# Monthly Economic and Financial Developments
# November 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: February 2, March 2, March 30, May 4, June 1, June 29, August 10, August 31, September 28, November 2, November 30, December 21.

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## 1. Domestic Economic Developments

Indications are that the domestic economy continued to grow at a moderate pace during the review month, sustained by improvements in tourism output, which benefitted from the hosting of a major sporting event, and construction activity linked to on-going foreign investment-funded projects. Inflationary pressures were contained, as sharply declining global oil prices translated into lower domestic energy costs. Fiscal developments featured a widening of the Government's overall deficit during the first quarter of FY2014/15, as expenditure gains outpaced revenue growth. In the monetary sector, there was a modest contraction in external reserves, owing to the seasonal firming in domestic demand, while an increase in Central Bank financing to the Government augmented bank liquidity levels.

Anecdotal evidence suggests that tourism output strengthened over the review month, as both stopover visitor arrivals and hotel room revenue benefitted from the hosting of the 'Battle 4 Atlantis' basketball tournament on Paradise Island during the peak Thanksgiving holiday period. Reports indicate that the host property recorded full occupancy levels in late November, while other hotels also experienced high levels of visitor traffic. In addition, activity in the cruise industry was supported by the arrival of a large 4,905 passenger liner, which made its inaugural call on Nassau during the review period.

Reflecting the pass-through effects of the sharp fall in global oil prices over the second half of the year, the Bahamas Electricity Corporation's (BEC) fuel charge decreased by 3.6% in November over the previous month, to 26.71¢ per kilowatt hour (kWh). However, on a year-on-year basis, the fuel charge was still higher by 5.6%.

The fiscal deficit deteriorated over the first quarter of FY2014/15, by $54.1 million (55.9%) to $150.9 million, associated with a $65.3 million (16.3%) hike in aggregate expenditure, to $467.4 million, which outpaced an $11.2 million (3.7%) rise in total receipts to $316.5 million. Current outlays grew by $26.3 million (7.3%) to $387.0 million, the bulk of which was accounted for by transfer payments ($23.4 million or 15.4%), owing to broad-based gains in interest payments, subsidies and transfers to various entities. In addition, wages & salaries firmed by $11.1 million (7.4%); however, purchases of goods & services fell by $8.3 million (14.3%), due to a timing-related contraction in payments for contractual services. Capital expenditures almost doubled, to $60.3 million, as the acquisition of the new ships for the Defence Force explained a four-fold rise in asset acquisitions, to $18.4 million, and infrastructure-related spending was higher by $15.4 million (58.3%). Net lending to public corporations also grew by $9.0 million to $20.1 million. The expansion in revenue was led by a $6.8 million (2.5%) gain in tax receipts to $278.5 million, as taxes on international trade and business & professional fees advanced by $4.8 million each, and overshadowed declines in selective taxes on services ($1.0 million) and other "miscellaneous" taxes ($1.6 million). Non-tax receipts rose marginally, by $1.4 million (4.1%) to $34.9 million, linked to a $1.5 million (5.0%) gain in fines, forfeits & administrative fees, while capital revenue of $3.0 million was also obtained from the sale of a Government asset, versus a negligible amount in the prior period.

## 2. International Developments

During the review period, the global economy sustained its moderate upward trajectory, although the pace of growth varied significantly among the major markets. Conditions within the United States continued to improve, with the recent sharp decline in crude oil prices contributing to higher consumer spending, while China's export-driven economy expanded at a moderate rate. However, weak fundamentals persisted in Europe, as several countries' economies remained lacklustre. As a result of these developments, the major central banks retained their highly accommodative monetary policy stance and, in some instances, pursued additional stimulus measures.

Preliminary economic indicators for the United States suggest that the economy strengthened, as retail sales firmed by an additional 0.7% in November, following a 0.5% uptick in the previous month. In addition, the trade deficit narrowed by $0.2 billion to $43.4 billion in October, occasioned by a 1.2% capital goods-led rise in exports which exceeded the 1.0% advance in imports of mainly vehicles and auto parts. On the contrary, activity in the real estate sector showed increasing weakness. The 1.6% fall-off in housing starts extended October's 2.8% reduction, and the forward looking indicator, building permits issued, contracted by 5.2%, to reverse the prior months' 4.8% expansion. Labour market conditions posted gains, as non-farm payrolls increased by 321,000—the highest level in three years—and the unemployment rate steadied at 5.8%. Declining energy prices supported a softening in inflation, to 1.3% from 1.7% in October. Given the on-going recovery in the job market and increased capacity utilisation, the Federal Reserve decided to end its five-year asset purchase programme, although maintaining its key interest rate at a record low of 0.00%-0.25%.

European economies remained mired in an environment of slow to stagnant growth. Industrial production in the United Kingdom fell marginally by 0.1% in October, a reversal from the prior month's 0.6% advance, reflecting a decline in the output of electrical products, pharmaceuticals and chemicals. External sector developments, however, were more favourable, with the trade deficit narrowing by £0.8 billion month-on-month to £2.0 billion, owing to a £0.2 billion gain in exports and a £0.6 billion reduction in imports. Heightened purchases of non-food items and automotive fuel in the euro area occasioned a 0.4% expansion in retail trade in October, vis-a-vis a 1.2% falloff in the previous month. However, growth in industrial production slowed to 0.1% from 0.5% in September and the unemployment rate stabilized at an elevated 11.5%. The inflation rate fell slightly to 0.3% in November, from 0.4% a month earlier. Given the on-going challenges within the region, the Bank of England kept its key interest rate at an historic low of 0.5% and maintained its £375 billion asset purchase programme, in a bid to stimulate growth. Similarly, the European Central Bank left its key policy rates unchanged and also decided to implement a €1 trillion liquidity injection programme.

Developments within Asian economies were mainly positive during the review period. In China, the trade surplus expanded by US$9.1 billion to US$54.5 billion in November, month-on-month, as lower prices for crude oil and other commodities contributed to a 2.7% decline in the import bill, while exports firmed by 2.3%. The rate of increase in average consumer prices slowed to 1.4% in November—the lowest rate in five years—from 1.6% a month earlier, due mainly to reduced costs for tobacco & liquor and transportation & communication services. Japan's economy continued to face significant headwinds, following two successive quarters of negative growth. The rate of expansion in industrial output slackened to a mere 0.2% in October from 2.7% a month earlier, and gains in retail sales also weakened to 1.4% from 2.3% in September. In a modest offset, the trade deficit narrowed by ¥227.2 billion to ¥736.9 billion in October, as the weakening Yen led to exports expanding by 4.8%—the fastest pace in eight months—overshadowing the 1.1% increase in imports. The unemployment rate was relatively unchanged at 3.5%, while reduced costs for food, fuel, light and water contributed to a 0.3% decline in consumer prices. In light of the prevailing economic conditions, the People's Bank of China provided further stimulus to the economy, lowering the benchmark one-year lending and deposit rates, by 40 and 25 basis points, respectively, to 5.60% and 2.75%, while the Bank of Japan maintained its ¥80 trillion "quantitative easing" programme.

Buoyed by OPEC's decision not to cut crude oil production in the face of increased supply from North American shale gas regions, along with relatively weak global demand, the price of crude oil plunged by 13.7% to $74.40 per barrel in November—the lowest level since May 2010. In other commodity markets, the appreciation in the US dollar contributed to a decrease in the cost of precious metals. Both gold and silver prices moved lower, by 0.5% and 4.3%, to $1,167.41 and $15.46 per troy ounce, respectively.

In November, equity markets reported broad-based gains, supported by central banks' stimulus measures. In Asia, China's SE Composite sustained its six-month rally, growing by an additional 10.7%, and Japan's Nikkei advanced by 6.4% during the month. Both the United States' Dow Jones Industrial Average (DJIA) and the S&P 500 indices strengthened by 2.5%, on account of elevated values for consumer companies' stocks. European bourses also registered improvements, with Germany's DAX expanding by 7.0%, while more muted increases were noted for France's CAC 40 and United Kingdom's FTSE 100, of 3.7% and 2.7%, respectively.

In foreign currency developments, the United States dollar strengthened relative to the other major currencies for a second consecutive month. The most significant appreciation occurred vis-à-vis the Japanese Yen, of 5.6% to ¥118.63 and more modest gains were noted versus the British pound and Canadian dollar, of 2.3% to £0.6392, and 1.3%, to CAD$1.1415, respectively. In addition, the dollar rose marginally against the euro (by 0.6% to €0.8031), the Chinese Yuan (by 0.5% to CNY6.1431) and the Swiss Franc (by 0.3%, to CHF0.9653).

## 3. Domestic Monetary Trends
## November 2014 vs. 2013

Buoyed by an increase in Central Bank financing to the Government, banks' excess reserves—a narrow measure of liquidity—grew by $56.2 million to $531.7 million, which was in line with the year-earlier $57.5 million build-up. The broader excess liquid assets also firmed by $21.0 million to $1,158.0 million, following an $18.9 million gain in the comparable period of 2013.

Amid the ongoing demand for foreign currency to facilitate current payments, external reserves contracted by $24.3 million to $744.1 million at end-November, relative to a $7.2 million decline in the prior year. In the underlying transactions, the Central Bank's net position with the public sector was reversed, from an $8.9 million net purchase a year earlier, when Government received proceeds from a US$50 million short-term bridging facility to purchase new Defense Force vessels, to a net sale of $45.4 million. In a partial offset, the Bank's net transactions with commercial banks netted a $20.0 million intake, compared with last year's $18.5 million net sale. This position was supported by the banks' net acquisition of $23.7 million from their customers, in contrast to a net sale of $22.5 million in 2013.

Reflecting the impact of the transfer of $100 million in one bank's non-performing loans to the Government entity "Bahamas Resolve Limited", Bahamian dollar credit within the banking sector fell by $46.0 million, vis-à-vis a $5.4 million advance in 2013. In terms of the components, claims on the private sector were reduced by $94.2 million, compared to a slight $6.8 million increase last year, explained by declines in commercial ($49.4 million), mortgage ($41.1 million) and consumer ($3.7 million) loans. Further, credit to the public corporations softened by $0.8 million, following a $1.7 million increase in 2013. In contrast, net claims on the Government strengthened by $49.0 million, a turnaround from last year's $3.0 million falloff.

In November, banks' credit quality indicators improved modestly, as total private sector loan arrears declined by $8.3 million (0.7%) to $1,278.0 million, with the corresponding ratio of arrears to total loans narrowing by 19 basis points to 21.2%. In terms of the average age of delinquencies, the short-term (31-90 day) segment fell by $21.8 million (6.5%) to $313.8 million and by 37 basis points to 5.2% of total loans. In a modest offset, the non-performing loan category—arrears in excess of 90 days and on which banks have stopped accruing interest—continued its upward trajectory, firming by $13.4 million (1.4%) to $964.2 million, and by 19 basis point to 16.0% of total loans.

The improvement in delinquencies was mainly due to a decline in the consumer category, by $7.2 million (2.3%), as a $10.0 million (9.8%) contraction in the short-term segment countered a $2.8 million (1.3%) gain in non-performing loans. Similarly, commercial loan arrears fell by $5.6 million (2.1%), underpinned by a $6.0 million (12.0%) decrease in short-term delinquencies, which offset a marginal $0.3 million (0.2%) uptick in the non-accrual component. In contrast, mortgage arrears moved higher by $4.5 million (0.6%), as the $10.3 million (2.0%) expansion in non-performing loans eclipsed the $5.8 million (3.2%) reduction in short-term delinquencies.

In November, banks increased their loan loss provisions by $3.5 million (0.7%) to $498.9 million, resulting in the ratio of provisions to arrears growing by 53 basis points to 39.0%. However, with the gain in the non-accrual segment, the ratio of provisions to non-performing loans narrowed by 0.4 of a percentage point to 51.7%. Banks also wrote-off approximately $3.0 million in overdue loans and recovered $1.8 million in delinquencies.

Growth in domestic foreign currency credit moderated to a mere $5.3 million from $38.8 million in the corresponding period of 2013. In the underlying developments, accretions to net claims on the Government slowed to $9.2 million, vis-à-vis $48.1 million last year, when the Government secured a bridging loan facility. Public corporations' liabilities fell further by $3.6 million, following a $3.0 million reduction in the prior period. In a modest offset, the decline in credit to the private sector slowed to $0.2 million from $9.6 million a year ago, as the decrease in mortgage lending was partly offset by growth in commercial loans.

Total Bahamian dollar deposits expanded by $30.1 million, reversing the year-earlier $26.8 million drawdown. Inclusive of the reclassification of balances from savings to demand by one institution, demand deposits increased by $149.8 million compared to the prior period's $11.6 million decrease, while savings deposits contracted by $80.6 million, a reversal from the $9.2 million accretion a year ago. Further, the falloff in fixed deposits accelerated by $14.8 million to $39.2 million.

In interest rate developments, the weighted average deposit rate at banks firmed by 12 basis points to 1.24%, with the highest rate of 5.00% offered on balances of over 12 months. Similarly, the weighted average loan rate advanced by 74 basis points to 12.76%.

## 4. Outlook and Policy Implications

The domestic economy is poised to sustain its upward trajectory over the remainder of the year, with the potential for further strengthening in the first half of 2015, as sustained growth in the United States' market and the phased opening of the Baha Mar resort support gains in the tourism sector. In addition, continued work on a number of foreign investment projects should provide ongoing support for near-term construction activity, and contribute to a gradual improvement in employment conditions. Consumer price inflation is expected to firm modestly from its relatively low base, after the implementation of the Value Added Tax (VAT) on January 1st; however, the recent sharp reduction in global oil prices could provide a partial counterweight to this development.

The implementation of the VAT will dominate fiscal developments in the near term. As the cornerstone of Government's plans to raise additional revenues, by broadening the tax base, the new regime is anticipated to lead to an improvement in the fiscal deficit and corresponding debt indicators, over the medium term.

Expectations are that the domestic banking sector will feature elevated liquidity levels for an extended period, as private sector credit growth remain relatively subdued, in the face of high levels of arrears, institutions' conservative lending practises, and the moderate uptrend in economic activity. In addition, banks' capital levels are likely to remain well in excess of regulatory requirements—particularly after Government's recent measures to restore the capital position of one institution—thereby promoting the stability of the financial sector. Amid the anticipated gains in tourism activity and lower fuel costs, the opportunities for external reserve rebuilding in the first six months of the year should be enhanced, although the outturn will depend on the strength of consumer import demand and other outflows related to profit remittances.

In light of these conditions, the Central Bank will maintain its neutral monetary policy stance and continue to monitor both domestic international developments, to determine the need for a change in policy stance.

# Recent Monetary and Credit Statistics

(B$ Millions)

| | NOVEMBER | | | | | |
|---|---|---|---|---|---|---|
| | Value | | Change | | Change YTD | |
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| **1.0 LIQUIDITY & FOREIGN ASSETS** | | | | | | |
| 1.1 Excess Reserves | 440.62 | 531.72 | 57.46 | 56.16 | -9.40 | 130.01 |
| 1.2 Excess Liquid Assets | 1,112.18 | 1,158.00 | 18.88 | 21.04 | 140.70 | 73.10 |
| 1.3 External Reserves | 677.80 | 744.09 | -7.17 | -24.25 | -134.30 | 4.32 |
| 1.4 Bank's Net Foreign Assets | -586.85 | -493.50 | -40.07 | 8.82 | 34.93 | 193.51 |
| 1.5 Usable Reserves | 205.59 | 241.65 | -37.74 | -36.54 | -142.69 | -4.70 |
| **2.0 DOMESTIC CREDIT** | | | | | | |
| ***2.1 Private Sector*** | ***6,537.12*** | ***6,376.02*** | ***-2.78*** | ***-94.41*** | ***-79.24*** | ***-153.18*** |
| a. B$ Credit | 6,149.25 | 6,033.64 | 6.77 | -94.18 | -71.22 | -110.98 |
| of which: Consumer Credit | 2,108.18 | 2,139.71 | 7.38 | -3.74 | -12.66 | 27.74 |
| Mortgages | 3,111.87 | 3,107.40 | -2.79 | -41.08 | 8.81 | 6.84 |
| Commercial and Other Loans B$ | 929.20 | 786.53 | 2.18 | -49.36 | -67.37 | -145.56 |
| b. F/C Credit | 387.86 | 342.38 | -9.55 | -0.23 | -8.01 | -42.19 |
| of which: Mortgages | 142.41 | 123.20 | -10.09 | -1.50 | -2.33 | -19.04 |
| Commercial and Other Loans F/C | 245.45 | 219.17 | 0.54 | 1.27 | -5.69 | -23.15 |
| ***2.2 Central Government (net)*** | ***1,963.34*** | ***2,132.98*** | ***45.12*** | ***58.18*** | ***369.94*** | ***171.53*** |
| a. B$ Loans & Securities | 2,066.22 | 2,344.80 | 11.55 | 96.80 | 349.48 | 320.63 |
| Less Deposits | 150.60 | 209.88 | 14.57 | 47.77 | 28.48 | 23.84 |
| b. F/C Loans & Securities | 50.00 | 0.00 | 50.00 | 0.00 | 50.00 | -125.00 |
| Less Deposits | 2.28 | 1.94 | 1.86 | -9.15 | 1.06 | 0.26 |
| ***2.3 Rest of Public Sector*** | ***393.03*** | ***369.29*** | ***-1.34*** | ***-4.44*** | ***-14.01*** | ***-31.10*** |
| a. B$ Credit | 121.63 | 96.62 | 1.69 | -0.83 | 2.77 | -29.96 |
| b. F/C Credit | 271.41 | 272.68 | -3.03 | -3.61 | -16.79 | -1.14 |
| ***2.4 Total Domestic Credit*** | ***8,896.75*** | ***8,878.38*** | ***44.19*** | ***-40.64*** | ***279.39*** | ***-13.86*** |
| a. B$ Domestic Credit | 8,186.50 | 8,265.18 | 5.43 | -45.97 | 251.99 | 155.85 |
| b. F/C Domestic Credit | 710.25 | 613.20 | 38.75 | 5.33 | 27.40 | -169.71 |
| **3.0 DEPOSIT BASE** | | | | | | |
| 3.1 Demand Deposits | 1,414.72 | 1,724.59 | -11.61 | 149.81 | 56.76 | 289.87 |
| a. Central Bank | 11.74 | 5.40 | -8.10 | -4.11 | -0.34 | -3.01 |
| b. Banks | 1,402.98 | 1,719.19 | -3.50 | 153.92 | 57.10 | 292.88 |
| 3.2 Savings Deposits | 1,101.23 | 1,099.90 | 9.23 | -80.57 | 33.55 | -11.38 |
| 3.3 Fixed Deposits | 3,344.97 | 3,221.80 | -24.41 | -39.18 | -77.24 | -96.98 |
| 3.4 Total B$ Deposits | 5,860.91 | 6,046.29 | -26.79 | 30.06 | 13.07 | 181.51 |
| 3.5 F/C Deposits of Residents | 284.52 | 261.71 | 2.39 | 8.12 | 61.38 | 10.73 |
| ***3.6 M2*** | ***6,062.30*** | ***6,260.42*** | ***-26.88*** | ***32.63*** | ***9.31*** | ***182.75*** |
| ***3.7 External Reserves/M2 (%)*** | ***11.18*** | ***11.89*** | ***-0.07*** | ***-0.45*** | ***-2.24*** | ***-0.29*** |
| ***3.8 Reserves/Base Money (%)*** | ***75.93*** | ***76.57*** | ***-6.05*** | ***-4.85*** | ***-14.01*** | ***-3.41*** |
| ***3.9 External Reserves/Demand Liabilites (%)*** | ***71.77*** | ***74.05*** | ***-5.78*** | ***-4.33*** | ***-15.78*** | ***-0.92*** |

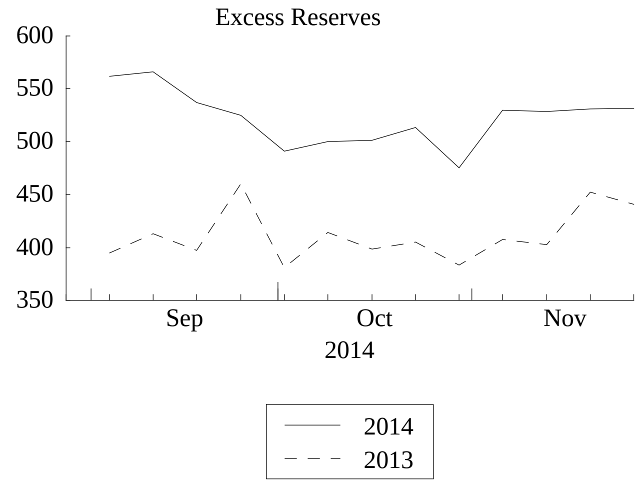
| | Value | | Year to Date | | Change | |
|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2013 | 2014 | Month | *YTD* |
| **4.0 FOREIGN EXCHANGE TRANSACTIONS** | | | | | | |
| ***4.1 Central Bank Net Purchase/(Sale)*** | ***-9.66*** | ***-25.36*** | ***-148.77*** | ***-4.82*** | ***-15.70*** | ***143.95*** |
| a. Net Purchase/(Sale) from/to Banks | -18.52 | 20.00 | 35.76 | 199.45 | 38.52 | 163.69 |
| i. Sales to Banks | 29.70 | 3.00 | 305.88 | 221.10 | -26.70 | -84.78 |
| ii. Purchases from Banks | 11.18 | 23.00 | 341.64 | 420.56 | 11.82 | 78.92 |
| b. Net Purchase/(Sale) from/to Others | 8.86 | -45.36 | -184.54 | -204.28 | -54.22 | -19.74 |
| i. Sales to Others | 69.58 | 70.60 | 615.78 | 808.31 | 1.02 | 192.53 |
| ii. Purchases from Others | 78.45 | 25.24 | 431.25 | 604.03 | -53.21 | 172.78 |
| ***4.2 Banks Net Purchase/(Sale)*** | ***-22.51*** | ***23.67*** | ***31.97*** | ***211.08*** | ***46.18*** | ***179.11*** |
| a. Sales to Customers | 310.66 | 300.63 | 3,387.48 | 3,418.99 | -10.03 | 31.51 |
| b. Purchases from Customers | 288.15 | 324.30 | 3,419.45 | 3,630.07 | 36.15 | 210.62 |
| ***4.3 B$ Position (change)*** | ***-0.53*** | ***-17.24*** | | | | |
| **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*** |

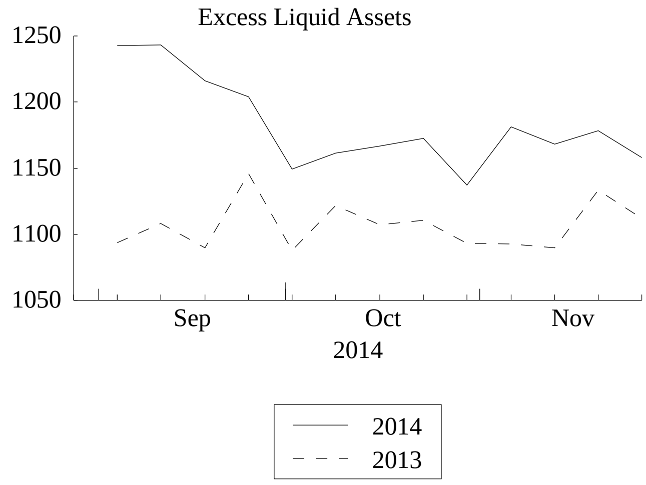
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending:NOVEMBER 27, 2013 and NOVEMBER 26, 2014
Exchange Control Sales figures are as at month end.

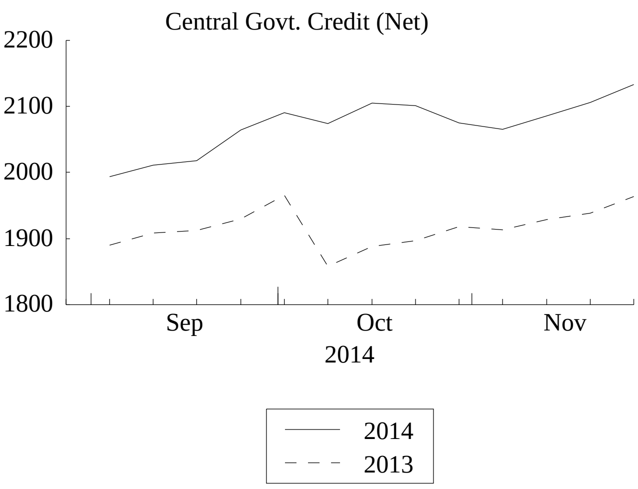
Notes: 1.0, 2.0 and 3.0 YTD change reflects change of current month over previous year end; for 4.0 and 5.0 change is over corresponding period of previous year.

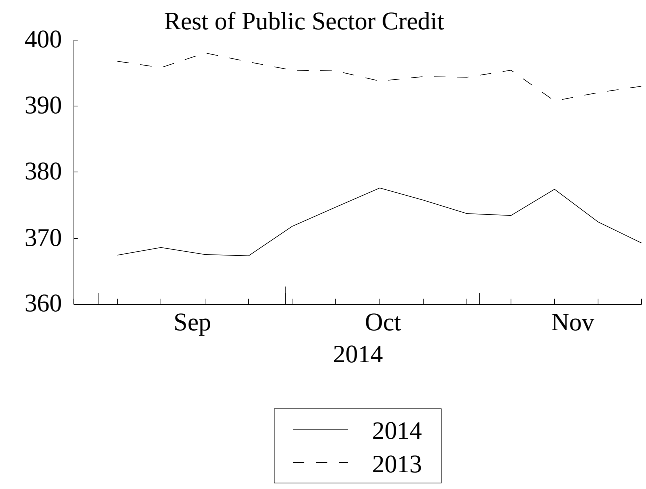
# SELECTED MONEY AND CREDIT INDICATORS

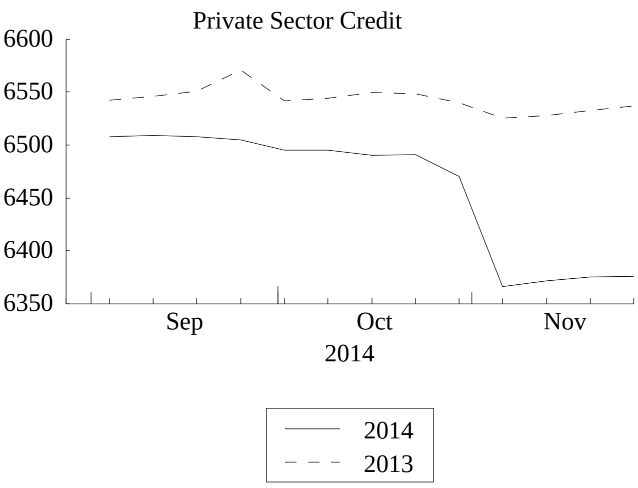
(B$ Millions)

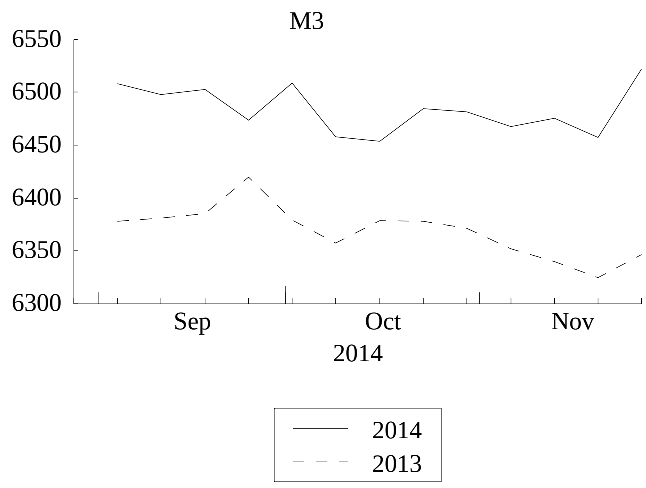


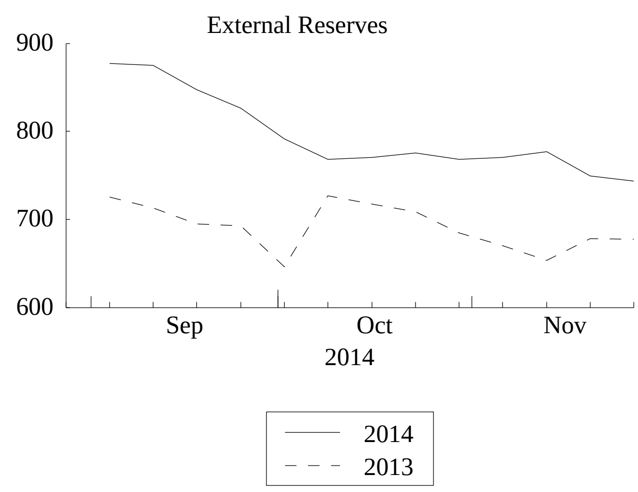



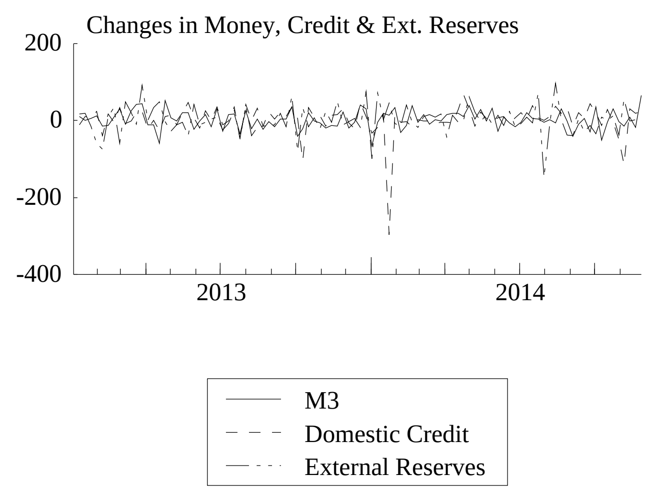



## Selected International Statistics

| 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 from* | **CBOB** | **ECB (EU)** | **Federal Reserve (US)** | | **Bank of England** |
| | **Bank Rate** | **Refinancing Rate** | **Primary Credit Rate** | **Target Funds Rate** | **Repo Rate** |
| November 2012 | 4.50 | 0.75 | 0.75 | 0-0.25 | 0.50 |
| 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 |

## Selected International Statistics

| C. Selected Currencies (Per United States Dollars) | | | | | | |
|---|---|---|---|---|---|---|
| **Currency** | **Nov-13** | **Oct-14** | **Nov-14** | **Mthly % Change** | **YTD % Change** | **12-Mth% Change** |
| Euro | 0.7358 | 0.7985 | 0.8031 | 0.58 | 10.37 | 9.15 |
| Yen | 102.44 | 112.32 | 118.63 | 5.62 | 12.65 | 15.80 |
| Pound | 0.6109 | 0.6251 | 0.6392 | 2.25 | 5.82 | 4.62 |
| Canadian $ | 1.0615 | 1.1267 | 1.1415 | 1.31 | 7.46 | 7.54 |
| Swiss Franc | 0.9065 | 0.9627 | 0.9653 | 0.27 | 8.19 | 6.49 |
| Renminbi | 6.0919 | 6.1133 | 6.1431 | 0.49 | 1.44 | 0.84 |
| *Source: Bloomberg as of November 30, 2014* | | | | | | |

| D. Selected Commodity Prices ($) | | | | | |
|---|---|---|---|---|---|
| **Commodity** | **November 2013** | **October 2014** | **November 2014** | **Mthly % Change** | **YTD % Change** |
| Gold / Ounce | 1253.49 | 1172.94 | 1167.41 | -0.47 | -3.17 |
| Silver / Ounce | 19.99 | 16.16 | 15.46 | -4.32 | -20.59 |
| Oil / Barrel | 111.10 | 86.50 | 74.40 | -13.74 | -33.33 |
| *Source: Bloomberg as of November 30, 2014* | | | | | |

| E. Equity Market Valuations – November 30, 2014 (% chg) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **BISX** | **DJIA** | **S&P 500** | **FTSE 100** | **CAC 40** | **DAX** | **Nikkei 225** | **SE** |
| 1 month | 1.29 | 2.52 | 2.45 | 2.69 | 3.71 | 7.01 | 6.37 | 10.85 |
| 3 month | 4.88 | 4.27 | 3.20 | -1.42 | 0.21 | 5.39 | 13.19 | 21.00 |
| YTD | 10.88 | 7.55 | 11.86 | -0.39 | 2.19 | 4.49 | 7.17 | 26.79 |
| 12-month | 14.35 | 10.83 | 14.49 | 1.08 | 2.21 | 6.12 | 11.48 | 20.82 |
| *Sources: Bloomberg and BISX* | | | | | | | | |

| F: Short Term Deposit Rates in Selected Currencies (%) | | | |
|---|---|---|---|
| | **USD** | **GBP** | **EUR** |
| **o/n** | 0.13 | 0.40 | 0.08 |
| **1 Month** | 0.19 | 0.50 | 0.06 |
| **3 Month** | 0.27 | 0.55 | 0.04 |
| **6 Month** | 0.40 | 0.70 | 0.13 |
| **9 Month** | 0.53 | 0.85 | 0.20 |
| **1 year** | 0.73 | 1.01 | 0.28 |
| *Source: Bloomberg as of November 30, 2014* | | | |

## *SUMMARY ACCOUNTS OF THE CENTRAL BANK*

***(B$ Millions)***

| | VALUE | | | | | | | | | CHANGE | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Oct. 01** | **Oct. 08** | **Oct. 15** | **Oct. 22** | **Oct. 29** | **Nov. 05** | **Nov. 12** | **Nov. 19** | **Nov. 26** | **Oct. 01** | **Oct. 08** | **Oct. 15** | **Oct. 22** | **Oct. 29** | **Nov. 05** | **Nov. 12** | **Nov. 19** | **Nov. 26** |
| ***I. External Resrves*** | ***791.65*** | ***768.16*** | ***770.90*** | ***775.33*** | ***768.34*** | ***770.85*** | ***777.43*** | ***749.82*** | ***744.09*** | ***-34.69*** | ***-23.49*** | ***2.74*** | ***4.43*** | ***-6.98*** | ***2.51*** | ***6.59*** | ***-27.61*** | ***-5.74*** |
| ***II. Net Domestic Assets (A + B + C + D)*** | ***-43.54*** | ***-10.92*** | ***-12.79*** | ***-4.95*** | ***-35.92*** | ***15.44*** | ***7.25*** | ***37.33*** | ***13.88*** | ***0.83*** | ***32.62*** | ***-1.87*** | ***7.84*** | ***-30.96*** | ***51.36*** | ***-8.19*** | ***30.08*** | ***-23.45*** |
| ***A. Net Credit to Gov't( i + ii + iii - iv)*** | ***483.75*** | ***504.87*** | ***504.38*** | ***499.15*** | ***496.10*** | ***533.01*** | ***532.87*** | ***550.75*** | ***567.06*** | ***18.72*** | ***21.12*** | ***-0.50*** | ***-5.22*** | ***-3.06*** | ***36.91*** | ***-0.14*** | ***17.88*** | ***16.32*** |
| 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 | 240.14 | 260.15 | 260.17 | 260.05 | 260.00 | 294.99 | 294.74 | 314.53 | 314.33 | -0.23 | 20.01 | 0.02 | -0.12 | -0.05 | 34.99 | -0.26 | 19.79 | -0.20 |
| iii) Treasury Bills | 126.46 | 126.46 | 126.46 | 126.46 | 126.46 | 128.55 | 128.55 | 128.55 | 143.52 | 18.96 | 0.00 | 0.00 | 0.00 | 0.00 | 2.09 | 0.00 | 0.00 | 14.98 |
| iv) Deposits | 17.50 | 16.39 | 16.91 | 22.01 | 25.02 | 25.19 | 25.07 | 26.99 | 25.44 | 0.02 | -1.11 | 0.52 | 5.10 | 3.00 | 0.18 | -0.12 | 1.91 | -1.54 |
| ***B. Rest of Public Sector (Net) (i + ii - iii)*** | ***-7.65*** | ***-10.08*** | ***-11.29*** | ***-4.97*** | ***-5.36*** | ***-4.46*** | ***-17.83*** | ***-2.84*** | ***-1.25*** | ***-0.89*** | ***-2.43*** | ***-1.20*** | ***6.32*** | ***-0.39*** | ***0.89*** | ***-13.37*** | ***14.99*** | ***1.59*** |
| 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 | 11.80 | 14.23 | 15.44 | 9.12 | 9.51 | 8.61 | 21.98 | 6.99 | 5.40 | 0.89 | 2.43 | 1.20 | -6.32 | 0.39 | -0.89 | 13.37 | -14.99 | -1.59 |
| ***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)**** | ***-519.64*** | ***-505.71*** | ***-505.88*** | ***-499.14*** | ***-526.65*** | ***-513.10*** | ***-507.79*** | ***-510.58*** | ***-551.94*** | ***-17.00*** | ***13.93*** | ***-0.17*** | ***6.74*** | ***-27.52*** | ***13.55*** | ***5.31*** | ***-2.79*** | ***-41.36*** |
| ***III. Monetary Base*** | ***748.11*** | ***757.24*** | ***758.11*** | ***770.37*** | ***732.42*** | ***786.29*** | ***784.68*** | ***787.15*** | ***757.96*** | ***-33.86*** | ***9.13*** | ***0.87*** | ***12.27*** | ***-37.95*** | ***53.86*** | ***-1.61*** | ***2.47*** | ***-29.19*** |
| A. Currency in Circulation | 115.86 | 120.18 | 124.92 | 115.97 | 120.73 | 121.84 | 126.80 | 120.97 | 118.92 | -7.77 | 4.32 | 4.74 | -8.95 | 4.76 | 1.10 | 4.96 | -5.82 | -2.06 |
| B. Bank Balances with CBOB | 632.25 | 637.06 | 633.18 | 654.40 | 611.69 | 664.45 | 657.88 | 666.18 | 639.05 | -26.09 | 4.81 | -3.87 | 21.22 | -42.71 | 52.76 | -6.57 | 8.29 | -27.13 |

* 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 | | | | | | | | | | | | | | | | | | | | | 216.8 | 212.3 |
| *% change; over previous month* | *8.1%* | *-3.9%* | *-7.6%* | *-19.7%* | | | | | | | | | | | | | | | | | | | | | *6.11%* | *-2.08%* |
| 2. Import/Excise Duties | 44.0 | 48.4 | 49.7 | 46.9 | | | | | | | | | | | | | | | | | | | | | 93.7 | 95.3 |
| *% change; over previous month* | *-9.3%* | *4.0%* | *12.9%* | *0.0%* | | | | | | | | | | | | | | | | | | | | | *-4.94%* | *1.70%* |
| 3. Recurrent Expenditure | 122.9 | 131.9 | 112.9 | 128.3 | | | | | | | | | | | | | | | | | | | | | 235.8 | 260.3 |
| *% change; over previous month* | *-19.1%* | *74.0%* | *-8.2%* | *-2.7%* | | | | | | | | | | | | | | | | | | | | | *-2.26%* | *10.36%* |
| 4. Capital Expenditure | 4.5 | 9.8 | 16.8 | 21.5 | | | | | | | | | | | | | | | | | | | | | 21.3 | 31.3 |
| *% change; over previous month* | *-90.6%* | *-44.4%* | *273.5%* | *119.6%* | | | | | | | | | | | | | | | | | | | | | *-45.48%* | *46.80%* |
| 5. Deficit/Surplus* | -15.7 | -25.1 | -28.2 | -62.3 | | | | | | | | | | | | | | | | | | | | | -43.9 | -87.4 |
| *% change; over previous month* | *-84.5%* | *-245.7%* | *78.9%* | *148.7%* | | | | | | | | | | | | | | | | | | | | | *-46.41%* | *98.96%* |

| | 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 | 2012 | 2013 |
| 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 | | |
| *% 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%* | | |
| 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 | | |
| *% 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%* | | |
| 8. Internal F/C Debt | 0.0 | 3,520.7 | 0.0 | 3,530.7 | 0.0 | 3,530.7 | 0.0 | 3,645.7 | 0.0 | 3,665.7 | 0.0 | 3,670.7 | 0.0 | 3,721.6 | 0.0 | 3,731.6 | 0.0 | 3,859.7 | 0.0 | 0.0 | 50.0 | 0.0 | | |
| *% change; over previous month* | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 | | |
| *% 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%* | | |
| 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 | | |
| *% 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 | 5,831.7 | 1,894.6 | 5,844.9 | 1,902.3 | 5,849.9 | 1,898.5 | 5,958.7 | 1,910.1 | 5,977.7 | 1,911.5 | 5,984.1 | 1,907.9 | 6,038.9 | 1,915.0 | 6,048.9 | 2,024.1 | 6,181.3 | 2,017.3 | 2,390.3 | 2,072.4 | 2,389.0 | | |
| *% change; over previous month* | *0.1%* | *172.7%* | *0.2%* | *0.2%* | *0.4%* | *0.1%* | *-0.2%* | *1.9%* | *0.6%* | *0.3%* | *0.1%* | *0.1%* | *-0.2%* | *0.9%* | *0.4%* | *0.2%* | *5.7%* | *2.2%* | *-67.4%* | *18.5%* | *-13.3%* | *15.3%* | | |

| | JAN | | FEB | | MAR | | APR | | MAY | | JUN | | JUL | | AUG | | SEP | | OCT | | | | | | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Real Sector Indicators** | 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 | | | | | 106.3 | 107.7 |
| *% change; over previous month* | *0.22%* | *0.82%* | *-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%* | | | | | *0.28%* | *1.34%* |
| 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 | | | | | | | | | | | | | 43.27 | 46.66 |
| *% change; over previous qtr.* | | | | | *18.95%* | *18.65%* | | | | | *-8.2%* | *-37.0%* | | | | | | | | | | | | | *-12.98%* | *7.83%* |

* Includes Net Lending to Public Corporations

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

p - provisional