



## **Monthly Economic and Financial Developments May 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: August 3, August 30, October 4, November 1, November 29, December 28.

# Monthly Economic and Financial Developments

## May 2010

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

Preliminary evidence suggests that the domestic market continued to stabilise in May, aided by the ongoing, though still fragile, recovery in the global economy. Tourism output showed an improving trend, buoyed by gains in the key stopover segment of the market, while public sector projects provided some support for construction activity, which continued to be weighed down by sustained weakness in private sector investments. Foreign currency inflows, related to a business transaction, combined with weakness in private sector demand, supported moderate gains in both liquidity and external reserves over the review period. The fiscal situation, however, remained strained, with a widening in the overall deficit over the ten months of FY2009/10, as lower imports created a drag on tax receipts, and capital outlays for infrastructural works firmed.

Tourism performance data for the first quarter of 2010 showed a rebound in the key stopover segment of the market, benefitting from hoteliers' discounts and other incentive measures, such as the free companion airfare programme. Anecdotal evidence suggests that the majority of the growth was attributed to the leisure segment of the market, as the convention and corporate segments remained relatively flat. Total visitor arrivals recovered by 9.2% to 1.4 million, from a 2.9% decline to 1.3 million in the corresponding period of 2009. Air arrivals, which fell by 19.0% to 0.3 million in 2009, recovered by 5.4%; while the growth in the sea component was extended to 10.5%, for 1.0 million visitors, from 4.3% a year ago. Disaggregated by port-of-entry, visitors to New Providence and Grand Bahama increased by 16.7% and 14.9%, respectively, buoyed by the introduction of new cruise ships and the return of a cruise operator. In contrast, tourists to the Family Islands fell by 4.8%, reflecting a shift in cruise lines away from that market as their first port of entry.

Government's overall deficit for the ten (10) months of FY2009/10 expanded by 36.1% (\$79.8 million) to \$301.0 million, relative to the corresponding period of FY2008/09. Total expenditure firmed by 3.5% (\$45.8 million) to \$1,348.1 million, fuelled by a 20.1% rise in capital spending to \$122.1 million—related to various infrastructure development programmes. Similarly, budgetary support to public corporations elevated net lending by 64.7% (\$32.3 million) to \$82.2 million; whereas current expenses moderated by 0.6% (\$6.9 million) to \$1,143.9 million. Revenue intake was 3.2% (\$34.0 million) lower at \$1,047.1 million. Respective declines in taxes on international trade (6.8%) and "other" stamp taxes (25.0%) caused tax receipts to fall by 6.8% (\$63.4 million) to \$872.6 million, while one-off receipts from the sale of a business entity boosted non-tax collections by 20.3% to \$174.5 million.

### **2. International Developments**

The global economy continued to show signs of recovery during the review month. However, the pace of the upturn varied across regions, as the debt crisis in Greece raised fears of contagion across Europe, growth in the United States market remained subdued, and Asian economies were bolstered by improvements in domestic demand and increased exports.

In the United States, consumer spending and industrial output remained weak, despite a rise in overall confidence. Industrial output fell by 0.7% in April, reversing a 0.2% advance in the previous month, as car and other manufacturers cut production. The trade deficit grew by \$0.3 billion to \$40.3 billion, owing to a contraction in exports. Reduced energy costs contributed to a monthly 0.1% decline in the average consumer prices in April, vis-à-vis a 0.1% rise in March. Faced with an environment of low resource utilisation and subdued inflation, the Federal Reserve decided to maintain its key federal funds rate at 0-0.25%. However, as financial market conditions improved, the Bank terminated almost all of its special liquidity facilities.

The economic recovery in Europe faced significant headwinds over the review period, stemming from the fiscal crisis in Greece and other southern economies in the euro zone. Hence, growth in industrial production tapered to 0.8% in April from 1.5% in March, contributing to a narrowing in the external trade surplus, by €2.7 billion to €1.8 billion. Retail sales also fell by 1.2%, following a rise of 0.5% in March. Consumer price inflation moved higher to 1.5% in April from 1.4% a month earlier, and an additional 25,000 were added to the jobless count, resulting in a marginal rise in the monthly unemployment rate, by 0.1 of a percentage point to 10.1%. Economic conditions in the United Kingdom were similar to those in the euro zone, as industrial output declined by 0.4% in April and accretions to retail sales slowed to 0.3%. Further, the deficit on the goods and services account widened in April, by £0.1 billion to £3.3 billion. Annual inflation advanced marginally, by 0.3 of a percentage point to 3.7%, whereas the unemployment rate edged lower to 7.9% for the three months to April. To support the recovery underway in their respective economies, and given the relatively low inflationary environment, both the Bank of England and the European Central Bank left their official rates unaltered.

Asian economies continued to expand robustly over the review period. In China, industrial production advanced by 16.5% on a year-on-year basis in May, following a gain of 17.8% in the previous month, supported by increased output of transportation equipment and electrical machinery. Retail sales also advanced on a monthly basis by 18.7%; however, elevated food prices pushed annual inflation up to 3.1% in May from 2.8% a month earlier. In Japan, industrial output grew further by 25.9% on an annual basis in April, vis-à-vis 30.7% in March; and retail sales rose by an annualized 4.9%, up from 4.7% in the preceding month. The trade surplus narrowed by 19.0% to \$8.25 million in April on a monthly basis, owing to an expansion in imports. The unemployment rate increased by 0.1 of a percentage point to 5.1%, with the number of jobless persons firming by 100,000. Deflationary conditions persisted, as consumer prices fell by 1.2% in the twelve months to April, compared with a 1.1% falloff a month earlier. To slow the rapid growth momentum, the People's Bank of China decided to increase the reserve requirement ratio for depository financial institutions, by 0.5 of a percentage point, and leave the overnight call rate unchanged in May; while monetary policy in Japan remained neutral.

Oil prices fell by 14.3% to \$74.79 per barrel in May, due to demand uncertainties arising from the fiscal crisis in Europe, and an increase in production by 14,000 barrels to 29.3 million barrels per day. In other major commodity markets, the price of gold was higher by 3.1% at \$1,216.20 per troy ounce; while silver costs decreased marginally by 0.4% to \$18.56 per troy ounce.

Equity markets were relatively subdued in May, as fears of instability within Europe adversely impacted investor sentiment. In the United States, the Dow Jones Industrial Average (DJIA) and the S&P 500 registered losses of 7.9% and 8.0%, respectively. Similarly, the European indices

moved lower, with the FTSE 100 falling by 6.6%, the CAC 40, by 8.1% and Germany's DAX, by 2.8%. Asian markets accounted for the worse declines, with the Nikkei 225 and Shanghai SE Composite weakening by 11.7% and 9.7%, respectively.

Amid heightened uncertainty, the United States dollar appreciated relative to most major currencies. The dollar strengthened against the euro and pound by 8.1% and 5.1% to €0.81 and £0.69, respectively. Similarly, the dollar improved in comparison to the Swiss Franc, by 7.2% to CHF1.15, and by 2.6% against the Canadian dollar to CND\$1.04. However, the Chinese currency remained pegged against the dollar at 6.82 Yuan and the Japanese Yen appreciated by 2.8% vis-a-vis the dollar to ¥91.27.

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

During May, both liquidity and external reserves registered moderate gains, supported by inflows arising from the sale of a business entity to overseas investors, alongside continued softness in domestic demand conditions.

#### **May 2010 vs. 2009**

Banks' excess reserves grew by \$37.9 million, although below last year's \$137.9 million accumulation which was associated with public sector foreign currency borrowings. Similarly, the gains in excess liquid assets, at \$76.6 million, were \$56.1 million less than the corresponding 2009 period.

Growth in external reserves was lower at \$42.5 million from \$120.0 million in 2009. In particular, the Bank's foreign currency transactions with the public sector were reversed to a net sale of \$42.7 million from a net purchase of \$93.6 million a year earlier, when Government increased its short-term funding from commercial banks. Conversely, the net purchase from commercial banks grew more than three-fold to \$83.8 million, as the one-time receipt of foreign currency—related to the sale of a business entity—supported the \$79.3 million increase in banks' net purchase from their customers.

Bahamian dollar credit grew by \$13.6 million, a turnaround from the \$71.3 million contraction a year earlier. This outcome was primarily explained by a firming in banks' net claim on the Government by \$30.5 million, in contrast to a \$91.6 million net repayment position in 2009, when foreign currency borrowing proceeds were utilized to reduce outstanding advances. However, credit to public corporations steadied at \$95.4 million, following last year's \$0.7 million contraction. In contrast, anaemic demand conditions underpinned a \$16.9 million falloff in private sector credit, a reversal from an increase of \$21.0 million last year. Board-based declines were recorded for consumer credit, mortgages and commercial loans, of \$11.6 million, \$3.0 million and \$2.3 million, respectively.

The breakdown of consumer credit for April—the latest data available—indicated that consumers are continuing to pay down their debts. While the decline for credit cards was more than halved to \$2.2 million, it was slightly lower for miscellaneous (\$1.0 million) and travel (\$1.1 million) and under \$1.0 million for most of the remaining categories. In addition, accretions to debt consolidation loans slowed to \$1.5 million from \$15.0 million in 2009; whereas land purchase loans increased by \$1.5 million, a turnaround from last year's \$0.4 million contraction.

Amid little improvement in business and employment conditions, provisional estimates revealed a further deterioration in banks' credit quality indicators during the review month. Total private sector loan arrears rose by \$15.0 million (1.4%) to \$1,125.3 million, with the corresponding ratio to total loans, firming by 0.3 of a percentage point to 18.1%. Reflecting an overall increase in average age, non-performing loans—arrears in excess of 90 days and on which banks stopped accruing interest—advanced by \$14.6 million (2.5%) to \$609.7 million, for a 0.3 percentage point gain in the ratio to total claims to 10.1%. Delinquencies in the 31–90 day category rose slightly by \$0.4 million (0.1%) to \$515.6 million, for a marginal 3 basis point rise to 8.3% in the corresponding ratio to total loans.

In terms of the main categories, the build-up in total arrears was mainly attributed to a \$14.7 million (2.6%) expansion in mortgage delinquencies to \$584.1 million—to account for 51.9% of the total—as the short-term and non-performing segments both registered gains, of \$11.7 million and \$3.0 million, respectively. Commercial arrears grew by a much smaller \$1.0 million (0.4%) to \$255.8 million, attributed to a \$10.6 million advance in the non-accrual segment, which overshadowed the \$9.6 million falloff in the 31-90 day category. Conversely, consumer delinquencies declined by \$0.7 million (0.2%), with the \$1.7 million reduction in short-term arrears outpacing the \$1.0 million rise in non-performing loans.

In light of the deterioration in loan portfolios, banks increased their loan loss provisions slightly, by \$2.0 million (0.9%) to \$230.9 million. However, given the pace of growth in both arrears and non-accrual loans, the relevant ratios contracted by 0.1 and 0.6 percentage points to 20.5% and 37.9%, respectively.

Domestic foreign currency credit narrowed by \$26.4 million, a switch from an \$82.2 million gain registered a year ago. This outcome was attributed mainly to a \$22.3 million falloff in private sector credit, as a tourism-based business reduced its outstanding liabilities. In addition, net claims on the Government fell by \$1.8 million, a turnaround from an \$86.0 million accumulation in 2009 and credit to the public corporations receded by \$2.3 million, following the previous year's \$3.8 million repayment.

During the month, gains in total Bahamian dollar deposits more than doubled to \$37.2 million, buoyed by a private sector led \$42.8 million increase in demand deposits, compared to a \$3.5 million expansion in 2009. Fixed deposits rose by a modest \$1.3 million, compared to a \$0.8 million decline a year ago; and savings balances decreased by \$6.9 million, vis-à-vis a \$13.8 million build-up.

In interest rate developments, the weighted average deposit rate at banks narrowed by 7 basis points to 3.47%, with the highest rate of 6.00% offered on fixed deposits with a maturity of over 12 months. Conversely, the weighted average loan rate firmed by 12 basis points to 10.73%, resulting in the interest rate spread widening by 19 basis points to 7.26 percentage points.

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

Domestic economic activity is forecasted to remain subdued for the balance of 2010, with a return to growth not anticipated until 2011, as the global recovery gains traction. In particular, the outlook is predicated on steady improvements in tourism output, due to further recovery in the leisure

market, with a more modest contribution from the convention segment. However, output is not expected to attain pre-crisis levels. Construction activity, although supported by public sector led projects, is likely to remain relatively subdued in the near term, but could benefit from several foreign investment projects in the pipeline. Under this scenario, the expectation is that employment conditions will continue to be unfavourable.

On the fiscal side, the implementation of revenue and expenditure measures announced in the 2010/11 Budget should help the Government to achieve an improvement in the fiscal situation over the medium to long-term.

Monetary conditions are projected to remain stable in the near-term. Banking sector liquidity is poised to be sustained at robust levels over the remainder of the year, reflecting continued anaemic demand conditions, which should also—in conjunction with measured inflows from the foreign exchange earning sectors—support the external reserve position.

# Recent Monetary and Credit Statistics

(B\$ Millions)

<b>MAY</b>					
Value		Change		Change YTD	
2009	2010	2009	2010	2009	2010

## 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	413.89	382.74	137.88	37.91	206.59	120.64
1.2 Excess Liquid Assets	538.65	693.21	132.74	76.56	276.70	186.82
1.3 External Reserves	758.63	902.12	119.97	42.54	195.90	76.75
1.4 Bank's Net Foreign Assets	-748.03	-613.79	-55.98	18.60	-26.22	56.43
1.5 Usable Reserves	320.73	489.55	52.25	19.17	87.15	30.69

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>6,479.95</b>	<b>6,476.83</b>	<b>20.98</b>	<b>-39.17</b>	<b>-23.21</b>	<b>-78.95</b>
a. B\$ Credit	6,047.17	6,060.78	21.03	-16.87	-16.61	-69.29
of which: Consumer Credit	2,185.43	2,137.52	-0.23	-11.58	-29.49	-35.19
Mortgages	2,797.99	2,863.81	7.94	-3.04	46.74	-7.68
Commercial and Other Loans B\$	1,063.75	1,059.44	13.32	-2.25	-33.87	-26.42
b. F/C Credit	432.78	416.05	-0.06	-22.30	-6.59	-9.66
of which: Mortgages	88.18	99.40	0.65	-0.41	2.85	3.46
Commercial and Other Loans F/C	344.60	316.65	-0.70	-21.89	-9.44	-13.12
<b>2.2 Central Government (net)</b>	<b>971.64</b>	<b>1,162.91</b>	<b>-5.58</b>	<b>28.72</b>	<b>72.69</b>	<b>172.61</b>
a. B\$ Loans & Securities	1,017.31	1,309.23	-84.31	36.80	-15.93	142.38
Less Deposits	184.93	146.10	7.28	6.32	48.52	-28.73
b. F/C Loans & Securities	144.56	2.56	89.31	-0.90	140.66	-1.15
Less Deposits	5.30	2.78	3.30	0.85	3.53	-2.64
<b>2.3 Rest of Public Sector</b>	<b>358.16</b>	<b>384.86</b>	<b>-4.54</b>	<b>-2.30</b>	<b>-43.68</b>	<b>18.75</b>
a. B\$ Credit	83.88	95.42	-0.74	-0.00	-0.99	14.05
b. F/C Credit	274.28	289.45	-3.80	-2.30	-42.69	4.69
<b>2.4 Total Domestic Credit</b>	<b>7,809.74</b>	<b>8,024.72</b>	<b>10.86</b>	<b>-12.76</b>	<b>5.80</b>	<b>112.46</b>
a. B\$ Domestic Credit	6,963.42	7,319.44	-71.30	13.60	-82.05	115.94
b. F/C Domestic Credit	846.32	705.28	82.16	-26.36	87.85	-3.48

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	1,101.91	1,163.92	3.53	42.78	20.47	73.54
a. Central Bank	15.43	9.14	3.17	1.26	6.48	-3.46
b. Banks	1,086.48	1,154.78	0.36	41.52	13.99	77.00
3.2 Savings Deposits	1,054.18	1,005.86	13.80	-6.90	34.15	11.05
3.3 Fixed Deposits	3,440.91	3,630.92	-0.82	1.31	8.51	93.74
3.4 Total B\$ Deposits	5,597.00	5,800.71	16.51	37.19	63.14	178.34
3.5 F/C Deposits of Residents	220.05	211.65	38.84	0.32	51.07	-5.19
<b>3.6 M2</b>	<b>5,787.06</b>	<b>5,982.62</b>	<b>12.56</b>	<b>41.50</b>	<b>47.40</b>	<b>161.90</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>13.11</b>	<b>15.08</b>	<b>2.05</b>	<b>0.61</b>	<b>3.30</b>	<b>0.90</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>90.23</b>	<b>111.62</b>	<b>-0.43</b>	<b>-1.30</b>	<b>2.98</b>	<b>-6.51</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>86.57</b>	<b>109.07</b>	<b>1.38</b>	<b>-1.29</b>	<b>1.28</b>	<b>-3.15</b>
	Value		Year to Date		Change	
	2009	2010	2009	2010	Month	YTD

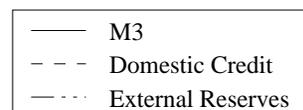
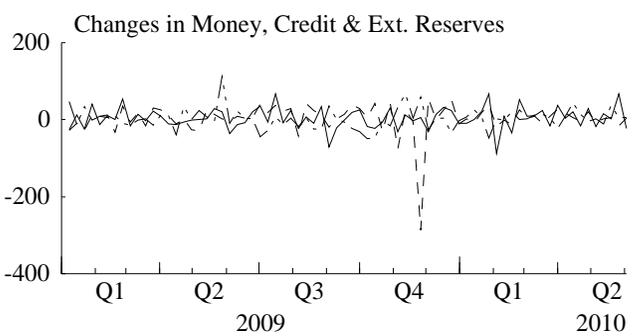
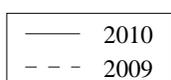
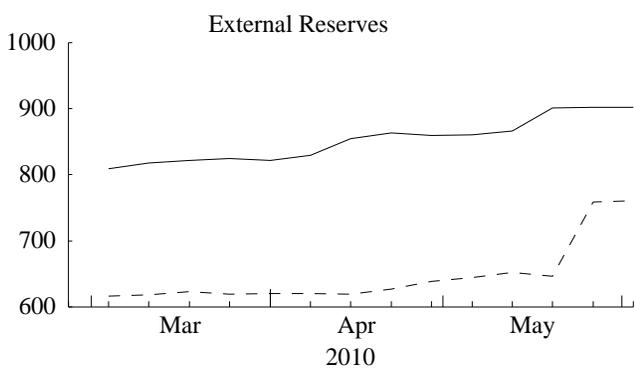
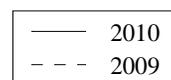
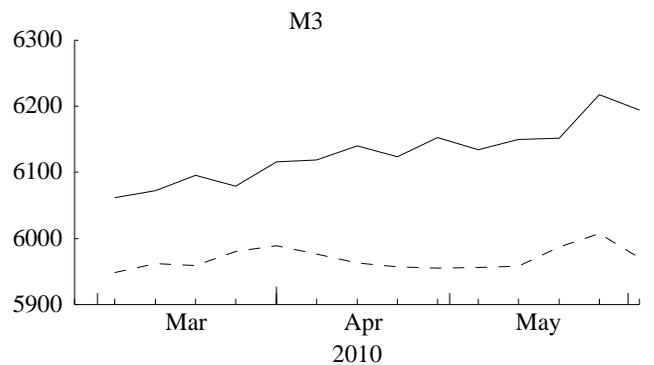
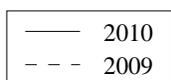
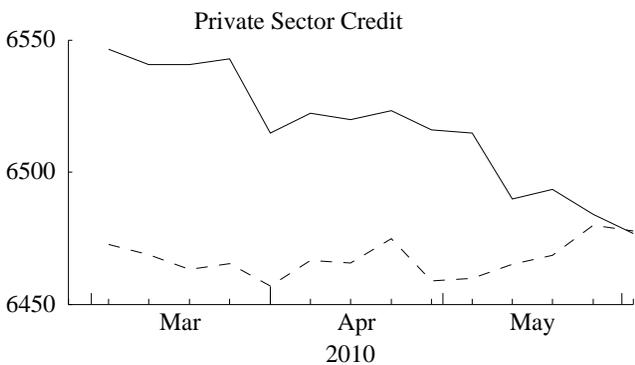
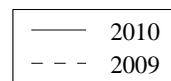
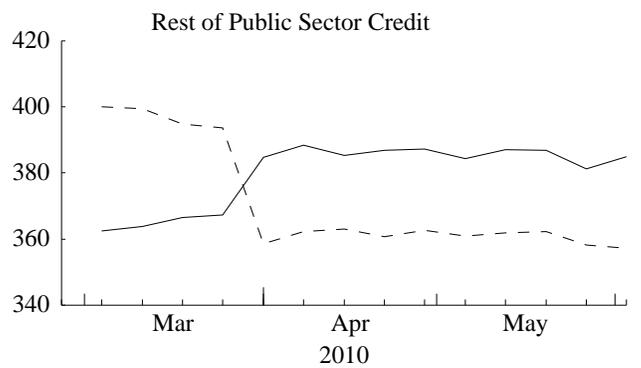
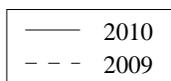
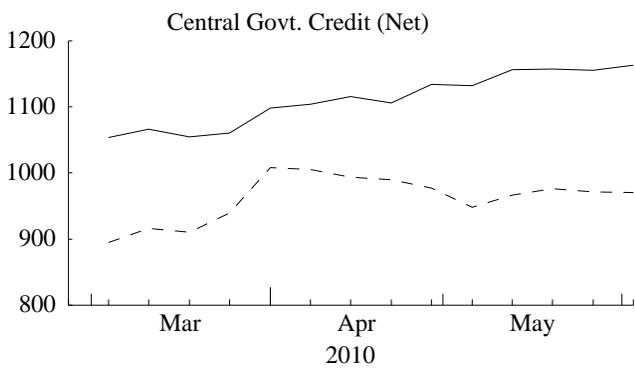
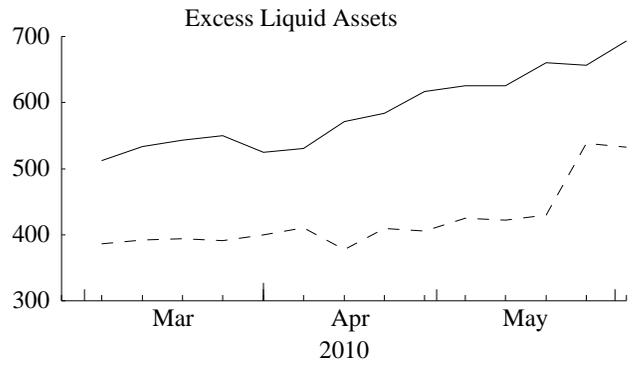
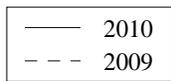
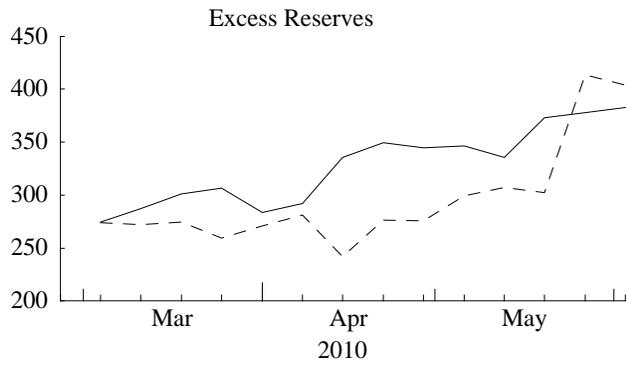
## 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>118.74</b>	<b>41.15</b>	<b>191.26</b>	<b>68.64</b>	<b>-77.59</b>	<b>-122.62</b>
a. Net Purchase/(Sale) from/to Banks	25.18	83.84	146.23	203.12	58.66	56.89
i. Sales to Banks	7.94	5.00	32.94	65.63	-2.94	32.70
ii. Purchases from Banks	33.12	88.84	179.16	268.75	55.72	89.59
b. Net Purchase/(Sale) from/to Others	93.56	-42.69	45.03	-134.47	-136.25	-179.51
i. Sales to Others	46.16	62.46	195.21	217.91	16.30	22.71
ii. Purchases from Others	139.72	19.77	240.24	83.44	-119.95	-156.80
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>7.01</b>	<b>86.32</b>	<b>144.25</b>	<b>220.50</b>	<b>79.31</b>	<b>76.25</b>
a. Sales to Customers	264.95	294.49	1,652.72	1,307.11	29.54	-345.62
b. Purchases from Customers	271.95	380.81	1,796.98	1,527.61	108.85	-269.37
<b>4.3 B\$ Position (change)</b>	<b>-1.02</b>	<b>-14.47</b>				

## 5.0 EXCHANGE CONTROL SALES

<b>5.1 Current Items</b>	<b>236.71</b>	<b>0.00</b>	<b>840.44</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>of which Public Sector</b>	<b>47.53</b>	<b>0.00</b>	<b>112.32</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
a. Nonoil Imports	98.39	0.00	384.15	0.00	0.00	0.00
b. Oil Imports	26.60	0.00	70.81	0.00	0.00	0.00
c. Travel	14.48	0.00	53.99	0.00	0.00	0.00
d. Factor Income	7.63	0.00	40.11	0.00	0.00	0.00
e. Transfers	4.94	0.00	22.01	0.00	0.00	0.00
f. Other Current Items	84.67	0.00	269.37	0.00	0.00	0.00
<b>5.2 Capital Items</b>	<b>5.27</b>	<b>0.00</b>	<b>16.71</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>of which Public Sector</b>	<b>1.74</b>	<b>0.00</b>	<b>4.12</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>5.3 Bank Remittances</b>	<b>2.00</b>	<b>0.00</b>	<b>24.80</b>	<b>0.00</b>	<b>0.00</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	-5.0	-0.5	2.1	1.7	14.2*	n/a
United States	-2.4	3.1	-0.3	2.1	9.3	9.4
Euro-Area	-4.1	1.0	0.3	1.1	9.4	10.5
<i>Germany</i>	<i>-5.0</i>	<i>1.2</i>	<i>0.1</i>	<i>0.9</i>	<i>7.4</i>	<i>8.6</i>
Japan	-5.2	1.9	-1.4	-1.4	5.1	5.1
China	8.7	10.0	-0.7	3.1	n/a	n/a
United Kingdom	-4.9	1.3	2.2	2.7	7.5	8.3
Canada	-2.6	3.1	0.3	1.8	8.3	7.9

*Sources: IMF World Economic Outlook, April 2010, IMF World Economic Outlook, October 2009 & (\*) 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
April 2008	5.25	4.00	2.25	2.00	5.00
May 2008	5.25	4.00	2.25	2.00	5.00
June 2008	5.25	4.00	2.25	2.00	5.00
July 2008	5.25	4.25	2.25	2.00	5.00
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

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	May-09	April-10	May-10	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.7062	0.7522	0.8127	8.05	16.42	15.08
Yen	95.33	93.85	91.27	-2.75	-1.87	-4.26
Pound	0.6176	0.6548	0.6879	5.06	11.25	11.37
Canadian \$	1.0912	1.0178	1.0444	2.61	-0.84	-4.29
Swiss Franc	1.0669	1.0777	1.1549	7.16	11.52	8.25
Renminbi	6.8300	6.8252	6.828	0.04	0.01	-0.03

*Source: Bloomberg as at May 31, 2010*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	May 2009	April 2010	May 2010	Mthly % Change	YTD % Change
Gold / Ounce	979.15	1179.20	1216.20	3.1	10.9
Silver / Ounce	15.74	18.64	18.56	-0.4	10.0
Oil / Barrel	63.32	87.25	74.79	-14.3	-3.9

*Source: Bloomberg as at May 31, 2010*

<b>E. Equity Market Valuations – May 31, 2010 (%chg)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-0.24	-7.92	-8.02	-6.57	-8.11	-2.79	-11.65	-9.70
3 month	-2.62	-6.63	-6.58	-8.65	-11.74	-3.07	-11.91	-16.63
YTD	-0.44	-2.79	-2.39	-4.15	-10.89	0.12	-7.37	-20.90
12-month	-2.70	19.25	18.43	17.44	7.01	20.72	2.59	-1.55

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
<b>o/n</b>	0.24	0.45	0.20
<b>1 Month</b>	0.65	0.61	0.37
<b>3 Month</b>	0.30	0.60	0.50
<b>6 Month</b>	0.62	0.85	0.65
<b>9 Month</b>	0.70	1.10	0.87
<b>1 year</b>	1.08	1.35	1.22

*Source: Bloomberg as at May 31, 2010*

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

	VALUE												CHANGE					
	Mar. 31	Apr. 07	Apr. 14	Apr. 21	Apr. 28	May. 05	May. 12	May. 19	May. 26	Mar. 31	Apr. 07	Apr. 14	Apr. 21	Apr. 28	May. 05	May. 12	May. 19	May. 26
<b>I. External Reserves</b>	822.00	829.35	854.16	863.24	859.58	860.01	865.83	901.00	902.44	-2.45	7.35	24.81	9.08	-3.66	0.43	5.82	35.16	1.44
<b>II. Net Domestic Assets (A + B + C + D)</b>	-299.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-20.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>A. Net Credit to Gov<sup>t</sup>( i + ii + iii - iv)</b>	179.33	180.62	180.03	180.13	184.63	184.60	180.55	186.61	186.14	-1.33	1.30	-0.59	0.10	4.50	-0.03	-4.05	6.06	-0.47
i) Advances	96.99	96.99	96.99	96.99	96.99	96.99	96.99	96.99	96.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii) Registered Stock	92.72	92.56	91.76	91.81	96.66	96.43	97.47	97.19	97.23	-0.22	-0.16	-0.81	0.06	4.84	-0.22	1.03	-0.28	0.04
iii) Treasury Bills	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
iv) Deposits	10.38	8.93	8.71	8.67	9.01	8.82	13.90	7.57	8.07	1.11	-1.45	-0.22	-0.05	0.35	-0.19	5.08	-6.33	0.50
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-6.40	-8.38	-3.37	-0.87	-1.94	-3.75	-12.58	-15.95	-9.93	1.07	-1.99	5.01	2.51	-1.07	-1.82	-8.82	-3.38	6.02
i) BDB Loans	5.95	5.95	5.95	5.95	5.95	5.95	5.95	5.95	5.95	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	12.35	14.33	9.32	6.82	7.89	9.70	18.53	21.90	15.88	-1.07	1.99	-5.01	-2.51	1.07	1.82	8.82	3.38	-6.02
<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>	-472.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-19.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>III. Monetary Base</b>	522.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-22.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A. Currency in Circulation	88.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-6.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B. Bank Balances with CBOB	434.01	434.91	478.95	500.80	499.52	490.18	481.69	525.04	530.98	-16.62	0.90	44.04	21.84	-1.28	-9.34	-8.49	43.35	5.94

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

