



Monthly Economic and Financial Developments September 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: November 29, December 28.

Monthly Economic and Financial Developments

September 2010

1. Domestic Economic Developments

Preliminary data suggests a continuation of generally subdued economic conditions, with tourism performance, which is normally weak during September, registering some improvement in comparison to the year earlier period. However, construction sector output remained constrained, amid extended weakness in domestic building and foreign investment funded activities. In monetary developments, both external reserves and bank liquidity expanded marginally, and were maintained at relatively high levels, given the fall-off in domestic demand.

Tourism sector activity during September remained broadly consistent with the improvement noted over the prior eight months. As a result, expectations are for a comparative modest firming in hotel earnings over last year, as improvements in key source markets support higher daily room rates; although with a slight reduction in occupancy levels, based on increases in available room capacity.

Provisional estimates of Government's operations for FY2009/10 indicated that the overall deficit narrowed by 6.5% (\$23.6 million) to \$339.4 million. Expenditures fell by \$43.6 million (2.6%) to \$1,641.9 million, explained by declines in current outlays (1.9% or \$27.0 million) and net lending (27.3% or \$33.7 million), which outstripped an expansion in capital outlays (12.2% or \$17.0 million). Reflecting the ongoing effects of the economic downturn, total revenue decreased by \$20.1 million (1.5%) to \$1,302.5 million. In particular, there was a \$19.3 million (1.7%) decline in tax receipts, led by international trade-related taxes, which contracted by \$28.8 million (4.8%). Non-tax revenues were marginally lower by \$0.8 million (0.4%) at \$193.5 million.

2. International Developments

The pace of the global recovery was sluggish in September, as private sector demand in both the United States and Europe remained subdued. Asian economies, although recovering more rapidly than other regions, recorded some deceleration in economic activity, as export growth was dampened by currency appreciation. Nonetheless, the IMF, in its October 2010 World Economic Outlook (WEO), raised its forecast for global growth, by 0.2 percentage points to 4.8% in 2010, owing primarily to an anticipated acceleration in emerging and developing economies' output.

Economic growth in the United States rose by an estimated 2.0% in the third quarter, slightly higher than the 1.7% increase in the preceding three-month period, due to an acceleration in inventory build-up and greater consumer spending on services. The trade deficit widened by \$3.7 billion to \$46.3 billion in August, as the 2.1% advance in imports outpaced the 0.3% increase in exports. Despite signs of improvement in the economy, the unemployment rate remained at an elevated 9.6% in September, as cutbacks in both temporary and permanent Government jobs, associated with the winding down of the prior year's fiscal stimulus measures, overshadowed a modest improvement in private sector employment. Housing sector weakness persisted, as foreclosure filings firmed by 4.0% during the third quarter to 930,437, although there were concerns over the legality of filings in some jurisdictions. With consumer prices rising marginally by 0.1% in September and economic conditions remaining uncertain, the Federal Reserve left its key interest

rate unchanged within the range of 0.00%-0.25%, and indicated its preparedness to provide further support to the economy through purchases of Government debt.

Indications are that economic activity in Europe gained some traction during the review period, with industrial production in the United Kingdom increasing by an annualized 4.2% in August—extending the previous month's 1.9% gain. The trade gap narrowed, month-on-month, by £0.4 billion to £4.6 billion, reflecting a 5.7% contraction in the deficit on trade in goods. These conditions led to a 0.1 percentage point reduction in the unemployment rate, to 7.7% in the three-months to August, from the preceding period. Annualized consumer price inflation was unchanged from September at 3.1%. Developments in the euro area remained mixed. Although growth in industrial production advanced to 1.0% in August, from 0.1% a month earlier, construction activity declined further by 0.4%, following a 3.2% falloff in July, and price increases dampened retail trade volumes on a monthly basis, by 0.4%. Comparatively faster growth in imports, of 1.8%, resulted in the balance on the external trade account reversing to a deficit of €4.3 billion in August, from a €6.2 billion surplus a month earlier. Given the benign economic conditions, both the Bank of England and the European Central Bank maintained their neutral policy stance.

Asian economies sustained their relatively rapid pace of expansion, with China's economy growing by a slightly slower estimated rate of 9.6% in the third quarter, following the previous period's 10.3% expansion. However, the trade surplus narrowed to \$16.9 billion in September from \$20.0 billion in August, owing to a moderation in export growth; and rising food prices pushed annualized monthly inflation up slightly to 3.6% in September—for a 23-month high. In Japan, real output continued to be sluggish, impeded by a slowdown in export growth. Industrial production fell by 0.3% in August and the trade surplus shrank by almost 90% to ¥103.2 billion over the preceding month, as the Yen's appreciation dampened the growth in exports. In contrast, retail sales rose by an annualized 4.3% in August, following the prior month's 3.9% gain, mainly reflecting increased automobile purchases, as residents took advantage of the Government's incentive program. The unemployment rate decreased marginally to 5.1% in August. On the monetary front, the Peoples Bank of China kept its key interest rates unchanged; however, the Bank of Japan intervened in the foreign exchange market, for the first time since 2004, by selling US dollars to temper the appreciation of the Yen.

Reflecting a broad-based depreciation in the US dollar, crude oil prices advanced by 3.9% to \$79.26 per barrel in September. Because of supply disruptions, OPEC's crude oil production contracted slightly by 30,000 barrels per day over the previous month to 29.1 million barrels per day. The weak US dollar continued to boost investors' demand for precious metals, resulting in gold and silver prices rising by 4.9% and 12.4%, to \$1,308.35 and \$21.75 per troy ounce, respectively.

Broad-based gains were registered in all of the major equity markets during September, amid expectations over higher corporate profits and the potential gains from central banks' measures to stimulate the economy. In the United States, the Dow Jones Industrial Average (DJIA) and the S&P 500 index moved higher by 7.7% and 11.2%, respectively. Similarly in Europe, France's CAC 40 rose by 6.4%; while the United Kingdom's FTSE 100 grew by 6.2% and Germany's DAX, by 5.1%. In Asia, both Japan's Nikkei 225 index and China's SE Composite gained 6.2% and 0.6%, respectively.

In currency markets, the US dollar depreciated against all of the major currencies during September, reflecting in part concerns over the durability of the United States' recovery. The dollar declined by 7.0% against the euro to €0.7335, by 2.3% vis-à-vis the British pound to £0.6363, by 3.4% relative to the Canadian dollar to CND\$1.0293, and by 3.2% against the Swiss Franc to CHF0.9825. Following the Chinese Central Bank's measures to allow more flexibility in its exchange rate, the Yuan appreciated against the dollar by 1.8% to CNY6.69, while the dollar fell further by 0.8% to ¥83.52, despite attempts by Japanese authorities to weaken their currency.

3. Domestic Monetary Trends

Domestic monetary trends for the month of September featured moderate gains in both liquidity and external reserves, in comparison to year earlier declines, amid a continuation of subdued private sector demand impulses. However, for the nine-month period, liquidity growth slowed and external reserves contracted, as the mild recovery in the foreign exchange earnings sectors was partly dampened by higher outflows for profit remittances.

September 2010 vs. 2009

Excess reserves grew by \$3.4 million in September, reversing the \$58.5 million contraction noted in 2009. Similarly, a marginal gain of \$1.1 million in excess liquid assets represented a turnaround from last year's \$58.7 million drop.

External reserves recovered by \$8.7 million, from a \$50.8 million reduction a year earlier. Reflective of this outturn, the Central Bank's foreign currency transactions were reversed, to a net intake of \$11.7 million from a \$79.3 million net sale in 2009. The Bank purchased a net of \$4.1 million from commercial banks, and they, in turn, reduced their net sale to customers, by \$44.0 million to a mere \$1.6 million. Buoyed by the receipt of \$20.0 million in proceeds from Government's foreign currency borrowings, as well as lower fuel payments, the Bank's transactions with the public sector shifted to a \$7.7 million net purchase in September, from a net sale of \$28.3 million a year earlier.

Reduced lending to Government constrained growth in Bahamian dollar credit which receded by over 50% to \$30.0 million. In particular, accretions to Government's net credit slackened to \$16.2 million from \$60.8 million last year. In line with the subdued domestic demand, linked partly to elevated unemployment conditions, as well as banks' more conservative lending posture, growth in credit to the private sector was relatively stable at \$11.1 million. Consumer credit fell by \$6.5 million, a turnaround from the previous year's \$0.2 million expansion, whereas accretions to mortgages and commercial loans were higher by \$3.9 million and \$0.8 million, at \$11.4 million and \$6.1 million, respectively. The rise in credit to the rest of the public sector was a modest \$2.7 million, a turnaround from last year's \$0.3 million repayment.

A disaggregation of consumer lending for the month of August—the latest available data—showed notable increases for debt consolidation (\$6.6 million), credit card (\$5.2 million), miscellaneous (\$4.5 million) and education (\$1.4 million) loans. Conversely, net repayments were reported for private cars, furniture/appliances and home improvement loans, of \$2.2 million, \$0.7 million and \$0.7 million, respectively.

Bank write-offs contributed to a modest improvement in credit quality indicators during the month of September. Total private sector loan arrears fell by \$18.9 million (1.6%) to \$1,153.1 million, with a

corresponding 43 basis point decrease in the arrears rate to 18.4% of total loans. In terms of the average age of delinquencies, arrears in the shorter-term 31-90 day segment fell by \$9.7 million (1.8%) to \$522.4 million, resulting in a 21 basis point softening in the arrears ratio to 8.3%. Non-performing loans—those more than 90 days in arrears and on which banks ceased accruing interest—decreased by \$9.3 million (1.5%) to \$630.7 million, for a 22 basis point narrowing in the corresponding arrears ratio to 10.1% of total loans.

The falloff in total arrears was attributed to broad-based declines in all of the main categories. The largest contraction was noted for mortgage delinquencies, which receded by \$9.2 million (1.5%) to \$622.6 million, following five consecutive months of expansion. This outturn reflected a \$9.6 million (2.8%) decrease in the 31-90 day segment, which offset a \$0.4 million (0.1%) rise in the non-performing category. Consumer loan arrears abated by \$8.8 million (3.1%) to \$276.2 million, as both the short-term and non-performing segments fell by \$2.7 million (2.2%) and \$6.1 million (3.8%), respectively. The commercial segment also decreased, by \$0.9 million (0.4%) to \$254.3 million, with the \$2.6 million (4.2%) rise in the 31-90 day category overshadowed by a \$3.6 million (1.9%) reduction in non-accrual loans.

Consistent with a more conservative and forward looking stance, banks increased total provisions for loan losses by \$4.5 million (1.9%) to \$244.8 million in September, elevating the ratio of provisions to arrears and non-performing loans, by 0.7 and 1.3 percentage points, to 21.2% and 38.8%, respectively. In addition, banks wrote-off an estimated \$17.5 million in loans in September, an increase of \$6.4 million over the previous month; while recoveries totalled \$3.2 million. As part of the continuing assistance which banks provide to customers, an estimated \$20.7 million in loans were restructured.

Domestic foreign currency credit expanded by \$58.5 million during the review month, extending the previous year's \$10.1 million accumulation. Supported by foreign currency borrowings, public corporations' claims grew by \$50.0 million, following a \$4.8 million expansion a year earlier. Similarly, net credit to the Government rose by \$19.8 million, extending the \$0.7 million gain last year, and reflecting the receipt of a further \$20.0 million in short-term foreign currency borrowings. In contrast, credit to the private sector contracted by \$11.3 million, a turnaround from a \$4.7 million increase in 2009.

Accretions to Bahamian dollar deposits firmed by \$27.0 million to \$28.9 million, as demand and savings balances grew by \$19.2 million and \$11.7 million vis-à-vis respective downturns of \$0.2 million and \$1.6 million in 2009. In contrast, fixed deposits contracted by \$2.0 million, reversing the \$3.7 million uptick in the previous period.

With regard to interest rates, the weighted average deposit rate at banks softened by 11 basis points to 3.27%, with the highest rate of 6.00% offered on fixed deposits over 12 months. Conversely, the weighted average loan rate firmed by 6 basis points to 11.58%.

January - September 2010

For the nine months to September, excess reserves grew by a reduced \$45.2 million, vis-a-vis \$66.4 million last year. Accretions to excess liquid assets also narrowed by \$75.2 million to \$126.8 million over the same period.

In the context of higher foreign currency outflows for profit remittances and trade transactions, external reserves contracted by \$47.6 million to \$777.7 million. This follows on a \$190.1 million build-up a year earlier—dominated by the receipt of approximately \$178.7 million in Special Drawing Rights (SDRs) from the IMF. The \$47.5 million hike in the Central Bank's net foreign currency sale, to \$50.1 million, was largely explained by a more than four-fold boost in the net sale to the public sector, to \$127.1 million from \$30.7 million in 2009. In a significant offset, the Bank's net purchase from commercial banks was boosted by \$48.9 million, facilitated out of their \$81.5 million net purchase from clients—inclusive of a significant one off receipts linked to an asset sale.

Buoyed by increased credit to the Government, banks' Bahamian dollar claims rose by \$78.5 million to \$240.7 million. Specifically, the expansion in net credit to the Government was higher at \$246.5 million vis-a-vis \$113.0 million last year; and claims on the public corporations rebounded by \$25.6 million, a turnaround from a \$1.5 million net repayment in 2009. Anaemic domestic demand conditions translated into a \$31.3 million reduction in credit to the private sector, reversing the previous year's \$50.6 million advance. Included in this outturn was an almost 50% slackening in mortgage growth to \$46.3 million, while there were further net repayments for consumer credit and commercial and "other" loans of \$39.1 million and \$38.5 million, respectively.

Based on data for January to August, almost all categories of consumer lending showed net repayments. The largest declines were noted for credit cards (\$15.6 million), private cars (\$14.7 million), loans for "miscellaneous" purposes (\$11.8 million) and travel (\$6.8 million). However, growth in debt consolidation loans—which comprised rewritten credits—slackened to \$28.7 million, from the previous year's \$48.7 million.

Despite the modest improvement posted in September, banks' credit quality indicators deteriorated over the nine months of 2010, as the subdued economic environment and elevated unemployment levels continued to negatively impact borrowers' ability to service their debt. Total private sector loan arrears advanced by \$63.0 million (5.8%) to \$1,153.1 million, with the ratio of arrears to total loans higher by 0.9 basis points at 18.4%. The outcome was occasioned by a rise in non-performing loans, of \$54.3 million (9.4%) to \$630.7 million, which boosted the corresponding ratio by 78 basis points to 10.1% of total loans. Arrears in the short-term category rose by \$8.7 million (1.7%) to \$522.4 million, with a 6 basis point firming in the arrears ratio to 8.3% of total loans.

Mortgage and commercial loan delinquencies explained the bulk of the deterioration in total arrears during the review period. Mortgage arrears rose by \$91.1 million (17.1%) to \$622.6 million, inclusive of an expansion in both the 31-90 day and non-performing segments, of \$45.0 million (15.5%) and \$46.1 million (19.1%), respectively. Commercial delinquencies firmed by \$18.7 million (8.0%) to \$254.3 million, as the \$8.3 million (11.2%) reduction in short-term arrears was overshadowed by the \$27.1 million (16.8%) growth in the non-performing category. In contrast, consumer loan arrears fell by \$46.9 million (14.5%) to \$276.2 million, associated with reductions of \$28.0 million (18.8%) in the 31-90 day segment and \$18.9 million (10.9%) in the non-performing category.

Given the sustained deterioration in loan portfolios, banks increased their provisions for loan losses by \$31.2 million (14.6%) to \$244.8 million. As a result, the ratio of provisions to total arrears and non-performing loans both firmed, by 1.6 and 1.8 percentage points, to 21.2% and 38.8%, respectively.

The expansion in domestic foreign currency credit strengthened to \$144.9 million, from \$103.6 million a year ago. Claims on public corporations rose by \$60.4 million to contrast with the prior year's decline of \$35.3 million. Similarly, credit to the private sector advanced by \$12.3 million, after falling by \$22.8 million last year; whereas accretions to net claims on the Government narrowed to \$72.2 million from \$161.7 million in 2009.

Growth in Bahamian dollar deposits also moved higher by \$139.3 million to \$215.4 million during the review period. Demand balances rose by \$89.3 million relative to \$14.3 million in 2009, and fixed deposit gains firmed by \$37.7 million to \$113.7 million. Savings deposits also grew by \$12.4 million, to reverse the year-earlier \$14.2 million drawdown.

4. Outlook and Policy Implications

Expectations are that the ongoing global recovery, although still fragile, will continue to support relatively stable economic conditions in the local economy over the near-term, with modest growth anticipated in 2011, linked to projected improvements in key productive sectors. However, downside risks remain, given the uncertainty surrounding the sustainability of the recovery in the United States market, particularly, the outlook for consumer spending, with spillover effects on the turnaround in domestic employment conditions.

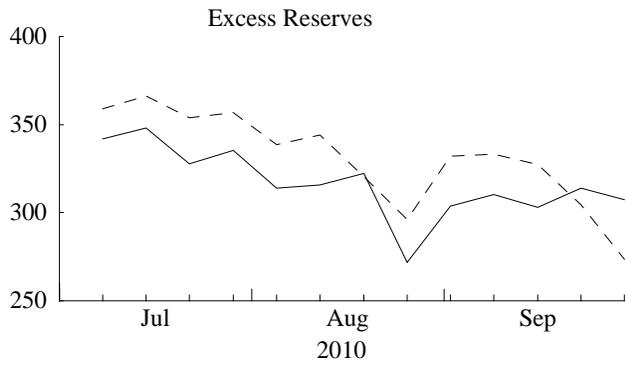
Weak domestic demand conditions will continue to constrain Government's near-term efforts towards improving the overall fiscal performance. However, both bank liquidity and external reserves are expected to be maintained at relatively robust levels over the remainder of 2010.

Recent Monetary and Credit Statistics

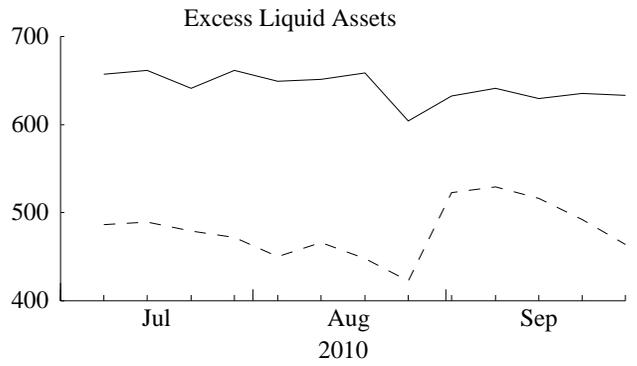
(B\$ Millions)

	SEPTEMBER					
	Value		Change		Change YTD	
	2009	2010	2009	2010	2009	2010
1.0 LIQUIDITY & FOREIGN ASSETS						
1.1 Excess Reserves	273.66	307.31	-58.53	3.36	66.35	45.21
1.2 Excess Liquid Assets	463.94	633.19	-58.69	1.12	202.00	126.80
1.3 External Reserves	752.86	777.75	-50.78	8.76	190.13	-47.62
1.4 Bank's Net Foreign Assets	-760.22	-784.46	29.78	-76.44	-38.41	-114.24
1.5 Usable Reserves	387.62	395.86	-6.29	4.75	154.03	-63.00
2.0 DOMESTIC CREDIT						
2.1 Private Sector	6,530.94	6,536.71	17.77	-0.19	27.79	-19.07
a. B\$ Credit	6,114.34	6,098.73	13.07	11.10	50.56	-31.34
of which: Consumer Credit	2,187.57	2,133.59	0.16	-6.46	-27.35	-39.12
Mortgages	2,841.78	2,917.81	7.58	11.44	90.54	46.32
Commercial and Other Loans B\$	1,084.99	1,047.34	5.34	6.12	-12.63	-38.53
b. F/C Credit	416.60	437.97	4.69	-11.29	-22.78	12.27
of which: Mortgages	95.20	105.60	-0.33	0.19	9.87	9.66
Commercial and Other Loans F/C	321.40	332.37	5.02	-11.48	-32.65	2.61
2.2 Central Government (net)	1,173.63	1,308.98	61.49	36.00	274.67	318.68
a. B\$ Loans & Securities	1,179.36	1,376.43	17.86	25.06	146.12	209.59
Less Deposits	169.51	137.92	-42.95	8.83	33.10	-36.91
b. F/C Loans & Securities	165.08	72.31	0.28	20.00	161.18	68.60
Less Deposits	1.30	1.84	-0.39	0.23	-0.47	-3.58
2.3 Rest of Public Sector	365.04	452.12	4.41	52.65	-36.79	86.00
a. B\$ Credit	83.40	106.93	-0.34	2.65	-1.48	25.57
b. F/C Credit	281.64	345.18	4.75	50.00	-35.32	60.43
2.4 Total Domestic Credit	8,069.67	8,297.85	82.65	88.46	265.73	385.59
a. B\$ Domestic Credit	7,207.65	7,444.22	72.53	29.98	162.18	240.71
b. F/C Domestic Credit	862.02	853.63	10.12	58.48	103.55	144.87
3.0 DEPOSIT BASE						
3.1 Demand Deposits	1,095.76	1,179.73	-0.22	19.16	14.32	89.34
a. Central Bank	7.48	11.83	0.95	-1.01	-1.47	-0.77
b. Banks	1,088.28	1,167.90	-1.17	20.16	15.79	90.11
3.2 Savings Deposits	1,005.86	1,007.18	-1.56	11.71	-14.17	12.38
3.3 Fixed Deposits	3,508.37	3,650.84	3.70	-2.00	75.97	113.66
3.4 Total B\$ Deposits	5,609.99	5,837.75	1.91	28.86	76.12	215.38
3.5 F/C Deposits of Residents	249.29	192.83	20.06	-8.05	80.31	-24.00
3.6 M2	5,794.01	6,021.24	3.19	26.93	54.35	200.52
3.7 External Reserves/M2 (%)	12.99	12.92	-0.88	0.09	3.19	-1.26
3.8 Reserves/Base Money (%)	107.65	105.33	1.44	1.09	20.39	-12.80
3.9 External Reserves/Demand Liabilities (%)	103.02	101.78	4.97	0.06	17.73	-10.44
	Value		Year to Date		Change	
	2009	2010	2009	2010	Month	YTD
4.0 FOREIGN EXCHANGE TRANSACTIONS						
4.1 Central Bank Net Purchase/(Sale)	-79.25	11.74	-2.58	-50.13	91.00	-47.54
a. Net Purchase/(Sale) from/to Banks	-50.92	4.08	28.13	76.97	55.00	48.85
i. Sales to Banks	58.37	11.49	218.17	258.94	-46.87	40.76
ii. Purchases from Banks	7.44	15.57	246.30	335.91	8.12	89.61
b. Net Purchase/(Sale) from/to Others	-28.33	7.67	-30.71	-127.10	36.00	-96.39
i. Sales to Others	39.49	27.92	366.15	371.18	-11.57	5.03
ii. Purchases from Others	11.16	35.59	335.44	244.08	24.43	-91.36
4.2 Banks Net Purchase/(Sale)	-45.57	-1.55	17.98	81.45	44.02	63.47
a. Sales to Customers	319.67	234.44	3,022.13	2,515.50	-85.23	-506.63
b. Purchases from Customers	274.10	232.89	3,040.11	2,596.95	-41.21	-443.15
4.3 B\$ Position (change)	3.48	-3.01				
5.0 EXCHANGE CONTROL SALES						
5.1 Current Items	247.93	0.00	1,934.52	0.00	-247.93	0.00
of which Public Sector	19.95	0.00	318.08	0.00	-19.95	0.00
a. Nonoil Imports	100.69	0.00	756.93	0.00	-100.69	0.00
b. Oil Imports	24.54	0.00	205.26	0.00	-24.54	0.00
c. Travel	23.48	0.00	124.88	0.00	-23.48	0.00
d. Factor Income	14.13	0.00	118.33	0.00	-14.13	0.00
e. Transfers	6.91	0.00	46.06	0.00	-6.91	0.00
f. Other Current Items	78.18	0.00	683.07	0.00	-78.18	0.00
5.2 Capital Items	5.35	0.00	65.36	0.00	-5.35	0.00
of which Public Sector	2.20	0.00	18.22	0.00	-2.20	0.00
5.3 Bank Remittances	10.00	0.00	82.10	0.00	-10.00	0.00

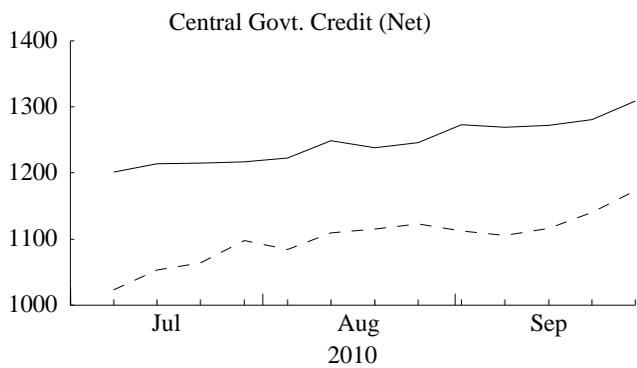
SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



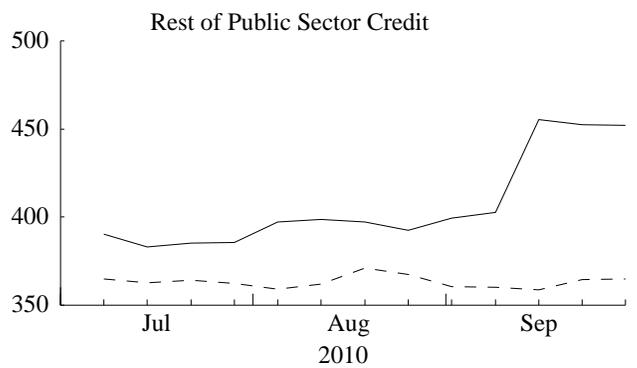
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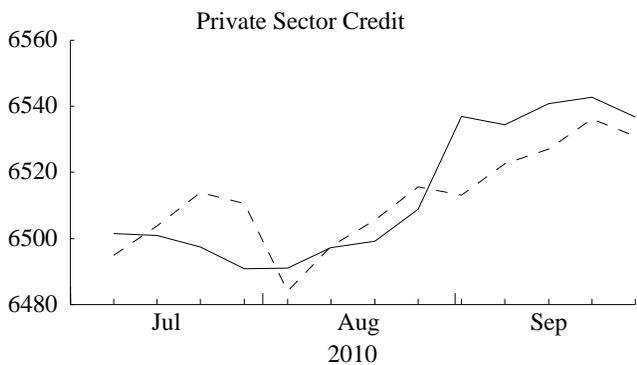
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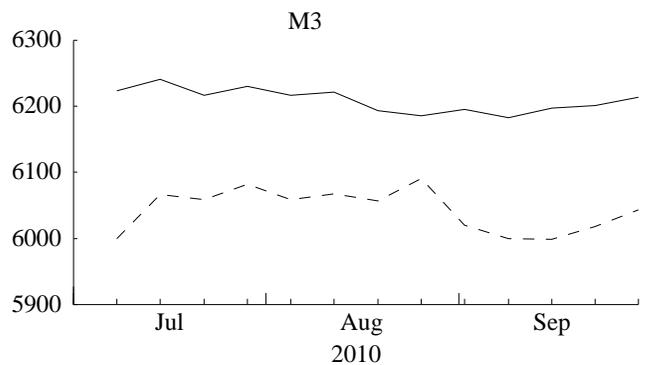
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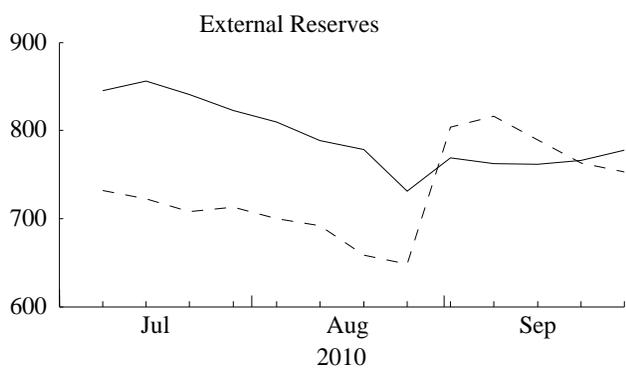
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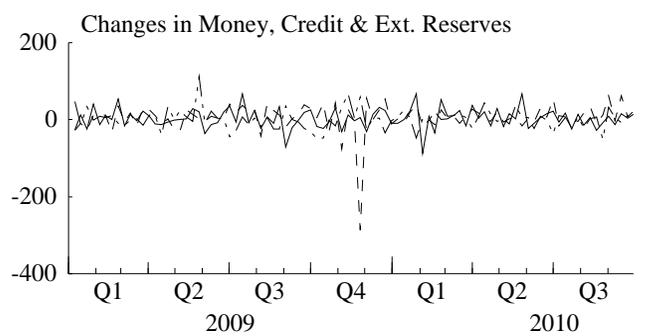
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— M3
- - - Domestic Credit
- · - External Reserves

Selected International Statistics

A: Selected Macroeconomic Projections (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: Official Interest Rates – Selected Countries (%)					
<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
August 2008	5.25	4.25	2.25	2.00	5.00
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

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	Sept-09	Aug-10	Sept-10	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.6832	0.7887	0.7335	-7.00	5.08	7.37
Yen	89.69	84.21	83.52	-0.82	-10.20	-6.88
Pound	0.6257	0.6516	0.6363	-2.34	2.91	1.69
Canadian \$	1.0696	1.0657	1.0293	-3.42	-2.28	-3.77
Swiss Franc	1.0362	1.0151	0.9825	-3.21	-5.13	-5.18
Renminbi	6.8263	6.8105	6.6900	-1.77	-2.01	-2.00

Source: Bloomberg as at September 30, 2010

D. Selected Commodity Prices (\$)					
Commodity	September 2009	August 2010	September 2010	Mthly % Change	YTD % Change
Gold / Ounce	1007.70	1247.45	1308.35	4.9	19.3
Silver / Ounce	16.65	19.25	21.75	12.4	28.9
Oil / Barrel	65.27	76.26	79.26	3.9	1.8

Source: Bloomberg as at September 30, 2010

E. Equity Market Valuations – September 30, 2010 (%chg)								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-0.15	7.72	8.33	6.19	6.43	5.13	6.18	0.64
3 month	0.79	10.37	11.21	12.85	7.91	4.42	-0.14	10.73
YTD	-3.11	3.45	1.94	2.51	-5.62	4.56	-11.16	-18.96
12-month	1.00	11.08	7.53	8.08	-2.11	9.76	-7.54	-4.45

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	GBP	EUR
o/n	0.18	0.48	0.25
1 Month	0.19	0.45	0.56
3 Month	0.25	0.64	0.86
6 Month	0.45	1.01	1.12
9 Month	0.60	1.25	1.28
1 year	0.77	1.46	1.41

Source: Bloomberg as at September 30, 2010

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

	VALUE												CHANGE											
	Aug. 04	Aug. 11	Aug. 18	Aug. 25	Sep. 01	Sep. 08	Sep. 15	Sep. 22	Sep. 29	Aug. 04	Aug. 11	Aug. 18	Aug. 25	Sep. 01	Sep. 08	Sep. 15	Sep. 22	Sep. 29						
I. External Reserves	809.71	788.44	778.65	731.23	769.00	762.47	762.01	766.56	777.75	-13.14	-21.27	-9.79	-47.42	37.77	-6.53	-0.46	4.55	11.19						
II. Net Domestic Assets (A + B + C + D)	-245.94	-222.75	-206.44	-209.62	-216.44	-204.44	-211.10	-204.78	-222.56	-5.46	23.18	16.31	-3.18	-6.82	12.00	-6.67	6.33	-17.78						
A. Net Credit to Gov't (i + ii + iii - iv)	229.68	247.05	250.97	252.45	254.86	254.50	245.17	245.90	246.06	-0.69	17.37	3.93	1.47	2.42	-0.36	-9.33	0.73	0.16						
i) Advances	91.99	111.99	111.99	111.99	111.99	111.99	111.99	111.99	111.99	0.00	20.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
ii) Registered Stock	125.76	125.82	125.89	125.90	125.64	125.38	125.26	125.18	125.15	-0.05	0.07	0.06	0.02	-0.26	-0.27	-0.12	-0.08	-0.03						
iii) Treasury Bills	22.18	22.18	22.18	22.18	22.18	22.18	22.18	22.18	22.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
iv) Deposits	10.25	12.94	9.08	7.62	4.95	5.04	14.25	13.44	13.26	0.64	2.69	-3.86	-1.45	-2.68	0.10	9.21	-0.81	-0.18						
B. Rest of Public Sector (Net) (i + ii - iii)	-8.36	-10.91	1.41	-3.44	-7.09	-6.25	-6.49	-1.95	-6.08	-2.18	-2.55	12.32	-4.84	-3.65	0.84	-0.24	4.54	-4.13						
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	14.11	16.66	4.34	9.19	12.84	12.00	12.24	7.70	11.83	2.18	2.55	-12.32	4.84	3.65	-0.84	0.24	-4.54	4.13						
C. Loans to/Deposits with Banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
D. Other Items (Net)*	-467.25	-458.89	-458.82	-458.63	-464.21	-452.68	-449.78	-448.73	-462.53	-2.59	8.36	0.06	0.19	-5.58	11.53	2.90	1.05	-13.80						
III. Monetary Base	563.77	565.69	572.21	521.61	552.56	558.03	550.91	561.79	555.20	-18.60	1.92	6.52	-50.60	30.95	5.47	-7.12	10.88	-6.59						
A. Currency in Circulation	101.07	99.62	85.05	89.00	91.14	96.52	92.62	94.82	86.71	14.38	-1.45	-14.57	3.95	2.14	5.37	-3.90	2.20	-8.10						
B. Bank Balances with CBOB	462.70	466.07	487.16	432.60	461.41	461.52	458.29	466.97	468.49	-32.98	3.36	21.09	-54.56	28.81	0.10	-3.23	8.68	1.52						

* Includes capital, provisions and surplus account, fixed and other assets, and other demand liabilities of Bank

FISCAL/REAL SECTOR INDICATORS

(\$ MILLIONS)

(% change represents current month from previous month)

	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Fiscal Operations:																								
1. Government Revenue & Grants	100.2	87.0	87.6	95.8																				
% change	-17.17%	-41.04%	-12.56%	10.07%																				
2. Import/Excise Duties	53.6	41.3	42.1	49.3																				
% change	0.68%	-28.89%	-2.14%	19.37%																				
3. Recurrent Expenditure	115.1	110.3	95.8	103.0																				
% change	-30.83%	-13.98%	-16.72%	-6.63%																				
4. Capital Expenditure	5.2	9.7	11.7	18.5																				
% change	-82.14%	-65.79%	127.85%	90.36%																				
5. Deficit/Surplus*	-21.2	-35.4	-25.2	-28.4																				
% change	-85.22%	185.44%	18.61%	-19.57%																				

	YEAR TO DATE	
	2009	2010
(Over previous year)	187.8	182.8
% change	-13.30%	-2.64%
	95.7	90.7
% change	5.39%	-5.28%
	210.9	213.2
% change	-2.72%	1.13%
	16.9	28.3
% change	-11.16%	67.37%
	-46.4	-63.8
% change	65.33%	37.48%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	
Debt:**																			
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	
% change	5.01%	0.054%	0.37%	-0.46%	2.16%	-0.03%	0.22%	1.40%	3.59%	1.43%	0.84%	0.10%	0.01%	2.79%	5.03%	1.95%	-0.03%	0.51%	
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	
% 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%	
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	
% 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%	
9. Bahamian Dollar Debt	2,486.6	2,615.5	2,466.6	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	2,850.5	2,797.5	
% 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%	0.00%	-0.18%	
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	
% 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%	

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
11. Total Public Sector F/C Debt	856.9	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
% change	55.93%	-27.04%	36.86%	-22.49%	-2.49%	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%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Real Sector Indicators																								
12. Retail Price Index	130.1	131.2	130.0	131.2	130.0	131.2	130.3	131.3	130.4	131.5	131.5	131.5	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%	4.41%	-0.06%	0.02%	0.00%	-0.01%	0.23%	0.10%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
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
% 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%
14. Air arrivals (000's)	90.0	91.7	103.1	103.0	133.4	149.4	131.2	125.0	113.5	113.1	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
% 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%
15. Occupied Room Nights																								
% change: over previous year																								
16. Res. Mortgage Commitments-New Const.																								
% change: over previous qtr.																								

	YEAR TO DATE	
	2009	2010
(Over previous year)	130.2	131.3
% change	3.60%	0.86%
	2444.4	2706.6
% change	2.87%	10.73%
	691.1	711.8
% change	-14.53%	2.99%

* Includes Not Lending to Public Corporations
 ** Debt figures pertain to central government only unless otherwise indicated
 p = provisional
 Annual % F/C Real Price Indices are averages.