



## **Monthly Economic and Financial Developments August 2011**

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:

2011: October 31, November 28, December 19.

# Monthly Economic and Financial Developments

## August 2011

### 1. Domestic Economic Developments

Economic developments for the month of August took place within the context of less positive performance indicators for the United States economy and the domestic disruptions, although limited, caused by Hurricane Irene in the latter half of the month. However, initial indications are that the gradual improvement in the domestic economy was upheld, supported mainly by ongoing construction sector projects and more modest gains in the tourism sector. Given the weakness in real sector activity, high unemployment persisted, while inflationary pressures were relatively benign, although impacted by the recent firming in global oil prices. The fiscal situation for the first month of FY2011/12 showed a contraction in the overall deficit, while monetary developments continued to feature high and stable levels of bank liquidity and external reserves, amid soft private sector demand.

Anecdotal information suggest more tempered tourism sector gains during August, as Hurricane Irene disrupted stopover arrivals during this traditionally "slow" period, and caused the rerouting of a number of cruise ships. The tourism infrastructure in the main markets of Nassau and Grand Bahama, however, were minimally affected by this event.

Preliminary data from a sample of hotels in New Providence and the Family Islands for August showed total room revenues marginally higher by 0.7%, reflecting a 4.5% increase in average daily rates (ADRs) to \$220.08, which compensated for the 4.3 percentage point contraction in hotel occupancy rates to 64.9%. The improvement in revenue was, however, concentrated in a few properties, with the majority of hotels posting declines in overall receipts. Trends for the January to August period confirm the steady recovery in the sector. Room revenue gains of 1.7% were derived from a 2.9% hike in ADRs, which eclipsed the 1.1 percentage point contraction in the occupancy rate to 68.2%.

Inflation for the twelve months to June, as measured by the Retail Price Index for The Bahamas, firmed by 0.9 of a percentage point to 2.1%, partly reflecting the effects of elevated international oil prices. Average cost increases were recorded in almost all categories, with housing, water, gas, electricity & other fuels—the most heavily weighted item in the Index—advancing by 3.0% over the prior year. Gains were also noted for transport (6.0%), education (2.7%), medical care & health (2.4%), alcohol, tobacco, & narcotics (2.3%). Most of the remaining categories recorded price increases of less than 2.0%, with the exception of clothing & footwear and food & non alcoholic beverages, which contracted marginally by 0.6% and 0.1%, respectively.

Reflecting the volatility in international crude oil prices, gasoline and diesel costs increased in August by 3.2% to \$5.44 per gallon and by 2.0% to \$5.08 per gallon, respectively, and firmed by 26.2% and 41.9% year-on-year. This uptrend was also evident in the Bahamas Electricity Corporation's fuel charge, which advanced by 14.3% over the month to 26.00 cents per kilowatt hour and by 41.0% over the previous year.

In fiscal developments, the overall deficit for the first month of FY2011/12 narrowed by \$11.0 million (34.3%) to \$21.1 million, owing to a \$4.8 million (5.3%) increase in total revenue, combined with a \$6.3 million (5.1%) reduction in aggregate expenditure. Specifically, tax receipts expanded by 3.6% (\$3.0 million) to \$86.4 million, occasioned mainly by gains in non-trade stamp taxes, taxes on international trade

transactions—the largest component of tax revenue—and business & professional fees, by \$5.5 million, \$2.3 million and \$2.2 million, respectively. Similarly, non-tax revenue rose by \$1.8 million (26.6%) to \$8.5 million, due primarily to a \$2.1 million increase in fines, forfeits & administrative fees, which negated declines in income receipts. The reduction in expenditure reflected a timing-related \$6.0 million (61.5%) fall-off in capital outlays to \$3.7 million, linked to lower infrastructure spending, while net lending was lower by \$1.8 million at \$0.5 million. In contrast, current expenditure grew by \$1.5 million (1.4%) to \$111.7 million, as an increase in purchases of goods & services overshadowed a reduction in transfer payments.

## **2. International Developments**

Indications are that the pace of the global recovery slowed in August, amid weakness in the United States and European economies. By contrast, economic activity in Asia was sustained by robust growth in China, while reconstruction efforts continued in the regions of Japan devastated by the recent natural disasters. In this environment, the International Monetary Fund, in the September edition of the World Economic Outlook (WEO), lowered its forecast for world growth, to 4.0% in 2011 from its June projection of 4.3%.

In the United States, economic output remained anaemic over the review month, reflecting weak consumer demand conditions and poor employment prospects. Despite the finalisation of the debt agreement by the Government at end-July, concerns over the state of the economy, and the ability of policy makers to enact effective fiscal austerity measures, prompted Standard and Poors to downgrade the United States credit rating by one level to AA+. In addition, revised second quarter estimates indicated that real GDP grew by an annualized 1.0%, following a 0.4% improvement in the prior three-month period, benefitting from a modest rise in both Government spending and non-residential fixed investment. Developments in the housing market were mixed; building permits firmed by 3.2% in August, after contracting by 2.6% a month earlier, while housing starts fell by 5.0%, extending the previous month's 2.3% contraction. Weak labour market conditions persisted, with the unemployment rate stabilising at 9.1% as no new jobs were added in August on a net basis—although the data excluded almost 45,000 workers from one company who were on strike. Inflation was steady at 0.4% in August, in line with the previous month's advance, led by gains in food and energy costs. Against this backdrop, the Federal Reserve kept its key interest rate within the 0-0.25% range for the review month, in support of the economic recovery.

Economic conditions in Europe remained constrained in August, owing to the evolving debt crisis in several countries in the southern region. In the United Kingdom, the volume of retail sales declined by 0.2% in August over the prior month, while July's trade deficit steadied at £4.5 billion, as the increase in exports was negated by gains in imports. The unemployment rate for the three months to July firmed by 0.2 of a percentage point to 7.9% over the previous quarter, amid an 80,000 expansion in the number of jobless persons to 2.51 million. Consumer price inflation rose marginally to 4.5% in August from 4.4% in July, due mainly to higher clothing and fuel-related costs. On the monetary front, although inflation remained well above the Bank of England's 2.0% benchmark, concerns over the slow pace of the recovery prompted policy makers to leave the key bank rate at 0.5% and the size of the asset purchase programme at £200 billion.

As concerns over the stability of the debt levels in several of the euro zone's member states intensified during August, economic growth in the region was lacklustre. The volume of retail trade grew at a slower pace of 0.2% in July, compared to 0.7% in the prior month, while industrial production rose by 1.0%, reversing the 0.8% contraction in June. Based on preliminary trade estimates, the monthly external surplus fell by €0.4 billion to €4.3 billion in August, while the unemployment rate held steady for the second

consecutive month, at 10.0% in July, and monthly inflation stabilized at 2.5%. In this environment, the European Central Bank held its neutral monetary policy stance.

The robust growth momentum in the Asian economies was maintained during the review period, driven by growth in China, where heightened domestic demand underpinned a surge in retail sales by an annualized 17.0% in August but by a more moderate 1.4% over the prior month. Similarly, industrial output grew by 13.5% year-on-year, marginally below the 14.0% advance in July. The trade surplus narrowed, however, by almost 50% to US\$17.8 billion in August from the previous year, as the 30.2% year-on-year increase in imports outpaced the 24.5% rise in exports. Inflationary pressures eased slightly in August, resulting in accretions to consumer prices slowing by 0.3 of a percentage point to 6.2%. In monetary developments, the People's Bank of China left its main deposit and lending rates unchanged, at 3.50% and 6.56%, respectively.

A moderate, although more tempered recovery momentum was observed in the Japanese economy, as industrial output and retail sales rose by 0.6% and 0.7% in July, down from gains of 3.8% and 1.2% in the prior month. Both the unemployment rate and consumer prices were marginally higher at 4.7% and 0.1%. In this environment, the Bank of Japan kept interest rates at zero percent.

Reflecting elevated concerns over the challenges facing the global economy and the prospects for future growth, the average price of crude oil fell by 4.3% to \$112.93 per barrel in August. Despite these developments, OPEC's crude oil production advanced modestly by 80,000 barrels per day, to average 29.9 million barrels per day. In other commodity markets, investors' increased demand for relatively "safe" assets resulted in gains in gold and silver prices, of 12.2% to \$1,825.72 per troy ounce and 4.2% to \$41.56 per troy ounce, respectively.

Stock market trends were dominated by the heightened uncertainty caused by the US debt downgrade and lingering concerns over the European "debt crisis". In the United States, the Dow Jones Industrial Average (DJIA) and the S&P 500 index fell by 4.4% and 6.2%, respectively. European markets were also impacted, with declines posted for the United Kingdom's FTSE 100 (7.2%), France's CAC 40 (11.3%) and Germany's DAX (19.2%). In Asia, Japan's Nikkei 225 index and China's SE Composite moved lower, by 8.9% and 5.0%, respectively.

In foreign currency markets, the US dollar appreciated against almost all of the major currencies during the month of August, as investors increased asset holdings denominated in the traditional "safe haven" currencies. The Dollar strengthened relative to the Swiss Franc (by 2.56% to CHF0.8058), the British pound (by 1.1% to £0.6154), the euro (by 0.2% to €0.6956) and the Canadian dollar (by 2.3% to CND\$0.9777). In contrast, the Dollar depreciated vis-à-vis the Chinese Yuan and the Japanese Yen, by 0.9% and 0.1% to CNY6.3781 and ¥76.66, respectively.

### **3. Domestic Monetary Trends**

Money and credit trends featured high levels of bank liquidity over the review month, amid very mild private sector credit growth. The Government's issuance of a \$100 million bond provided an opportunity for banks, insurance companies, pension funds and households, to shift surplus funds from deposits into these long term instruments, while external reserves contracted during August, partly reflecting payments for fuel imports.

## August 2011 vs. 2010

As banks shifted part of their excess cash balances into Government bonds, excess reserves decreased by \$88.3 million—extending the previous year's \$31.3 million contraction. However, banks' total liquid assets advanced by \$2.7 million, reversing the \$29.5 million falloff in 2010, to stand at \$970.1 million.

External reserves contracted by \$49.3 million, \$4.5 million less than the year-earlier drop, to stand at \$1,032.2 million at end-August. Underlying this development, the Central Bank's net foreign currency sale to commercial banks narrowed by \$69.5 million to \$10.5 million, as their requirements were similarly scaled back mainly due to the lower incidence of profit repatriations. Conversely, fuel payments buoyed the Central Bank's net transaction with the public sector, which reversed to a net sale of \$37.6 million from a net intake of \$25.5 million a year earlier, when Government received proceeds from a short-term foreign currency loan.

Growth in commercial banks' Bahamian dollar credit more than doubled to \$48.5 million from last year's \$22.5 million. This development was primarily explained by a sharp hike in the net claim on the Government, of \$41.8 million relative to \$2.3 million in 2010, associated with banks' higher holdings of Government paper. Claims on the rest of the public sector decreased by \$1.2 million, vis-à-vis a \$1.5 million improvement in 2010. Accretions to private sector credit slowed by \$10.9 million to \$7.9 million, as growth in consumer credit slackened by \$9.2 million to \$1.1 million, and mortgages fell by \$3.0 million, to reverse the previous year's \$5.7 million expansion. However, commercial loans continued to recover, posting growth of \$9.8 million—up from \$2.7 million a year ago.

A breakdown of consumer lending for the month of July—the most recent data available—indicated that, although the overall position was relatively flat, it included some \$56.2 million accumulation in debt consolidation loans. This outturn largely explained the contracted claims registered in almost all of the remaining sectors, the most significant of which were for miscellaneous (\$21.4 million), credit card (\$12.8 million) and home improvement (\$8.7 million) loans.

In the context of ongoing weakness in the economic environment, the concomitant elevated levels of unemployment and the usual firming trend observed in the summer months, total private sector loan arrears rose by \$87.7 million (7.6%) to \$1,250.1 million. This corresponded to an increase in the ratio of arrears to total private sector loans, by 1.4 percentage point to 20.2%. By average age of delinquencies, those in the short-term (31-90 day) segment expanded by \$67.3 million (13.7%) to \$557.6 million, for a 1.1 percentage points hike in the ratio to total loans to 9.0%. Similarly, the non-performing segment—which consists of arrears exceeding 90 days and on which banks have stopped accruing interest—moved higher by \$20.5 million (3.1%) to \$692.5 million, and increased relative to total loans by 0.3 of a percentage point to 11.2%.

By major loan categories, the expansion in private sector arrears was led by a \$42.6 million (6.8%) increase in mortgage delinquencies to \$666.6 million, with arrears in the short-term and non-performing segments growing by \$35.0 million (11.8%) and \$7.7 million (2.3%), respectively. Similarly, consumer arrears rose by \$25.9 million (9.6%) to \$297.6 million or 14.1% of the portfolio, with gains in delinquencies between 31 and 90 days of \$17.5 million (14.3%), and those in excess of 90 days of \$8.4 million (5.6%). Commercial arrears moved higher by \$19.2 million (7.2%) to \$285.9 million, reflecting a \$14.8 million (20.5%) expansion in the short-term segment and a \$4.4 million (2.3%) rise in non-accrual loans.

As a result of these developments, banks increased their loan loss provisions by \$5.3 million (1.8%) to \$293.1 million in August. However, as the expansion in delinquencies outpaced the increase in provisions, the relevant ratio of provisions to arrears contracted by 1.3 percentage points to 23.4%, while the corresponding non-performing ratio softened by 0.5 of a percentage point to 42.3%. Banks also wrote-off an estimated \$19.7 million in loans, while recoveries amounted to \$3.0 million.

Total domestic foreign currency credit, which expanded by \$53.9 million in 2010, reversed to a net repayment of \$7.3 million during the review month. The net claim on the Government fell by \$1.2 million vis-à-vis a \$50.5 million short-term borrowing led increase in 2010; and there was a \$5.2 million decline in claims on the public corporations, a turnaround from an \$8.3 million advance in the prior year. In addition, the decline in private sector credit narrowed to \$1.0 million from \$4.9 million in 2010.

Bahamian dollar deposits contracted by \$18.4 million, not significantly different from the \$21.2 million decline posted a year earlier, with movements partly reflecting the holders' investments in the Government bond issued during the review month. Fixed balances declined by \$19.6 million, reversing the previous year's \$20.0 million advance, and savings deposits fell further by \$17.4 million after a \$30.2 million reduction in 2010. Conversely, demand balances rose by \$18.7 million, a turnaround from last year's \$11.1 million decline.

In interest rate developments, commercial banks' weighted average deposit rate firmed by 13 basis points to 2.33%, with the highest rate of 6.00% offered on fixed balances over 12 months. In addition, the weighted average loan rate edged higher by 4 basis points to 11.11%.

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

The modest recovery in the domestic economy is expected to be sustained over the remainder of the year, although significant global headwinds could dampen prospects for tourism sector recovery and constrain the growth momentum into 2012. Foreign investment-led projects, combined with public sector programmes, are anticipated to support the ongoing rebound in the construction sector and gradual improvement in associated labour market conditions. Given the volatility in international oil prices, modest firming in domestic inflation is forecasted over the near-term.

In the fiscal sector, efforts to secure an improvement in the overall deficit and slow the growth in the corresponding debt indicators, hinge significantly on the strength and sustainability of the economic recovery, along with the success of Government's efforts to enhance revenue collections.

On the monetary front, both bank liquidity and external reserves are poised to remain at elevated levels over the remainder of the year, although with some reduction towards the end of the year, in line with the anticipated seasonal, though reduced upturn in domestic demand. In the context of the mild growth scenario and limited employment prospects, banks' credit quality indicators are expected to stay elevated; however, with capital at healthy levels, financial stability concerns remain muted.



# Recent Monetary and Credit Statistics

(B\$ Millions)

<b>AUGUST</b>						
<b>Value</b>		<b>Change</b>		<b>Change YTD</b>		
<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	

## 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	303.94	532.53	-31.25	-88.34	41.85	143.03
1.2 Excess Liquid Assets	632.08	970.12	-29.54	2.73	128.22	156.81
1.3 External Reserves	769.00	1,032.23	-53.86	-49.34	-56.38	171.19
1.4 Bank's Net Foreign Assets	-709.79	-516.67	-73.84	-9.32	-43.57	150.99
1.5 Usable Reserves	391.11	527.86	-37.76	-14.67	-67.76	93.46

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>6,538.66</b>	<b>6,492.63</b>	<b>13.91</b>	<b>6.94</b>	<b>-6.77</b>	<b>-20.66</b>
a. B\$ Credit	6,089.40	6,187.35	18.76	7.89	-30.32	46.20
of which: Consumer Credit	2,140.06	2,122.47	10.35	1.12	-32.66	-10.37
Mortgages	3,029.23	3,108.12	5.74	-3.04	33.17	22.95
Commercial and Other Loans B\$	920.12	956.76	2.67	9.80	-30.84	33.62
b. F/C Credit	449.26	305.28	-4.85	-0.95	23.56	-66.86
of which: Mortgages	105.41	131.20	-0.09	0.05	9.47	2.58
Commercial and Other Loans F/C	343.85	174.08	-4.76	-0.99	14.09	-69.45
<b>2.2 Central Government (net)</b>	<b>1,272.98</b>	<b>1,356.77</b>	<b>52.78</b>	<b>40.60</b>	<b>282.68</b>	<b>-29.73</b>
a. B\$ Loans & Securities	1,351.37	1,487.72	-7.48	44.66	184.53	28.41
Less Deposits	129.09	128.70	-9.77	2.87	-45.74	-10.70
b. F/C Loans & Securities	52.31	0.23	49.75	0.23	48.60	-69.77
Less Deposits	1.61	2.48	-0.75	1.43	-3.81	-0.93
<b>2.3 Rest of Public Sector</b>	<b>399.47</b>	<b>395.70</b>	<b>9.76</b>	<b>-6.38</b>	<b>33.35</b>	<b>-5.42</b>
a. B\$ Credit	104.28	119.22	1.50	-1.23	22.92	5.28
b. F/C Credit	295.19	276.48	8.26	-5.15	10.43	-10.70
<b>2.4 Total Domestic Credit</b>	<b>8,211.16</b>	<b>8,245.08</b>	<b>76.37</b>	<b>41.18</b>	<b>309.24</b>	<b>-56.02</b>
a. B\$ Domestic Credit	7,416.02	7,665.57	22.47	48.47	222.85	90.37
b. F/C Domestic Credit	795.14	579.52	53.90	-7.29	86.39	-146.40

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	1,160.57	1,258.54	-11.10	18.65	70.18	117.77
a. Central Bank	12.84	18.91	0.90	7.72	0.23	10.91
b. Banks	1,147.73	1,239.63	-12.00	10.93	69.95	106.85
3.2 Savings Deposits	995.47	1,036.87	-30.16	-17.42	0.67	20.80
3.3 Fixed Deposits	3,652.84	3,644.99	20.03	-19.64	98.76	36.90
3.4 Total B\$ Deposits	5,808.88	5,940.40	-21.22	-18.42	169.61	175.46
3.5 F/C Deposits of Residents	200.88	222.09	-22.82	-17.61	-15.95	-29.98
<b>3.6 M2</b>	<b>5,994.31</b>	<b>6,131.81</b>	<b>-19.86</b>	<b>-11.83</b>	<b>156.69</b>	<b>172.84</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>12.83</b>	<b>16.83</b>	<b>-0.85</b>	<b>-0.77</b>	<b>-1.31</b>	<b>2.38</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>104.24</b>	<b>105.68</b>	<b>-3.16</b>	<b>3.30</b>	<b>-13.89</b>	<b>2.06</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>101.72</b>	<b>101.96</b>	<b>-2.69</b>	<b>1.99</b>	<b>-10.50</b>	<b>1.73</b>
	<b>Value</b>		<b>Year to Date</b>		<b>Change</b>	
	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>Month</b>	<b>YTD</b>

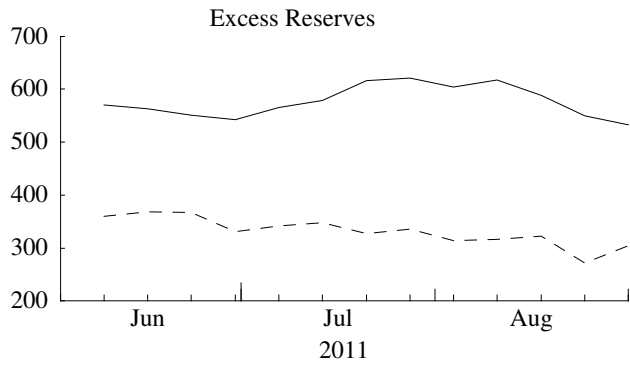
## 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>-54.46</b>	<b>-48.06</b>	<b>-61.87</b>	<b>157.23</b>	<b>6.40</b>	<b>219.10</b>
a. Net Purchase/(Sale) from/to Banks	-79.98	-10.47	72.90	170.44	69.51	97.54
i. Sales to Banks	91.69	21.23	247.44	197.48	-70.46	-49.97
ii. Purchases from Banks	11.71	10.75	320.34	367.92	-0.96	47.57
b. Net Purchase/(Sale) from/to Others	25.52	-37.58	-134.77	-13.21	-63.10	121.56
i. Sales to Others	47.01	56.96	343.26	480.44	9.94	137.18
ii. Purchases from Others	72.53	19.37	208.49	467.23	-53.16	258.74
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>-72.27</b>	<b>-11.59</b>	<b>83.00</b>	<b>182.72</b>	<b>60.68</b>	<b>99.72</b>
a. Sales to Customers	366.55	317.59	2,281.06	2,380.63	-48.96	99.57
b. Purchases from Customers	294.28	306.00	2,364.07	2,563.35	11.72	199.29
<b>4.3 B\$ Position (change)</b>	<b>-8.64</b>	<b>-0.48</b>				

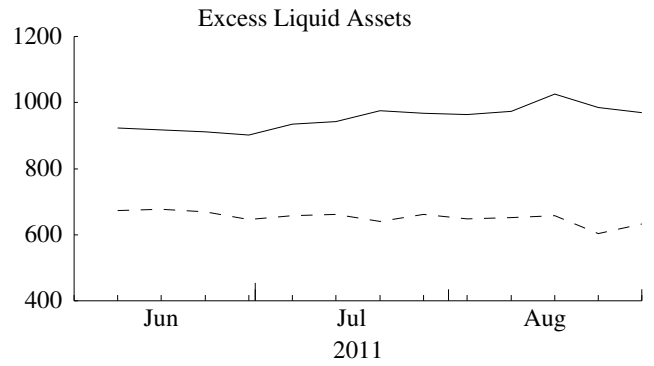
## 5.0 EXCHANGE CONTROL SALES

<b>5.1 Current Items</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>of which Public Sector</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
a. Nonoil Imports	0.00	0.00	0.00	0.00	0.00	0.00
b. Oil Imports	0.00	0.00	0.00	0.00	0.00	0.00
c. Travel	0.00	0.00	0.00	0.00	0.00	0.00
d. Factor Income	0.00	0.00	0.00	0.00	0.00	0.00
e. Transfers	0.00	0.00	0.00	0.00	0.00	0.00
f. Other Current Items	0.00	0.00	0.00	0.00	0.00	0.00
<b>5.2 Capital Items</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>of which Public Sector</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>5.3 Bank Remittances</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

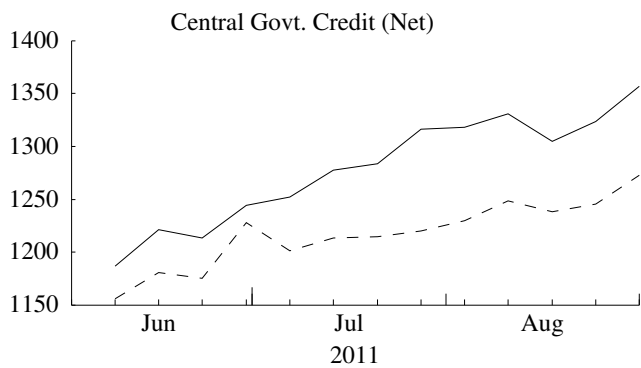
## SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



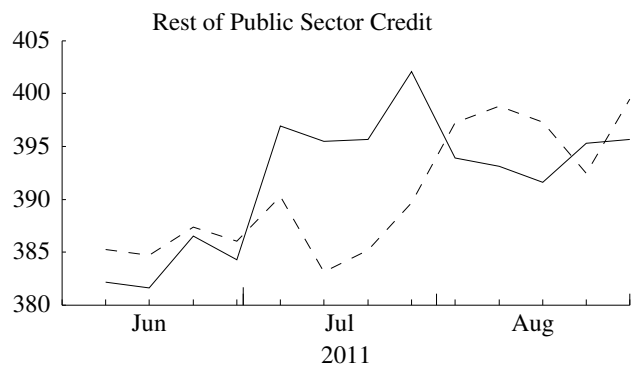
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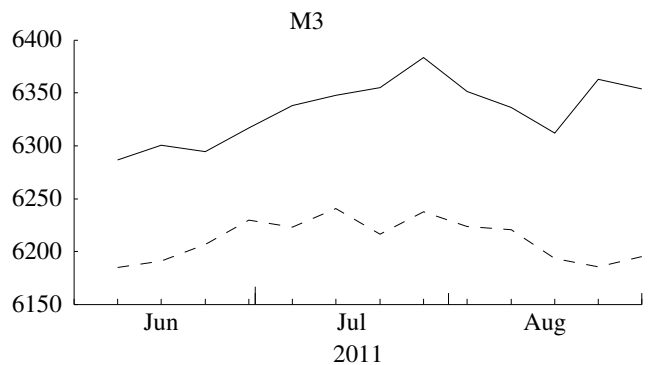
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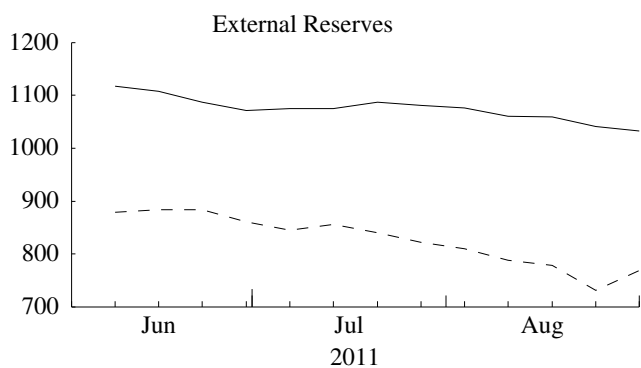
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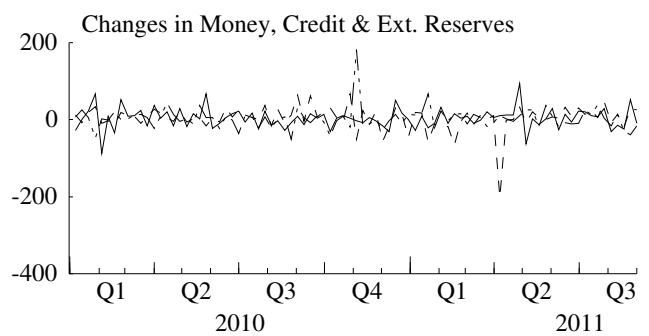
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— M3  
- - - Domestic Credit  
- · - External Reserves



## Selected International Statistics

<b>A: Selected Macroeconomic Projections</b> (Annual % Change and % of labor force)						
	Real GDP		Inflation Rate		Unemployment	
	2010	2011	2010	2011	2010	2011
Bahamas	0.5	1.3	1.7	2.0	n/a	13.7
United States	2.8	2.8	1.6	2.2	9.6	8.5
Euro-Area	1.7	1.6	1.6	2.3	10.0	9.9
<i>Germany</i>	<i>3.5</i>	<i>2.5</i>	<i>1.2</i>	<i>2.2</i>	<i>6.9</i>	<i>6.6</i>
Japan	3.9	1.4	-0.7	0.2	5.1	4.9
China	10.3	9.6	3.3	5.0	4.1	4.0
United Kingdom	1.3	1.7	3.3	4.2	7.8	7.8
Canada	3.1	2.8	1.8	2.2	8.0	7.6
<i>Source: IMF World Economic Outlook, April 2011</i>						

<b>B: Official Interest Rates – Selected Countries (%)</b>					
<i>With effect</i>  <i>from</i>	CBOB	ECB (EU)	Federal Reserve (US)		Bank of England
	Bank Rate	Refinancing Rate	Primary Credit Rate	Target Funds Rate	Repo Rate
June 2009	5.25	1.00	0.50	0.00-0.25	0.50
July 2009	5.25	1.00	0.50	0.00-0.25	0.50
August 2009	5.25	1.00	0.50	0.00-0.25	0.50
September 2009	5.25	1.00	0.50	0.00-0.25	0.50
October 2009	5.25	1.00	0.50	0.00-0.25	0.50
November 2009	5.25	1.00	0.50	0.00-0.25	0.50
December 2009	5.25	1.00	0.50	0.00-0.25	0.50
January 2010	5.25	1.00	0.50	0.00-0.25	0.50
February 2010	5.25	1.00	0.75	0.00-0.25	0.50
March 2010	5.25	1.00	0.75	0.00-0.25	0.50
April 2010	5.25	1.00	0.75	0.00-0.25	0.50
May 2010	5.25	1.00	0.75	0.00-0.25	0.50
June 2010	5.25	1.00	0.75	0.00-0.25	0.50
July 2010	5.25	1.00	0.75	0.00-0.25	0.50
August 2010	5.25	1.00	0.75	0.00-0.25	0.50
September 2010	5.25	1.00	0.75	0.00-0.25	0.50
October 2010	5.25	1.00	0.75	0-0.25	0.50
November 2010	5.25	1.00	0.75	0-0.25	0.50
December 2010	5.25	1.00	0.75	0-0.25	0.50
January 2011	5.25	1.00	0.75	0-0.25	0.50
February 2011	5.25	1.00	0.75	0-0.25	0.50
March 2011	5.25	1.00	0.75	0-0.25	0.50
April 2011	5.25	1.25	0.75	0-0.25	0.50
May 2011	5.25	1.25	0.75	0-0.25	0.50
June 2011	4.50	1.25	0.75	0-0.25	0.50
July 2011	4.50	1.50	0.75	0-0.25	0.50
August 2011	4.50	1.50	0.75	0-0.25	0.50

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	Aug-10	Jul-11	Aug-11	Mthly % Change	YTD % Change	12-Mth % Change
Euro	0.7887	0.6945	0.6956	0.15	-6.88	-11.80
Yen	84.21	76.76	76.66	-0.13	-5.54	-8.97
Pound	0.6516	0.6089	0.6154	1.06	-3.93	-5.55
Canadian \$	1.0657	0.9555	0.9777	2.32	-2.06	-8.26
Swiss Franc	1.0151	0.7857	0.8058	2.56	-13.78	-20.62
Renminbi	6.8105	6.4371	6.3781	-0.92	-3.21	-6.35

*Source: Bloomberg as of August 31, 2011*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	August 2010	July 2011	August 2011	Mthly % Change	YTD % Change
Gold / Ounce	1247.45	1627.88	1825.72	12.15	28.50
Silver / Ounce	19.35	39.89	41.56	4.20	34.42
Oil / Barrel	76.26	118.03	112.93	-4.32	20.79

*Source: Bloomberg as of August 31, 2011*

<b>E. Equity Market Valuations – August 31, 2011 (%chg)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-1.15	-4.36	-6.22	-7.23	-11.29	-19.19	-8.93	-4.97
3 month	-2.03	-7.61	-9.91	-9.94	-18.72	-20.69	-7.62	-6.42
YTD	-6.75	0.31	-3.64	-8.57	-14.40	-16.33	-12.45	-8.57
12-month	-7.95	15.96	15.49	3.24	-6.70	-2.37	1.49	-2.71

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
<b>o/n</b>	0.09	0.40	0.70
<b>1 Month</b>	0.16	0.57	1.22
<b>3 Month</b>	0.29	0.87	1.45
<b>6 Month</b>	0.48	1.16	1.67
<b>9 Month</b>	0.64	1.42	1.85
<b>1 year</b>	0.80	1.64	2.02

*Source: Bloomberg as of August 31, 2011*

## SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

	VALUE												CHANGE					
	Jul. 06	Jul. 13	Jul. 20	Jul. 27	Aug. 03	Aug. 10	Aug. 17	Aug. 24	Aug. 31	Jul. 06	Jul. 13	Jul. 20	Jul. 27	Aug. 03	Aug. 10	Aug. 17	Aug. 24	Aug. 31
<b>I. External Reserves</b>	1,075.29	1,074.58	1,086.99	1,081.57	1,075.65	1,060.65	1,059.43	1,041.33	1,032.23	3.93	-0.70	12.41	-5.43	-5.92	-15.00	-1.22	-18.11	-9.09
<b>II. Net Domestic Assets (A + B + C + D)</b>	-77.92	-65.87	-41.15	-25.13	-24.98	-10.48	-37.19	-51.34	-55.50	12.72	12.06	24.71	16.03	0.15	14.50	-26.71	-14.14	-4.16
<b>A. Net Credit to Gov't (i + ii + iii - iv)</b>	218.88	237.52	256.22	279.75	276.89	295.56	265.93	260.94	258.81	12.80	18.64	18.70	23.52	-2.85	18.66	-29.63	-4.99	-2.13
i) Advances	73.99	93.99	111.99	111.99	111.99	120.59	90.59	90.59	90.59	0.00	20.00	18.00	0.00	0.00	8.60	-30.00	0.00	0.00
ii) Registered Stock	148.20	148.19	148.21	148.08	148.10	148.11	163.17	161.56	161.17	0.01	-0.00	0.02	-0.14	0.03	0.01	15.06	-1.61	-0.39
iii) Treasury Bills	0.00	0.00	0.00	29.83	24.84	42.80	19.86	19.86	19.86	0.00	0.00	0.00	29.83	-4.98	17.96	-22.95	0.00	0.00
iv) Deposits	3.30	4.66	3.98	10.14	8.04	15.95	7.69	11.07	12.81	-12.79	1.36	-0.68	6.17	-2.10	7.91	-8.26	3.38	1.75
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-1.58	-5.50	0.44	-5.64	-4.10	-4.57	-4.74	-12.79	-13.56	-3.04	-3.93	5.95	-6.09	1.55	-0.48	-0.17	-8.05	-0.77
i) BDB Loans	5.55	5.55	5.55	5.55	5.55	5.55	5.55	5.35	5.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.20	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	7.13	11.05	5.11	11.19	9.65	10.12	10.29	18.14	18.91	3.04	3.93	-5.95	6.09	-1.55	0.48	0.17	7.85	0.77
<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>	-295.23	-297.89	-297.82	-299.23	-297.78	-301.47	-298.39	-299.49	-300.75	2.95	-2.66	0.07	-1.41	1.46	-3.69	3.08	-1.10	-1.26
<b>III. Monetary Base</b>	997.36	1,008.72	1,045.84	1,056.44	1,050.67	1,050.17	1,022.24	989.99	976.73	16.64	11.36	37.12	10.60	-5.77	-0.50	-27.93	-32.25	-13.26
A. Currency in Circulation	276.77	274.25	271.77	276.38	284.42	282.90	273.71	281.24	289.87	0.75	-2.52	-2.47	4.61	8.04	-1.52	-9.20	7.53	8.63
B. Bank Balances with CBOB	720.59	734.47	774.07	780.06	766.25	767.27	748.53	708.75	686.86	15.89	13.88	39.59	5.99	-13.81	1.02	-18.73	-39.78	-21.89

\* 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								
	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011							
<b>Fiscal Operations:</b>																																	
1. Government Revenue & Grants %change	1002 -17.17%	902 -38.91%	876 -12.50%	830 3.20%	880 -5.44%	819 -6.86%	127.4 59.27%	127.4 0.00%	113.3 38.26%	140.2 10.04%	110.8 18.55%	112.1 -1.08%	93.5 -33.32%	113.3 18.55%	110.8 -1.85%	111.6 0.67%	138.7 -25.20%	99.6 -10.71%	125.2 -9.73%	96.2 -3.40%	119.8 -4.35%	107.8 12.02%	120.2 0.31%	1154.9 -3.80%	1268.0 9.79%	478.8 -6.25%	510.5 6.62%	1267.6 0.90%	1301.9 2.70%	128.3 14.60%	157.4 22.66%	-327.0 -49.13%	-236.9 -27.53%
2. Import/Excise Duties %change	53.6 0.68%	41.3 -28.89%	42.1 -2.14%	49.3 19.37%	44.3 -7.36%	45.4 -0.28%	43.1 -2.91%	43.1 0.00%	40.6 -5.69%	40.6 0.00%	37.5 10.85%	38.8 2.63%	38.8 -4.48%	37.5 10.85%	37.5 -0.28%	43.2 0.48%	41.8 11.41%	45.3 4.29%	49.4 18.20%	42.6 -5.97%	50.2 1.61%	42.2 -0.77%	50.2 0.00%	478.8 -6.25%	510.5 6.62%	1267.6 0.90%	1301.9 2.70%	128.3 14.60%	157.4 22.66%	-327.0 -49.13%	-236.9 -27.53%		
3. Recurrent Expenditure %change	115.1 -30.83%	110.2 -4.08%	95.8 -14.03%	103.1 -6.46%	108.9 14.01%	117.5 -0.02%	117.7 8.09%	117.7 0.00%	119.8 1.81%	119.8 0.00%	121.0 11.39%	115.3 -6.52%	108.6 -9.37%	115.3 11.39%	121.0 11.39%	111.5 -7.88%	121.7 -0.49%	118.3 6.09%	119.8 -1.54%	127.2 7.56%	119.1 -0.55%	123.7 -2.77%	132.0 10.79%	1154.9 -3.80%	1268.0 9.79%	478.8 -6.25%	510.5 6.62%	1267.6 0.90%	1301.9 2.70%	128.3 14.60%	157.4 22.66%	-327.0 -49.13%	-236.9 -27.53%
4. Capital Expenditure %change	5.2 -82.14%	9.7 -65.79%	11.7 127.85%	18.5 90.36%	20.6 -53.68%	18.3 112.86%	18.8 -8.97%	18.8 0.00%	10.3 -45.09%	10.3 -0.00%	9.9 -38.01%	15.5 23.03%	13.8 34.22%	13.8 -28.01%	9.9 -38.01%	8.6 -13.22%	9.4 -14.30%	14.8 72.48%	26.3 176.23%	8.5 -42.47%	12.1 -54.15%	6.2 -27.06%	15.5 28.39%	1154.9 -3.80%	1268.0 9.79%	478.8 -6.25%	510.5 6.62%	1267.6 0.90%	1301.9 2.70%	128.3 14.60%	157.4 22.66%	-327.0 -49.13%	-236.9 -27.53%
5. Deficit/Surplus* %change	-21.2 -85.22%	-32.2 159.59%	-25.2 18.61%	-31.3 -2.64%	-54.4 116.02%	-62.6 31.43%	-43.0 -20.93%	-43.0 0.00%	4.3 -59.20%	4.3 -110.03%	-24.1 -35.68%	-21.4 -16.28%	-37.5 -97.012%	-37.5 -97.012%	-24.1 -35.68%	-15.7 -34.83%	4.5 -90.20%	-37.0 135.00%	-26.0 -677.24%	-47.2 27.64%	-16.1 -37.90%	-26.0 -44.90%	15.5 92.52%	1154.9 -3.80%	1268.0 9.79%	478.8 -6.25%	510.5 6.62%	1267.6 0.90%	1301.9 2.70%	128.3 14.60%	157.4 22.66%	-327.0 -49.13%	-236.9 -27.53%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC		YEAR TO DATE								
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011							
<b>Debt, **</b>																																	
6. Total Debt %change	3,320.4 0.00%	3,739.4 0.98%	3,304.4 -0.48%	3,739.8 0.01%	3,303.5 -0.03%	3,740.8 0.03%	3,349.6 1.40%	3,604.5 -3.64%	3,397.4 1.43%	3,546.5 -1.61%	3,495.9 2.79%	3,541.5 -0.14%	3,400.9 0.10%	3,541.5 -0.14%	3,564.2 1.95%	3,506.4 -0.71%																	
7. External Debt %change	703.1 0.00%	746.9 5.10%	703.1 0.00%	747.3 0.04%	702.2 -0.13%	748.3 0.14%	699.5 -0.38%	745.1 -0.43%	707.3 1.11%	745.1 0.00%	707.5 0.00%	745.1 0.00%	707.5 0.00%	745.1 0.00%	710.8 0.47%	744.9 0.00%																	
8. Internal F/C Debt %change	1.8 0.00%	70.0 0.00%	1.8 0.00%	70.0 0.00%	0.9 0.00%	70.0 0.00%	0.9 -50.00%	0.9 -100.00%	0.9 0.00%	0.9 0.00%	0.9 0.00%	0.9 0.00%	0.9 0.00%	0.9 0.00%	50.9 5537.10%	-																	
9. Bahamian Dollar Debt %change	2,615.5 0.00%	2,922.5 0.00%	2,599.5 -0.61%	2,922.5 0.00%	2,599.5 0.00%	2,922.5 0.00%	2,649.2 1.91%	2,889.5 -2.16%	2,689.2 1.51%	2,801.5 -2.03%	2,787.5 3.53%	2,786.5 -0.18%	2,682.5 0.12%	2,786.5 -0.18%	2,802.5 0.52%	2,761.5 -0.90%																	
10. Total Amortization %change	0.1 847.27%	0.2 212.77%	16.0 1491.23%	-	0.9 -94.30%	0.9 0.00%	136.2 1391.71%	136.2 14845.89%	-	56.0 -100.00%	25.23 80.13%	15.0 -74.14%	14.01 -74.14%	15.0 -74.14%	5.00 -80.19%	25.0 143.51%																	

11. Total Public Sector F/C Debt	
2010	1,186.5
2011	1,418.2
%change	19.47%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC		YEAR TO DATE									
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011								
<b>Real Sector Indicators</b>																																		
12. Retail Price Index %change; over previous month	100.0 -1.94%	102.1 3.39%	100.0 0.01%	102.4 0.31%	100.1 0.12%	103.1 0.71%	100.5 0.35%	103.6 0.46%	100.5 0.00%	104.1 0.4%	100.4 -0.1%	104.4 0.3%	100.4 -0.1%	104.4 0.3%																				
13. Tourist arrivals (000's) %change; over previous year	424.0 13.76%	487.4 14.95%	419.2 -13.99%	484.8 15.65%	539.7 15.80%	555.4 2.91%	469.2 13.14%	539.3 14.94%	539.7 15.80%	555.4 2.91%	539.3 14.94%	539.3 14.94%	539.3 14.94%	539.3 14.94%																				
14. Air arrivals (000's) %change; over previous year	91.7 -172.1%	81.3 -11.30%	103.0 26.65%	99.1 -3.80%	149.4 11.97%	140.3 -6.12%	125.0 -4.76%	129.1 3.26%																										
15. Occupied Room Nights %change; over previous year																																		
16. Res. Mortgage Commitments-New Const. %change; over previous qtr.																																		

\* Includes Net Lending to Public Corporations

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

P = provisional

Annual % T-D Retail Price Index are averages.

YEAR TO DATE

(Over previous year)	2010	2011
	100.2	103.3
	1.34%	3.02%
	1852.1	2066.9
	10.19%	11.60%
	469.1	449.8
	2.47%	-4.12%

YEAR TO DATE

(Over previous year)	2010	2011
	688.08	49.56
	-28.79%	-27.21%