Release Date: 03 December 2014

Monthly Economic and Financial Developments
October 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:

2014: December 22.

Monthly Economic and Financial Developments
October 2014

1. Domestic Economic Developments

Preliminary evidence suggests that the domestic economy maintained a mildly positive growth momentum during the month of October, reflecting modest gains in the high value-added stopover segment of the tourism sector and stable contributions to construction output from foreign investment activities. In other real sector developments, consumer price inflation for the twelve months to October trended upwards, notwithstanding a decline in the energy component, and there was no significant change in employment conditions. The fiscal situation featured a widening in the overall deficit during the first two months of FY2014/15, based on increased current outlays and a marginal fall-off in revenue receipts. On the monetary side, both bank liquidity and external reserves contracted, amid the seasonal increase in foreign currency demand to facilitate current payments.

Initial reports suggest that tourism output improved in October, as hotels reported higher occupancy levels over the prior year. Data from the Bahamas Hotel Association and Ministry of Tourism, covering a sample of twelve (12) major hotel properties on New Providence, showed an 8.9 percentage point gain in the average occupancy rate, to 52.9%. There was a modest reduction in room inventory, due to the closure of one hotel property for renovations, while the average daily room rate firmed by 4.1% ($6.53) to $167.58 per night. Together, these developments supported a 22.0% improvement in room revenue in October, relative to the same period last year.

For the year to October, the Retail Price Index for All Bahamas firmed by 0.9 of a percentage point to 1.3%, led by an acceleration in average price gains for alcohol beverages, tobacco & narcotics, to 7.6% from 2.7% in the comparable 2013 period. In addition, recreation & culture and communication costs advanced by 4.0% and 0.6%, a turnaround from respective declines of 0.7% and 3.5% a year earlier. Average prices also rose for transportation (3.8 percentage points to 4.0%), miscellaneous goods & services (1.9 percentage points to 2.3%) and food & non-alcoholic beverages (1.0 percentage point to 1.8%). More moderate cost increases, of less than 1.0 percentage point, were recorded for medical care & health, education, and furnishing, household equipment & routine household maintenance. Some offsets were provided by the easing in inflation for restaurant & hotels, to 2.2% from 3.2%, and the decline in average prices for clothing & footwear and housing, water, gas, electricity & other fuels—the most heavily weighted item on the index—by 0.8% and 0.6%, a reversal from respective gains of 0.8% and 0.1% in 2013.

The central Government's overall deficit for the first two months of FY2014/15 nearly doubled, by $43.4 million to $87.4 million. This reflected a timing-related increase in aggregate expenditure, of $38.9 million (14.9%) to $299.6 million, coupled with a marginal falloff in total revenue of $4.5 million (2.1%) to $212.3 million. Tax collections contracted by $10.4 million (5.3%) to $185.8 million, explained by a $9.5 million (9.5%) decrease in non-trade related taxes, as other "non-allocated" and property taxes fell, by $8.9 million (34.9%) and $7.8 million (52.1%), respectively. In a modest offset, non-tax revenue grew by $2.9 million (14.1%) to $23.5 million, due mainly to a $2.0 million (10.6%) gain in fines, forfeits & administrative fees. In terms of spending, current outlays rose by $24.4 million (10.4%) to $260.3 million, as higher interest obligations boosted transfers, by $23.5 million (24.1%) to $121.0 million. Capital spending was up, by $10.0 million (46.8%) to $31.3 million, associated with a $5.7 million (29.9%) expansion in infrastructure-related outlays and an almost three-fold timing-related rise in asset acquisitions, to $6.6 million. Government also increased its support to public entities, by $4.5 million to $8.1 million.

2. International Developments

The global economy continued to face significant headwinds over the review period, as the euro area remained weak and a hike in sales taxes precipitated Japan's sliding back into recession in the third quarter. However, the United States sustained its positive growth trajectory, and real GDP in China continued to expand at a brisk pace. Against this backdrop, most of the major central banks retained their highly accommodative monetary policy stance.

In the United States, indications are that real GDP expanded by an annualized 3.9% in the third quarter, following a 4.6% advance in the prior three-month period. Key contributions were provided by gains in personal spending and exports, along with a modest fall in imports. With the recent sharp decline in fuel prices boosting consumer discretionary spending, monthly retail sales grew by 0.3% in October, in a turnaround from a decrease of similar magnitude in the prior month; however, industrial production moved lower by 0.1%, to reverse a 0.8% gain in September. Leading indicators of housing market activity were mixed, with the more forward-looking building permits increasing by 4.8%, while worsening weather conditions contributed to a reduction in residential starts and completions, by 2.8% and 8.8%, respectively. In the external sector, the monthly trade deficit expanded by $3.0 billion to $43.0 billion in September, explained by a combination of higher imports and a falloff in exports. In addition, conditions in the labour market continued to improve gradually, as 214,000 non-farm payroll jobs were added, leading to a 10 basis point narrowing in the unemployment rate, to 5.8%, in October—the lowest level since the onset of the global recession. Average consumer prices were unchanged in October, with reductions in energy prices offsetting increased costs for housing. In monetary developments, the Federal Reserve concluded its six year-long extraordinary asset purchase programme in October, but maintained its benchmark interest rate within the 0.00%-0.25% range.

Economic developments in Europe were mixed, with the United Kingdom's real output growth slowing to 0.7% in the third quarter from 0.9% in the prior three-month period, reflecting softness in the manufacturing and services sectors. However, retail sales expanded by 0.8% in October, a reversal from a 0.3% decrease in the preceding month. In addition, the high demand for real estate fueled an annualized 12.1% gain in house prices in September, after an 11.7% advance a month earlier. On the external side, the monthly trade deficit widened by £1.0 billion to £2.8 billion, as the rise in mainly fuel imports outpaced the gain in exports. Employment conditions were relatively positive, with the jobless rate for the three months to September narrowing by 0.3 of a percentage point to 6.0%. Annualized consumer price inflation firmed slightly, by 10 basis points to 1.3% in October, over the prior month, due primarily to gains in fuel and transportation costs. To support the fledgling economic recovery, the Bank of England maintained the size of its asset purchase programme at £375 billion, and kept the official bank rate at a historic low of 0.5%.

Activity in the euro area economy was subdued, with real GDP recording a slight 0.2% rise in the third quarter, following growth of just 0.1% in the previous three-month period. Retail trade contracted by 1.3%, in September, a reversal from a 0.9% gain in the prior month. In a slight offset, industrial production expanded by 0.6%, vis-à-vis a 1.4% fall-off in August. External sector developments were also favourable, with the trade surplus more than doubling, by €9.9 billion to €18.5 billion, in September, as the 22.9%, expansion in exports outstripped the 11.6% rise in imports. For October, consumer price inflation edged up by 0.1 of a percentage point to 0.4% from the preceding month, attributed to higher restaurant, rent and tobacco costs, while the monthly unemployment rate stabilized at 11.5% in September. To provide further stimulus to the economy, and with inflation remaining benign, the European Central Bank commenced its purchase of covered bonds under its new “quantitative easing” programme and held key interest rates at record lows.

Indications are that Asian economies sustained their positive growth momentum over the review month, although the pace of economic activity slowed. In China, the expansion in quarterly real GDP abated by 0.2 of a percentage point to an annualized 7.3% in the third quarter, and accretions to both retail sales and industrial production tapered, by 10 and 30 basis points, to 11.5% and 7.7%, respectively. On the external side, the trade surplus expanded by US$14.5 billion to US$45.4 billion in October, with increased demand from both the United States and the rest of Asia boosting exports by 11.6%, year-on-year, which outweighed the 2.4% gain in imports. Inflation steadied at 1.6% in October, as declines in consumer durables offset gains in the other categories, while the jobless rate was unchanged at 4.1% in September. Reflecting the adverse effect of the April rise in the sales tax rate on consumer spending, Japan’s real output declined by 1.6% during the third quarter, extending the prior period’s 1.9% contraction. However, in a slight offset, industrial production advanced by 2.7%, to reverse September’s 1.9% reduction, while retail sales grew by 2.3%—the largest increase in four months—and exceeded the 1.2% rise in August. In this environment, the jobless rate firmed marginally, by 10 basis points to 3.6% in September, and inflation remained benign with a mere 0.2% hike in average consumer prices. Monetary policy initiatives featured the People’s Bank of China’s injection of ¥269.5 billion into the newly-created Medium-term Lending Facility in October, as part of its efforts to provide liquidity to the banking sector. The Bank of Japan also increased the level of its monetary accommodation, expanding its asset purchase programme by ¥30.0 trillion to ¥80.0 trillion, in an attempt to stimulate economic activity and accelerate the growth in inflation—which remained well below its 2.0% target.

Reflecting the excess supply of crude oil in the market, caused by increased energy production in several North American regions, alongside stable production levels by OPEC and some softening in global demand, oil prices plunged by 10.6% to $86.50 per barrel in October. In terms of precious metals, the price of gold decreased by 2.9% to $1,172.9 per troy ounce, and silver costs retreated by 4.8% to $16.2 per troy ounce.

Stock market developments were mixed over the review month, as individual markets were influenced by domestic factors. In the United States, the improvement in employment conditions, combined with generally better than expected corporate earnings, supported hikes in the Dow Jones Industrial Average (DJIA) and S&P 500 indices, of 2.0% and 2.3%, respectively. Asian bourses also posted gains, with China’s SE Composite and Japan’s Nikkei 225 growing by 2.4% and 1.5%, respectively. In contrast, concerns over the slow pace of the region’s economic recovery dampened the performance of European equity markets. France’s CAC 40, Germany’s DAX and the United Kingdom’s FTSE 100 recorded respective declines, of 4.2%, 1.6% and 1.2%.

In foreign currency markets, the US dollar appreciated against most of the major currencies. The dollar strengthened relative to the Japanese Yen, by 2.4% to ¥112.3 and the British pound, by 1.4% to £0.6251. Similarly, the dollar moved higher vis-à-vis the euro, by 0.9% to €0.7985; the Swiss Franc, by 0.8% to CHF0.9627 and the Canadian dollar, by 0.6% to $1.1267. In contrast, the dollar declined marginally by 0.4% against the Chinese Yuan, to CNY6.1133.

3. Domestic Monetary Trends
October 2014 vs. 2013

Monetary and credit trends for the month of October featured a contraction in bank liquidity, largely attributed to the traditional rise in foreign currency demand during the latter half of the year and increased short-term lending to the Government. As a result, excess reserves—a narrow measure of liquidity—declined by $15.7 million to $475.6 million, a turnaround from a modest $2.4 million gain in 2013. Similarly, the broader excess liquid assets fell by $12.4 million to $1,136.9 million, vis-à-vis last year's $5.2 million expansion.

External reserves decreased by $23.3 million to $768.3 million, in contrast to a $38.2 million gain in 2013 linked to proceeds from the Government's US$100 million external loan. In the underlying transactions, the Central Bank sold a net of $14.3 million to the public sector—mainly for fuel imports—a reversal from a $59.2 million net purchase a year earlier. By contrast, the Bank's net sale to commercial banks was more than a third lower, at $6.8 million, as these institutions made a net foreign currency purchase of $8.8 million from their customers, vis-à-vis a net sale of $14.4 million in 2013.

Buoyed by increased lending to the Government, total Bahamian dollar credit grew by $43.5 million, a reversal from last year's $47.2 million reduction. Specifically, net claims on the Government expanded by $60.5 million, compared to a $47.4 million contraction in 2013 when proceeds from foreign currency borrowings were utilised to reduce its outstanding domestic obligations. In contrast, claims on the rest of the public sector fell by $3.5 million, after growing by a slight $0.6 million last year. Reflecting the still mild level of domestic demand and banks' more enhanced lending requirements, the contraction in private sector credit was extended to $13.5 million from $0.5 million, as the decline in commercial and "other" loans deepened to $18.9 million from $0.1 million in 2013. In contrast, growth in consumer credit firmed by $2.8 million at $4.5 million, and mortgages rose marginally by $0.8 million following last year's $2.1 million contraction.

The transfer of a significant portion of the non-performing commercial loan portfolio from the Bank of The Bahamas (BOB) to the newly created Government entity "Resolve Corporation of The Bahamas" resulted in a contraction in total private sector loan arrears, by $93.6 million (6.8%) to $1,286.4 million during the review month. Correspondingly, the ratio of total arrears to outstanding loans fell by 1.2 percentage points to 21.4%, and was solely in the non-performing loans category—which fell sharply by $100.8 million (9.6%) to $950.8 million and by 1.4 percentage points to 15.8% of total loans. In contrast, short-term (31-90 day) arrears rose by $7.2 million (2.2%) to $335.6 million and by 0.2 of a percentage point to 5.6% of total loans.

The falloff in delinquencies was concentrated in the commercial segment, which contracted by $98.9 million (26.9%), with non-accruals lower by $94.4 million (30.1%) and the 31-90 day component down by $4.5 million (8.2%). In contrast, mortgage arrears firmed by $3.6 million (0.5%) to $703.7 million, occasioned by a rise in both non-performing and short-term (31-90 day) delinquencies, of $3.4 million (0.7%) and $0.2 million (0.1%), respectively. Consumer arrears grew marginally, by $1.6 million (0.5%) to $314.0 million, as the $11.4 million (12.6%) gain in the short-term segment outstripped the $9.7 million (4.4%) improvement in arrears in excess of 90 days.

As a result of the elimination of a significant portion of the non-performing loans from BOB's balance sheet, overall provisions from the banking system declined by $21.8 million (4.2%) to $495.2 million in October. With the decline in arrears and non-performing loans outpacing the falloff in provisions, the corresponding ratios firmed by 1.0 and 2.9 percentage points to 38.5% and 52.1%, respectively. During the month, banks also wrote-off an estimated $21.6 million in impaired loans and had recoveries of approximately $4.9 million.

The contraction in total domestic foreign currency credit advanced sharply to $81.9 million from $2.6 million in 2013. In particular, net claims on the Government fell significantly, by $76.0 million vis-à-vis a slight $0.4 million rise in the prior year, as proceeds from a foreign currency loan were utilised to repay a short-term foreign currency bridging facility. Similarly, credit to the private sector decreased by $11.4 million, outpacing the $1.4 million falloff in 2013. In contrast, claims on the public corporations grew by $5.4 million, a turnaround from last year's $1.7 million reduction.

Total Bahamian dollar deposits rebounded by $13.4 million in October, following a $21.7 million drawdown in 2013. Demand deposits rose by $18.4 million, vis-à-vis a $9.8 million contraction a year earlier, while accretions to savings deposits accelerated by $13.5 million to $21.3 million. In contrast, the reduction in fixed deposits was higher at $26.3 million from $19.8 million in 2013.

In interest rate developments, the weighted average deposit rate at banks softened by 26 basis points to 1.12%, with the highest rate of 5.00% offered on fixed balances of over 12 months. Similarly, the weighted average loan rate narrowed, by 77 basis points to 12.02%.

4. Outlook and Policy Implications

Expectations are that the domestic economy will maintain its modest upward trajectory for the balance of the year, with the potential for some strengthening in real output during 2015, arising from foreign investments underway in the tourism sector. These developments should support further modest improvements in employment conditions. The implementation of the Value-Added Tax (VAT) in January 2015 is expected to elicit a hike in consumer price inflation, from its relatively low base; however, this should be partially offset by generally lower global oil prices—if recent trends persist.

Fiscal sector developments will be dominated by the introduction of the VAT, the main component of Government's initiatives to expand the tax base and raise additional revenues. This development, along with plans to curtail the growth in spending, should improve the prospects for reducing the deficit and slowing growth in the national debt.

In the monetary sector, although the capital adequacy indicators of the overall banking sector have remained well in excess of international benchmarks for an extended period, the measures taken by the Government to improve the capital position of Bank of The Bahamas, will serve to promote the overall stability of the domestic financial sector. This action, coupled with institutions' strong capital positions, should allow banks to deal prudently with the high levels of arrears and non-performing loans, which are expected to persist for an extended period. Meanwhile, bank liquidity is forecasted to remain elevated over the near-term, until economic growth strengthens and broadens to other sectors. Although external reserves are projected to trend downwards, some bottoming-out should occur by year-end, followed by the seasonal rebuilding in balances.

In this context, the Central Bank will maintain its neutral monetary policy stance, while continuing to monitor domestic conditions, to determine whether any policy change is necessary.

Recent Monetary and Credit Statistics

(B$ Millions)

	OCTOBER					
	Value		Change		Change YTD	
	2013	2014	2013	2014	2013	2014
1.0 LIQUIDITY & FOREIGN ASSETS						
1.1 Excess Reserves	383.16	475.56	2.37	-15.69	-66.86	73.85
1.2 Excess Liquid Assets	1,093.30	1,136.94	5.23	-12.39	121.82	52.04
1.3 External Reserves	684.97	768.34	38.19	-23.31	-127.14	28.57
1.4 Bank's Net Foreign Assets	-546.78	-501.80	18.61	47.46	75.01	185.21
1.5 Usable Reserves	243.33	278.20	32.46	-17.21	-104.96	31.84
2.0 DOMESTIC CREDIT						
2.1 Private Sector	***6,539.90***	***6,470.40***	***-1.87***	***-24.90***	***-76.46***	***-58.79***
a. B$ Credit	6,142.49	6,127.82	-0.48	-13.53	-77.99	-16.80
of which: Consumer Credit	2,100.81	2,143.52	1.74	4.49	-20.04	31.54
Mortgages	3,114.66	3,148.48	-2.08	0.83	11.60	47.92
Commercial and Other Loans B$	927.02	835.82	-0.14	-18.85	-69.55	-96.26
b. F/C Credit	397.41	342.58	-1.39	-11.37	1.54	-41.99
of which: Mortgages	152.50	124.68	-0.49	-6.39	7.76	-17.57
Commercial and Other Loans F/C	244.91	217.90	-0.90	-4.98	-6.23	-24.42
2.2 Central Government (net)	***1,918.22***	***2,074.80***	***-46.96***	***-15.47***	***324.82***	***113.34***
a. B$ Loans & Securities	2,054.67	2,248.00	-42.45	60.46	337.93	223.82
Less Deposits	136.03	162.11	4.90	-0.03	13.90	-23.93
b. F/C Loans & Securities	0.00	0.00	0.00	-66.00	-0.00	-125.00
Less Deposits	0.42	11.09	-0.40	9.96	-0.80	9.41
2.3 Rest of Public Sector	***394.38***	***373.74***	***-1.10***	***1.95***	***-12.67***	***-26.66***
a. B$ Credit	119.94	97.45	0.63	-3.49	1.09	-29.13
b. F/C Credit	274.44	276.29	-1.72	5.44	-13.76	2.47
2.4 Total Domestic Credit	***8,852.57***	***8,918.99***	***-49.86***	***-38.42***	***235.20***	***26.75***
a. B$ Domestic Credit	8,181.07	8,311.15	-47.21	43.47	246.56	201.82
b. F/C Domestic Credit	671.50	607.84	-2.64	-81.88	-11.36	-175.07
3.0 DEPOSIT BASE						
3.1 Demand Deposits	1,426.32	1,574.87	-9.76	18.43	68.36	140.15
a. Central Bank	19.85	9.51	-2.12	-2.30	7.76	1.10
b. Banks	1,406.48	1,565.36	-7.63	20.73	60.60	139.05
3.2 Savings Deposits	1,092.00	1,180.47	7.81	21.28	24.32	69.19
3.3 Fixed Deposits	3,369.38	3,260.98	-19.78	-26.30	-52.83	-57.80
3.4 Total B$ Deposits	5,887.70	6,016.32	-21.73	13.41	39.86	151.54
3.5 F/C Deposits of Residents	282.13	253.60	7.95	-38.75	58.99	2.61
3.6 M2	***6,089.18***	***6,227.88***	***-15.75***	***11.34***	***36.19***	***150.21***
3.7 External Reserves/M2 (%)	***11.25***	***12.34***	***0.65***	***-0.40***	***-2.17***	***0.17***
3.8 Reserves/Base Money (%)	***81.98***	***81.42***	***3.79***	***-0.92***	***-7.96***	***1.44***
3.9 External Reserves/Demand Liabilites (%)	***77.55***	***78.38***	***3.36***	***-1.38***	***-10.00***	***3.41***

	Value		Year to Date		Change	
	2013	2014	2013	2014	Month	*YTD*
4.0 FOREIGN EXCHANGE TRANSACTIONS						
4.1 Central Bank Net Purchase/(Sale)	***37.87***	***-21.14***	***-139.12***	***20.54***	***-59.00***	***159.66***
a. Net Purchase/(Sale) from/to Banks	-21.29	-6.81	54.28	179.46	14.48	125.18
i. Sales to Banks	30.78	21.90	276.18	218.10	-8.88	-58.08
ii. Purchases from Banks	9.49	15.09	330.46	397.56	5.60	67.10
b. Net Purchase/(Sale) from/to Others	59.15	-14.33	-193.40	-158.92	-73.48	34.48
i. Sales to Others	61.83	57.95	546.20	737.71	-3.87	191.51
ii. Purchases from Others	120.98	43.62	352.80	578.79	-77.36	225.99
4.2 Banks Net Purchase/(Sale)	***-14.41***	***8.77***	***54.48***	***187.41***	***23.17***	***132.93***
a. Sales to Customers	263.02	284.51	3,076.81	3,118.36	21.50	41.54
b. Purchases from Customers	248.61	293.28	3,131.29	3,305.77	44.67	174.47
4.3 B$ Position (change)	***-2.44***	***-13.57***				
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***

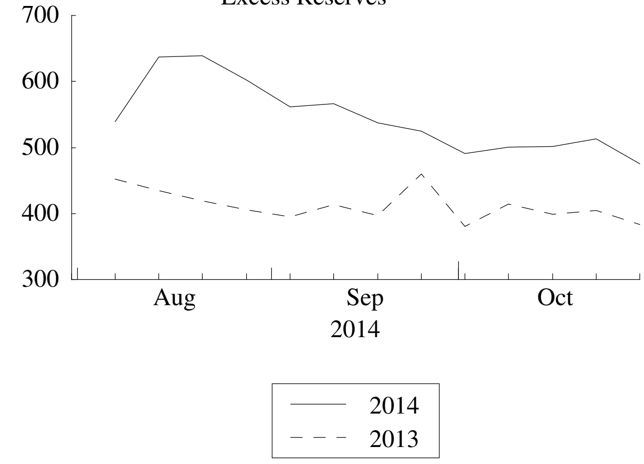
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending:OCTOBER 30, 2013 and OCTOBER 29, 2014
Exchange Control Sales figures are as at month end.

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.

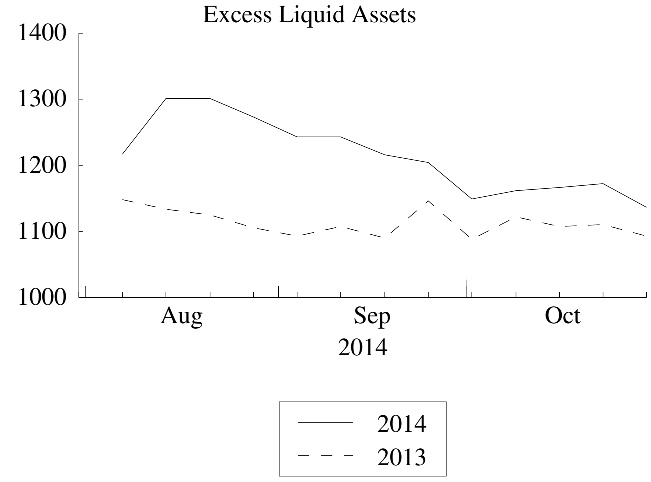
SELECTED MONEY AND CREDIT INDICATORS

(B$ Millions)

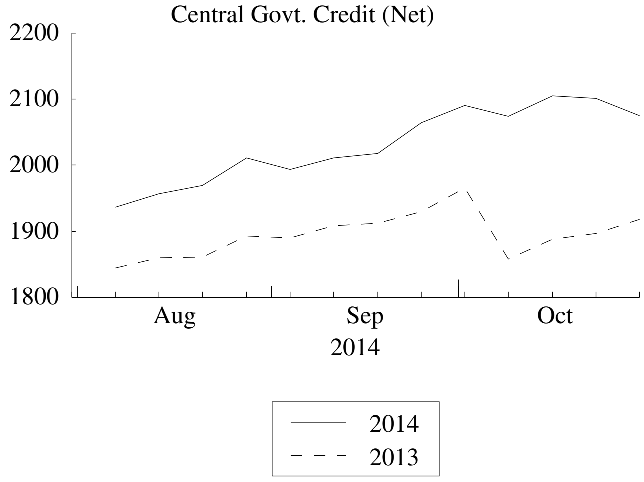
Excess Reserves



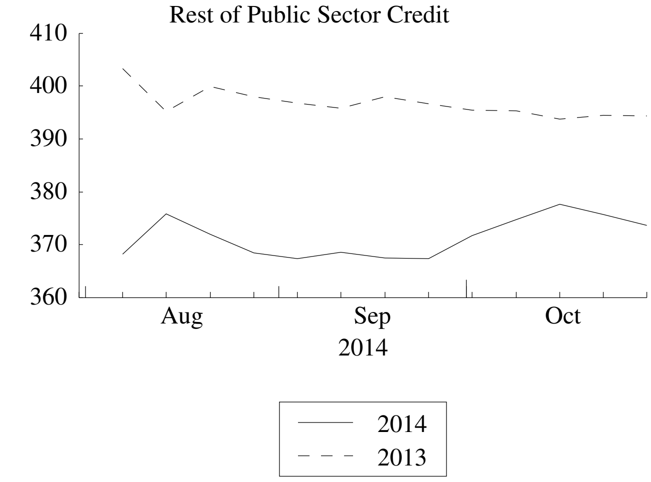
Excess Liquid Assets



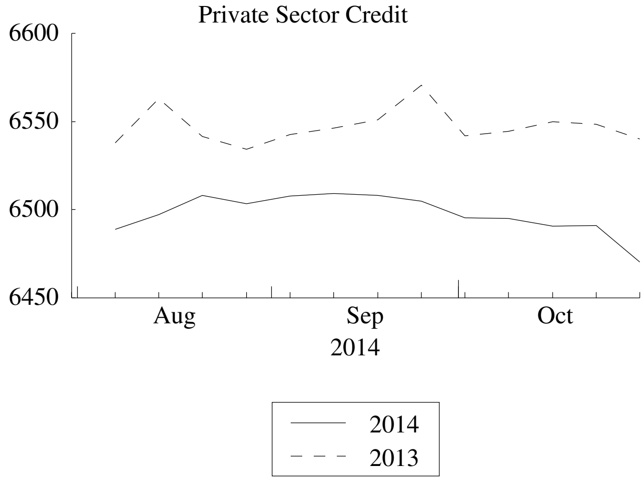
Central Govt. Credit (Net)



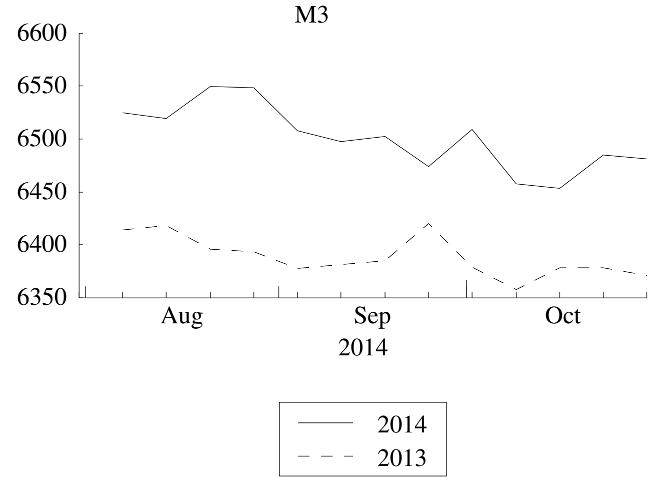
Rest of Public Sector Credit



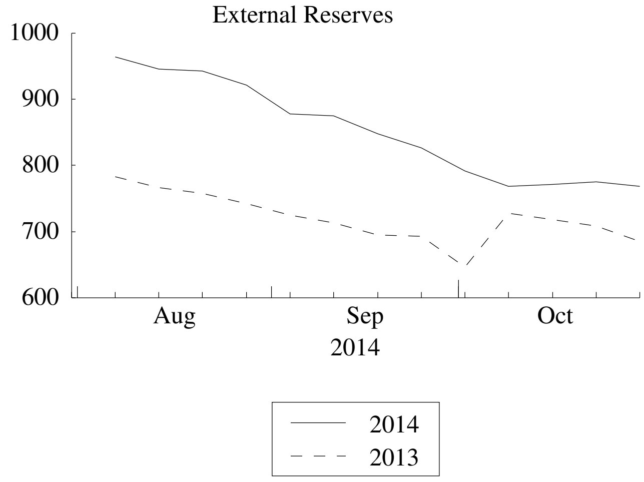
Private Sector Credit



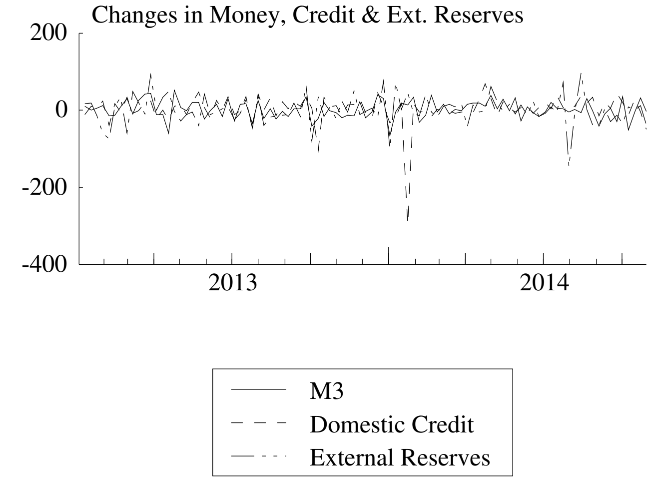
M3



External Reserves



Changes in Money, Credit & Ext. Reserves



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	1.9	2.3	0.3	2.0	15.4	14.3
United States	1.9	2.8	1.5	1.4	7.4	6.4
Euro-Area	-0.5	1.2	1.3	0.9	12.1	11.9
Germany	*0.5*	*1.7*	*1.6*	*1.4*	*5.3*	*5.2*
Japan	1.5	1.4	0.4	2.8	4.0	3.9
China	7.7	7.5	2.6	3.0	4.1	4.1
United Kingdom	1.8	2.9	2.6	1.9	7.6	6.9
Canada	2.0	2.3	1.0	1.5	7.1	7.0

Source: IMF World Economic Outlook April 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**
October 2012	4.50	0.75	0.75	0-0.25	0.50
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

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	**Oct-13**	**Sep-14**	**Oct-14**	**Mthly % Change**	**YTD % Change**	**12-Mth% Change**
Euro	0.7362	0.7917	0.7985	0.85	9.73	8.46
Yen	98.36	109.65	112.32	2.44	6.66	14.19
Pound	0.6235	0.6168	0.6251	1.35	3.49	0.26
Canadian $	1.0431	1.1198	1.1267	0.62	6.06	8.01
Swiss Franc	0.9069	0.9550	0.9627	0.81	7.90	6.15
Renminbi	6.0937	6.1380	6.1133	-0.40	0.95	0.32
Source: Bloomberg as of October 31, 2014						

D. Selected Commodity Prices ($)					
Commodity	**October 2013**	**September 2014**	**October 2014**	**Mthly % Change**	**YTD % Change**
Gold / Ounce	1323.10	1208.16	1172.94	-2.92	-2.71
Silver / Ounce	21.92	16.98	16.16	-4.81	-17.00
Oil / Barrel	109.46	96.5	86.50	-10.62	-22.71
Source: Bloomberg as of October 31, 2014					

E. Equity Market Valuations – October 31, 2014 (% chg)								
	BISX	**DJIA**	**S&P 500**	**FTSE 100**	**CAC 40**	**DAX**	**Nikkei 225**	**SE**
1 month	1.94	2.04	2.32	-1.15	-4.15	-1.56	1.49	2.38
3 month	3.59	4.99	4.53	-2.73	-0.31	-0.86	5.08	9.93
YTD	9.47	4.91	9.18	-3.00	1.46	-2.36	0.75	14.38
12-month	13.49	11.87	14.89	-2.75	-1.55	3.24	14.56	13.01
Sources: Bloomberg and BISX								

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	**GBP**	**EUR**
o/n	0.10	0.48	0.02
1 Month	0.19	0.50	0.03
3 Month	0.26	0.55	0.07
6 Month	0.37	0.70	0.15
9 Month	0.49	0.86	0.21
1 year	0.55	1.02	0.30
Source: Bloomberg as of October 31, 2014			

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B$ Millions)

	VALUE									CHANGE								
	Sep. 03	Sep. 10	Sep. 17	Sep. 24	Oct. 01	Oct. 08	Oct. 15	Oct. 22	Oct. 29	Sep. 03	Sep. 10	Sep. 17	Sep. 24	Oct. 01	Oct. 08	Oct. 15	Oct. 22	Oct. 29
I. External Resrves	*877.60*	*875.21*	*847.58*	*826.34*	*791.65*	*768.16*	*770.90*	*775.33*	*768.34*	*-43.96*	*-2.39*	*-27.62*	*-21.24*	*-34.69*	*-23.49*	*2.74*	*4.43*	*-6.98*
II. Net Domestic Assets (A + B + C + D)	*-58.62*	*-51.99*	*-53.54*	*-44.37*	*-43.54*	*-10.92*	*-12.79*	*-4.95*	*-35.92*	*4.02*	*6.63*	*-1.55*	*9.17*	*0.83*	*32.62*	*-1.87*	*7.84*	*-30.96*
A. Net Credit to Gov't(i + ii + iii - iv)	*455.67*	*456.27*	*457.97*	*465.04*	*483.75*	*504.87*	*504.38*	*499.15*	*496.10*	*-0.37*	*0.60*	*1.69*	*7.07*	*18.72*	*21.12*	*-0.50*	*-5.22*	*-3.06*
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	240.27	240.28	240.43	240.37	240.14	260.15	260.17	260.05	260.00	-0.46	0.01	0.15	-0.06	-0.23	20.01	0.02	-0.12	-0.05
iii) Treasury Bills	107.48	107.48	107.49	107.49	126.46	126.46	126.46	126.46	126.46	0.00	0.00	0.01	0.00	18.96	0.00	0.00	0.00	0.00
iv) Deposits	26.74	26.15	24.61	17.48	17.50	16.39	16.91	22.01	25.02	-0.10	-0.60	-1.54	-7.13	0.02	-1.11	0.52	5.10	3.00
B. Rest of Public Sector (Net) (i + ii - iii)	*-6.61*	*-8.33*	*-12.84*	*-6.77*	*-7.65*	*-10.08*	*-11.29*	*-4.97*	*-5.36*	*-3.16*	*-1.72*	*-4.51*	*6.07*	*-0.89*	*-2.43*	*-1.20*	*6.32*	*-0.39*
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	10.76	12.48	16.99	10.92	11.80	14.23	15.44	9.12	9.51	3.16	1.72	4.51	-6.07	0.89	2.43	1.20	-6.32	0.39
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)**	*-507.68*	*-499.93*	*-498.67*	*-502.64*	*-519.64*	*-505.71*	*-505.88*	*-499.14*	*-526.65*	*7.54*	*7.75*	*1.27*	*-3.98*	*-17.00*	*13.93*	*-0.17*	*6.74*	*-27.52*
III. Monetary Base	*818.98*	*823.22*	*794.05*	*781.97*	*748.11*	*757.24*	*758.11*	*770.37*	*732.42*	*-39.94*	*4.24*	*-29.17*	*-12.08*	*-33.86*	*9.13*	*0.87*	*12.27*	*-37.95*
A. Currency in Circulation	128.57	128.53	128.58	123.64	115.86	120.18	124.92	115.97	120.73	13.12	-0.04	0.06	-4.95	-7.77	4.32	4.74	-8.95	4.76
B. Bank Balances with CBOB	690.41	694.70	665.47	658.34	632.25	637.06	633.18	654.40	611.69	-53.06	4.28	-29.23	-7.13	-26.09	4.81	-3.87	21.22	-42.71

* 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			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				
% 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%*				
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				
% 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%*				
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	841.1	0.0	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				
% 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%*				
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				
% 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%*				
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	3,162.8	2,017.3	2,390.3				
% 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%*	*-47.7%*	*-36.2%*	*18.5%*				

	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