

## **Monthly Economic and Financial Developments November 2009**

In an effort to provide the public with more frequent information on its economic surveillance activities, the Central Bank has decided to release monthly reports on economic and financial sector developments in The Bahamas. The Bank monitors these conditions as part of its monetary policy mandate, to assess whether money and credit trends are sustainable relative to levels of external reserves required to protect the value of the Bahamian dollar and, if not, the degree to which credit policies ought to be adjusted. The main data source for this surveillance is financial institutions' daily reports on foreign exchange transactions and weekly balance sheet statements. Therefore, monthly approximations may not coincide with calendar estimates reported in the Central Bank's quarterly reports. The Central Bank will release its "Monthly Economic and Financial Developments" report on the Monday following its monthly Monetary Policy Committee Meeting.

Future Release Dates:

2010: February 1, March 1, March 29, May 3, May 31, June 28, August 3, August 30, October 4, November 1, November 29, December 28.

# Monthly Economic and Financial Developments

## November 2009

### 1. Domestic Economic Developments

Although recent indicators point to a modest acceleration in the recovery of global output, preliminary data suggests that domestic economic activity remained weak during November, given the downturn in tourism performance, persistent sluggishness in foreign-investment led construction activity, and anaemic private sector demand. These trends continued to adversely impact the fiscal situation and dampen employment prospects. Monetary conditions featured robust gains in both liquidity and external reserves, arising from the Government's receipt of the net proceeds from a US\$300 million external bond issue. Domestic inflationary pressures remained comparatively soft over the review period, reflecting the pass-through effects of lower fuel prices.

Despite significant gains in the cruise segment of the market, initial data suggests that output in the tourism sector remained subdued in the third quarter, owing to contractions in the high value-added air component. In terms of arrivals, total visitors advanced by 12.5% to 1.0 million, improving on the 15.1% reduction in 2008, as the 23.5% expansion in sea passengers outweighed the 8.4% decrease in air tourists. By ports of entry, total visitors to New Providence rose by 10.5%, buoyed by a 22.3% gain in sea traffic which outpaced the 4.8% decline in air arrivals. Similarly, a 38.2% rise in sea visitors to the Family Islands offset the 14.9% downturn in the air segment, for an upturn of 27.7%. Conversely, the protracted weakness in the Grand Bahama market was evidenced by nearly a quarter contraction in air arrivals.

As international oil prices eased from their mid-2008 peak, inflation for the twelve months to November narrowed by 2.0 percentage points to 2.4%, in contrast to a 1.9 percentage point advance to 4.4% a year ago. Moderated average cost increases were posted for food & beverages (5.5%), 'other' goods & services (4.1%), furniture & household operations (3.5%) and medical care & health (2.3%). Conversely, price gains accelerated for education and clothing & footwear, to 3.2% and 1.8%, respectively. With regard to the cost of electricity, the average fuel surcharge for November fell by 2.2% on a monthly basis, to \$12.24 per kilowatt hour (kWh), remaining 42.5% below the previous year's rate. In contrast, average prices for diesel, which contracted by 9.0% last year, rose by 4.0% to \$3.54 per gallon; whereas gasoline prices registered a consistent 4.0% average hike to \$4.21 per gallon.

Government's budgetary operations for the period July to October of FY2009/10 showed a widening in the overall deficit, by 76.7% (\$62.4 million) to \$143.9 million, relative to the corresponding period a year earlier. Total revenue declined by 6.6% to \$394.7 million, primarily associated with a broad-based reduction in tax collections of 16.0% to \$268.1 million. Conversely, non-tax receipts advanced by 82.5% to \$61.5 million, owing to a timing-related increase in dividend payments from a public corporation. Total expenditure grew by 6.8% to \$538.5 million, as capital outlays advanced by 47.6% to \$55.7 million—buoyed by spending on infrastructural development—combined with a more than two-fold upturn in budgetary support to public entities, to \$45.2 million. These offset the 1.9% reduction in current expenditure to \$437.6 million.

## **2. International Developments**

The recovery in the global economy gained impetus over the review month, supported by Governments' fiscal stimulus measures, central banks' expansionary monetary policies and signs of improvement in consumer demand. However, labour market conditions remained depressed, leading to elevated unemployment levels.

In the United States, preliminary data suggests that the stimulus-led recovery in output during the third-quarter was sustained in the review month, as increases in both production and consumer spending buoyed gains in business activity. In addition, labour markets showed signs of stabilisation, with employers cutting an estimated 11,000 persons from their payrolls, the fewest number of job losses since the start of the year-long recession. Residential investment improved, owing to a 1.5% advance in new home sales in October over the previous year, supported in part, by a low interest rate environment and Government's tax credit programme. However, in light of the tepid pace of recovery and the high unemployment rate, the Federal Reserve maintained its neutral monetary policy stance.

Signs of a turnaround in economic activity were sustained in the United Kingdom over the review month, as retail sales improved by 1.1% in the three-months to October, when compared with the previous quarter. As the economy emerged from the recession, inflation firmed on a monthly basis by 0.4 percentage points to 1.5%, as a result of gains in transportation costs, although it remained within the Bank of England's 2.0% target. Consequently, the Bank decided to keep its key policy rate at 0.5%; however, it sustained attempts to provide liquidity to the credit markets, by increasing the size of its Asset Purchase Programme by £25 billion to £200 billion.

Preliminary information for the euro area signalled continued moderate expansion in real output, buttressed by growth in Germany and France—the zone's largest economies. In October, retail sales rebounded by 0.3% versus a 0.5% falloff in the previous month. Similarly, the unemployment rate stabilized at 9.8% in October, and consumer prices rose modestly by 0.6% in November. In line with other major central banks, the European Central Bank left its main interest rates at historic lows.

Indications are that the Chinese economy maintained a brisk momentum in November, driven by fiscal stimulus measures and an accommodative credit environment. Imports and exports grew by 26.7% to \$94.6 billion and 2.6% to \$113.7 billion, respectively over their October levels; while industrial production growth accelerated by 3.1 percentage points to 19.2%. However, gains in retail sales slowed by 0.4 of a percentage point to 15.8%. Notwithstanding, consumer prices firmed on average, by 0.6% year-on-year in November, ending nine months of oil and food price induced deflation.

Indications are that the pace of the economic recovery in the Japanese economy was sustained, although industrial output rose by only 0.5% in October, following a 2.1% expansion in the previous month. In addition, on a monthly basis, the unemployment rate declined by 0.2 of a percentage point to 5.1% in November. Given these developments, the Bank of Japan held its benchmark interest rate unchanged at 0.1%.

Despite the decline in the US dollar, crude oil prices decreased by 1.5% to \$75.94 per barrel, as the prospects of a rapid return to robust economic growth globally subsided. Conversely, gold prices advanced by 12.8% to \$1,179.60 per troy ounce, reflecting investors' demand for the commodity to hedge against the falling dollar and future inflation. The cost of silver also rose by 13.4% to \$18.49 per troy ounce.

Partly buoyed by higher than expected corporate earnings, almost all of the major stock indices registered gains in the month of November. In the United States, both the Dow Jones Industrial Average (DJIA) and the S&P 500 index improved by around 6.0% to 10,344.8 points and 1,094.8 points, respectively. Similarly, in Europe, the UK's FTSE 100 increased by 2.9% to 5,190.7 points; the German DAX, by 3.9% to 5,626.0 points and France's CAC 40, by 2.0% to 3,680.1 points. Asia's bourses were mixed, with China's SE Index appreciating by 6.7% to 3,195.3 points, while Japan's Nikkei 225 Index contracted by 6.9% to 9,345.6 points.

### **3. Domestic Monetary Trend**

Money and credit developments for the month of November featured a significant build-up in liquidity, as Government utilised part of the proceeds from its \$300 million external bond issue to reduce its overdrafts at commercial banks, and buttress a corresponding increase in external reserves. Similarly, over the eleven months of the year, liquidity and foreign reserves registered strong growth, supported by an easing in consumer demand pressures, alongside Government's foreign currency borrowing activities.

#### **November 2009 vs. 2008**

During the month, excess reserves advanced by \$132.6 million, a turnaround from the previous year's decrease of \$0.7 million; and excess liquid assets firmed by \$142.9 million, compared to a contraction of \$36.0 million in 2008.

External reserves expanded by \$155.1 million, following last year's \$36.2 million falloff, as the Central Bank's foreign currency transactions were reversed from a net sale of \$36.6 million to a net purchase of \$152.2 million. The Bank recorded a net receipt of \$144.3 million from the public sector—inclusive of proceeds from Government's US\$300 million external bond issue. Transactions with commercial banks also netted a purchase of \$7.9 million as opposed to a sale of \$13.6 million in 2008, benefitting from banks' increased net purchase from their clients by \$10.4 million to \$13.1 million.

Bahamian dollar credit contracted by \$127.4 million, vis-à-vis a \$71.7 million accumulation in the previous year, led by Government's net repayment of \$127.3 million, in contrast to a \$43.7 million increase in liabilities a year earlier. The fall-off in claims on the rest of the public sector was lower at \$3.3 million from \$10.8 million in 2008. Amid weak consumer demand, accretions to private sector credit decelerated to \$3.3 million from \$38.8 million a year earlier. In particular, consumer credit declined by \$5.8 million, a turnaround from an expansion of \$11.9 million last year; while gains in mortgages moderated by \$7.6 million to \$9.9 million.

High levels of unemployment, combined with weakened business activity due to the economic downturn, continued to adversely impact banks' credit quality indicators during the month of November. Private sector loan arrears advanced by \$29.4 million (2.9%) to \$1,061.5 million, with

the ratio of arrears to total loans firming by 0.8 of a percentage point to 17.3%. With respect to the average age of loan delinquencies, balances with arrears in the shorter-term 31–90 day segment expanded by \$8.9 million (1.8%) to \$516.5 million, resulting in a 31 basis point upturn in the corresponding ratio to 8.4%. Similarly, non-performing loans—those more than 90 days in arrears and on which banks ceased accruing interest—rose by \$20.5 million (3.9%) to \$545.0 million, for a 33 basis points hike in the loan ratio to 9.0%.

In terms of the main components, the expansion in total arrears reflected primarily a \$49.2 million (10.3%) gain in mortgage delinquencies to \$529.3 million, which outpaced declines in both commercial and consumer loan arrears, of \$16.2 million (6.7%) and \$3.6 million (1.2%), to \$226.4 million and \$305.7 million, respectively. The expansion in mortgage delinquencies was explained by gains in the 31-90 day segment of \$34.2 million (12.9%) and the non-performing component, of \$15.0 million (7.0%). In contrast, the falloff in consumer loan arrears was attributed to a \$12.7 million (7.9%) reduction in the short-term category, as an increase in the average age resulted in the non-performing component firming by \$9.0 million (6.0%). Commercial delinquencies featured respective decreases in the 31-90 day and non-performing segments, of \$12.6 million (15.4%) and \$3.6 million (2.2%). Under these circumstances, banks increased their loan loss provisions by \$4.8 million (2.3%) to \$212.4 million; however, given the steady rate of increase in delinquencies, the ratio of provisions to arrears and non-performing loans narrowed by 0.1 and 0.6 percentage points to 20.0% and 39.0%, respectively.

During the month, domestic foreign currency credit decreased by \$157.4 million, reversing last year's gain of \$6.7 million. The outturn reflected Government's use of funding from its external bond issue to repay a net of \$161.3 million in short-term advances from a consortium of domestic banks, following an upturn of \$0.2 million in 2008. Claims on the public sector fell by \$2.6 million, in contrast to a \$7.5 million increase a year earlier; while private sector credit, which contracted by \$1.1 million in 2008, expanded by \$6.6 million over the review month.

Reflecting significant reductions in savings and fixed balances, Bahamian dollar deposits receded by \$13.3 million, vis-à-vis an improvement of \$43.7 million in 2008. Savings and fixed balances fell by \$11.8 million and \$13.2 million, compared to respective year-earlier gains of \$15.4 million and \$15.2 million. Further, accretions to demand deposits slowed by \$1.5 million to \$11.7 million.

In terms of interest rates, the weighted average deposit rate at banks firmed by 22 basis points to 3.77%, with the highest rate of 6.00% offered on fixed deposits of 1 month. Conversely, the weighted average loan rate depreciated by 28 basis points to 10.20%.

### January – November 2009

For the eleven month period, excess reserve growth accelerated four-fold to \$85.7 million from the corresponding 2008 period; and accretions to excess liquid assets more than doubled to \$280.1 million.

External reserve gains—inclusive of US\$178.8 million in Special Drawing Rights (SDRs)—were higher by \$141.0 million at \$276.2 million. However, in terms of foreign currency transactions, the Central Bank's net purchase fell by \$46.0 million to \$78.5 million, as the downturn in the foreign exchange earning sectors compressed commercial banks' net intake from customers by \$178.8

million to \$26.8 million, and translated in a similar reduction in their net sale to the Central Bank. Bolstered by external borrowing proceeds, the Bank recorded a net purchase from the public sector of \$52.0 million, a turnaround from a net sale of \$86.7 million in 2008.

Reflecting the slowdown in consumer demand, accretions to Bahamian dollar credit narrowed sharply by \$327.3 million to \$99.1 million. Private sector credit growth slackened by \$303.1 million to \$54.3 million, due mainly to a \$41.1 million decline in consumer credit, versus an increase of \$122.0 million a year ago. Mortgage growth also slowed by 43.5% to \$110.8 million. Claims on public corporations fell by \$9.3 million, reversing the \$13.3 million accumulation a year earlier; however, the \$54.0 million increase in net credit to Government, was in line with the previous year's gain.

A disaggregated analysis of consumer lending for the January to October period showed broad-based repayments in the various categories. The most notable declines were registered for private vehicle purchases (\$26.7 million) and "miscellaneous" loans (\$22.1 million), following contractions of under \$6.0 million a year earlier. Net repayments were also noted for credit cards (\$17.9 million), travel (\$11.1 million) and home improvement (\$5.2 million) loans, in contrast to respective increases of \$25.6 million, \$1.9 million and \$8.9 million in the prior year. Accretions to the debt consolidation segment, which is comprised of loan rewrites, slowed by \$30.2 million to \$49.3 million.

Reflecting the effects of the ongoing economic recession, banks' credit quality indications worsened significantly over the eleven-month period. Total private sector arrears increased by \$295.7 million (38.6%) to \$1.06 billion, and the ratio of arrears to total loans firmed by 4.9 percentage points to 17.30%. This outturn reflected broad-based accretions to both the shorter-term 31-day component, as well as nonperforming loans. Loans 31-90 days in arrears advanced by \$118.5 million (29.8%) to \$516.5 million, while the arrears ratio firmed by 2.0 percentage points to 8.4%. Similarly, non-accrual loans advanced by \$177.2 million (48.2%) to \$545.0 million for a 2.8 percentage point increase in the corresponding ratio to 9.0%.

With regard to the various categories, the expansion in delinquencies was attributed mainly to growth in mortgage arrears, with smaller contributions coming from the consumer and commercial segments. The value of mortgage delinquencies 31 days and over strengthened markedly by \$165.0 million (45.3%) to \$529.3 million, reflecting gains in both the 31-90 day and non-accrual segments, by \$100.7 million (50.7%) and \$64.3 million (38.8%), respectively. Consumer arrears moved upwards by \$65.4 million (27.2%) to \$305.7 million, buoyed by accretions to short-term arrears by \$20.4 million (16.0%), as well as non-performing loans by \$45.0 million (39.9%); while the \$65.3 million (40.5%) expansion in commercial delinquencies was due solely to a surge in the non-accrual segment, by \$67.9 million (76.0%) to \$157.4 million, to overshadow the modest \$2.7 million (3.7%) downturn in short-term arrears to \$69.1 million.

In response to the deterioration in credit portfolios, banks increased their provisions by \$43.3 million (25.6%) to \$212.4 million; however given the rapid build-up in arrears and, to some extent, the high quality of collateral held against loan losses, the ratio of provisions to arrears and non-accrual loans declined by 2.0 and 7.0 percentage points, to 20.0% and 39.0%, respectively.

Led by a downturn in public sector claims, domestic foreign currency credit decreased by \$57.5 million, extending the previous year's \$18.0 million net repayment. Claims on public corporations fell by \$43.8 million, in contrast to a \$101.0 million expansion a year earlier. Further, the respective declines in net credit to the Government and private sector liabilities were considerably lower at \$0.3 million and \$13.4 million, relative to \$23.7 million and \$95.3 million a year ago.

Over the eleven-month period, accruals to Bahamian dollar deposits tapered by \$293.5 million to \$41.6 million, as both savings and demand deposits contracted. In particular, savings deposits narrowed by \$25.2 million, a reversal from the \$36.2 million gain in the corresponding period a year earlier; while demand deposits fell by \$9.1 million, compared to a \$16.6 million upturn in 2008. Growth in fixed deposit balances was nearly three-fourths lower at 73% to \$75.8 million.

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

Given the traditional lagged impact of a recovery in the global economy on the local market, and the still nascent upturn in the US market, expectations are that domestic activity will remain subdued over the near-term, with a return to growth not anticipated until the latter half of 2010. These conditions are likely to constrain the upturn in tourism output and foreign investment led-activity in the short-term, and limit improvement in employment prospects.

Correspondingly, the Government's fiscal performance is expected to remain under pressure, as the sustained weakness in consumer demand negatively impacts tax revenues.

Monetary conditions are likely to be characterized by robust levels of liquidity, very mild private sector credit growth, and elevated levels of loan arrears, requiring further hikes in provisioning by banks. Moreover, external reserve indicators are expected to remain above international benchmarks.

# Recent Monetary and Credit Statistics

(B\$ Millions)

<b>NOVEMBER</b>					
Value		Change		Change YTD	
2008	2009	2008	2009	2008	2009

## 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	262.48	293.03	-0.73	132.64	20.79	85.73
1.2 Excess Liquid Assets	285.99	542.09	-36.01	142.91	131.15	280.14
1.3 External Reserves	590.02	838.93	-36.20	155.09	135.21	276.21
1.4 Bank's Net Foreign Assets	-701.64	-661.10	17.15	87.26	-12.79	60.71
1.5 Usable Reserves	235.40	463.92	-27.20	84.49	130.92	230.34

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>6,472.04</b>	<b>6,544.11</b>	<b>37.78</b>	<b>9.85</b>	<b>262.09</b>	<b>40.95</b>
a. B\$ Credit	6,035.56	6,118.10	38.84	3.25	357.42	54.31
of which: Consumer Credit	2,223.69	2,173.83	11.94	-5.77	121.98	-41.09
Mortgages	2,736.25	2,862.01	17.41	9.86	196.03	110.77
b. F/C Credit	436.47	426.01	-1.06	6.60	-95.33	-13.36
of which: Mortgages	80.58	95.60	0.10	2.47	26.56	10.26
<b>2.2 Central Government (net)</b>	<b>889.06</b>	<b>952.64</b>	<b>43.89</b>	<b>-288.65</b>	<b>32.03</b>	<b>53.69</b>
a. B\$ Loans & Securities	1,037.27	1,116.30	43.51	-129.66	73.67	83.07
Less Deposits	146.15	165.51	-0.14	-2.35	17.98	29.09
b. F/C Loans & Securities	2.48	3.71	-0.90	-160.90	-20.68	-0.20
Less Deposits	4.54	1.87	-1.14	0.43	2.98	0.10
<b>2.3 Rest of Public Sector</b>	<b>393.40</b>	<b>348.76</b>	<b>-3.33</b>	<b>-5.92</b>	<b>114.21</b>	<b>-53.07</b>
a. B\$ Credit	76.35	75.59	-10.81	-3.29	13.26	-9.28
b. F/C Credit	317.05	273.17	7.47	-2.63	100.95	-43.79
<b>2.4 Total Domestic Credit</b>	<b>7,754.50</b>	<b>7,845.57</b>	<b>78.34</b>	<b>-284.72</b>	<b>408.34</b>	<b>41.63</b>
a. B\$ Domestic Credit	7,003.04	7,144.55	71.69	-127.36	426.37	99.08
b. F/C Domestic Credit	751.47	701.02	6.65	-157.36	-18.03	-57.45

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	1,105.17	1,072.37	13.20	11.70	16.59	-9.07
a. Central Bank	1.69	16.32	-16.81	5.50	-8.13	7.37
b. Banks	1,103.48	1,056.06	30.02	6.20	24.72	-16.43
3.2 Savings Deposits	1,027.55	994.86	15.37	-13.15	36.20	-25.17
3.3 Fixed Deposits	3,437.85	3,508.19	15.16	-11.82	282.32	75.79
3.4 Total B\$ Deposits	5,570.57	5,575.42	43.74	-13.27	335.10	41.56
3.5 F/C Deposits of Residents	156.68	209.30	5.57	-46.79	-43.00	40.33
<b>3.6 M2</b>	<b>5,769.13</b>	<b>5,761.89</b>	<b>42.07</b>	<b>-7.49</b>	<b>320.58</b>	<b>22.23</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>10.23</b>	<b>14.56</b>	<b>-0.71</b>	<b>2.71</b>	<b>1.88</b>	<b>4.76</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>84.99</b>	<b>116.88</b>	<b>-4.96</b>	<b>-0.46</b>	<b>17.42</b>	<b>29.63</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>83.10</b>	<b>111.65</b>	<b>-2.92</b>	<b>-0.57</b>	<b>18.31</b>	<b>26.36</b>

Value		Year to Date		Change	
2008	2009	2008	2009	Month	YTD

## 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>-36.62</b>	<b>152.19</b>	<b>124.47</b>	<b>78.48</b>	<b>188.82</b>	<b>-45.98</b>
a. Net Purchase/(Sale) from/to Banks	-13.63	7.94	211.18	26.51	21.58	-184.68
i. Sales to Banks	29.07	17.37	212.12	258.10	-11.70	45.98
ii. Purchases from Banks	15.44	25.31	423.30	284.60	9.87	-138.69
b. Net Purchase/(Sale) from/to Others	-22.99	144.25	-86.71	51.98	167.24	138.69
i. Sales to Others	38.13	243.41	629.06	681.30	205.28	52.24
ii. Purchases from Others	15.14	387.66	542.35	733.28	372.52	190.93
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>2.68</b>	<b>13.08</b>	<b>205.63</b>	<b>26.80</b>	<b>10.40</b>	<b>-178.83</b>
a. Sales to Customers	330.32	369.62	4,101.17	3,696.37	39.29	-404.80
b. Purchases from Customers	333.00	382.69	4,306.79	3,723.17	49.69	-583.62
<b>4.3 B\$ Position (change)</b>	<b>-13.15</b>	<b>-7.25</b>				

## 5.0 EXCHANGE CONTROL SALES

<b>5.1 Current Items</b>	<b>240.08</b>	<b>196.92</b>	<b>3,151.04</b>	<b>2,384.80</b>	<b>-43.15</b>	<b>-766.24</b>
of which Public Sector	<b>38.33</b>	<b>31.97</b>	<b>558.55</b>	<b>380.44</b>	<b>-6.36</b>	<b>-178.11</b>
a. Nonoil Imports	108.98	85.98	1,203.87	943.12	-23.00	-260.75
b. Oil Imports	32.50	15.32	639.13	259.76	-17.18	-379.37
c. Travel	15.31	13.46	207.83	153.58	-1.86	-54.25
d. Factor Income	3.95	5.96	62.79	135.32	2.01	72.52
e. Transfers	6.05	7.75	70.70	57.00	1.70	-13.70
f. Other Current Items	73.28	68.45	966.72	836.02	-4.83	-130.70
<b>5.2 Capital Items</b>	<b>4.14</b>	<b>5.06</b>	<b>78.32</b>	<b>72.51</b>	<b>0.92</b>	<b>-5.81</b>
of which Public Sector	<b>1.42</b>	<b>3.12</b>	<b>25.67</b>	<b>21.36</b>	<b>1.70</b>	<b>-4.32</b>
<b>5.3 Bank Remittances</b>	<b>0.00</b>	<b>0.00</b>	<b>3.05</b>	<b>91.20</b>	<b>0.00</b>	<b>88.15</b>

Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: NOVEMBER 26, 2008 and DECEMBER 02, 2009

Exchange Control Sales figures are as at month end.

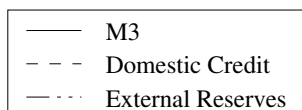
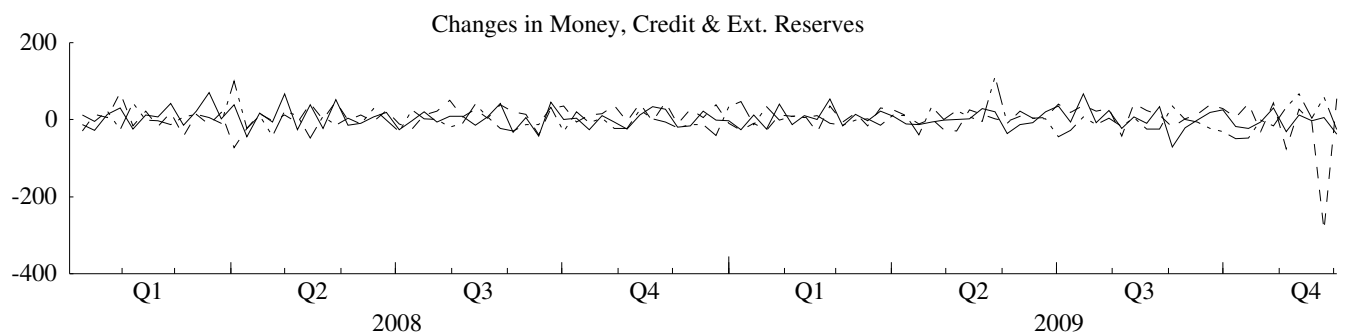
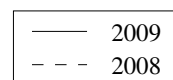
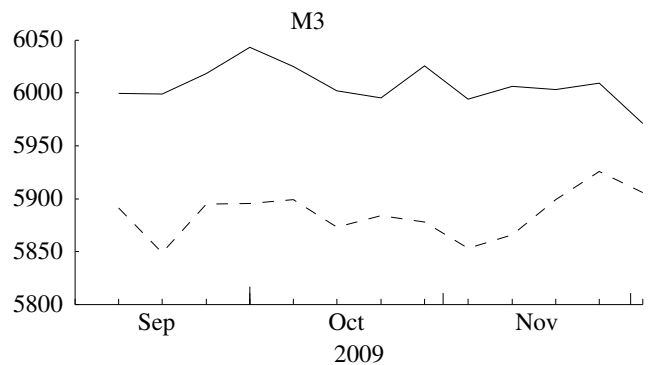
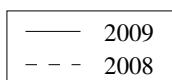
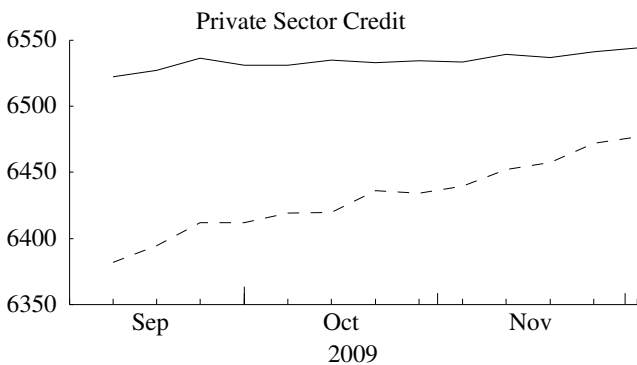
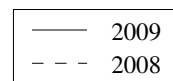
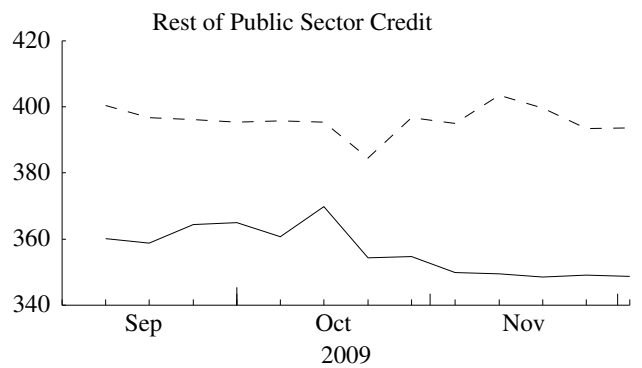
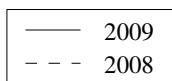
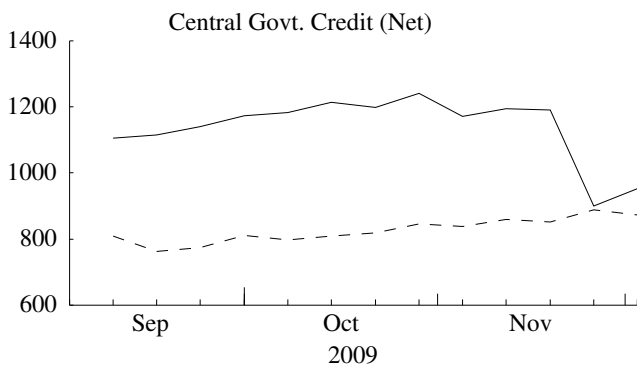
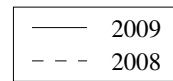
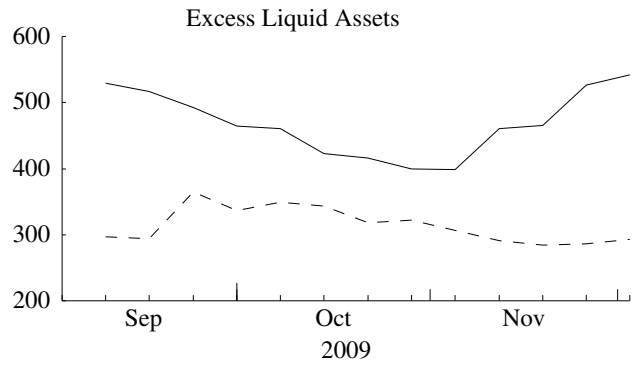
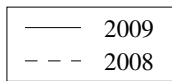
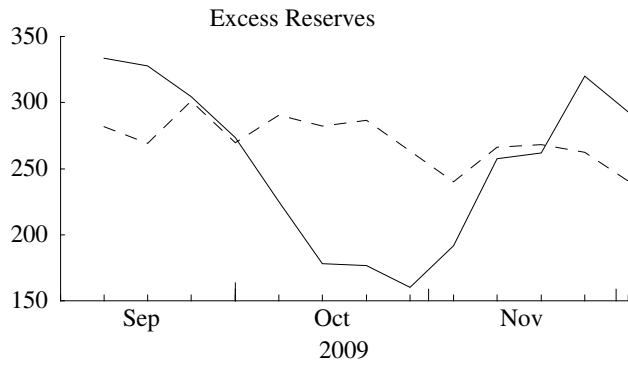
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Notes: 1.0, 2.0 and 3.0 YTD change reflects change of current month over previous year end; for 4.0 and 5.0 change is over corresponding period of previous year.

Components may not sum to totals due to round-off error.



## 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	
	2008	2009	2008	2009	2008	2009
Bahamas	-1.7	-4.5	4.5	1.8	8.7*	n/a
United States	0.4	-2.7	3.8	-0.4	5.8	8.9
Euro-Area	0.7	-4.2	3.3	0.3	7.6	10.1
<i>Germany</i>	<i>1.2</i>	<i>-5.3</i>	<i>2.8</i>	<i>0.1</i>	<i>7.3</i>	<i>9.0</i>
Japan	-0.7	-5.4	1.4	-1.1	4.0	4.6
United Kingdom	0.7	-4.4	3.6	1.9	5.5	7.4
Canada	0.4	-2.5	2.4	0.1	6.2	8.4

*Sources: IMF World Economic Outlook, October 2009, IMF World Economic Outlook, April 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
November 2007	5.25	4.00	5.00	4.50	5.75
December 2007	5.25	4.00	4.75	4.25	5.50
January 2008	5.25	4.00	3.50	3.00	5.50
February 2008	5.25	4.00	3.50	3.00	5.25
March 2008	5.25	4.00	2.50	2.25	5.25
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

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	Nov-08	Oct-09	Nov-09	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.7880	0.6794	0.6665	-1.90%	-6.87%	-15.42%
Yen	95.52	90.10	86.41	-4.10%	-4.71%	-9.54%
Pound	0.6505	0.6080	0.6082	0.03%	-11.03%	-6.50%
Canadian \$	1.2399	1.0848	1.0562	-2.64%	-13.46%	-14.82%
Swiss Franc	1.2138	1.0264	1.0053	-2.06%	-6.00%	-17.18%

*Source: Bloomberg as at November 30, 2009*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	November 2008	October 2009	November 2009	Mthly % Change	YTD % Change
Gold / Ounce	818.05	1045.40	1179.60	12.8	33.7
Silver / Ounce	10.30	16.31	18.49	13.4	62.3
Oil / Barrel	53.09	77.11	75.94	-1.5	92.1

*Source: Bloomberg as at November 30, 2009*

<b>E. Equity Market Valuations –November 30, 2009 (%chg)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	0.76	6.41	5.98	2.90	2.01	3.90	-6.87	6.66
3 month	-0.95	6.41	3.98	1.11	-3.04	-0.87	-7.77	14.96
YTD	-13.13	17.76	21.63	17.06	14.36	16.96	5.49	75.49
12-month	-16.96	17.06	22.28	21.05	12.80	20.48	9.79	70.77

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
<b>o/n</b>	0.18	0.30	0.39
<b>1 Month</b>	0.24	0.45	0.44
<b>3 Month</b>	0.26	0.65	0.67
<b>6 Month</b>	0.49	0.88	0.98
<b>9 Month</b>	0.76	1.01	1.11
<b>1 year</b>	1.02	1.20	1.22

*Source: Bloomberg as at November 30, 2009*

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

	VALUE										CHANGE							
	Sep. 30	Oct. 07	Oct. 14	Oct. 21	Oct. 28	Nov. 04	Nov. 11	Nov. 18	Nov. 25	Sep. 30	Oct. 07	Oct. 14	Oct. 21	Oct. 28	Nov. 04	Nov. 11	Nov. 18	Nov. 25
<b>I. External Reserves</b>	752.86	729.09	697.90	699.78	683.84	692.25	746.12	742.26	1,031.01	-10.58	-23.77	-31.19	1.88	-15.94	8.41	53.86	-3.86	288.76
<b>II. Net Domestic Assets (A + B + C + D)</b>	-53.48	-87.04	-105.25	-110.05	-101.06	-86.15	-75.44	-70.68	-295.38	-6.67	-33.56	-18.21	-4.81	9.00	14.90	10.71	4.77	-224.70
<b>A. Net Credit to Gov<sup>1</sup>( i + ii + iii - iv)</b>	245.93	216.75	202.38	197.73	202.16	225.22	230.21	227.09	7.13	0.16	-29.18	-14.36	-4.65	4.43	23.06	4.98	-3.11	-219.96
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	120.12	119.70	116.53	114.47	114.16	114.12	113.84	111.49	109.36	-1.44	-0.43	-3.17	-2.06	-0.31	-0.04	-0.28	-2.34	-2.13
iii) Treasury Bills	52.17	15.88	5.96	5.96	5.96	35.89	36.75	36.75	36.75	0.00	-36.29	-9.93	0.00	0.00	29.93	0.86	0.00	0.00
iv) Deposits	23.36	15.82	17.09	19.68	14.94	21.77	17.36	18.14	235.97	-1.60	-7.54	1.27	2.59	-4.74	6.83	-4.41	0.77	217.83
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-1.33	-8.07	-11.15	-9.23	-4.66	-11.78	-5.65	2.27	-3.72	0.08	-6.74	-3.08	1.93	4.56	-7.11	6.13	7.92	-5.99
i) BDB Loans	6.15	6.15	6.15	6.15	6.15	6.15	6.15	6.15	6.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii) BMC Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
iii) Deposits	7.48	14.22	17.30	15.38	10.81	17.93	11.80	3.88	9.87	-0.08	6.74	3.08	-1.93	-4.56	7.11	-6.13	-7.92	5.99
<b>C. Loans to/Deposits with Banks</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>D. Other Items (Net)*</b>	-298.08	-295.72	-296.48	-298.56	-298.56	-299.60	-300.00	-300.04	-298.79	-6.90	2.36	-0.76	-2.08	0.00	-1.04	-0.40	-0.04	1.25
<b>III. Monetary Base</b>	699.38	642.06	592.65	589.73	582.79	606.10	670.67	671.58	735.64	-17.25	-57.32	-49.40	-2.92	-6.94	23.32	64.57	0.91	64.06
A. Currency in Circulation	271.66	268.42	267.45	259.53	263.84	267.65	263.31	261.37	268.42	9.85	-3.24	-0.97	-7.91	4.31	3.81	-4.34	-1.94	7.05
B. Bank Balances with CBOB	427.73	373.64	325.21	330.20	318.94	338.45	407.36	410.21	467.22	-27.09	-54.09	-48.43	4.99	-11.25	19.51	68.91	2.85	57.01

\* 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)

	2009		2010		YEAR TO DATE (Over previous year)
	JAN	FEB	MAR	APR	
1. Government Revenue & Grants % change	101.1 -27.00%	118.5 17.21%	87.6 -12.56%	97.8 -17.50%	394.7 6.24%
2. Import/Excise Duties % change	30.8 -48.41%	32.1 4.23%	42.1 -21.41%	33.3 3.62%	183.1 17.45%
3. Recurrent Expenditure % change	116.7 -24.22%	115.3 100.0	95.8 -14.31%	114.7 13.65%	437.6 -1.93%
4. Capital Expenditure % change	8.2 -75.94%	5.2 10.8	11.7 127.85%	9.5 -12.40%	55.7 37.8
5. Deficit/Surplus* % change	-29.4 -56.81%	-21.4 -104.67%	1.4 17.51%	-32.4 -2451.67%	-81.4 29.35%

	2009		2010		2009		2010		2009		2010		2009		2010		2009		2010										
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC					
6. Total Debt % change	2,635.5 0.00%	2,635.7 0.01%	2,884.5 0.37%	2,688.2 -2.41%	2,679.3 -0.43%	3,059.0 3.36%	2,681.7 0.10%	3,085.2 0.01%	2,766.9 -3.15%	3,236.7 -0.03%	2,755.0 -0.43%	3,213.1 -0.73%	2,754.1 -0.03%	3,328.1 3.38%	2,635.5 0.00%	2,635.7 0.01%	2,884.5 0.37%	2,688.2 0.04%	2,679.3 -0.03%	3,059.0 3.36%	2,681.7 0.10%	3,085.2 0.01%	2,766.9 -3.15%	3,236.7 -0.03%	2,755.0 -0.43%	3,213.1 -0.73%	2,754.1 -0.03%	3,328.1 3.38%	
7. External Debt % change	273.0 0.21%	383.7 0.19%	273.2 0.08%	371.5 36.36%	371.5 0.00%	415.9 6.42%	374.0 0.69%	422.0 0.10%	374.1 -0.25%	423.5 -0.20%	372.2 -0.49%	420.8 -0.64%	372.2 0.00%	695.8 65.35%	273.0 0.00%	273.2 0.08%	371.5 36.36%	371.5 0.28%	371.5 -0.03%	415.9 6.42%	374.0 0.69%	422.0 0.10%	374.1 -0.25%	423.5 -0.20%	372.2 -0.49%	420.8 -0.64%	372.2 0.00%	695.8 65.35%	
8. Internal F/C Debt % change	23.2 -0.17%	3.6 158.00%	23.2 0.00%	2.3 -90.25%	3.4 50.01%	142.7 170.75%	3.4 0.00%	162.7 0.00%	3.4 0.00%	162.7 0.00%	3.4 0.00%	161.8 -0.55%	2.5 -26.67%	1.8 -98.88%	23.2 0.00%	23.2 0.00%	2.3 -90.25%	3.4 0.00%	3.4 0.00%	142.7 170.75%	3.4 0.00%	162.7 0.00%	3.4 0.00%	162.7 0.00%	3.4 0.00%	161.8 -0.55%	2.5 -26.67%	1.8 -98.88%	
9. Bahamian Dollar Debt % change	2,339.4 -0.02%	2,486.6 4.51%	2,486.6 0.00%	2,314.4 -0.64%	2,304.4 -0.43%	2,500.5 -0.40%	2,304.4 0.00%	2,304.4 0.00%	2,389.4 3.69%	2,650.5 0.00%	2,379.4 -0.42%	2,630.5 0.00%	2,379.4 0.00%	2,630.5 0.00%	2,339.4 0.00%	2,339.4 0.00%	2,486.6 -0.43%	2,314.4 -0.64%	2,304.4 0.00%	2,304.4 -0.40%	2,500.5 -0.40%	2,304.4 0.00%	2,304.4 0.00%	2,389.4 3.69%	2,650.5 0.00%	2,379.4 -0.42%	2,630.5 0.00%	2,379.4 0.00%	
10. Total Amortization % change	0.5 391.80%	0.0 -100.00%	0.1 80.46%	37.7 250.76%	18.5 1868.38%	60.0 224.72%	0.0 -100.00%	0.1 -100.00%	15.9 -98.94%	15.9 -100.00%	11.8 -23.70%	23.6 48.68%	0.9 -92.37%	185.0 684.10%	0.5 0.00%	0.1 -80.46%	37.7 11076.79%	18.5 1868.38%	60.0 -73.40%	224.72% -73.40%	60.0 -100.00%	0.1 -100.00%	0.0 -100.00%	15.9 -100.00%	15.9 -100.00%	11.8 -23.70%	23.6 48.68%	0.9 -92.37%	185.0 684.10%

	2009		2010		YEAR TO DATE (Over previous year)
	JAN	FEB	MAR	APR	
12. Retail Price Index % change; over previous month	124.2 0.09%	129.9 0.12%	124.6 -0.05%	126.6 1.56%	130.5 4.49%
13. Tourist arrivals (000's) % change; over previous year	372.7 -6.19%	410.8 10.21%	386.8 -10.25%	396.9 -6.23%	3450.1 -5.98%
14. Air arrivals (000's) % change; over previous year	110.8 7.08%	90.0 -18.74%	103.1 -18.04%	131.2 -4.09%	975.2 -2.70%
15. Occupied Room Nights % change; over previous year	212.9 7.01%	169.7 -20.30%	211.8 2.85%	232.2 -9.72%	1002.4 -0.65%

	2009		2010		YEAR TO DATE (Over previous year)
	JAN	FEB	MAR	APR	
16. Res. Mortgage Commitments-New Const. % change; over previous qtr.	702.5 27.85%	858.3 31.16%	701.0 -18.33%	771.6 -15.97%	145.37 151.88%

	2009		2010		YEAR TO DATE (Over previous year)
	JAN	FEB	MAR	APR	
11. Total Public Sector F/C Debt	702.5 27.85%	858.3 31.16%	701.0 -18.33%	771.6 -15.97%	145.37 151.88%

	2009		2010		YEAR TO DATE (Over previous year)
	JAN	FEB	MAR	APR	
12. Retail Price Index % change; over previous month	124.2 0.09%	129.9 0.12%	124.6 -0.05%	126.6 1.56%	130.5 4.49%
13. Tourist arrivals (000's) % change; over previous year	372.7 -6.19%	410.8 10.21%	386.8 -10.25%	396.9 -6.23%	3450.1 -5.98%
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15. Occupied Room Nights % change; over previous year	212.9 7.01%	169.7 -20.30%	211.8 2.85%	232.2 -9.72%	1002.4 -0.65%

	2009		2010		YEAR TO DATE (Over previous year)
	JAN	FEB	MAR	APR	
16. Res. Mortgage Commitments-New Const. % change; over previous qtr.	702.5 27.85%	858.3 31.16%	701.0 -18.33%	771.6 -15.97%	145.37 151.88%

\* Excludes Net Lending to Public Corporations

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

P - Provisional

Annual/3-F-D Retail Price data are averages.