% decline to a 1.5% gain.

Indicative of the mildness in the economic expansion, the latest labor market statistics showed the unemployment rate firming by 1.4 percentage points to 15.7% over the six months to November 2014, as the increase in the number of jobless persons exceeded the gain in employed workers. The former reflected, in part, a 6.6% reduction in the number of discouraged workers to 4,560, as the Grand Bahama component fell by just over one-half, outpacing the 22.0% increase in the New Providence segment. The jobless rates in both New Providence and Grand Bahama rose, by 1.0 and 3.9 percentage points, to 16.0% and 18.6%, respectively, while an inaugural survey of the Abaco market—the third highest populated Island—reported an unemployment rate of 20.0%. Reflecting the ongoing challenges being faced by first time job seekers, the jobless rate for persons in the 15-34 year category remained elevated at 31.0%.

Inflation for the twelve months to November—as measured by the Retail Price Index—rose marginally by 90 basis points to 1.2%. This outturn included an acceleration in average price increases for alcohol beverages, tobacco & narcotics and education, to 7.3% and 2.4%, from 3.1% and 1.8% in the same period of the prior year, while transportation costs expanded by 4.1%, after remaining relatively stable in the previous period. Average prices for recreation & culture and communications advanced by 3.9% and 0.5%, in contrast to year-earlier contractions of 0.4% and 2.9%, respectively. Less significant gains of less than 2.0% were noted for health (1.9%), food & non-alcoholic beverages (1.8%), miscellaneous goods & services (1.8%) and furnishing, household equipment & routine household maintenance (1.4%). Providing some offset, average costs for housing, water, gas electricity & other fuels—the most heavily weighted item in the index—fell further, by 0.5%, while average prices for clothing & footwear reversed to a 0.7% decline, vis-à-vis the prior year's 0.8% advance, and the gain in average restaurant & hotel costs receded by 1.3 percentage points to 2.1%.

Reflecting the pass-through effects of the significant fall in global oil prices over the past six months, domestic energy costs declined during the review month. Specifically, the Bahamas Electricity Corporation's (BEC) fuel charge contracted by 12.0% month-on-month in December, to 23.50¢ per kilowatt hour (kWh), and was 0.7% lower over the prior year. Further, the price of diesel fell by 6.4% on a monthly basis and by 17.1% year on year, to $4.41 per gallon. Similarly, gasoline costs declined by 7.5% over the previous month, and by 12.9% relative to December 2013, to $4.46 per gallon.

2. International Developments

Global economic developments in December were dominated by the sustained plunge in oil prices, which resulted in lower inflation rates worldwide and provided some impetus to consumer spending. Despite these developments, the International Monetary Fund (IMF) lowered its forecasts for world growth in both 2015 and 2016 by 30 basis points each to 3.5% and 3.7%, respectively, citing the expected slowdown in the growth rates of oil exporting nations, as well as reduced economic prospects in China and the euro area.

The United States' economic fundamentals continued to improve over the review period, although several performance indicators remained mixed. On a positive note, the unemployment rate fell by 20 basis points to 5.6%, supported by a 252,000 increase in non-farm payrolls—particularly in the professional and business services and construction segments. In addition, the housing sector sustained its recovery, as residential completions and starts rose by 6.3% and 4.4%, respectively; however, the forward looking building permits indicator declined by 1.9%. In a modest offset, industrial production softened by 0.1%, a reversal from a 1.3% gain in November, and retail sales moved lower by 0.9%, from the prior period's 0.4% expansion, owing to lower purchases of electronics, clothing and automobiles. In the external sector, the trade deficit narrowed by $3.2 billion to $39.0 billion in November, due to a decrease in imports, which outpaced the falloff in exports. Further, a reduction in fuel costs contributed to a 0.4% drop in consumer prices, extending the 0.3% decline in the prior period. In the monetary sector, the Federal Reserve maintained its main policy rate at the zero bound, after concluding its asset purchase programme in October.

Indications are that European economies continued to contend with tepid economic growth over the review period. In the United Kingdom, industrial production fell marginally by 0.1% in November, underpinned by broad-based reductions in several key sectors and extending the 0.3% reduction in the prior period. Further, the trade deficit narrowed by £0.8 billion to £1.4 billion, as the decline in imports outstripped the contraction in exports. Nonetheless, significant discounts on holiday purchases of electrical appliances and household goods heightened the gain in retail sales, by 80 basis points to 1.6%, month-on-month. Inflation slowed to 0.5% in December, from 1.0% a month earlier, partly due to reductions in housing & household services and transportation costs. The unemployment rate narrowed by 20 basis points to 5.8% in the three months to November, as the number of employed persons grew by 37,000—the smallest quarterly increase since 2013. The euro area's economy was mildly positive during the review period, as industrial production firmed marginally, by 0.2% in November, following a similar increase a month earlier, due mainly to growth in consumer and intermediate goods. Similarly, retail sales growth steadied at 0.6%, amid higher demand for consumer durables and fuel. Given the depressed labour market conditions in several southern states, the jobless rate in the area remained elevated at 11.5% in November. In external developments, the trade surplus narrowed by €3.6 billion to €20.0 billion on a monthly basis, as exports fell by 9.5%, outpacing the 8.6% reduction in imports. Reflecting a decrease in the cost of fuel, consumer prices fell by an annualized 0.2% during the month, compared to a 0.3% gain in November. Against this backdrop, both the Bank of England and the European Central Bank maintained their key interest rates at historic lows, in an effort to stimulate growth.

Indications are that China sustained its positive growth momentum during the review period, as gains in retail sales and industrial output supported a 7.3% increase in real GDP during the final quarter of 2014, in line with the previous period's expansion. In December, accretions to both industrial production and retail sales advanced by 0.3 and 0.1 percentage points, to 0.8% and 1.0%, respectively, on a monthly basis. On the external side, the trade surplus narrowed by 8.9% to US$49.6 billion in December, as the 13.2% expansion in imports overshadowed the 7.5% pickup in exports. Amid higher costs for food and clothing, the inflation rate firmed marginally, by 10 basis points, to 1.5% in November. In Japan, economic conditions remained relatively weak, as evidenced by a 0.5% reduction in industrial production in December, a reversal from a 0.4% gain in the prior month. The April increase in the sales tax rate continued to depress consumer demand, with a further decline in retail sales of 0.3%, after the prior month's 1.4% drop. In external sector developments, the trade deficit widened on a monthly basis, by 20.6% to ¥893.5 billion in November, as the 7.5% contraction in exports overshadowed the 4.7% reduction in imports. Reflecting the sustained fall in oil prices, annual consumer price inflation eased by 20 basis points to 2.7% in November. With both economies facing challenges in maintaining their growth rates, the People's Bank of China kept its key one-year lending and deposit rates at their low levels, of 5.60% and 2.75%, respectively, and the Bank of Japan continued its ¥80 trillion economic stimulus programme.

Weak demand and excess supply, amid increasing US shale oil production and stable OPEC output of 30.2 million barrels per day, drove crude oil prices significantly lower by 22.9% to $57.33 per barrel—the lowest level in over five years. In contrast, the average prices for silver and gold moved higher by 1.6% and 1.5% to $15.71 and $1,184.37 per troy ounce, respectively.

Reflecting investors' concerns over the weakness in several European and Asian economies, most of the major stock market indices fell in December. European bourses reported the largest losses, as France's CAC 40, the United Kingdom's FTSE 100 and Germany's DAX contracted by 2.7%, 2.3% and 1.8%, respectively. Although the plunge in oil prices led to significant volatility over the review period, the retreat in the United States' S&P 500 index was held to 0.7%, while the Dow Jones Industrial Average (DIJA) steadied at 17,823 points. In Asia, Japan's Nikkei 225 Index edged lower by 0.1%; however, after almost a year of falling prices, China's SE Composite rallied by 20.6% in December, buoyed by gains in banking, utility and commodity stocks.

In the foreign currency markets, the US dollar appreciated relative to the other major currencies, for a third consecutive month, bolstered by the underlying strength in the economy. The largest gains occurred relative to the Swiss Franc (3.0% to CHF0.9944) and the euro (2.9% to €0.8266). Smaller increases were achieved vis-à-vis the Canadian dollar, the Chinese Yuan, the Japanese Yen and the British pound, of 1.8% to CND$1.1619, 1.0% to CNY6.2052, 0.9% to ¥119.68 and 0.4% to £0.6419, respectively.

3. Domestic Monetary Trends
December 2014 vs. 2013

Reflecting a slight shift in commercial banks' cash balances to long-term Government debt over the review period, excess reserves—a narrow measure of liquidity—contracted by $8.5 million to $493.3 million, while the broader excess liquid assets rose by $13.9 million to $1,141.9 million.

External reserves strengthened by $42.6 million to $786.8 million, albeit less than the $62.0 million expansion recorded in 2013, which was linked to proceeds from the Government's US$75.0 million short-term foreign currency loan. Underpinning this development, the Central Bank's foreign currency transactions with commercial banks yielded a $39.7 million net purchase, in contrast to a $13.0 million net sale in the prior year, in line with the reversal in banks' net transactions with their customers, to a net inflow of $43.5 million from a net outflow of $ 6.7 million. In contrast, the Bank recorded a $0.4 million net sale to the public sector, vis-a-vis a $71.6 million net purchase in 2013.

The monthly contraction in Bahamian dollar credit was extended to $99.7 million from $77.2 million in the corresponding period of 2013. Government utilized proceeds from its external loan to reduce outstanding short-term credit to the banking system, by $96.5 million, following a $77.5 million falloff last year, and growth in credit to the rest of the public sector slowed to $0.6 million from $5.0 million a year earlier. In the context of the mild economic growth momentum and elevated unemployment levels, credit to the private sector declined by $3.8 million, which was in line with the $4.6 million contraction posted in 2013. Although growth in consumer credit more than doubled to $11.0 million, both mortgage and commercial lending recorded respective declines of $13.8 million and $0.9 million.

Credit quality conditions remained stressed, with private sector loan arrears firming by $9.3 million (0.7%) to $1,287.3 million at end-December, and by 14 basis points of total private sector loans to 21.4%. By average age, the deterioration in arrears was concentrated in the non-performing segment, which was higher by $7.9 million (0.8%) to $972.1 million, and by 12 basis points to 16.1% of total loans. Short-term (31-90 day) delinquencies rose marginally by $1.4 million (0.5%) to $315.2 million, to constitute 5.2% of total loans.

The increase in arrears mainly reflected gains in the consumer segment, which advanced by $5.5 million (1.8%) to $312.3 million, as both the 31-90 day and non-accrual components moved up by $5.1 million (5.5%) and $0.4 million (0.2%), respectively. Mortgage delinquencies were also higher, by $3.4 million (0.5%) at $711.6 million, as a $5.0 million (1.0%) gain in the non-performing category outpaced the $1.7 million (0.9%) improvement in short-term delinquencies. Commercial arrears edged-up by $0.5 million (0.2%) to $263.6 million, with the $2.0 million (4.5%) reduction in the short-term segment, negating a $2.5 million (1.1%) upturn in arrears in excess of 90 days.

In response to these developments, banks increased their total provisions for loan losses, by $9.2 million (1.8%) to $508.1 million, elevating the ratio of provisions to both arrears and non-performing loans, by 43 basis points and 52 basis points, to 39.5% and 52.3%, respectively. In addition, banks wrote-off an estimated $4.2 million in loans and recovered a mere $0.5 million.

Domestic foreign currency credit contracted by $73.7 million during the review month, a reversal from a similar expansion a year ago. This outcome was mainly explained by loan restructuring activity, which drove claims on the public corporations lower by $49.1 million relative to a $2.4 million gain last year.

In addition, net credit to the Government decreased by $5.2 million, vis-à-vis the prior period's $75.6 million increase, which was associated with a boost in short-term financing. Further, reflecting a decrease in outstanding credit to a development company, credit to the private sector fell by $19.3 million following a $3.3 million decline in 2013.

Total Bahamian dollar deposits contracted by $60.5 million, after expanding modestly by $3.9 million last year. In particular, the contraction in fixed balances broadened to $82.7 million from $26.2 million in 2013, while savings deposits were reduced by $32.1 million, behind a $10.1 million gain in the prior period. In contrast, the growth in demand deposits more than doubled to $54.3 million.

In interest rate developments, the weighted average deposit rate at banks rose by 4 basis points to 1.28%, with the highest rate of 5.00% offered on fixed balances of over 12 months. Meanwhile, the weighted average loan rate decreased by 1.21 percentage points to 11.55%.

January – December 2014 vs. 2013

Buoyed mainly by the Government's external borrowing in the first month of the year, and to a lesser extent foreign currency inflows from real sector activities, both liquidity and external reserves expanded in 2014. Banks' excess reserves firmed by $91.6 million, a turnaround from 2013's $48.3 million reduction; however, accretions to excess liquid assets were almost halved to $57.0 million.

External reserves posted a gain of $47.0 million, to reverse the year-earlier $72.3 million contraction. Underlying this outturn, the Bank's foreign currency transactions netted a $34.4 million purchase, relative to last year's $90.2 million net sale. Reflecting strengthened tourism and foreign investment related activity, the net purchase from commercial banks was boosted by $216.4 million to $239.1 million, underpinned by a corresponding surge in their net purchase from clients, by $233.8 million to $259.0 million. In contrast, the Bank's net sale to the public sector almost doubled to $204.8 million from $113.0 million in the preceding year, partly reflecting the lower incidence of foreign currency borrowings by the Government.

Growth in total Bahamian dollar credit receded to $56.2 million from $174.8 million a year earlier, and was primarily explained by an extraordinary transaction involving the partial shift in the Bank of The Bahamas' non-performing commercial loan portfolio to the Government entity "Resolve Corporation of The Bahamas during the fourth quarter. With the consequential extended falloff in commercial related loans, by $146.5 million vis-à-vis $64.5 million last year, the contraction in private sector credit was higher by $38.9 million at $114.8 million. Banks' outstanding mortgages also decreased further by $7.0 million, after falling by $2.5 million a year ago; however, growth in consumer credit rebounded to $38.7 million, from the year-earlier $8.9 million reduction. Supported by increased holdings of long-term securities, banks' net credit exposure to the Government firmed by $200.3 million, after a $243.5 million expansion in 2013; whereas claims on the public corporations declined by $29.4 million, a turnaround from a year-earlier $7.7 million uptick.

As a result of the Resolve Corporation transaction, total private sector loan arrears declined by $64.8 million (4.8%) to $1,287.3 million in 2014, and by 58 basis points to 21.4% of total loans. The reduction was concentrated in the 31-90 day segment, which fell by $70.9 million (18.4%) to $315.2 million, for a 1.0 percentage point reduction in the corresponding loan ratio, to 5.2%. In contrast, non-accrual loans rose by $6.1 million (0.6%) to $972.1 million, resulting in a 46 basis point rise in the attendant loan ratio. By loan category, commercial arrears fell by $80.0 million (23.3%) to $263.6 million, with consumer delinquencies also lower by $5.4 million (1.7%) at $312.3 million. Conversely, the mortgage component advanced by

$20.6 million (3.0%) to $711.6 million, owing to a $42.3 million (8.6%) increase in the non-accrual segement, which overshadowed a $21.7 million (10.9%) decrease in short-term arrears.

Over the year, banks increased their total provisions for loan losses by $129.4 million (34.2%) to $508.1 million, elevating the ratio of provisions to both arrears and non-performing loans, by 11.5 and 13.1 percentage points, to 39.5% and 52.3%, respectively.

Reflecting, in part, the Government's use of external bond proceeds to repay a short-term bridging facility in January, total domestic foreign currency credit plunged by $243.4 million, reversing 2013's $100.1 million build-up. Specifically, claims on the Government fell by $130.5 million, vis-à-vis a $124.5 million expansion a year earlier. Credit to both public corporations and the private sector were also lower by $50.3 million and $61.5 million, extending year-earlier respective declines of $14.4 million and $11.3 million.

Growth in Bahamian dollar deposits accelerated, by $104.0 million to $121.0 million. Inclusive of the reclassification of several accounts to demand from fixed by one institution, accretions to demand deposits rose more than four-fold, to $344.2 million from $76.8 million last year, while the corresponding fall-off in fixed deposits was higher at $179.7 million from last year's $103.4 million. In addition, there was a complete reversal in savings balances, to a $43.6 million reduction.

4. Outlook and Policy Implications

Expectations are that the domestic economy's growth momentum will be maintained over the first half of 2015, benefitting from steady gains in tourism sector output, inclusive of the impact of the phased opening of the Baha Mar Resort and the hosting of several international events. These developments, alongside ongoing foreign investment activity, should continue to undergird construction sector output and provide for a gradual improvement in the unemployment rate. Anecdotal evidence suggests that the implementation of the Value Added Tax (VAT) in January, could lead to an acceleration in the inflation rate—albeit from a very low base—due to the upward adjustment in the prices of a broad range of goods and services at the start of the year. However, the recent significant downturn in global oil prices should assist in mitigating the inflationary effect of the new tax.

Fiscal developments stand to benefit from the implementation of the VAT, as higher revenue receipts, alongside measures to constrain the growth in expenditure—have the potential to reduce the fiscal deficit and associated debt indicators, over the medium term.

In the monetary sector, bank liquidity is expected to remain elevated for an extended period, amid persistent weakness in private sector credit and banks' conservative lending practices. Although no significant improvement is anticipated in the loan arrears situation, banks are poised to maintain capital levels well in excess of regulatory requirements, thereby mitigating any financial stability concerns. External reserve developments over the first half of the year are expected to benefit from the traditional seasonal real sector inflows, with corresponding demand emanating from fuel and consumer import requirements, alongside private sector profit remittances.

Against this backdrop, the Central Bank will continue its surveillance of both domestic and international developments, to determine the need for any adjustment in its policy stance.

Recent Monetary and Credit Statistics

(B$ Millions)

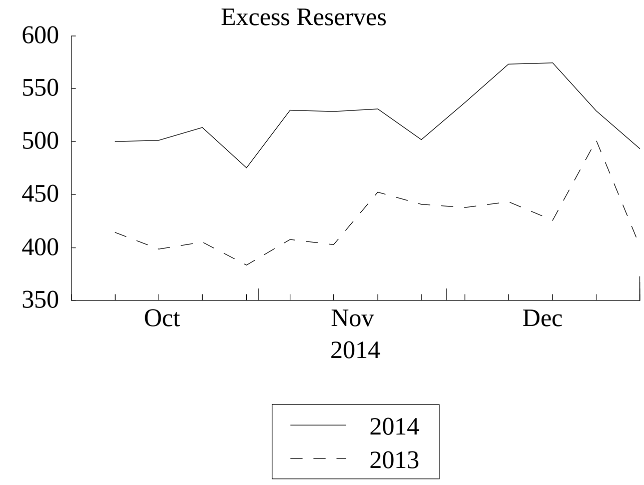
	DECEMBER					
	Value		Change		Change YTD	
	2013	2014	2013	2014	2013	2014
1.0 LIQUIDITY & FOREIGN ASSETS						
1.1 Excess Reserves	401.71	493.27	-38.91	-8.45	-48.31	91.56
1.2 Excess Liquid Assets	1,084.90	1,141.89	-27.28	13.90	113.42	56.99
1.3 External Reserves	739.77	786.76	61.97	42.58	-72.33	46.99
1.4 Bank's Net Foreign Assets	-687.01	-433.99	-100.16	59.52	-65.22	253.02
1.5 Usable Reserves	246.36	260.12	40.76	18.38	-101.93	13.76
2.0 DOMESTIC CREDIT						
2.1 Private Sector	***6,529.19***	***6,352.96***	***-7.93***	***-23.06***	***-87.16***	***-176.23***
a. B$ Credit	6,144.62	6,029.85	-4.63	-3.79	-75.86	-114.78
of which: Consumer Credit	2,111.97	2,150.66	3.79	10.95	-8.87	38.68
Mortgages	3,100.56	3,093.56	-11.31	-13.84	-2.50	-7.00
Commercial and Other Loans B$	932.09	785.62	2.89	-0.90	-64.49	-146.46
b. F/C Credit	384.57	323.11	-3.29	-19.26	-11.31	-61.46
of which: Mortgages	142.25	102.22	-0.17	-20.99	-2.49	-40.03
Commercial and Other Loans F/C	242.32	220.90	-3.13	1.72	-8.81	-21.43
2.2 Central Government (net)	***1,961.46***	***2,031.27***	***-1.89***	***-101.72***	***368.06***	***69.81***
a. B$ Loans & Securities	2,024.18	2,272.98	-42.04	-71.83	307.44	248.80
Less Deposits	186.04	234.55	35.44	24.67	63.92	48.51
b. F/C Loans & Securities	125.00	0.00	75.00	0.00	125.00	-125.00
Less Deposits	1.68	7.16	-0.60	5.22	0.46	5.49
2.3 Rest of Public Sector	***400.40***	***320.77***	***7.36***	***-48.52***	***-6.65***	***-79.62***
a. B$ Credit	126.58	97.23	4.95	0.61	7.73	-29.36
b. F/C Credit	273.81	223.55	2.41	-49.13	-14.38	-50.27
2.4 Total Domestic Credit	***8,892.24***	***8,705.04***	***-4.51***	***-173.34***	***274.88***	***-187.21***
a. B$ Domestic Credit	8,109.34	8,165.50	-77.16	-99.68	174.83	56.17
b. F/C Domestic Credit	782.91	539.54	72.65	-73.66	100.05	-243.37
3.0 DEPOSIT BASE						
3.1 Demand Deposits	1,434.72	1,778.87	20.00	54.28	76.76	344.15
a. Central Bank	8.41	23.56	-3.34	18.16	-3.67	15.16
b. Banks	1,426.31	1,755.30	23.33	36.11	80.43	328.99
3.2 Savings Deposits	1,111.29	1,067.81	10.06	-32.09	43.61	-43.47
3.3 Fixed Deposits	3,318.77	3,139.08	-26.19	-82.71	-103.43	-179.69
3.4 Total B$ Deposits	5,864.78	5,985.76	3.87	-60.53	16.94	120.99
3.5 F/C Deposits of Residents	250.99	242.05	-33.54	-19.66	27.84	-8.93
3.6 M2	***6,077.67***	***6,217.18***	***15.37***	***-43.24***	***24.69***	***139.51***
3.7 External Reserves/M2 (%)	***12.17***	***12.65***	***0.99***	***0.77***	***-1.24***	***0.48***
3.8 Reserves/Base Money (%)	***79.98***	***80.20***	***4.06***	***3.62***	***-9.95***	***0.21***
3.9 External Reserves/Demand Liabilites (%)	***74.96***	***74.70***	***3.19***	***0.64***	***-12.58***	***-0.27***
	Value		**Year to Date**		**Change**	
	2013	**2014**	**2013**	**2014**	**Month**	***YTD***
4.0 FOREIGN EXCHANGE TRANSACTIONS						
4.1 Central Bank Net Purchase/(Sale)	***58.56***	***39.23***	***-90.21***	***34.40***	***-19.34***	***124.61***
a. Net Purchase/(Sale) from/to Banks	-13.01	39.67	22.75	239.12	52.68	216.37
i. Sales to Banks	40.43	14.40	346.30	235.50	-26.03	-110.80
ii. Purchases from Banks	27.41	54.07	369.05	474.62	26.65	105.57
b. Net Purchase/(Sale) from/to Others	71.57	-0.44	-112.96	-204.72	-72.01	-91.76
i. Sales to Others	53.30	55.30	669.08	863.61	2.00	194.52
ii. Purchases from Others	124.88	54.86	556.12	658.89	-70.02	102.77
4.2 Banks Net Purchase/(Sale)	***-6.72***	***43.45***	***25.25***	***259.02***	***50.16***	***233.77***
a. Sales to Customers	361.53	411.03	3,749.00	3,825.52	49.51	76.52
b. Purchases from Customers	354.81	454.48	3,774.25	4,084.54	99.67	310.29
4.3 B$ Position (change)	***-5.41***	***-25.52***				
5.0 EXCHANGE CONTROL SALES						
5.1 Current Items	***0.00***	***ND***	***ND***	***ND***	***ND***	***ND***
of which Public Sector	***0.00***	***ND***	***ND***	***ND***	***ND***	***ND***
a. Nonoil Imports	0.00	ND	ND	ND	ND	ND
b. Oil Imports	0.00	ND	ND	ND	ND	ND
c. Travel	0.00	ND	ND	ND	ND	ND
d. Factor Income	0.00	ND	ND	ND	ND	ND
e. Transfers	0.00	ND	ND	ND	ND	ND
f. Other Current Items	0.00	ND	ND	ND	ND	ND
5.2 Capital Items	***0.00***	***ND***	***ND***	***ND***	***ND***	***ND***
of which Public Sector	***0.00***	***ND***	***ND***	***ND***	***ND***	***ND***
5.3 Bank Remittances	***0.00***	***ND***	***ND***	***ND***	***ND***	***ND***

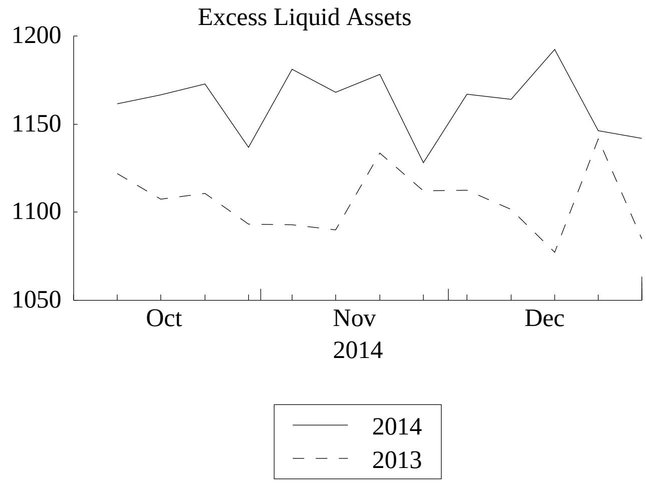
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending:JANUARY 01, 2014 and DECEMBER 31, 2014
Exchange Control Sales figures are as at month end.

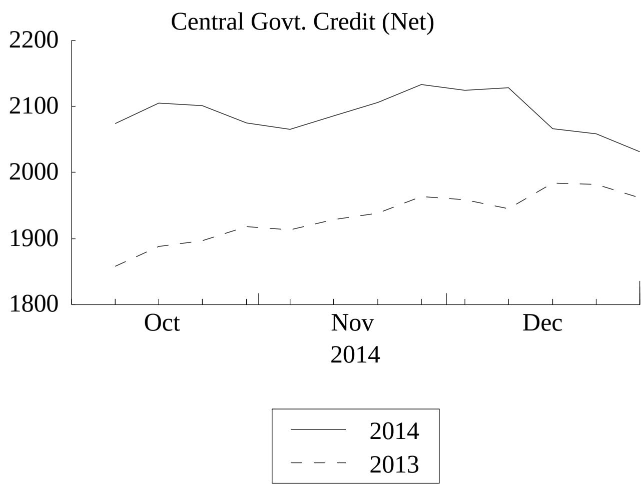
Notes: 1.0, 2.0 and 3.0 YTD change reflects change of current month over previous year end; for 4.0 and 5.0 change is over corresponding period of previous year.

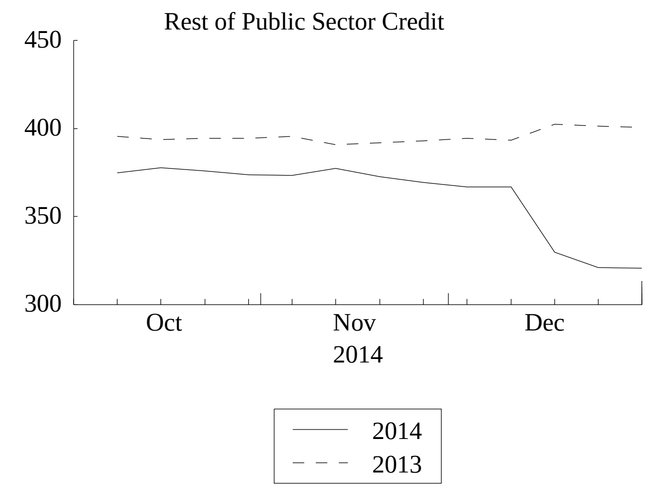
SELECTED MONEY AND CREDIT INDICATORS

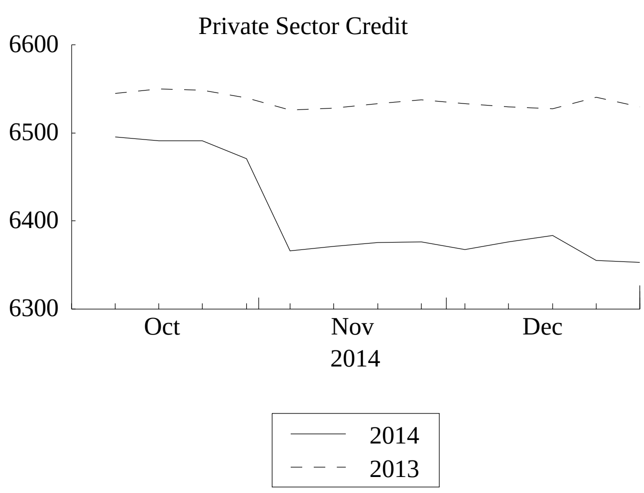
(B$ Millions)

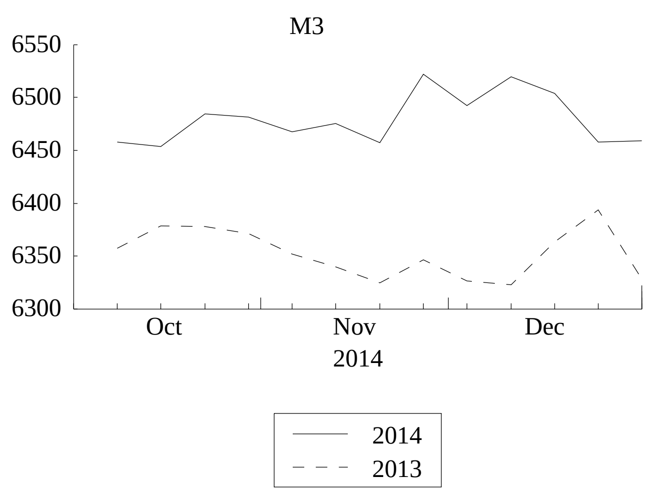


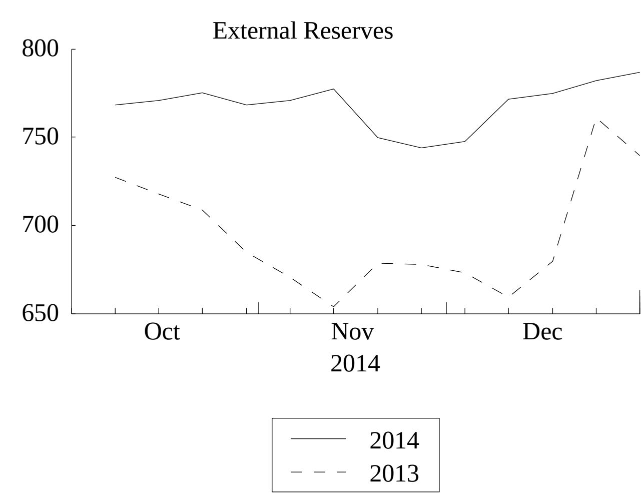


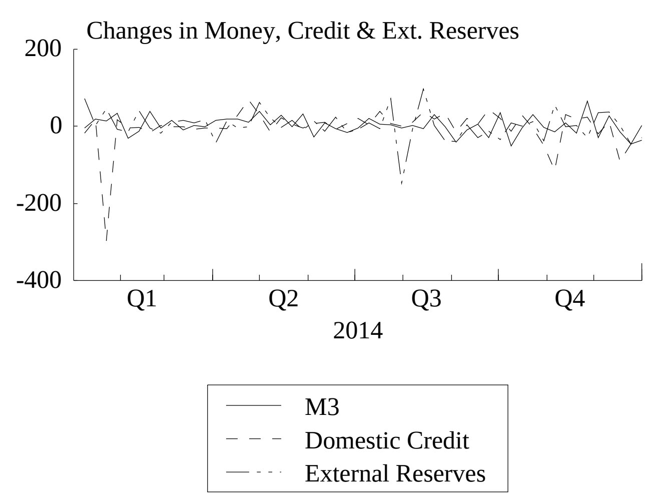












Selected International Statistics

A: Selected Macroeconomic Projections
(Annual % Change and % of labor force)

	Real GDP		Inflation Rate		Unemployment	
	2013	**2014**	**2013**	**2014**	**2013**	**2014**
Bahamas	0.7	1.2	0.4	1.4	15.4	14.3
United States	2.2	2.2	1.5	2.0	7.4	6.3
Euro-Area	-0.4	0.8	1.3	0.5	11.9	11.6
Germany	*0.5*	*1.4*	*1.6*	*0.9*	*5.3*	*5.3*
Japan	1.5	0.9	0.4	2.7	4.0	3.7
China	7.7	7.4	2.6	2.3	4.1	4.1
United Kingdom	1.7	3.2	2.6	1.6	7.6	6.3
Canada	2.0	2.3	1.0	1.9	7.1	7.0

Source: IMF World Economic Outlook October 2014, Department of Statistics

B: Official Interest Rates – Selected Countries (%)

With effect	**CBOB**	**ECB (EU)**	**Federal Reserve (US)**		**Bank of England**
from	**Bank Rate**	**Refinancing Rate**	**Primary Credit Rate**	**Target Funds Rate**	**Repo Rate**
December 2012	4.50	0.75	0.75	0-0.25	0.50
January 2013	4.50	0.75	0.75	0-0.25	0.50
February 2013	4.50	0.75	0.75	0-0.25	0.50
March 2013	4.50	0.75	0.75	0-0.25	0.50
April 2013	4.50	0.75	0.75	0-0.25	0.50
May 2013	4.50	0.50	0.75	0-0.25	0.50
June 2013	4.50	0.50	0.75	0-0.25	0.50
July 2013	4.50	0.50	0.75	0-0.25	0.50
August 2013	4.50	0.50	0.75	0-0.25	0.50
September 2013	4.50	0.50	0.75	0-0.25	0.50
October 2013	4.50	0.50	0.75	0-0.25	0.50
November 2013	4.50	0.25	0.75	0-0.25	0.50
December 2013	4.50	0.25	0.75	0-0.25	0.50
January 2014	4.50	0.25	0.75	0-0.25	0.50
February 2014	4.50	0.25	0.75	0-0.25	0.50
March 2014	4.50	0.25	0.75	0-0.25	0.50
April 2014	4.50	0.25	0.75	0-0.25	0.50
May 2014	4.50	0.25	0.75	0-0.25	0.50
June 2014	4.50	0.15	0.75	0-0.25	0.50
July 2014	4.50	0.15	0.75	0-0.25	0.50
August 2014	4.50	0.15	0.75	0-0.25	0.50
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

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	**Dec-13**	**Nov-14**	**Dec-14**	**Mthly % Change**	**YTD % Change**	**12-Mth% Change**
Euro	0.7276	0.8031	0.8266	2.93	13.60	13.60
Yen	105.31	118.63	119.68	0.89	13.65	13.65
Pound	0.6040	0.6392	0.6419	0.43	6.28	6.28
Canadian $	1.0623	1.1415	1.1619	1.79	9.38	9.38
Swiss Franc	0.8922	0.9653	0.9944	3.01	11.45	11.45
Renminbi	6.0556	6.1431	6.2052	1.01	2.47	2.47
Source: Bloomberg as of December 31, 2014						

D. Selected Commodity Prices ($)					
Commodity	**December 2013**	**November 2014**	**December 2014**	**Mthly % Change**	**YTD % Change**
Gold / Ounce	1205.65	1167.41	1184.37	1.45	-1.77
Silver / Ounce	19.47	15.46	15.71	1.63	-19.30
Oil / Barrel	111.59	74.40	57.33	-22.94	-48.62
Source: Bloomberg as of December 31, 2014					

E. Equity Market Valuations – December 31, 2014 (% chg)								
	BISX	**DJIA**	**S&P 500**	**FTSE 100**	**CAC 40**	**DAX**	**Nikkei 225**	**SE**
1 month	1.92	-0.03	-0.73	-2.33	-2.67	-1.76	-0.05	20.57
3 month	5.24	4.58	4.06	-0.86	-3.25	3.50	7.90	36.84
YTD	13.01	7.52	11.04	-2.71	-0.54	2.65	7.12	52.87
12-month	13.01	7.52	11.04	-2.71	-0.54	2.65	7.12	52.87
Sources: Bloomberg and BISX								

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	**GBP**	**EUR**
o/n	0.15	0.48	0.08
1 Month	0.18	0.49	0.08
3 Month	0.32	0.55	0.02
6 Month	0.48	0.70	0.09
9 Month	0.64	0.85	0.17
1 year	0.81	1.01	0.24
Source: Bloomberg as of December 31, 2014			

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B$ Millions)

	VALUE									CHANGE								
	Nov. 05	**Nov. 12**	**Nov. 19**	**Nov. 26**	**Dec. 03**	**Dec. 10**	**Dec. 17**	**Dec. 24**	**Dec. 31**	**Nov. 05**	**Nov. 12**	**Nov. 19**	**Nov. 26**	**Dec. 03**	**Dec. 10**	**Dec. 17**	**Dec. 24**	**Dec. 31**
I. External Resrves	***770.85***	***777.43***	***749.82***	***744.18***	***747.70***	***771.46***	***775.02***	***782.24***	***786.76***	***2.51***	***6.59***	***-27.61***	***-5.65***	***3.52***	***23.76***	***3.56***	***7.22***	***4.52***
II. Net Domestic Assets (A + B + C + D)	***15.44***	***7.25***	***37.33***	***13.79***	***45.90***	***ND***	***ND***	***ND***	***ND***	***51.36***	***-8.19***	***30.08***	***-23.54***	***32.12***	***ND***	***ND***	***ND***	***ND***
A. Net Credit to Gov't(i + ii + iii - iv)	***533.01***	***532.87***	***550.75***	***567.06***	***566.18***	***585.97***	***586.21***	***565.43***	***520.89***	***36.91***	***-0.14***	***17.88***	***16.32***	***-0.89***	***19.80***	***0.24***	***-20.79***	***-44.54***
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	294.99	294.74	314.53	314.33	314.34	312.24	313.31	313.14	312.96	34.99	-0.26	19.79	-0.20	0.01	-2.10	1.08	-0.17	-0.18
iii) Treasury Bills	128.55	128.55	128.55	143.52	143.52	163.49	163.49	163.49	119.54	2.09	0.00	0.00	14.98	0.00	19.97	0.00	0.00	-43.95
iv) Deposits	25.19	25.07	26.99	25.44	26.34	24.41	25.25	45.86	46.27	0.18	-0.12	1.91	-1.54	0.90	-1.93	0.84	20.62	0.41
B. Rest of Public Sector (Net) (i + ii - iii)	***-4.46***	***-17.83***	***-2.84***	***-1.25***	***-0.64***	***-11.09***	***-5.40***	***-10.13***	***-19.41***	***0.89***	***-13.37***	***14.99***	***1.59***	***0.61***	***-10.45***	***5.70***	***-4.73***	***-9.29***
i) BDB Loans	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15	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	8.61	21.98	6.99	5.40	4.79	15.24	9.55	14.28	23.56	-0.89	13.37	-14.99	-1.59	-0.61	10.45	-5.70	4.73	9.29
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)*	***-513.10***	***-507.79***	***-510.58***	***-552.03***	***-519.63***	***ND***	***ND***	***ND***	***ND***	***13.55***	***5.31***	***-2.79***	***-41.45***	***32.40***	***ND***	***ND***	***ND***	***ND***
III. Monetary Base	***786.29***	***784.68***	***787.15***	***757.96***	***793.60***	***ND***	***ND***	***ND***	***ND***	***53.86***	***-1.61***	***2.47***	***-29.19***	***35.64***	***ND***	***ND***	***ND***	***ND***
A. Currency in Circulation	121.84	126.80	120.97	118.92	131.38	ND	ND	ND	ND	1.10	4.96	-5.82	-2.06	12.46	ND	ND	ND	ND
B. Bank Balances with CBOB	664.45	657.88	666.18	639.05	662.23	696.82	689.68	661.53	605.61	52.76	-6.57	8.29	-27.13	23.18	34.60	-7.14	-28.15	-55.92

* 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)

	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE	
	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015
Fiscal Operations$_p$																									(Over previous year)	
1. Government Revenue & Grants	112.7	117.8	104.1	94.5	88.5	104.2																			305.3	316.5
% change; over previous month	*8.1%*	*-3.9%*	*-7.6%*	*-19.7%*	*-15.03%*	*10.21%*																			*2.85%*	*3.66%*
2. Import/Excise Duties	44.0	48.4	49.7	46.9	42.0	47.8																			135.7	143.0
% change; over previous month	*-9.3%*	*4.0%*	*12.9%*	*0.0%*	*-15.42%*	*1.85%*																			*-7.25%*	*5.39%*
3. Recurrent Expenditure	122.9	131.9	112.9	128.3	125.0	126.8																			360.8	387.0
% change; over previous month	*-19.1%*	*74.0%*	*-8.2%*	*-2.7%*	*10.71%*	*-1.21%*																			*-2.48%*	*7.28%*
4. Capital Expenditure	4.5	9.8	16.8	21.5	8.9	29.0																			30.2	60.3
% change; over previous month	*-90.6%*	*-44.4%*	*273.5%*	*119.6%*	*-47.18%*	*35.01%*																			*-51.54%*	*99.75%*
5. Deficit/Surplus*	-15.7	-25.1	-28.2	-62.3	-52.9	-63.6																			-96.8	-150.9
% change; over previous month	*-84.5%*	*-245.7%*	*78.9%*	*148.7%*	*87.78%*	*2.04%*																			*-33.10%*	*55.93%*

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Debt$_p$ **																								
6. Total Debt	4,369.9	5,008.2	4,413.6	5,022.2	4,530.3	5,023.1	4,577.8	5,134.9	4,600.2	5,155.3	4,689.3	5,157.9	4,689.3	5,351.9	4,737.2	5,361.9	4,893.0	5,345.8	4,843.9	5,472.4	4,929.4	5,492.4	4,983.5	5,565.0
% change; over previous month	*-0.6%*	*0.5%*	*1.0%*	*0.3%*	*2.6%*	*0.0%*	*1.0%*	*2.2%*	*0.5%*	*0.4%*	*1.9%*	*0.1%*	*0.0%*	*3.8%*	*1.0%*	*0.2%*	*3.3%*	*-0.3%*	*-1.0%*	*2.4%*	*1.8%*	*0.4%*	*1.1%*	*1.3%*
7. External Debt	1,042.6	1,487.5	1,046.3	1,491.5	1,053.0	1,492.4	1,050.5	1,489.3	1,057.9	1,489.6	1,057.8	1,487.3	1,057.8	1,487.2	1,065.8	1,487.2	1,166.5	1,486.1	1,163.3	1,557.7	1,169.7	1,557.7	1,187.8	1,555.3
% change; over previous month	*0.4%*	*25.3%*	*0.4%*	*0.3%*	*0.6%*	*0.1%*	*-0.2%*	*-0.2%*	*0.7%*	*0.0%*	*0.0%*	*-0.2%*	*0.0%*	*0.0%*	*0.8%*	*0.0%*	*9.5%*	*-0.1%*	*-0.3%*	*4.8%*	*0.6%*	*0.0%*	*1.5%*	*-0.2%*
8. Internal F/C Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	66.0	0.0	66.0	0.0	66.0	0.0	66.0	0.0	66.0	0.0	66.0	0.0	0.0	50.0	0.0	125.0	0.0
% change; over previous month																							*150.0%*	
9. Bahamian Dollar Debt	3,327.3	3,520.7	3,367.3	3,530.7	3,477.3	3,530.7	3,527.3	3,579.7	3,542.3	3,599.7	3,631.5	3,604.7	3,631.5	3,798.7	3,671.5	3,808.7	3,726.5	3,793.7	3,680.7	3,914.7	3,709.7	3,934.7	3,670.7	4,009.7
% change; over previous month	*-0.9%*	*-4.1%*	*1.2%*	*0.3%*	*3.3%*	*0.0%*	*1.4%*	*1.4%*	*0.4%*	*0.6%*	*2.5%*	*0.1%*	*0.0%*	*5.4%*	*1.1%*	*0.3%*	*1.5%*	*-0.4%*	*-1.2%*	*3.2%*	*0.8%*	*0.5%*	*-1.1%*	*1.9%*
10. Total Amortization	30.2	275.4	10.0	10.0	21.7	1.1	2.5	14.1	25.0	10.0	2.3	2.4	2.3	25.4	0.0	10.0	30.9	16.1	79.1	69.1	0.0	0.0	52.4	2.4
% change; over previous month	*-58.2%*	*425.6%*	*-66.9%*	*-96.4%*	*117.3%*	*-89.2%*	*-88.5%*	*1204.9%*	*902.0%*	*-29.3%*	*-90.6%*	*-76.1%*	*0.0%*	*962.7%*	*-100.0%*	*-60.7%*		*60.8%*	*155.9%*	*329.9%*	*-100.0%*	*-100.0%*		
11.Total Public Sector F/C Debt	1,890.4	2,311.0	1,894.6	2,320.2	1,902.3	2,319.2	1,898.5	2,379.1	1,910.1	2,378.1	1,911.5	2,379.5	1,907.9	2,383.3	1,915.0	2,383.3	2,024.1	2,387.6	2,017.3	2,390.3	2,072.4	2,389.0	2,139.3	2,386.4
% change; over previous month	*0.1%*	*8.1%*	*0.2%*	*0.4%*	*0.4%*	*0.0%*	*-0.2%*	*2.6%*	*0.6%*	*0.0%*	*0.1%*	*0.1%*	*-0.2%*	*0.2%*	*0.4%*	*0.0%*	*5.7%*	*0.2%*	*-15.5%*	*18.5%*	*-13.3%*	*15.3%*	*-10.5%*	*11.6%*

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC			
Real Sector Indicators	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
																									(Over previous year)	
12. Retail Price Index	105.8	107.3	105.7	107.6	106.3	107.9	106.6	107.7	106.5	107.8	106.4	107.7	106.4	107.9	106.4	107.5	106.3	107.8	106.2	107.7	106.7	107.4			106.3	107.7
% change; over previous month	*0.22%*	*0.75%*	*-0.08%*	*0.28%*	*0.55%*	*0.31%*	*0.25%*	*-0.16%*	*-0.1%*	*0.03%*	*-0.1%*	*-0.05%*	*0.0%*	*0.1%*	*0.0%*	*-0.4%*	*-0.1%*	*0.3%*	*-0.1%*	*0.0%*	*0.6%*	*-0.3%*			*0.31%*	*1.27%*
13. Tourist arrivals (000's)	538.1	555.2	533.2	566.4	674.0	637.1	554.4	567.4	447.6	481.9	477.2	507.0	497.5	513.4	477.3	496.4									4199.4	4324.8
% change; over previous year	*1.78%*	*3.16%*	*0.78%*	*6.22%*	*6.58%*	*-5.48%*	*0.84%*	*2.35%*	*-4.20%*	*7.66%*	*0.81%*	*6.24%*	*2.26%*	*3.2%*	*8.61%*	*4.0%*									*2.26%*	*2.99%*
14. Air arrivals (000's)	86.1	88.6	104.8	107.7	153.6	149.0	117.4	131.0	113.9	117.7	131.2	130.9	133.7	139.5	109.7	119.8									950.3	984.3
% change; over previous year	*-3.69%*	*2.88%*	*-5.56%*	*2.85%*	*-1.69%*	*-3.01%*	*-15.56%*	*11.62%*	*-4.11%*	*3.38%*	*-5.75%*	*-0.22%*	*-5.71%*	*4.4%*	*-7.30%*	*9.2%*									*-43.42%*	*3.58%*
15. Occupied Room Nights																										
% change; over previous year																										
16. Res. Mortgage Commitments-Value of New Const. & Rehab. (B$Millions)					22.56	28.63					20.71	18.03					25.90	12.92							69.17	59.58
% change; over previous qtr.					*18.95%*	*10.53%*					*-8.2%*	*-37.0%*					*25.1%*	*-28.4%*							*-6.34%*	*-13.87%*

* Includes Net Lending to Public Corporations

** Debt figures pertain to central government only unless otherwise indicated

p - provisional