



## **Monthly Economic and Financial Developments October 2010**

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 Date:

2010: December 28.

# Monthly Economic and Financial Developments

## October 2010

### **1. Domestic Economic Developments**

Amid the fragile and uneven pace of recovery in the global economy, domestic economic activity continued to stabilise over the review month. Tourism output improved modestly, reflecting gains in the key stopover segment of the market; while public sector projects supported construction output, which continued to be constrained by weak housing and foreign investment led activity. In this context, unemployment would have registered very little improvement, although inflationary pressures continued to moderate from the peak mid-2008 levels. Government's overall deficit position widened over the first quarter of FY2010/11, as the rise in spending overshadowed the modest improvement in revenues. In monetary developments, both liquidity and external reserves contracted, reflecting the traditional, though muted, firming in foreign currency demand during the final quarter of the year.

Preliminary indicators for the January to September period showed an upturn in tourism activity, as the sector benefitted from the incipient recovery in the United States' market, as well as public and private sector promotional efforts to boost occupancy rates. Initial data from a sample of hotels in Nassau and Paradise Island revealed that total room revenue increased by 7.5% to \$293.2 million, year-on-year, as higher levels of stopover visitors translated into a 2.5 percentage point gain in the average occupancy rate to 66.0% and a similar hike in the average daily room rate, to \$236.62.

Consumer price inflation for the twelve months to July, as measured by the Retail Price Index, softened by 3.4 percentage points to 0.9%. Average prices for housing—the largest component of the index—and recreation & entertainment declined by 0.3% and 1.7%, respectively, compared to gains of 2.8% and 3.9% a year earlier. In addition, average inflation slowed for food & beverages, "other" goods & services and furniture & household operations, by 7.7, 5.7 and 3.2 percentage points, to 0.5%; 1.8% and 2.1%, respectively. The remaining categories recorded moderations in average price gains, of less than 2.0 percentage points.

Government's overall deficit for the first quarter of FY2010/11 widened by \$10.8 million (10.7%) to \$111.5 million. Higher payments for debt servicing and goods and services elevated total expenditure by \$14.2 million (3.8%) to \$382.7 million, although capital spending narrowed by 1.7% to \$36.9 million and net lending, by 28.2% to \$8.1 million. Total receipts improved marginally, by \$3.4 million (1.3%) to \$271.2 million, due solely to a timing-related increase in non-tax collections, by 29.1% to \$29.9 million, as tax revenue fell by 1.4% to \$241.3 million, amid persistent softness in private sector demand.

### **2. International Developments**

The global economy continued to recover during the review period, although growth remained unbalanced, with the United States and Western Europe registering modest expansions in GDP in the third quarter, while heightened exports sustained the robust growth momentum of Asian economies.

The pace of real output growth in the United States economy strengthened to 2.5% in the third quarter from 1.7% in the previous three-month period, supported by higher inventory investment and a rise in consumer spending. In contrast, personal income contracted by 0.1%, following a 0.4% upturn in August. The labour market registered further signs of improvement in October, as an estimated 150,000 jobs were added to the

private sector, although the unemployment rate remained unchanged at 9.6%. The trade deficit fell by \$2.5 billion to \$44.0 billion in September, reflecting a gain in total exports and a decline in imports. On the monetary front, the Federal Reserve retained its key target rate at 0-0.25% in October, and announced the implementation of its latest “quantitative easing” measure in which it planned to purchase a further \$600 billion of longer-term Treasury securities by end-June 2011.

Indications are that real GDP increased by 0.4% in the euro area during the third quarter of 2010, despite persistent concerns over the challenges faced by some of its smaller economies. Real GDP in the United Kingdom firmed by 0.8%, although below the 1.2% expansion in the previous three-month period. The monthly trade deficit narrowed by £0.3 billion to £4.6 billion in September, as export growth outpaced the rise in imports. In addition, monthly consumer price inflation remained elevated at 3.2% in October, underpinned by increases in petrol and diesel costs. With regard to inflation, consumer prices rose by 1.9% in October, following a 1.8% advance in the prior month, and the unemployment rate firmed marginally by 0.1 of a percentage point to 10.1% in September. Given these developments, both the Bank of England and the European Central Bank decided to keep their policy rates at historic lows, in October, in an effort to support the economic recovery.

In Asia, China's economy grew at a tempered 9.6% in the third quarter, as higher food costs led to an acceleration in average consumer prices by 4.4%—the highest level in 25 months—from 3.6% a month earlier. The trade surplus expanded by US\$27.1 billion, year-on-year for October, after rising by \$16.9 billion in September, bolstered by strengthened export growth. Japan's economy expanded by 3.9% in the third quarter, due mainly to increased consumer spending. Consumer prices rose marginally by 0.5% in October, after the previous month's 0.3% increase; while the unemployment rate fell by 0.1 of a percentage point to 5.0% in September. The monthly current account surplus surged almost eight-fold, to ¥857.1 billion in September, amid increased net exports. Monetary policy developments were mixed during the review month, as the People's Bank of China, in an attempt to slow the rate of growth, raised both its benchmark deposit and lending rates, by 0.25 of a percentage point each, to 2.25% and 5.56%, respectively. In contrast, the Bank of Japan held its uncollateralized overnight call rate steady at 0.0%-0.1% and decided to implement its ¥35 trillion Asset Purchase Program, in a bid to stimulate domestic demand by reducing long-term interest rates.

In October, despite the rise in OPEC's crude oil production by 140,000 barrels per day (bpd) to 29.3 million bpd, average prices fell by 5.5% to \$83.58 per barrel, reflecting the depreciation in the US dollar and the prospects of higher world demand. Similarly, the price of gold rose by 3.9% to \$1,359.40 per troy ounce; and silver prices advanced by 13.8% to \$24.75 per troy ounce.

Investors' concerns over the negative effects of the Federal Reserve's \$600 billion asset purchase programme resulted in the dollar depreciating against most major currencies over the review period. The dollar fell against the euro, by 2.3% to €0.7170, and relative to the British Pound, by 2.0% to £0.6234. Similarly, the dollar weakened vis-à-vis the Japanese Yen, by 3.8% to ¥80.39, the Chinese Renminbi, by 0.3% to CNY6.67, and the Canadian dollar, by 1.0% to CAD1.0193. In contrast, the dollar was unchanged relative to the Swiss Franc at CHF0.9825.

Buoyed by generally higher than expected corporate earnings, major equity markets rallied in October. For the United States, the Dow Jones Industrial Average and the S&P 500 Index grew by 3.1% and 3.8%, respectively. In European markets, the United Kingdom's FTSE 100, moved higher by 2.3%; France's CAC 40, by 3.2% and Germany's DAX, by 6.0%. In Asian markets, Japan's Nikkei 225 contracted by 1.8%; and

China's SE composite surged by 12.2%, due in part to expected foreign inflows from several low interest rate economies.

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

For the month of October, money and credit conditions featured a reduction in both bank liquidity and external reserves, reflecting the seasonal—although tempered—trend of external reserve drawdowns during the latter half of the year to facilitate goods imports. Given the prevailing high level of unemployment and ongoing constraints in private sector demand, credit to this segment remained anaemic, although banks credit quality indicators improved marginally due to increased write-offs.

#### **October 2010 vs. 2009**

Excess reserves fell by \$57.2 million in October, which was below the previous year's \$113.3 million contraction. In contrast, the broader excess liquid assets rose by \$13.5 million, as banks increased their holdings of Government paper—a reversal from the \$64.8 million decrease in the corresponding period of 2009.

The decline in external reserves slowed by \$13.7 million to \$55.3 million in October, as the Central Bank's net sale to the public sector—primarily for fuel and interest payments—narrowed by \$17.0 million to \$44.5 million. However, the Bank's net sale to commercial banks almost doubled, to \$17.8 million, to accommodate the more than three-fold expansion in their net sale to customers, to \$13.2 million.

Accretions to Bahamian dollar credit slowed by \$17.8 million (27.8%) to \$46.4 million in October. This outturn was primarily driven by a moderation in the growth of the net claim on the Government, by 50.4% to \$33.9 million; while public corporations recorded a lower net repayment of \$0.4 million, vis-a-vis \$4.5 million in 2009. Private sector credit expansion, at \$12.9 million, exceeded the \$0.5 million upturn a year ago, led by a turnaround in commercial loans to a \$5.2 million gain from a \$1.9 million decline last year. The fall in consumer credit also eased by \$5.1 million to \$2.9 million; while growth in mortgages, of \$10.7 million, was in line with the previous year.

A disaggregation of consumer lending for September—the latest data available—revealed broad-based net repayments in nearly all loan categories, as consumers continued to reduce their outstanding debt. The most significant reductions were registered for private cars (\$3.6 million), home improvement (\$2.7 million), and land purchases (\$2.0 million). In addition, net repayments were noted for credit cards and travel, of \$1.6 million and \$1.0 million, respectively; whereas, debt consolidation loans—which comprised restructured credits—increased by \$8.8 million, following a \$5.0 million decline in 2009.

Amid sustained write-offs, banks' credit quality indicators improved moderately during October. Total private sector loan arrears fell by \$18.0 million (1.6%) to \$1,135.1 million, resulting in a 22 basis point softening in the corresponding arrears ratio to 18.2%. Delinquencies in the 31–90 segment declined by \$23.1 million (4.4%), with the relevant ratio narrowing by 34 basis points to 8.0%. Conversely, arrears exceeding 90 days rose by \$5.1 million (0.8%) to \$635.8 million, for a 12 basis point rise in the total loan ratio to 10.2%.

In terms of the main categories, the reduction in total arrears was largely attributed to a \$29.0 million (4.7%) decline in mortgage delinquencies, to \$593.6 million, as short-term arrears narrowed by \$35.1 million (10.5%), offsetting the \$6.2 million (2.2%) gain in the non-performing segment. Consumer arrears were

reduced by \$8.8 million (3.2%) to \$267.4 million, reflecting similar decreases in both the 31-90 day and non-performing segments, of \$4.1 million (3.4%) and \$4.7 million (3.0%), respectively. In contrast, the commercial component rose by \$19.7 million (7.8%) to \$274.1 million, led by a \$16.2 million (24.6%) expansion in the short-term tranche, with a lesser \$3.6 million (1.9%) rise in non-performing loans.

Given banks' conservative lending posture, total loan loss provisions grew by \$12.0 million (4.9%) to \$258.1 million, elevating the ratio of provisions to arrears and non-performing loans, by 1.4 and 1.6 percentage points, to 22.7% and 40.6%, respectively. In addition, banks wrote-off an estimated \$17.5 million in loans; while recoveries totalled \$3.7 million. For September—the latest month for which data is available—banks restructured an estimated \$20.7 million in private sector loans.

During the review month, foreign currency credit expanded by \$36.4 million, a turnaround from last year's decline of \$3.6 million. This outturn reflected a \$16.8 million rebound in credit to public corporations vis-à-vis a \$5.9 million net repayment in 2009. In addition, credit to the private sector rose by \$21.0 million, outpacing the \$2.8 million gain last year, as a tourism-based entity reduced its outstanding advances. In contrast, Government's net repayment position rose to \$1.3 million from \$0.6 million a year earlier.

Total Bahamian dollar deposits narrowed by \$33.0 million, exceeding the previous year's \$21.3 million reduction. Following last year's \$11.6 million advance, fixed balances decreased by \$5.2 million and demand deposits fell by \$34.0 million. In contrast, accretions to savings deposits firmed by \$4.0 million to \$6.2 million.

In interest rate developments, the weighted average deposit rate narrowed by 10 basis points to 3.17%, with the highest rate of 6.00% offered on fixed deposits over 12 months. The weighted average loan rate was unchanged at 11.58%.

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

Economic conditions are expected to remain relatively stable over the balance of 2010, supported by a modest improvement in tourism output, and some seasonal firming in domestic demand. Real output is poised to gain momentum in 2011, amid the commencement of several varied-scaled tourism related projects and indications of ongoing recovery in tourism performance with improving opportunities for job creation.

Against this backdrop, buoyancy in liquidity should persist, and external reserves are projected to exceed international benchmark levels, although the general weakness in economic activity will continue to constrain near-term efforts at reducing Government's overall deficit and the debt-to-GDP ratios.

# Recent Monetary and Credit Statistics

(B\$ Millions)

OCTOBER					
Value		Change		Change YTD	
2009	2010	2009	2010	2009	2010

## 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	160.39	250.09	-113.27	-57.22	-46.92	-12.00
1.2 Excess Liquid Assets	399.18	646.70	-64.76	13.50	137.23	140.31
1.3 External Reserves	683.84	722.13	-69.02	-55.63	121.11	-103.24
1.4 Bank's Net Foreign Assets	-748.36	-801.88	11.86	-17.42	-26.55	-131.67
1.5 Usable Reserves	379.44	370.12	-8.18	-25.74	145.85	-88.75

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>6,534.26</b>	<b>6,570.60</b>	<b>3.32</b>	<b>33.89</b>	<b>31.10</b>	<b>14.82</b>
a. B\$ Credit	6,114.85	6,111.64	0.50	12.91	51.07	-18.43
of which: Consumer Credit	2,179.60	2,130.69	-7.97	-2.90	-35.32	-42.02
Mortgages	2,852.15	2,928.47	10.37	10.66	100.91	56.98
Commercial and Other Loans B\$	1,083.10	1,052.48	-1.89	5.15	-14.52	-33.39
b. F/C Credit	419.41	458.96	2.81	20.98	-19.96	33.25
of which: Mortgages	93.13	104.80	-2.07	-0.80	7.80	8.86
Commercial and Other Loans F/C	326.28	354.16	4.88	21.78	-27.76	24.39
<b>2.2 Central Government (net)</b>	<b>1,241.29</b>	<b>1,355.95</b>	<b>67.67</b>	<b>46.96</b>	<b>342.34</b>	<b>365.64</b>
a. B\$ Loans & Securities	1,245.97	1,425.19	66.61	48.76	212.73	258.34
Less Deposits	167.85	138.42	-1.66	0.50	31.44	-36.42
b. F/C Loans & Securities	164.61	70.90	-0.47	-1.40	160.71	67.19
Less Deposits	1.43	1.73	0.13	-0.11	-0.34	-3.69
<b>2.3 Rest of Public Sector</b>	<b>354.68</b>	<b>468.44</b>	<b>-10.36</b>	<b>16.32</b>	<b>-47.16</b>	<b>102.32</b>
a. B\$ Credit	78.88	106.51	-4.51	-0.43	-5.99	25.14
b. F/C Credit	275.79	361.93	-5.85	16.75	-41.17	77.18
<b>2.4 Total Domestic Credit</b>	<b>8,130.29</b>	<b>8,395.08</b>	<b>60.62</b>	<b>97.23</b>	<b>326.35</b>	<b>482.82</b>
a. B\$ Domestic Credit	7,271.91	7,505.01	64.26	60.79	226.44	301.51
b. F/C Domestic Credit	858.38	890.06	-3.64	36.44	99.91	181.31

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	1,060.67	1,145.74	-35.09	-33.99	-20.77	55.35
a. Central Bank	10.81	11.71	3.34	-0.12	1.86	-0.89
b. Banks	1,049.86	1,134.02	-38.42	-33.87	-22.63	56.24
3.2 Savings Deposits	1,008.01	1,013.36	2.15	6.18	-12.02	18.56
3.3 Fixed Deposits	3,520.01	3,645.69	11.64	-5.15	87.61	108.51
3.4 Total B\$ Deposits	5,588.69	5,804.79	-21.30	-32.96	54.83	182.42
3.5 F/C Deposits of Residents	256.10	213.16	6.81	20.34	87.12	-3.67
<b>3.6 M2</b>	<b>5,769.39</b>	<b>5,987.53</b>	<b>-24.62</b>	<b>-33.71</b>	<b>29.72</b>	<b>166.81</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>11.85</b>	<b>12.06</b>	<b>-1.14</b>	<b>-0.86</b>	<b>2.05</b>	<b>-2.12</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>117.34</b>	<b>106.24</b>	<b>9.69</b>	<b>0.92</b>	<b>30.09</b>	<b>-11.89</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>112.22</b>	<b>102.48</b>	<b>9.20</b>	<b>0.70</b>	<b>26.93</b>	<b>-9.74</b>
	Value		Year to Date		Change	
	2009	2010	2009	2010	Month	YTD

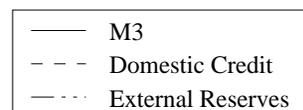
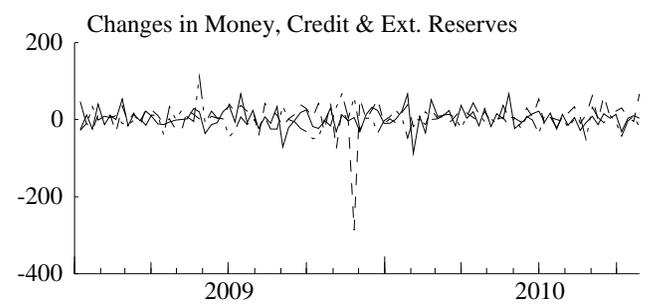
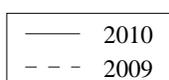
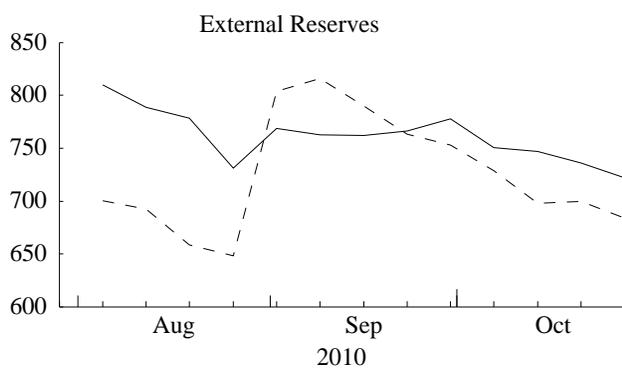
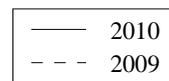
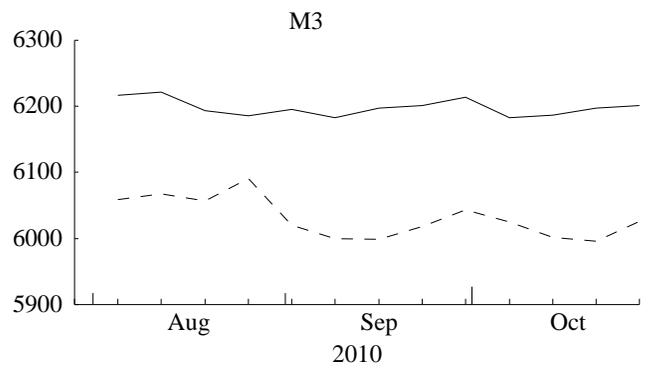
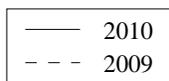
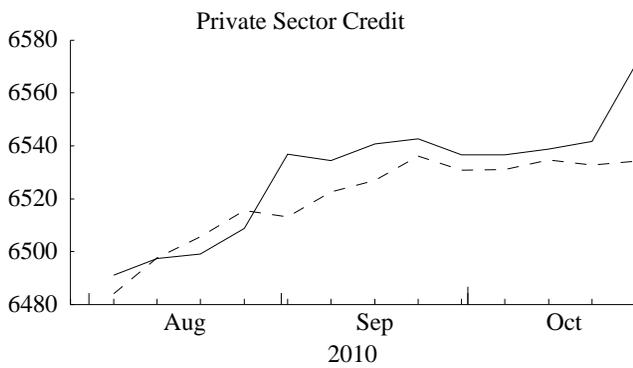
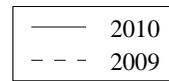
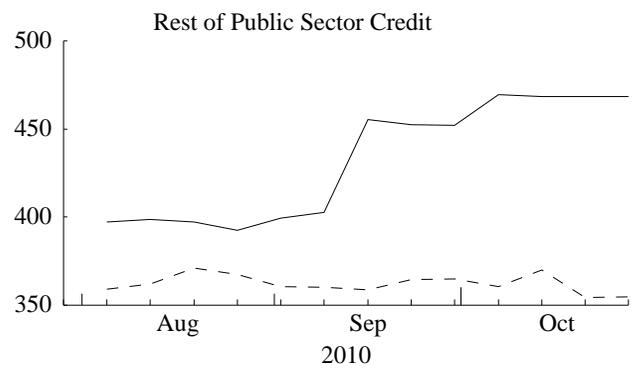
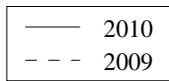
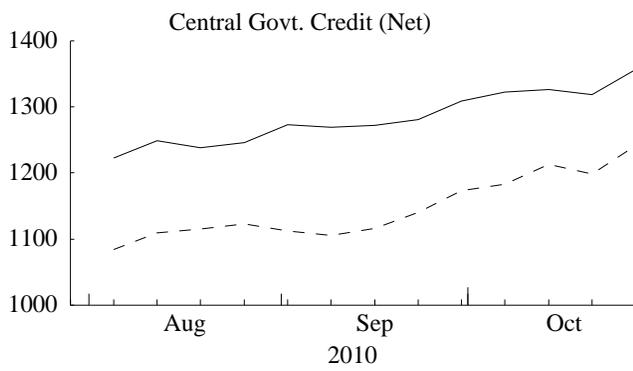
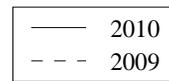
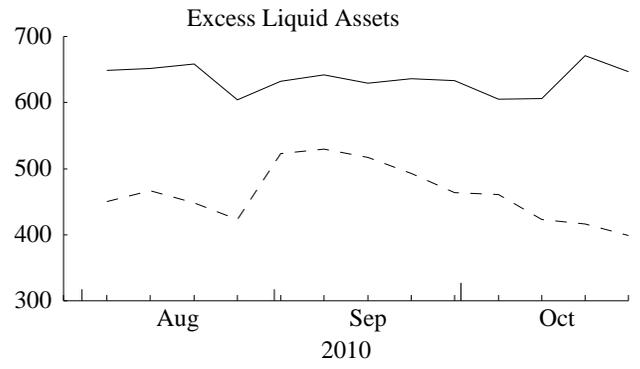
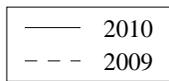
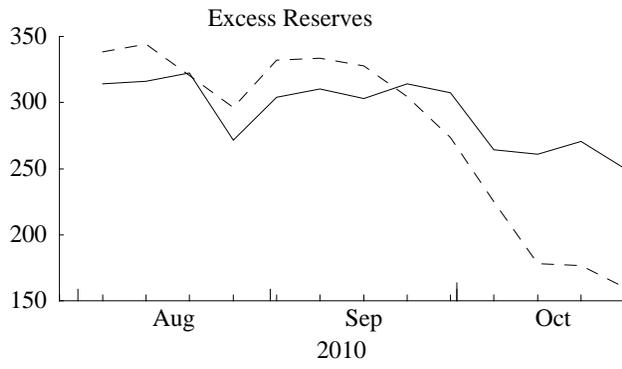
## 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>-71.13</b>	<b>-62.31</b>	<b>-73.71</b>	<b>-112.44</b>	<b>8.82</b>	<b>-38.73</b>
a. Net Purchase/(Sale) from/to Banks	-9.56	-17.77	18.56	59.21	-8.20	40.65
i. Sales to Banks	22.56	31.73	240.73	290.67	9.18	49.94
ii. Purchases from Banks	13.00	13.97	259.29	349.88	0.97	90.59
b. Net Purchase/(Sale) from/to Others	-61.56	-44.54	-92.27	-171.64	17.02	-79.37
i. Sales to Others	71.74	61.17	437.89	432.34	-10.58	-5.55
ii. Purchases from Others	10.18	16.62	345.62	260.70	6.45	-84.92
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>-4.26</b>	<b>-13.21</b>	<b>13.72</b>	<b>68.24</b>	<b>-8.95</b>	<b>54.52</b>
a. Sales to Customers	304.63	246.59	3,326.76	2,762.09	-58.04	-564.67
b. Purchases from Customers	300.37	233.38	3,340.48	2,830.33	-66.99	-510.15
<b>4.3 B\$ Position (change)</b>	<b>10.37</b>	<b>-7.57</b>				

## 5.0 EXCHANGE CONTROL SALES

<b>5.1 Current Items</b>	<b>253.35</b>	<b>0.00</b>	<b>2,187.87</b>	<b>0.00</b>	<b>-253.35</b>	<b>0.00</b>
<b>of which Public Sector</b>	<b>30.39</b>	<b>0.00</b>	<b>348.47</b>	<b>0.00</b>	<b>-30.39</b>	<b>0.00</b>
a. Nonoil Imports	100.22	0.00	857.14	0.00	-100.22	0.00
b. Oil Imports	39.17	0.00	244.44	0.00	-39.17	0.00
c. Travel	15.25	0.00	140.12	0.00	-15.25	0.00
d. Factor Income	11.02	0.00	129.35	0.00	-11.02	0.00
e. Transfers	3.20	0.00	49.26	0.00	-3.20	0.00
f. Other Current Items	84.49	0.00	767.57	0.00	-84.49	0.00
<b>5.2 Capital Items</b>	<b>2.09</b>	<b>0.00</b>	<b>67.45</b>	<b>0.00</b>	<b>-2.09</b>	<b>0.00</b>
<b>of which Public Sector</b>	<b>0.02</b>	<b>0.00</b>	<b>18.24</b>	<b>0.00</b>	<b>-0.02</b>	<b>0.00</b>
<b>5.3 Bank Remittances</b>	<b>9.10</b>	<b>0.00</b>	<b>91.20</b>	<b>0.00</b>	<b>-9.10</b>	<b>0.00</b>

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



## Selected International Statistics

<b>A: Selected Macroeconomic Projections</b> (Annual % Change and % of labor force)						
	Real GDP		Inflation Rate		Unemployment	
	2009	2010	2009	2010	2009	2010
Bahamas	-4.3	0.5	2.1	1.7	14.2*	n/a
United States	-2.6	2.6	-0.3	1.4	9.3	9.7
Euro-Area	-4.1	1.7	0.3	1.6	9.4	10.1
<i>Germany</i>	-4.7	3.3	0.2	1.3	7.5	7.1
Japan	-5.2	2.8	-1.4	-1.0	5.1	5.1
China	9.1	10.5	-0.7	3.5	4.3	4.1
United Kingdom	-4.9	1.7	2.1	3.1	7.5	7.9
Canada	-2.5	3.1	0.3	1.8	8.3	8.0

*Sources: IMF World Economic Outlook, October 2010, IMF World Economic Outlook, April 2010 & (\*) The Bahamas Department of Statistics.*

<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
September 2008	5.25	4.25	2.25	2.00	5.00
October 2008	5.25	3.75	1.25	1.00	4.50
November 2008	5.25	3.25	1.25	1.00	3.00
December 2008	5.25	2.50	0.50	0.00-0.25	2.00
January 2009	5.25	2.00	0.50	0.00-0.25	1.50
February 2009	5.25	2.00	0.50	0.00-0.25	1.00
March 2009	5.25	1.50	0.50	0.00-0.25	0.50
April 2009	5.25	1.25	0.50	0.00-0.25	0.50
May 2009	5.25	1.00	0.50	0.00-0.25	0.50
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

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	Oct-09	Sept-10	Oct-10	Mthly % Change	YTD % Change	12-Mth % Change
Euro	0.6794	0.7335	0.7170	-2.25	2.72	5.53
Yen	90.10	83.52	80.39	-3.75	-13.57	-10.78
Pound	0.6080	0.6363	0.6234	-2.03	0.82	2.54
Canadian \$	1.0848	1.0293	1.0193	-0.97	-3.23	-6.04
Swiss Franc	1.0264	0.9825	0.9825	0.00	-5.13	-4.28
Renminbi	6.8275	6.6900	6.6730	-0.25	-2.26	-2.26

*Source: Bloomberg as at October 31, 2010*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	October 2009	September 2010	October 2010	Mthly % Change	YTD % Change
Gold / Ounce	1045.40	1308.35	1359.40	3.9	23.9
Silver / Ounce	16.31	21.75	24.75	13.8	46.6
Oil / Barrel	77.11	79.26	83.58	5.5	7.4

*Source: Bloomberg as at October 31, 2010*

<b>E. Equity Market Valuations – October 31, 2010 (%chg)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-1.84	3.06	3.78	2.28	3.18	5.98	-1.78	12.17
3 month	0.19	6.24	7.87	7.93	5.23	7.37	-3.51	12.94
YTD	-4.88	6.62	5.79	4.85	-2.61	10.81	-12.74	-9.10
12-month	0.86	14.47	13.85	12.50	6.26	21.91	-8.29	-0.57

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
o/n	0.14	0.40	0.35
1 Month	0.19	0.51	0.67
3 Month	0.25	0.72	0.99
6 Month	0.44	1.01	1.21
9 Month	0.59	1.25	1.36
1 year	0.76	1.46	1.49

*Source: Bloomberg as at October 31, 2010*

**SUMMARY ACCOUNTS OF THE CENTRAL BANK**  
(B\$ Millions)

	VALUE										CHANGE									
	Sep. 01	Sep. 08	Sep. 15	Sep. 22	Sep. 29	Oct. 06	Oct. 13	Oct. 20	Oct. 27	Sep. 01	Sep. 08	Sep. 15	Sep. 22	Sep. 29	Oct. 06	Oct. 13	Oct. 20	Oct. 27		
<b>I. External Reserves</b>	769.00	762.47	762.01	766.56	777.75	750.69	746.89	736.05	722.13	37.77	-6.53	-0.46	4.55	11.19	-27.06	-3.80	-10.84	-13.92		
<b>II. Net Domestic Assets (A + B + C + D)</b>	-216.44	-204.44	-211.11	-204.78	-222.56	-239.27	-238.69	-218.53	-224.85	-6.82	12.00	-6.67	6.33	-17.78	-16.71	0.58	20.16	-6.32		
<b>A. Net Credit to Gov<sup>h</sup>( i + ii + iii - iv)</b>	254.86	254.50	245.17	245.90	246.06	235.84	235.64	253.45	248.81	2.42	-0.36	-9.33	0.73	0.16	-10.22	-0.20	17.81	-4.65		
i) Advances	111.99	111.99	111.99	111.99	111.99	120.59	120.59	111.99	111.99	0.00	0.00	0.00	0.00	0.00	8.60	0.00	-8.60	0.00		
ii) Registered Stock	125.64	125.38	125.26	125.18	125.15	124.81	124.82	134.80	134.78	-0.26	-0.27	-0.12	-0.08	-0.03	-0.34	0.01	9.98	-0.02		
iii) Treasury Bills	22.18	22.18	22.18	22.18	22.18	0.00	0.00	14.37	14.37	0.00	0.00	0.00	0.00	0.00	-22.18	0.00	14.37	0.00		
iv) Deposits	4.95	5.04	14.25	13.44	13.26	9.56	9.77	7.71	12.33	-2.68	0.10	9.21	-0.81	-0.18	-3.69	0.20	-2.06	4.62		
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-7.09	-6.25	-6.49	-1.95	-6.08	-14.63	-4.51	-9.45	-5.96	-3.65	0.84	-0.24	4.54	-4.13	-8.54	10.12	-4.94	3.49		
i) BDB Loans	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	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	12.84	12.00	12.24	7.70	11.83	20.38	10.26	15.20	11.71	3.65	-0.84	0.24	-4.54	4.13	8.54	-10.12	4.94	-3.49		
<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>	-464.22	-452.69	-449.78	-448.73	-462.53	-460.48	-469.82	-462.53	-467.70	-5.58	11.53	2.90	1.05	-13.80	2.05	-9.34	7.29	-5.16		
<b>III. Monetary Base</b>	552.55	558.03	550.91	561.78	555.20	511.42	508.20	517.52	497.28	30.95	5.47	-7.12	10.88	-6.59	-43.78	-3.22	9.32	-20.24		
A. Currency in Circulation	91.14	96.51	92.62	94.81	86.71	93.17	92.43	90.46	88.57	2.14	5.37	-3.90	2.20	-8.10	6.46	-0.74	-1.97	-1.89		
B. Bank Balances with CBOB	461.41	461.52	458.29	466.97	468.49	418.25	415.77	427.05	408.71	28.81	0.10	-3.23	8.68	1.52	-50.24	-2.48	11.28	-18.34		

\* 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		
	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	100.2	88.8	87.6	93.0	80.0	88.4	88.4	88.4	88.4	88.4	88.4	88.4	88.4	88.4	88.4	88.4	88.4	88.4	88.4	88.4	88.4	88.4	88.4	88.4	88.4
% change	-17.17%	-39.17%	-12.56%	3.64%	-8.68%	-5.02%	-5.02%	-5.02%	-5.02%	-5.02%	-5.02%	-5.02%	-5.02%	-5.02%	-5.02%	-5.02%	-5.02%	-5.02%	-5.02%	-5.02%	-5.02%	-5.02%	-5.02%	-5.02%	-5.02%
2. Import/Excise Duties	53.6	41.3	42.1	49.3	44.3	45.7	45.7	45.7	45.7	45.7	45.7	45.7	45.7	45.7	45.7	45.7	45.7	45.7	45.7	45.7	45.7	45.7	45.7	45.7	45.7
% change	0.68%	-28.89%	-2.14%	19.37%	3.26%	-7.36%	-7.36%	-7.36%	-7.36%	-7.36%	-7.36%	-7.36%	-7.36%	-7.36%	-7.36%	-7.36%	-7.36%	-7.36%	-7.36%	-7.36%	-7.36%	-7.36%	-7.36%	-7.36%	-7.36%
3. Recurrent Expenditure	115.1	110.3	95.8	106.4	108.9	121.1	121.1	121.1	121.1	121.1	121.1	121.1	121.1	121.1	121.1	121.1	121.1	121.1	121.1	121.1	121.1	121.1	121.1	121.1	121.1
% change	-30.83%	-13.96%	-16.72%	-3.55%	13.65%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%
4. Capital Expenditure	5.2	9.7	11.7	18.5	20.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6
% change	-82.14%	-65.79%	127.85%	90.36%	75.56%	-53.68%	-53.68%	-53.68%	-53.68%	-53.68%	-53.68%	-53.68%	-53.68%	-53.68%	-53.68%	-53.68%	-53.68%	-53.68%	-53.68%	-53.68%	-53.68%	-53.68%	-53.68%	-53.68%	-53.68%
5. Deficit/Surplus*	-21.2	-32.6	-25.2	-34.6	-54.4	-44.3	-44.3	-44.3	-44.3	-44.3	-44.3	-44.3	-44.3	-44.3	-44.3	-44.3	-44.3	-44.3	-44.3	-44.3	-44.3	-44.3	-44.3	-44.3	-44.3
% change	-85.22%	163.45%	18.61%	6.06%	116.02%	28.01%	28.01%	28.01%	28.01%	28.01%	28.01%	28.01%	28.01%	28.01%	28.01%	28.01%	28.01%	28.01%	28.01%	28.01%	28.01%	28.01%	28.01%	28.01%	28.01%

	YEAR TO DATE	
	2009/2010	2010/2011
(Over previous year)	271.2	271.2
% change	-14.82%	1.28%
	140.1	136.4
% change	-1.31%	-2.63%
	319.8	337.8
% change	-3.53%	5.63%
	37.5	36.9
% change	31.54%	-1.72%
	-100.8	-111.5
% change	66.80%	10.67%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT						
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010					
<b>Debt:**</b>																									
6. Total Debt	2,874.0	3,320.3	2,864.5	3,304.3	2,947.4	3,303.4	2,953.9	3,349.5	3,059.0	3,397.3	3,084.8	3,400.8	3,085.2	3,495.8	3,240.5	3,564.1	3,239.6	3,582.2	3,216.2	3,668.2	3,668.2	3,668.2	3,668.2	3,668.2	3,668.2
% change	5.01%	0.0154%	0.37%	-0.46%	2.18%	-0.03%	0.22%	1.40%	3.59%	1.43%	0.84%	0.10%	0.01%	2.79%	5.63%	1.95%	-0.03%	0.51%	-0.72%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
7. External Debt	383.7	703.1	394.3	703.1	393.3	702.1	390.8	699.5	415.9	707.2	421.6	707.5	425.0	707.4	427.3	710.7	426.4	713.8	424.0	710.7	710.7	710.7	710.7	710.7	710.7
% change	0.19%	0.073%	2.74%	0.00%	-0.24%	-0.13%	-0.66%	-0.38%	6.42%	1.11%	1.38%	0.03%	0.10%	0.00%	1.25%	0.47%	-0.20%	0.43%	-0.57%	-0.43%	-0.43%	-0.43%	-0.43%	-0.43%	-0.43%
8. Internal F/C Debt	3.6	1.8	3.6	1.8	53.6	1.8	52.7	0.9	142.7	0.9	162.7	0.9	162.7	0.9	162.7	50.9	162.7	70.9	161.8	70.0	70.0	70.0	70.0	70.0	70.0
% change	158.00%	0.00%	0.00%	0.00%	1384.27%	0.00%	-1.68%	-50.00%	170.75%	0.00%	14.01%	0.00%	0.00%	0.00%	0.00%	5537.10%	0.00%	39.29%	-0.55%	-1.27%	-1.27%	-1.27%	-1.27%	-1.27%	-1.27%
9. Bahamian Dollar Debt	2,486.6	2,615.5	2,486.6	2,599.5	2,500.5	2,599.5	2,510.5	2,649.2	2,500.5	2,689.2	2,500.5	2,692.5	2,500.5	2,787.5	2,650.5	2,802.5	2,650.5	2,797.5	2,630.5	2,687.5	2,687.5	2,687.5	2,687.5	2,687.5	2,687.5
% change	4.51%	0.00%	0.00%	-0.01%	0.56%	0.00%	0.40%	1.91%	-0.40%	1.51%	0.00%	0.12%	0.00%	3.53%	6.00%	0.54%	-0.18%	0.00%	-0.75%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%
10. Total Amortization	0.0	0.1	0.0	0.0	0.9	0.9	18.5	3.6	60.0	0.0	0.0	0.0	0.1	0.2	0.0	0.0	15.9	0.9	23.6	4.0	4.0	4.0	4.0	4.0	4.0
% change	-100.00%	847.27%	-100.00%	-100.00%	6105.80%	0.00%	1868.38%	294.00%	224.72%	-100.00%	-100.00%	-100.00%	0.00%	2390.63%	-100.00%	-100.00%	0.00%	0.00%	48.68%	337.44%	337.44%	337.44%	337.44%	337.44%	337.44%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT					
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010				
<b>11. Total Public Sector F/C Debt</b>	856.8	1,186.4	865.6	1,184.6	916.2	1,208.3	914.2	1,201.7	1,027.2	1,207.2	1,045.7	1,204.7	1,045.4	1,202.5	1,047.8	1,255.8	1,049.7	1,374.0	1,045.6	1,367.8	1,367.8	1,367.8	1,367.8	1,367.8
% change	55.93%	36.86%	-27.04%	36.86%	-22.49%	31.60%	-24.34%	37.45%	-14.52%	17.52%	-13.38%	15.21%	-13.22%	15.03%	-12.86%	19.85%	0.18%	30.90%	-0.39%	30.81%	30.81%	30.81%	30.81%	30.81%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT						
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010					
<b>Real Sector Indicators</b>																									
12. Retail Price Index	130.1	131.2	130.0	131.2	130.0	131.2	130.3	131.3	130.4	131.5	130.6	131.5	130.8	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5
% change: over previous month	4.77%	3.63%	-0.06%	0.02%	0.00%	-0.01%	0.23%	0.10%	0.1%	0.1%	0.1%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
13. Tourist arrivals (000's)	410.8	424.0	389.2	419.2	466.0	539.7	414.7	469.2	384.5	425.7	379.2	428.9	428.9	428.9	428.9	428.9	428.9	428.9	428.9	428.9	428.9	428.9	428.9	428.9	428.9
% change: over previous year	10.21%	3.22%	-8.27%	7.71%	-6.91%	15.81%	4.50%	13.14%	-18.1%	10.7%	-10.9%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
14. Air arrivals (000's)	90.0	91.7	103.1	103.0	133.4	149.4	131.2	125.0	113.5	119.1	119.9	129.5	129.5	129.5	129.5	129.5	129.5	129.5	129.5	129.5	129.5	129.5	129.5	129.5	129.5
% change: over previous year	-18.74%	1.89%	12.43%	-0.05%	-20.05%	12.05%	-4.99%	-4.76%	-9.2%	-0.4%	6.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
15. Occupied Room Nights																									
% change: over previous year																									

	YEAR TO DATE	
	2009	2010
(Over previous year)	130.3	131.3
% change	2.96%	0.79%
	2444.4	2706.6
% change	2.87%	10.73%
	691.1	711.8
% change	-14.53%	2.99%

	YEAR TO DATE	
	2009	2010
(Over previous year)	95.60	68.10
% change	1.53%	-28.77%

\* Includes Not Lending to Public Corporations  
 \*\* Debt figures pertain to central government only unless otherwise indicated  
 p = provisional  
 Annual/FY-FQ Real Price Indices are averages.

1. Government Revenue & Grants	88.4	-5.02%
2. Import/Excise Duties	45.7	-7.36%
3. Recurrent Expenditure	121.1	13.80%
4. Capital Expenditure	8.6	-53.68%
5. Deficit/Surplus*	-44.3	28.01%

6. Total Debt	3,303.4	-0.03%
7. External Debt	702.1	-0.13%
8. Internal F/C Debt	1.8	0.00%
9. Bahamian Dollar Debt	2,599.5	0.00%
10. Total Amortization	0.9	0.00%

11. Total Public Sector F/C Debt	1,207.2	17.52%
12. Retail Price Index	131.5	0.0%
13. Tourist arrivals (000's)	428.9	13.1%
14. Air arrivals (000's)	129.5	8.0%
15. Occupied Room Nights		
16. Res. Mortgage Commitments-New Const.	36.7	16.9%

16. Res. Mortgage Commitments-New Const.	46.4	-5.7%
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