



## **Monthly Economic and Financial Developments July 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: September 29, November 3, December 1, December 22.

# Monthly Economic and Financial Developments

## July 2014

### *1. Domestic Economic Developments*

Indications are that the domestic economy maintained its modest growth trajectory over the review month, reflecting a rebound in the tourism sector and sustained foreign investment-led construction activity. Despite a reduction in global oil prices in July, price accelerations in prior periods contributed to the firming in domestic energy costs. In monetary developments, both bank liquidity and external reserves contracted, reflecting transitory cash movements related to short-term lending to the Government and the seasonal rise in foreign currency demand to facilitate current payments.

Preliminary tourism sector data for the first half of 2014 showed growth in total visitor arrivals of 2.8% to 3.3 million, outpacing the 1.4% gain in 2013. Following a 6.2% contraction in the prior year, the high value-added air segment recovered by 2.6%, whereas sea arrivals gains slowed to 2.9% from 3.7%. Disaggregated by major ports of entry, visitors to New Providence rose by 2.0% to 1.9 million, buoyed by a 2.7% increase in sea passengers, while the air component stabilized at 0.5 million. Increased airlift capacity and the opening of a new mid-sized resort in April, underpinned a sharp 31.7% spike in air arrivals to Grand Bahama. However, because the dominant sea traffic component contracted by 16.2%, there was an overall 10.3% drop in visitors to 0.4 million. For the Family Islands, the visitor count strengthened by 10.3% to 1.0 million, occasioned by growth in both sea and air visitors, of 11.7% and 1.2%, respectively.

In the context of firming global prices, domestic energy prices trended upwards in July. The average cost of both gasoline and diesel increased, by 2.0% and 1.4% on a monthly basis, to \$5.58 and \$5.13 per gallon, and for the year-on-year comparisons, by 5.1% and 5.6%, respectively. Similarly, The Bahamas Electricity Corporation's fuel charge was higher by 4.6% at 25.29¢ per kilowatt hour (kWh), on a monthly basis, although 7.4% below last year's cost.

### *2. International Developments*

Global economic conditions were somewhat improved over the review month, sustained by growth in the United States and Asian economies, as the modest recovery in the euro area market appeared to soften. In this environment, all of the major central banks either retained or enhanced their highly accommodative monetary policy stance, in an effort to support economic activity.

In the United States, improving weather conditions supported gains in housing starts, completions and building permits issued, of 15.7%, 3.7% and 8.1%, respectively, in July, over the prior month. On the external side, the trade deficit narrowed by \$3.2 billion to \$41.5 billion in June, with imports contracting by \$2.9 billion, amid decreases in consumer goods and automotive products. Consumer spending appeared to soften in July, as slowing automobile purchases dampened growth in retail sales, to 0.1% from 0.2%, in June. In the labour market, the unemployment rate edged up by 0.1 of a percentage point to 6.2%, occasioned by a seasonal rise in the labour force, which overshadowed a 209,000 gain in non-farm payrolls. Average consumer price inflation was relatively benign, firming marginally, by 0.1%, following a 0.3% increase in June, as the rise in housing and food prices offset the reduction in energy and airline fares. Given more favourable employment conditions and relative price stability, the Federal Reserve

reduced its bond buying programme by a further \$25 billion, while keeping the key bank rate within the 0.00%-0.25% range.

In Europe, where the economic recovery remained fragile, real output in the euro area stalled in the second quarter, after a marginal increase of 0.2% in the previous three-month period. Industrial production receded by 0.3% in June, due to a fall in non-durable goods and energy output, after a 1.1% contraction in May. In a modest offset, retail sales rose by a relatively stable 0.4%, and the trade surplus advanced by €1.1 billion to €16.8 billion in June, supported by a 1.4% rise in exports linked to growth in shipments to China, the United States and the United Kingdom, which offset a slowdown in exports to Russia following imposed sanctions. Buoyed by improving conditions in a few markets, the jobless rate fell by 10 basis points to 11.5%—the lowest level since September 2012—and annual inflation softened by 10 basis points to 0.4%, amid lower prices for fruits, vegetables and telecommunications services. In the United Kingdom, quarterly real GDP growth steadied at 0.8% in the second quarter, and the June external account deficit widened marginally, by £0.1 billion to £2.5 billion, as a deterioration in the goods deficit outweighed the expansion in the services account surplus. In the labour market, the addition of 167,000 persons resulted in the unemployment rate decreasing by 10 basis points to 6.4%—the lowest since December, 2008, while consumer price inflation narrowed slightly to 0.4% in July from 0.5% a month earlier. Given the slowdown in the region's economies, the European Central Bank held its main interest rates on refinancing operations and marginal lending facility unchanged at 0.15% and 0.40%, respectively, and the Bank of England maintained its £375 billion asset purchase programme and held its key bank rate at an historic low of 0.5%.

Indications are that Asian economies continued to register strong gains over the review month, although at a comparatively slower pace, relative to 2013. In China, annualized growth in industrial production eased slightly to 9.0% in July, from 9.2% a month earlier, and the increase in retail sales slowed by 20 basis points to 12.2%. In the external sector, the trade surplus expanded by US\$15.7 billion to US\$47.3 billion in July, as exports surged by 14.5%, reflecting increased sales to all major trading partners, while imports decreased by 1.6%. Inflation remained benign, as average consumer prices firmed slightly by 0.1% over the review month, in line with June's level. The introduction of a new broad-based sales tax in April, contributed to the 1.7% fall in Japan's real GDP during the second quarter, a reversal from a gain of 1.5% in the first three months of the year, as household spending and residential investment contracted. Similarly, retail sales declined by 0.6% in June, vis-à-vis a 4.6% rise a month earlier, while a falloff in the production of transportation equipment led to industrial output narrowing by 3.4%, after an increase of 0.7% in May. The country's trade deficit widened by ¥87.6 billion to ¥823.2 billion in June, behind an electrical machinery-led reduction in exports, by 2.0%, combined with an 8.4% rise in imports. In this environment, the People's Bank of China and the Bank of Japan did not alter their accommodative monetary policy stance.

Underpinned by a 167,000 barrel per day (bpd) increase in OPEC's crude oil production, to an average of 29.9 million barrels per day, along with reduced geo-political tensions, the price of crude oil fell by 7.0% to US\$105.6 per barrel in July. Similarly, precious metal prices declined, as average costs for gold and silver were lower by 3.4% to \$1,282.59 and by 3.1% to \$20.39 per troy ounce, respectively.

In equity markets, most of the major stock indices registered reductions in July, amid negative earnings reports from several large companies and concerns over a potential Argentinean debt default. In the United States, the Dow Jones Industrial Average (DJIA) and the S&P 500 indices fell by 1.6% and 1.4%, respectively. Among European indices, broad-based reductions were recorded for Germany's DAX (4.3%), France's CAC 40, (4.0%) and the United Kingdom's FTSE 100 (0.2%). These contrasted with gains in

Asian markets, where Japan's Nikkei 225 surged by 10.9%, buoyed by heightened expectations that the earnings performance of domestic companies would exceed estimates, and China's SE Composite firmed by 3.5%.

In foreign currency developments, the US dollar appreciated against most of its major counterparts in July. The dollar strengthened relative to the Swiss Franc, by 2.5% to CHF0.9088; vis-à-vis the euro, by 2.3% to €0.7468 and the British Pound, by 1.3% to £0.5922. More muted gains were registered versus the Canadian Dollar and the Japanese Yen, of 2.2% to CAD\$1.0906 and 1.5% to ¥102.80, respectively. However, the dollar weakened against the Chinese Yuan, by 0.5% to CNY6.1739.

### **3. Domestic Monetary Trends** *July 2014 vs. 2013*

Monetary sector developments for the month of July showed a significant contraction in banking system liquidity, on account of Government's borrowing proceeds being temporarily held with the Central Bank, and seasonal net foreign currency outflows. As a consequence, excess reserves—a narrow measure of liquidity—fell by \$72.9 million to \$547.4 million, exceeding the prior year's \$15.6 million decrease, while the broader excess liquid assets contracted sharply by \$120.5 million to \$1,218.6 million, compared to a year earlier decline of \$10.6 million.

Reflecting the seasonal increase in domestic demand during the latter half of the year and banks' capital repatriations, external reserves decreased by \$33.3 million to \$972.1 million, after a \$7.0 million falloff a year earlier. Underlying this outturn, the Bank's net foreign currency sale accelerated more than three-fold to \$32.8 million from \$9.5 million a year ago, as net outflows to the public sector—mainly for fuel payments—expanded by \$13.1 million to \$35.4 million. Impacted by commercial banks' profit repatriations, the Bank's net foreign currency purchase from the commercial banks declined by \$10.2 million to \$2.6 million, despite a reversal in their transactions with clients to a net purchase of \$6.6 million from a net sale of \$5.6 million in the prior period.

Accretions to Bahamian dollar credit accelerated to \$50.9 million from \$22.7 million in 2013, largely explained by the expansion in net claims on the Government, by \$24.1 million to \$37.4 million, as additional short-term credit was accessed—including a \$100 million six-month syndicated loan. Credit to the rest of the public sector firmed by \$6.6 million, behind a marginal \$0.6 million decline in 2013. Reflecting the general sluggishness in economic activity, the expansion in credit to the private sector tapered by \$3.1 million to \$6.8 million, owing primarily to a slowdown in mortgage growth to \$0.2 million from \$7.9 million. Conversely, accretions to consumer credit and commercial loans firmed to \$4.4 million and \$2.3 million, from \$1.3 million and \$0.7 million, respectively, in the comparative 2013 period.

In July, banks' credit quality indicators improved slightly, as total private sector loan arrears declined by \$2.8 million (0.2%) to \$1,356.8 million, with the corresponding ratio of arrears to total loans narrowing by 24 basis points to 22.0%. In terms of the average age, the short-term (31-90 day) loan segment was lower by \$30.2 million (8.4%) at \$329.0 million, for 5.3% of total loans—a decrease of 54 basis points from the prior month. There continued to be an uptrend in the non-performing component—arrears in excess of 90 days and on which banks have stopped accruing interest—which rose by \$27.4 million (2.7%) to \$1,027.8 million, elevating the attendant loan ratio by 30 basis points to 16.7%.

In terms of the main categories, the decrease in total delinquencies was led by a reduction in the mortgage component, by \$4.2 million (0.6%) to \$720.8 million, as 31-90 day arrears moved lower by \$9.7 million

(4.9%), outweighing the \$5.5 million (1.1%) rise in non-accrual loans. Similarly, consumer loan delinquencies also fell by \$0.9 million (0.3%) to \$266.0 million, due primarily to an \$11.9 million (12.9%) decline in the short-term segment, which outstripped the \$11.0 million (6.3%) growth in arrears in excess of 90 days. In contrast, commercial arrears grew by \$2.3 million (0.6%) to \$370.0 million, as the \$10.9 million (3.6%) expansion in non-performing loans outpaced the \$8.6 million (12.3%) contraction in the short-term component.

Banks incremented their total provisions for loan losses by \$7.3 million (1.3%) to \$576.1 million in July. As a result, the ratio of provisions to arrears firmed by 0.6 of a percentage point to 42.5%; however, the corresponding ratio to non-performing loans narrowed by 0.8 of a percentage point to 56.1%. In addition, banks wrote-off \$10.7 million in overdue loans and recovered an estimated \$5.3 million.

The contraction in total domestic foreign currency credit slowed to \$0.5 million from \$6.4 million. In the underlying developments, private sector credit grew slightly by \$0.1 million, a reversal from a \$4.9 million decrease in 2013; net claims on the Government expanded by \$1.3 million, vis-à-vis a comparative \$0.7 million falloff in the prior period, and the reduction in credit to the rest of the public sector eased by one-half to \$0.4 million.

Total Bahamian dollar deposits grew by \$6.5 million in July, a turnaround from a \$13.4 million drawdown a year ago. Underlying this outturn, savings deposits expanded by \$16.1 million, compared to a \$12.3 million decrease in 2013; the growth in demand balances was relatively stable at \$20.5 million, and the decline in fixed deposits broadened to \$30.2 million from \$22.5 million.

In interest rate developments, the weighted average deposit rate at banks narrowed by 20 basis points to 1.46%, with the highest rate of 5.00% offered on fixed balances of over 12 months. Similarly, the weighted average loan rate softened by 27 basis points to 11.74%.

#### **4. Outlook and Policy Implications**

Expectations are that domestic economic conditions will maintain a gradually improving trajectory over the remainder of the year, supported by gains in tourism and foreign investment-led construction activity. As a consequence, the jobless rate is likely to exhibit a modest downward bias, with the majority of the initial employment gains accruing to these two areas. The near-term outlook is for relatively benign inflationary pressures, although sustained geopolitical instability in several oil producing countries could result in higher international oil prices, which would impact domestic energy costs and the general price level.

On the fiscal side, there has been a modest—but steady—improvement in the Government’s overall deficit position, which could be maintained, given the increase in tax revenues, following the implementation of new license fee regimes to cover businesses and commercial banks, and the return of capital spending to levels consistent with historical trends, given the completion of a number of large-scale infrastructural development projects. Other near-term fiscal measures, such as the establishment of the Central Revenue Agency, to coordinate and enhance the collection of revenues, and the implementation of the Value Added Tax (VAT), in January, 2015 should enhance the fiscal performance over time.

In the monetary sector, banking system liquidity is projected to remain buoyant over the medium-term, reflecting, in combination, banks’ conservative lending posture and sustained deleveraging by consumers, amid elevated loan arrears, together with the very mild economic momentum. With domestic banks expected to maintain capital levels in excess of statutory requirements, financial stability concerns remain

muted. External reserves levels are anticipated to continue to decline over the remainder of the year, reflecting the seasonal increase in foreign currency demand—although remaining above international benchmarks.

Given the prevailing economic and financial conditions, the Central Bank will maintain a neutral policy stance, while continuing to monitor market conditions, to determine whether a change in policy is warranted.

# Recent Monetary and Credit Statistics

(B\$ Millions)

JULY						
Value		Change		Change YTD		
2013	2014	2013	2014	2013	2014	

## 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	491.83	547.36	-15.64	-72.86	41.81	145.65
1.2 Excess Liquid Assets	1,146.93	1,218.57	-10.61	-120.50	175.44	133.67
1.3 External Reserves	799.92	972.12	-6.99	-33.30	-12.19	232.35
1.4 Bank's Net Foreign Assets	-534.65	-549.38	3.15	7.13	87.13	137.63
1.5 Usable Reserves	304.41	385.07	-7.58	-49.13	-43.88	138.71

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>6,535.98</b>	<b>6,475.26</b>	<b>5.09</b>	<b>6.87</b>	<b>-80.37</b>	<b>-53.93</b>
a. B\$ Credit	6,172.67	6,117.29	9.93	6.81	-47.81	-27.33
of which: Consumer Credit	2,098.38	2,124.90	1.31	4.38	-22.46	12.93
Mortgages	3,112.37	3,089.79	7.93	0.17	9.31	-10.77
Commercial and Other Loans B\$	961.91	902.61	0.70	2.26	-34.66	-29.48
b. F/C Credit	363.32	357.97	-4.85	0.06	-32.56	-26.60
of which: Mortgages	151.23	131.53	-1.01	-0.70	6.50	-10.72
Commercial and Other Loans F/C	212.08	226.44	-3.84	0.76	-39.06	-15.89
<b>2.2 Central Government (net)</b>	<b>1,849.78</b>	<b>1,936.08</b>	<b>12.58</b>	<b>38.71</b>	<b>256.38</b>	<b>-25.38</b>
a. B\$ Loans & Securities	1,991.12	2,141.98	17.77	129.67	274.38	117.80
Less Deposits	139.79	271.13	4.48	92.23	17.67	85.08
b. F/C Loans & Securities	0.00	66.00	-0.00	0.00	-0.00	-59.00
Less Deposits	1.54	0.78	0.71	-1.28	0.33	-0.90
<b>2.3 Rest of Public Sector</b>	<b>400.23</b>	<b>372.26</b>	<b>-1.37</b>	<b>6.20</b>	<b>-6.81</b>	<b>-28.13</b>
a. B\$ Credit	120.60	107.48	-0.55	6.64	1.74	-19.11
b. F/C Credit	279.63	264.79	-0.82	-0.44	-8.56	-9.03
<b>2.4 Total Domestic Credit</b>	<b>8,786.00</b>	<b>8,783.66</b>	<b>16.29</b>	<b>50.35</b>	<b>168.64</b>	<b>-108.58</b>
a. B\$ Domestic Credit	8,144.60	8,095.62	22.68	50.88	210.09	-13.71
b. F/C Domestic Credit	641.41	688.04	-6.39	-0.53	-41.45	-94.87

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	1,452.84	1,561.39	21.36	20.54	94.88	126.67
a. Central Bank	12.46	15.95	-0.58	1.97	0.38	7.54
b. Banks	1,440.37	1,545.44	21.93	18.56	94.49	119.13
3.2 Savings Deposits	1,099.83	1,159.58	-12.29	16.08	32.16	48.29
3.3 Fixed Deposits	3,401.93	3,295.67	-22.49	-30.17	-20.27	-23.10
3.4 Total B\$ Deposits	5,954.60	6,016.64	-13.43	6.45	106.76	151.86
3.5 F/C Deposits of Residents	276.09	295.28	7.77	13.32	52.95	44.29
<b>3.6 M2</b>	<b>6,158.97</b>	<b>6,228.48</b>	<b>-10.90</b>	<b>10.23</b>	<b>105.99</b>	<b>150.81</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>12.99</b>	<b>15.61</b>	<b>-0.09</b>	<b>-0.56</b>	<b>-0.43</b>	<b>3.44</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>84.36</b>	<b>95.51</b>	<b>-0.51</b>	<b>2.88</b>	<b>-5.58</b>	<b>15.53</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>80.72</b>	<b>82.80</b>	<b>-0.80</b>	<b>-5.21</b>	<b>-6.83</b>	<b>7.83</b>
	<b>Value</b>		<b>Year to Date</b>		<b>Change</b>	
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>Month</b>	<b>YTD</b>

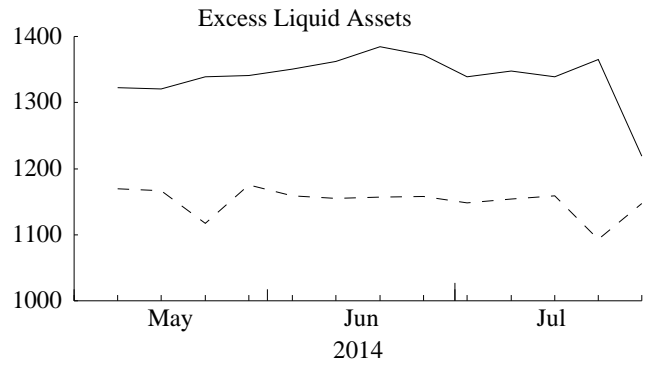
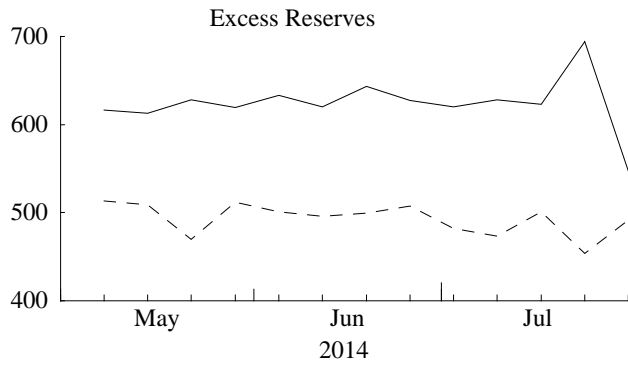
## 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>-9.49</b>	<b>-32.78</b>	<b>-21.25</b>	<b>224.53</b>	<b>-23.29</b>	<b>245.78</b>
a. Net Purchase/(Sale) from/to Banks	12.81	2.59	154.23	268.12	-10.23	113.88
i. Sales to Banks	28.18	25.20	132.88	84.20	-2.98	-48.68
ii. Purchases from Banks	40.99	27.79	287.11	352.32	-13.21	65.21
b. Net Purchase/(Sale) from/to Others	-22.30	-35.36	-175.49	-43.59	-13.06	131.90
i. Sales to Others	54.80	54.45	360.98	524.90	-0.34	163.92
ii. Purchases from Others	32.50	19.09	185.50	481.31	-13.41	295.82
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>-5.61</b>	<b>6.57</b>	<b>149.15</b>	<b>266.61</b>	<b>12.18</b>	<b>117.47</b>
a. Sales to Customers	364.21	302.26	2,099.72	2,099.01	-61.96	-0.71
b. Purchases from Customers	358.61	308.83	2,248.86	2,365.62	-49.78	116.76
<b>4.3 B\$ Position (change)</b>	<b>2.85</b>	<b>-4.31</b>				

## 5.0 EXCHANGE CONTROL SALES

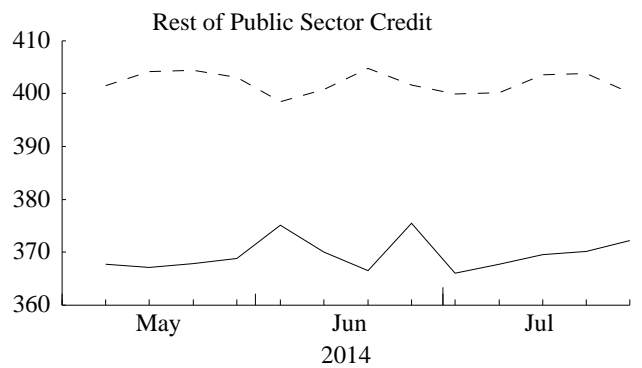
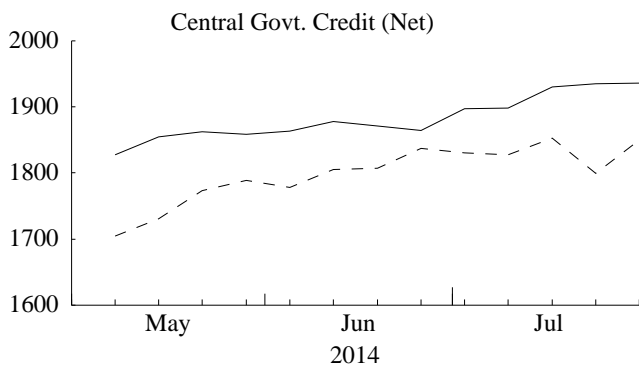
<b>5.1 Current Items</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>
<b>of which Public Sector</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>
a. Nonoil Imports	ND	ND	ND	ND	ND	ND
b. Oil Imports	ND	ND	ND	ND	ND	ND
c. Travel	ND	ND	ND	ND	ND	ND
d. Factor Income	ND	ND	ND	ND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

## SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



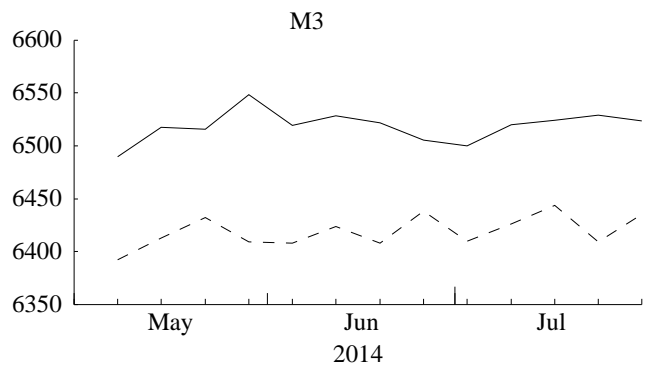
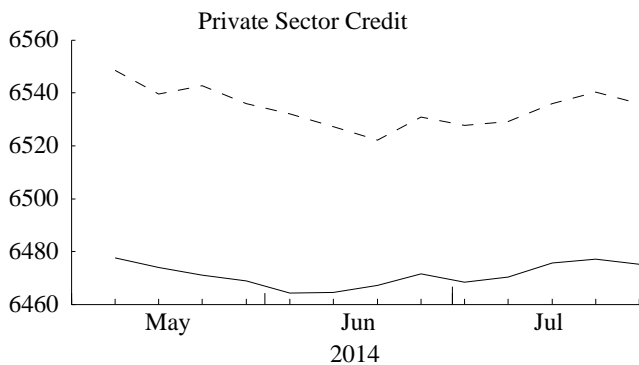
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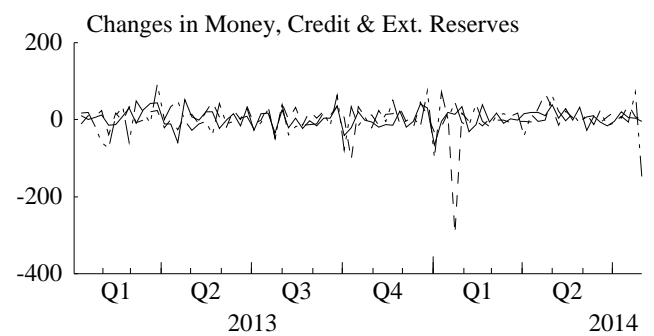
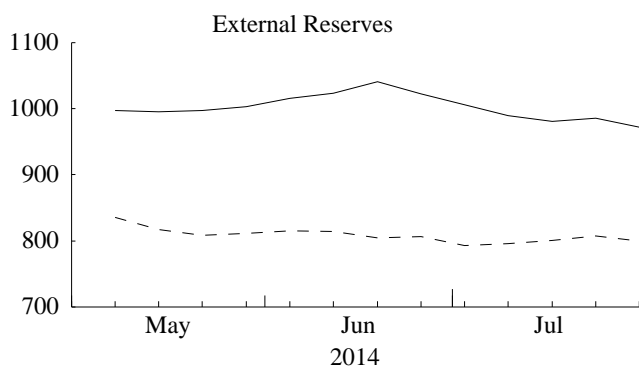
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— M3  
- - - Domestic Credit  
- · - · External Reserves



## Selected International Statistics

<b>A: Selected Macroeconomic Projections</b> (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
<i>Germany</i>	<i>0.5</i>	<i>1.7</i>	<i>1.6</i>	<i>1.4</i>	<i>5.3</i>	<i>5.2</i>
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
<i>Source: IMF World Economic Outlook April 2014, Department of Statistics</i>						

<b>B: Official Interest Rates – Selected Countries (%)</b>					
<i>With effect</i>	CBOB	ECB (EU)	Federal Reserve (US)		Bank of England
	<i>from</i>	Bank Rate	Refinancing Rate	Primary Credit Rate	Target Funds Rate
July 2012	4.50	0.75	0.75	0-0.25	0.50
August 2012	4.50	0.75	0.75	0-0.25	0.50
September 2012	4.50	0.75	0.75	0-0.25	0.50
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	0-0.250	0.50
June 2014	4.50	0.15	0.75	0-0.250	0.50
July 2014	4.50	0.15	0.75	0-0.250	0.50

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	May-14	June-14	July-14	Mthly % Change	YTD % Change	12-Mth % Change
Euro	0.7335	0.7304	0.7468	2.26	2.64	-0.66
Yen	101.78	101.33	102.80	1.45	-2.38	5.03
Pound	0.5969	0.5845	0.5922	1.32	-1.95	-9.94
Canadian \$	1.0845	1.0671	1.0906	2.20	2.66	6.12
Swiss Franc	0.8951	0.8868	0.9088	2.48	1.86	-1.88
Renminbi	6.2478	6.2046	6.1739	-0.49	1.95	0.73

*Source: Bloomberg as of July 31, 2014*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	July 2013	June 2014	July 2014	Mthly % Change	YTD % Change
Gold / Ounce	1325.25	1327.33	1282.59	-3.37	6.38
Silver / Ounce	19.85	21.03	20.39	-3.06	4.73
Oil / Barrel	107.25	113.50	107.07	-5.67	-4.05

*Source: Bloomberg as of July 31, 2014*

<b>E. Equity Market Valuations – July 31, 2014 (%chg)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-0.54	-1.56	-1.41	-0.21	-4.00	-4.33	3.03	7.48
3 month	1.13	-0.11	2.90	-0.74	-5.38	-2.04	9.21	8.65
YTD	5.67	-0.08	4.14	-0.28	-1.16	-1.51	-4.12	4.04
12-month	10.89	12.86	21.55	8.50	18.29	23.54	10.86	3.49

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
<b>o/n</b>	0.05	0.36	0.08
<b>1 Month</b>	0.10	0.43	-0.01
<b>3 Month</b>	0.25	0.50	0.13
<b>6 Month</b>	0.34	0.73	0.14
<b>9 Month</b>	0.47	0.80	0.29
<b>1 year</b>	0.65	0.97	0.38

*Source: Bloomberg as of July 31, 2014*

# SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

	VALUE										CHANGE									
	Jun. 04	Jun. 11	Jun. 18	Jun. 25	Jul. 02	Jul. 09	Jul. 16	Jul. 23	Jul. 30	Jun. 04	Jun. 11	Jun. 18	Jun. 25	Jul. 02	Jul. 09	Jul. 16	Jul. 23	Jul. 30		
<b>I. External Reserves</b>	1,015.07	1,023.67	1,040.57	1,022.31	1,005.42	989.60	980.47	985.67	972.12	11.87	8.60	16.90	-18.25	-16.89	-15.82	-9.13	5.20	-13.55		
<b>II. Net Domestic Assets (A + B + C + D)</b>	80.01	55.08	57.44	60.88	79.99	103.28	102.75	157.62	45.66	-0.04	-24.93	2.36	3.44	19.10	23.29	-0.53	54.87	-111.96		
<b>A. Net Credit to Gov<sup>y</sup>(i + ii + iii - iv)</b>	393.84	367.59	367.31	371.32	395.98	428.44	429.49	470.30	368.96	-3.33	-26.24	-0.29	4.02	24.65	32.46	1.05	40.81	-101.34		
i) Advances	124.66	124.66	124.66	129.66	129.66	129.66	129.66	134.66	134.66	0.00	0.00	0.00	5.00	0.00	0.00	0.00	5.00	0.00		
ii) Registered Stock	250.50	250.45	250.35	250.30	248.07	247.88	247.79	247.78	247.64	-0.14	-0.05	-0.11	-0.05	-2.22	-0.20	-0.09	-0.01	-0.14		
iii) Treasury Bills	59.78	34.90	34.90	34.90	60.17	90.10	90.10	124.50	124.50	0.00	-24.88	0.00	0.00	25.27	29.93	0.00	34.41	0.00		
iv) Deposits	41.11	42.42	42.60	43.53	41.92	39.19	38.05	36.63	137.84	3.19	1.31	0.18	0.94	-1.61	-2.73	-1.14	-1.42	101.20		
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-6.73	-6.65	-1.87	-3.92	-9.83	-20.82	-21.18	-7.81	-11.80	5.00	0.09	4.78	-2.05	-5.91	-10.99	-0.36	13.37	-3.99		
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	10.88	10.80	6.02	8.07	13.98	24.97	25.33	11.96	15.95	-5.00	-0.09	-4.78	2.05	5.91	10.99	0.36	-13.37	3.99		
<b>C. Loans to/Deposits with Banks</b>	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		
<b>D. Other Items (Net)*</b>	-307.09	-305.86	-308.00	-306.52	-306.16	-304.34	-305.56	-304.87	-311.50	-1.71	1.23	-2.14	1.48	0.36	1.82	-1.22	0.69	-6.63		
<b>III. Monetary Base</b>	1,095.08	1,078.75	1,098.01	1,083.20	1,085.41	1,092.88	1,083.22	1,143.29	1,017.78	11.83	-16.33	19.26	-14.81	2.21	7.47	-9.66	60.07	-125.51		
A. Currency in Circulation	329.48	329.75	325.78	315.00	321.93	328.96	324.30	317.54	322.56	11.81	0.27	-3.97	-10.77	6.92	7.03	-4.66	-6.76	5.03		
B. Bank Balances with CBOB	765.60	749.00	772.23	768.19	763.48	763.92	758.93	825.75	695.22	0.02	-16.60	23.23	-4.04	-4.71	0.44	-5.00	66.83	-130.53		

\* 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			
	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014		
<b>Fiscal Operations:</b>																												
1. Government Revenue & Grants % change over previous month	107.3 -34.07%	112.7 -4.20%	97.1 -5.00%	104.1 -7.02%	94.6 -2.33%	105.8 -15.03%	117.5 24.16%	103.8 -1.90%	145.5 32.59%	155.8 -5.95%	103.8 -1.90%	145.5 41.12%	155.8 -5.95%	103.8 -1.90%	145.5 41.12%	155.8 -5.95%	103.8 -1.90%	145.5 41.12%	155.8 -5.95%	103.8 -1.90%	145.5 41.12%	155.8 -5.95%	103.8 -1.90%	145.5 41.12%	155.8 -5.95%	103.8 -1.90%	145.5 41.12%	155.8 -5.95%
2. Import/Excise Duties % change over previous month	50.4 -50.39%	44.0 -15.35%	48.2 -4.34%	49.7 12.87%	50.4 5.57%	45.7 -8.65%	48.7 -3.45%	49.0 7.38%	45.8 -5.95%	45.8 -5.95%	49.0 7.38%	45.8 -5.95%	45.8 -5.95%	49.0 7.38%	45.8 -5.95%	45.8 -5.95%	49.0 7.38%	45.8 -5.95%	45.8 -5.95%	49.0 7.38%	45.8 -5.95%	45.8 -5.95%	49.0 7.38%	45.8 -5.95%	45.8 -5.95%	49.0 7.38%	45.8 -5.95%	45.8 -5.95%
3. Recurrent Expenditure % change over previous month	117.4 -47.15%	123.0 -48.32%	123.9 5.59%	112.9 -8.20%	127.2 -1.13%	145.3 16.23%	130.1 2.23%	128.8 -11.33%	122.3 -5.90%	122.3 -5.90%	128.8 -11.33%	122.3 -5.90%	122.3 -5.90%	128.8 -11.33%	122.3 -5.90%	122.3 -5.90%	128.8 -11.33%	122.3 -5.90%	122.3 -5.90%	128.8 -11.33%	122.3 -5.90%	122.3 -5.90%	128.8 -11.33%	122.3 -5.90%	122.3 -5.90%	128.8 -11.33%	122.3 -5.90%	122.3 -5.90%
4. Capital Expenditure % change over previous month	13.8 -71.17%	4.5 -90.95%	25.3 83.21%	16.8 27.347%	8.3 -64.42%	8.9 96.57%	14.5 75.14%	8.9 -60.99%	30.1 108.14%	30.1 108.14%	8.9 -60.99%	30.1 108.14%	30.1 108.14%	8.9 -60.99%	30.1 108.14%	30.1 108.14%	8.9 -60.99%	30.1 108.14%	30.1 108.14%	8.9 -60.99%	30.1 108.14%	30.1 108.14%	8.9 -60.99%	30.1 108.14%	30.1 108.14%	8.9 -60.99%	30.1 108.14%	30.1 108.14%
5. Deficit/Surplus* % change over previous month	-24.5 -81.64%	-15.7 -89.80%	-57.5 135.03%	-28.2 78.87%	-49.6 -21.01%	-62.8 87.78%	-30.5 -38.51%	-42.2 -32.72%	-48.3 48.51%	-48.3 48.51%	-30.5 -38.51%	-42.2 -32.72%	-48.3 48.51%	-30.5 -38.51%	-42.2 -32.72%	-48.3 48.51%	-30.5 -38.51%	-42.2 -32.72%	-48.3 48.51%	-30.5 -38.51%	-42.2 -32.72%	-48.3 48.51%	-30.5 -38.51%	-42.2 -32.72%	-48.3 48.51%	-30.5 -38.51%	-42.2 -32.72%	-48.3 48.51%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC		YEAR TO DATE		
	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)		
<b>Debt: **</b>																											
6. Total Debt % change over previous month	4,369.9 -0.38%	5,006.6 0.48%	4,413.6 1.0%	5,020.2 0.3%	4,577.8 1.0%	5,132.9 2.2%	4,600.2 0.3%	5,152.9 0.4%	4,689.3 1.9%	5,152.9 0.4%	4,689.3 1.9%	5,152.9 0.4%	4,689.3 1.9%	5,152.9 0.4%	4,689.3 1.9%	5,152.9 0.4%	4,689.3 1.9%	5,152.9 0.4%	4,689.3 1.9%	5,152.9 0.4%	4,689.3 1.9%	5,152.9 0.4%	4,689.3 1.9%	5,152.9 0.4%	4,689.3 1.9%	5,152.9 0.4%	4,689.3 1.9%
7. External Debt % change over previous month	1,042.6 0.42%	1,486.0 25.20%	1,046.3 0.4%	1,489.5 0.2%	1,050.5 -0.2%	1,487.3 0.1%	1,057.9 0.7%	1,487.3 0.0%	1,057.8 0.0%	1,487.3 0.0%	1,057.8 0.0%	1,487.3 0.0%	1,057.8 0.0%	1,487.3 0.0%	1,057.8 0.0%	1,487.3 0.0%	1,057.8 0.0%	1,487.3 0.0%	1,057.8 0.0%	1,487.3 0.0%	1,057.8 0.0%	1,487.3 0.0%	1,057.8 0.0%	1,487.3 0.0%	1,057.8 0.0%	1,487.3 0.0%	1,057.8 0.0%
8. Internal FC Debt % change over previous month	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	66.0	0.0	66.0	0.0	66.0	0.0	66.0	0.0	66.0	
9. Bahamian Dollar Debt % change over previous month	3,327.3 -0.89%	3,520.7 -4.09%	3,367.3 1.2%	3,530.7 0.3%	3,527.3 1.4%	3,579.7 1.4%	3,542.3 0.4%	3,598.7 0.6%	3,631.5 2.3%	3,598.7 0.6%	3,631.5 2.3%	3,598.7 0.6%	3,631.5 2.3%	3,598.7 0.6%	3,631.5 2.3%	3,598.7 0.6%	3,631.5 2.3%	3,598.7 0.6%	3,631.5 2.3%	3,598.7 0.6%	3,631.5 2.3%	3,598.7 0.6%	3,631.5 2.3%	3,598.7 0.6%	3,631.5 2.3%	3,598.7 0.6%	3,631.5 2.3%
10. Total Amortization % change over previous month	30.2 -58.17%	275.4 425.58%	10.0 -66.9%	10.0 -96.4%	2.5 -88.5%	14.1 1204.9%	25.0 902.0%	10.0 -29.3%	2.3 -90.6%	10.0 -29.3%	2.3 -90.6%	10.0 -29.3%	2.3 -90.6%	10.0 -29.3%	2.3 -90.6%	10.0 -29.3%	2.3 -90.6%	10.0 -29.3%	2.3 -90.6%	10.0 -29.3%	2.3 -90.6%	10.0 -29.3%	2.3 -90.6%	10.0 -29.3%	2.3 -90.6%	10.0 -29.3%	2.3 -90.6%
11. Total Public Sector FC Debt % change over previous month	1,890.4 0.1%	2,309.2 8.0%	1,894.6 0.2%	2,312.0 0.1%	1,898.5 -0.2%	2,376.8 2.6%	1,910.1 0.6%	2,375.5 -0.1%	1,915.5 0.1%	2,375.5 -0.1%	1,915.5 0.1%	2,375.5 -0.1%	1,915.5 0.1%	2,375.5 -0.1%	1,915.5 0.1%	2,375.5 -0.1%	1,915.5 0.1%	2,375.5 -0.1%	1,915.5 0.1%	2,375.5 -0.1%	1,915.5 0.1%	2,375.5 -0.1%	1,915.5 0.1%	2,375.5 -0.1%	1,915.5 0.1%	2,375.5 -0.1%	1,915.5 0.1%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC		YEAR TO DATE	
	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)	
<b>Real Sector Indicators</b>																										
12. Retail Price Index % change over previous month	105.8 0.22%	107.3 0.82%	105.7 -0.08%	107.6 0.28%	106.6 0.25%	107.7 -0.16%	106.5 -0.1%	107.8 0.03%	106.4 -0.1%	107.7 0.03%	106.4 -0.1%	107.7 0.03%	106.4 -0.1%	107.7 0.03%	106.4 -0.1%	107.7 0.03%	106.4 -0.1%	107.7 0.03%	106.4 -0.1%	107.7 0.03%	106.4 -0.1%	107.7 0.03%	106.4 -0.1%	107.7 0.03%	106.4 -0.1%	107.7 0.03%
13. Tourist arrivals (000's) % change over previous year	538.1 1.78%	555.2 3.16%	533.2 -3.95%	566.4 6.22%	674.0 19.00%	637.1 -5.48%	447.6 -21.17%	481.9 7.66%	477.2 -0.98%	507.0 6.24%	477.2 -0.98%	507.0 6.24%	477.2 -0.98%	507.0 6.24%	477.2 -0.98%	507.0 6.24%	477.2 -0.98%	507.0 6.24%	477.2 -0.98%	507.0 6.24%	477.2 -0.98%	507.0 6.24%	477.2 -0.98%	507.0 6.24%	477.2 -0.98%	507.0 6.24%
14. Air arrivals (000's) % change over previous year	86.1 -3.69%	88.6 2.88%	104.8 18.25%	107.7 2.85%	117.4 -21.22%	131.0 11.62%	113.9 -13.07%	117.7 3.38%	131.2 11.41%	130.9 -0.22%	131.2 11.41%	130.9 -0.22%	131.2 11.41%	130.9 -0.22%	131.2 11.41%	130.9 -0.22%	131.2 11.41%	130.9 -0.22%	131.2 11.41%	130.9 -0.22%	131.2 11.41%	130.9 -0.22%	131.2 11.41%	130.9 -0.22%	131.2 11.41%	
15. Occupied Room Nights % change over previous year																										
16. Res. Mortgage Commitments-Value of New Const. & Rehab. (B\$Millions) % change over previous qtr.																										

	2013		2014	
	2013	2014	2013	2014
12. Retail Price Index (Over previous year)	106.2	107.7	0.49%	1.33%
13. Tourist arrivals (000's) (Over previous year)	3,225	3,315	1.38%	2.80%
14. Air arrivals (000's) (Over previous year)	462	476	-8.71%	3.14%
16. Res. Mortgage Commitments-Value of New Const. & Rehab. (B\$Millions) (Over previous year)	22.56	28.63	-74.56%	26.88%

\*\* Debt figures pertain to central government only unless otherwise indicated  
\* Includes Net Lending to Public Corporations  
p - provisional