



Quarterly Economic Review

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QUARTERLY ECONOMIC REVIEW

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REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

DOMESTIC ECONOMIC DEVELOPMENTS

Provisional estimates indicated that domestic economic activity contracted during the second quarter of 2009, amid persistent weakness in consumer spending, tourism activity and construction investments. Domestic prices rose at a more tempered pace, as global commodity prices remained at levels significantly lower than the previous year. In the fiscal sector, depressed domestic demand negatively impacted Government's revenue performance over the eleven months of FY2008/09 which, combined with a modest increase in expenditure, resulted in the overall deficit more than doubling to \$219.2 million. Monetary developments were dominated by Government's foreign currency financing activities, which boosted both liquidity and external reserves; while private sector credit growth remained anemic over the quarter. On the external side, the estimated current account deficit narrowed, as the ratcheting down of domestic demand and lower fuel prices reinforced an improvement in the merchandise trade balance. The surplus on the capital and financial account stabilized over the quarter, buoyed mainly by the public sector's foreign currency borrowings, as well as moderate gains in "other" net private sector investments.

Net free cash reserves of the banking system advanced by 78.4% to \$360.4 million during the second quarter, as the Government utilized foreign currency loan proceeds from a consortium of domestic banks to reduce its Bahamian dollar advances. As a result, the ratio of net free cash reserves to Bahamian dollar deposits rose to 6.3% from 4.5% in the same period last year. Similarly, the broader surplus liquid assets expanded by 28.6% to \$520.8 million, and exceeded the statutory minimum by an enlarged 56.2% versus 35.7% a year earlier. Movements in banks' weighted average interest rates revealed a widening in the loan-to-deposit spread, by 39 basis points to 6.88%, reflecting an 18 basis point advance in the weighted average loan rate to 10.67% and a 21 basis point reduction in the corresponding deposit rate to 3.79%. The average Treasury bill rate for 90-day issues was 0.13 of a percentage point higher at 2.77%; whereas

the benchmark interest rates—Central Bank Discount Rate and Commercial Banks' Prime Rate—remained unchanged at 5.25% and 5.50%, respectively.

Growth in the monetary aggregates (M3) subsided to 0.6% from 1.3% in the corresponding quarter of 2008, for an end-June stock of \$6,065.9 million. In terms of the components, narrow money (M1) contracted further by 3.8%, following a 0.2% decline in 2008; while the increase in currency in active circulation slowed to 1.4% from 4.7%. Broad money (M2) declined by 0.2% in contrast to growth of 1.5% a year earlier, with the gain in fixed deposits tapering by one-third to 0.8%, and stabilized growth in savings deposit of 0.9%. Meanwhile, foreign currency deposits firmed by 24.2%, in contrast to last year's 2.2% reduction.

In the context of anemic demand fundamentals, domestic credit expansion narrowed to 0.4% from 1.0% a year ago, inclusive of a broad-based slowing in accretions to private sector credit, to 0.5% from 1.4%. Public corporations recorded a net repayment of 0.4%, following an 18.4% increase in liabilities to the banking sector in 2008, while the fall-off in net claims on the Government was lower at 0.1% from 9.1% a year ago.

Provisional data on Government's budgetary operations for the eleven months of FY2008/09 indicated a marked deterioration in the overall deficit, to \$219.2 million from \$79.9 million in the corresponding period of FY2007/08. Reflective of the downturn in the domestic economy, aggregate revenue contracted by 6.1% to \$1,201.7 million, owing primarily to an 11.0% falloff in tax receipts to \$1,046.5 million, which was spread across reduced collections for international trade, departure, motor vehicle and "other" stamp taxes. However, non-tax revenue advanced by 49.0% to \$155.1 million, associated with dividend income payments received from a public utility company. Total expenditure grew by 4.5% to \$1,420.8 million, based on a 5.3% advance in current outlays to \$1,256.2 million—amid increased spending for personal emoluments, purchases of goods & services and transfer payments—and a 12.7% boost in net lending to public enterprises to \$53.7 million. Conversely, capital

spending fell by 6.7% to \$110.9 million, linked to lower outlays for the acquisition of assets and transfers to non-financial public enterprises. Budgetary financing included \$207.2 million in domestic bond issues, \$25.0 million in local currency loans, internal foreign currency advances from a consortium of local banks of \$191.1 million and \$50.9 million in external debt. Debt amortization payments totalled \$108.2 million, the majority of which went towards retiring Bahamian dollar obligations. Consequently, the Direct Charge on Government rose by 4.7% to \$3,084.2 million over the previous quarter and, inclusive of a 1.0% contraction in Government's contingent liabilities, the National Debt advanced by 3.9% to \$3,524.2 million.

Amid continued weakness in the higher value-added stopover visitor segment, indications are that tourism output contracted during the second quarter. However, the number of visitor arrivals rose by an estimated 8.6% during the first two months of the quarter to 0.8 million, contrasting with last year's 6.1% decline to 0.7 million. The performance continued to benefit from strengthened cruise arrivals, which firmed by 18.1%, supported in part by the rerouting of several cruise ships following health concerns in other countries; whereas the air segment remained weak, declining by an estimated 8.2%.

By port of entry, total arrivals to the New Providence market rebounded by 19.7% during the first two months of the quarter, after an 8.5% downturn in the same period last year, as the gain in sea passengers outpaced the falloff in air traffic. Similarly, visitors to Grand Bahama increased by 4.0%, a reversal from the 21.9% reduction in 2008, supported by a boost in sea arrivals, which overshadowed the contraction in the air segment. In contrast, weakness in both the air and sea segments occasioned a 10.3% drop in visitors to the Family Islands, vis-à-vis a 7.5% gain last year.

Preliminary indicators of tourism sector revenues suggest that hotel receipts, across all major markets, declined significantly during the review quarter. This reflected the combined adverse effects on average earnings of lower occupancy levels, various discounts and other incentive programs.

Construction sector activity for the quarter remained moribund, reflecting sustained weakness in the contribution from foreign investment, and continued abatement in

domestic, private and public sector operations. According to combined mortgage data from banks, insurance companies and The Bahamas Mortgage Corporation, the value of mortgage disbursements for new construction and building repairs for the second quarter contracted by 25.4% to \$64.3 million, as the residential and commercial components receded by 26.2% to \$57.2 million and 18.5% to \$7.1 million, respectively. Similarly, total mortgage commitments for new construction and repairs—a forward looking indicator—fell by 26.1% to \$56.1 million, with the decline in commercial commitments outstripping the modest rise in residential approvals. Regarding financing terms, the average interest rate for residential mortgages softened by 0.1 percentage point to 8.4%; while the average commercial rate steadied at 8.8%.

The general weakening in commodity prices since the latter half of the previous year reinforced continued easing in inflation during the second quarter of 2009. Although levels remained elevated on an annual basis, the quarterly increase in average consumer prices moderated to 0.4%, following a 2.7% advance in the same period of 2008, as lower accretions to average costs were recorded for "other" goods & services, furniture & households; and recreation & entertainment services prices contracted marginally. However, inflation for the twelve-month period through June, accelerated to 4.3% from 3.0% in 2008, with higher cost increases registered for food & beverages, "other" goods & services, recreation & entertainment services, education, housing and clothing & footwear.

In the external sector, the estimated current account deficit narrowed by \$76.6 million (32.5%) to \$159.2 million in the review quarter. In particular, the merchandise trade deficit, inclusive of goods procured in ports by carriers, improved by 18.7% to an estimated \$454.9 million, associated with reductions in both fuel and non-oil imports. However, the surplus on the services account tapered by 8.8% to \$306.0 million, partly owing to an estimated 8.7% decline in net travel receipts to \$482.3 million and an 8.8% falloff in net inflows from the offshore sector to \$40.3 million. In addition, payments for insurance and Government services increased by 33.1% to \$34.5 million and by 50.1% to \$27.9 million, respectively. In a partial offset, the net income outflow receded by 21.2% to \$22.9 million, occasioned by lower labour income payments and private sector net interest and

dividend remittances. Meanwhile, net current transfer receipts declined by 28.2% to \$12.5 million, based on reduced inflows for the Government sector.

The estimated surplus on the capital and financial account widened marginally to \$365.9 million from \$362.0 million a year earlier. "Other" investment net inflows advanced to \$205.0 million from \$156.9 million, as Government's foreign currency borrowings elevated domestic banks' net foreign liabilities, by \$98.8 million to \$116.7 million, and "other" net private sector inflows grew by \$19.6 million to \$61.5 million. However, direct investment receipts decreased by 19.9% to \$175.8 million, occasioned mainly by the 54.7% abatement in inflows from net real estate purchases to \$50.0 million, which overshadowed the 15.4% gain in net equity receipts to \$125.8 million.

FISCAL OPERATIONS

OVERVIEW

Reflecting the sustained adverse effects of a slow-down in domestic demand on Government's revenues, preliminary estimates for the eleven months of FY2008/09 place the deficit markedly higher at \$219.2 million, relative to \$79.9 million a year-earlier. The contraction in receipts was broad-based, while expenditures firmed moderately.

REVENUE

Revenue collections decreased by \$78.0 million (6.1%) to \$1,201.7 million, reversing gains of \$79.8 million (6.7%) achieved in the corresponding period of FY2007/08. Tax receipts—which accounted for 87.1% of total revenue—declined by \$129.0 million (11.0%) to \$1,046.5 million, outpacing growth of \$51.0 million (49.0%) in non-tax revenue to \$155.1 million.

The contraction in tax inflows was occasioned primarily by a reduction in international trade and transaction tax collections, of \$80.5 million (13.0%) to \$537.2 million. Similarly, stamp taxes—mainly on property and financial transactions—fell by \$51.0 million (22.8%) to \$173.1 million; and other "unclassified" revenue was lower by \$17.4 million (21.8%) at \$62.4 million. Reflecting a sustained slump in air arrivals, departure tax collections declined by \$10.3 million (15.6%) to \$56.0 million; while

property tax receipts rose by \$10.3 million (14.9%) to \$79.9 million, buoyed in part by enhanced revenue collection efforts. Receipts from business & professional licence fees firmed by \$4.2 million (5.1%) to \$85.9 million, supported by gains in bank and trust license fees, amid the recent fee hikes which came into effect on July 1, 2008.

Government Revenue By Source				
(Apr - May)				
	FY07/08		FY08/09	
	B\$M	%	B\$M	%
Property Tax	8.1	2.7	10.8	4.0
Selective Services Tax	7.5	2.6	6.4	2.4
Busines. & Prof Lic. Fees	33.0	11.2	31.5	11.6
Motor Vehicle Tax	5.3	1.8	3.9	1.5
Departure Tax	15.0	5.1	11.0	4.1
Import Duties	88.3	30.0	59.2	21.9
Stamp Tax from Imports	25.4	8.6	2.7	1.0
Excise Tax	--	--	27.9	10.3
Export Tax	2.2	0.7	3.0	1.1
Stamp Tax from Exports	--	--	--	--
Other Stamp Tax	47.7	16.2	35.3	13.1
Other Tax Revenue	39.4	13.4	10.6	3.9
Fines, Forfeits, etc.	13.2	4.5	14.7	5.4
Sales of Govt. Property	0.2	0.1	0.1	0.1
Income	13.4	4.5	53.7	19.8
Other Non-Tax Rev.	--	--	--	--
Capital Revenue	--	--	--	--
Grants	--	--	--	--
Less:Refunds	3.9	1.3	0.3	0.1
Total	294.8	100.0	270.6	100.0

Non-tax revenue—which comprised 12.9% of revenue collections—improved by almost 50%, as dividend income amplified income from public enterprises and other sources by \$50.5 million to \$69.0 million. In addition, fines, forfeits and administration fees increased modestly by \$3.4 million (4.2%) to \$85.2 million, contrasting with a decline in receipts from the sale of Government property by \$3.0 million to \$0.9 million.

EXPENDITURE

Following a more modest increase of 3.2% in FY2007/08, total expenditure grew by 4.5% to \$1,420.8 million in the review period, supported by a \$63.2 million (5.3%) expansion in recurrent outlays—which consti-

tuted 88.4% of total expenditures—to \$1,256.2 million. Net lending to public enterprises for budgetary support, at 3.8% of the total, rose by \$6.0 million (12.7%) to \$53.7 million. In contrast, capital expenditure—which comprised (7.8% of overall outlays), declined by \$8.1 million (6.7%) to \$110.9 million.

A breakdown of recurrent expenditure by economic classification showed Government consumption increasing by \$37.8 million (5.1%) to \$775.9 million, fuelled by a 4.2% rise in wage & salary payments to \$521.5 million and a 7.0% firming in outlays for purchases of goods & services to \$254.4 million. Transfer payments were higher by 5.6% at \$480.3 million, as interest payments advanced by 8.1% to \$147.5 million amid higher debt stocks. In addition, subsidies and other transfers grew by 4.5% to \$332.7 million, reflecting increased transfers to vulnerable groups—mainly to households and non-profit entities, and higher subsidies to the health sector.

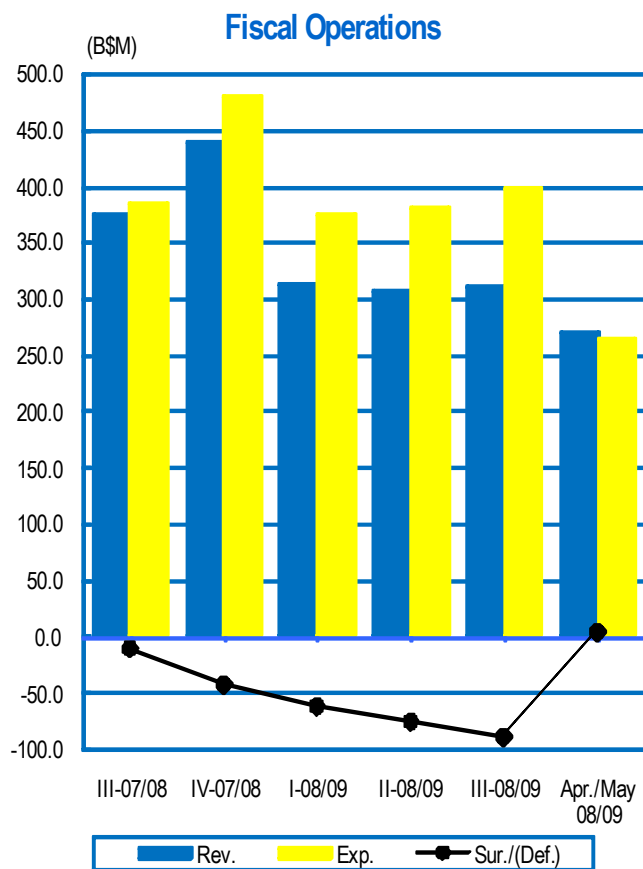
On a functional basis, recurrent spending on general public services, which accounted for 28.8% of outlays, grew by 7.3% to \$361.3 million, absorbed mainly in the areas of general administration and public order & safety. Spending on health care (18.1% of the total) advanced by 3.9% to \$227.9 million; for education, by 2.0% to \$239.2 million; and for social benefits & services, by 10.2% to \$91.5 million. Similarly, payments for economic services increased by 8.5% to \$136.8 million, due mainly to an almost doubling in spending for agriculture & fisheries services to \$21.4 million, associated with elevated payments for advertising services. Higher expenditures were also recorded for public works and water supply, as well as labour employment services, with contractions for transportation & post office expenses (6.5%), defence (7.9%) and other community & social services (13.4%).

The decline in capital expenditure, by 6.7% to \$110.9 million, was explained by an \$14.1 million abatement in outlays for the acquisition of assets to \$21.2 million, amid reductions in spending on fixed assets, such as transportation equipment and computers. Transfers to non-financial public enterprises were also lower by \$1.0 million at \$1.9 million, while spending on capital formation rose 8.8% to \$87.8 million, as the Government sustained its building and road works programmes.

FINANCING AND THE NATIONAL DEBT

Budgetary financing for the eleven months of FY2008/09 comprised \$437.2 million in internal borrowing, including the issuance of \$207.2 million in bonds, along with \$25.0 million in local currency loans and \$13.8 million in Treasury bills. Government also secured an estimated \$242.0 million in foreign currency financing, of which nearly three-quarters was provided by a consortium of domestic banks and the balance from external sources. Debt repayment, which totalled \$108.2 million, went largely towards internal obligations (\$101.8 million).

The Direct Charge on Government increased by \$137.4 million (4.7%) to \$3,084.2 million, over the previous quarter, and was \$405.6 million (15.1%) higher than the year earlier level. In terms of the breakdown, Bahamian dollar denominated liabilities represented 81.1% of the total, with commercial banks and private & institutional investors holding 30.7%, followed by public corporations (29.8%), the Central Bank (8.5%) and other local financial institutions (0.2%). Government bonds, which



bear an average term to maturity of 12.2 years, were the largest segment (86.1%) of Bahamian dollar debt; followed by Treasury bills, at 9.8%; with domestic loans & advances accounting for the remaining 4.1%.

Government's contingent liabilities narrowed marginally by 1.0% to \$440.0 million over the review quarter, mainly associated with a reduction in loans by the Bahamas Electricity Corporation. Inclusive of these changes, the National Debt firmed by \$132.8 million (3.9%) to \$3,524.2 million, for a gain of approximately \$422.8 million (13.6%) vis-à-vis June 2008.

PUBLIC SECTOR FOREIGN CURRENCY DEBT

During the second quarter, the public sector's foreign currency debt expanded by \$129.4 million (15.1%) to \$986.9 million, as new drawings of \$190.9 million, due solely to Government borrowings, surpassed amortization payments of \$61.4 million. As a consequence, Government's outstanding liabilities increased by 30.8% to \$583.7 million, representing 59.1% of the total; while the public corporations' debt stock decreased marginally by 1.9% to \$403.2 million—for the remaining 40.9%.

By creditor profile, the majority of foreign currency debt was held by commercial banks (53.3%), followed by private capital markets (30.4%) and multilateral institutions (12.4%), with bilateral institutions & other creditors accounting for the balance (3.9%). The debt was primarily denominated in United States dollars (98.6%), and the remainder comprised euros and Yuans. A modest build-up in short-term advances reduced the average age to maturity of foreign currency debt, by 1.7 years to 10.9 years.

Relative to the corresponding period last year, total debt service payments firmed by 63.0% to \$74.6 million, as the Government's repayment of outstanding loans contributed to growth in amortization payments, of \$28.8 million to \$61.4 million. In contrast, interest expenses remained relatively constant at \$13.2 million. As a result of these developments, debt service as a proportion of estimated exports of goods and non-factor services rose by an estimated 4.4 percentage points to 9.4%.

2009/10 BUDGET HIGHLIGHTS

The Government's budget for FY2009/10, which was presented to Parliament on 27th May, 2009 and approved in June 2009, continued to focus on countercyclical

policies to temper the impact of the global recession on the Bahamian economy. Consequently, fiscal "stimulus" measures were aimed at improving the country's infrastructure and providing opportunities for displaced workers; while simultaneously preparing the country to take advantage of future growth opportunities, once the economic conditions improve. Acknowledging that tax revenue collections would remain subdued over the fiscal year and the announced "stimulus" spending would heighten capital expenditures, the budget proposed to enhance the efficiency of revenue collections, by reforming the public service and in particular, the Customs Department. To further positively impact revenue collections, the Government undertook to proceed with the simplification of the tariff and excise tax regime and the modernization of the business license and real property tax processes. Notwithstanding, the deficit was still expected to rise by 74.2% to \$288.6 million, owing to the projected 10.8% decrease in total revenue to \$1,400.0 million, which would offset the 2.7% reduction in expenditure to \$1,688.6 million. In terms of economic activity, the deficit-to-GDP ratio is forecasted to rise, from 2.1% in FY2008/09 to 3.9% in FY2009/10, with the corresponding debt ratio firming by 4.3 percentage points to 43.2%.

Leading the projected 12.7% decline in tax revenue to \$1,237.0 million, taxes on international trade and transactions are estimated to be 13.2% lower at \$661.5 million, reflecting the "demand destruction" resulting from the recession. Business & professional license fees are also anticipated to register a decrease of 10.5% to \$100.2 million. Expectations are that the tourism sector will remain moribund in 2009, occasioning a 19.3% budgeted contraction in departure taxes to \$69.5 million and the 4.5% projected weakening in selective taxes on tourism services to \$43.2 million. In contrast, property tax receipts are forecasted to grow by 9.3% to \$106.3 million, supported by a combination of surcharges, tax simplification and previous adjustments to existing rates. Non-tax revenue is projected to decline by 1.0% to \$140.8 million, driven by anticipated contractions in collections from the sale of Government property, by 70.7% to \$0.7 million, and a 6.8% decline in public enterprises & other sources receipts to \$44.8 million. However, a modest offset is expected to be provided from the projected rise in fines, forfeits and administration fees, by 3.8% to \$95.3 million.

Reflecting attempts by Government to exercise fiscal restraint in current spending, total expenditure is budgeted to decrease by 2.7% to \$1,688.6 million. Recurrent outlays are set to decline by 3.6% to \$1,430.5 million, occasioned by broad-based reduced allocations to the various Government ministries and departments. Similarly, net lending to public corporations is projected lower at \$49.3 million from \$62.2 million in FY2008/09. As part of Government's "countercyclical" expenditure programme, capital expenditure is set to rise by 10.7% to \$208.9 million, as a 23.0% boost in infrastructural spending to \$180.9 million, outweighs the expected 43.0% falloff in asset acquisitions.

By economic classification, the budgeted allocation for Government consumption is placed lower by 7.2% at \$880.9 million, amid an anticipated 6.2% decrease in spending on personal emoluments to \$579.8 million, due in part to the effects of attrition. Buoyed by expected reductions in discretionary spending, purchases of goods and services are set to decline by 9.0% to \$301.1 million. Transfer payments are anticipated to rise by 2.7% to \$549.5 million, with the firming in debt levels underpinning an increase in interest payments by 7.1% to \$176.6 million. Subsidies and other transfers—inclusive of a \$10 million hike in transfers to households and a contraction in payments to public corporations—are projected to advance slightly by 0.7% to \$372.9 million.

On a functional basis, approved recurrent outlays for general public services—the largest component—are forecast to narrow by 9.2% to \$391.4 million. Reduced allocations are also budgeted for education, by 7.0% to \$264.7 million; defence, by 3.5% to \$44.2 million; economic services, by 7.1% to \$156.7 million; and housing, by 56.6% to \$3.5 million. Conversely, marginal increases are programmed for health services, social benefits & services and other community and social services of 2.3%, 5.9% and 1.7% to \$265.3 million, \$105.3 million and \$22.7 million, respectively.

The forecasted 10.7% growth in capital expenditure mainly reflects an increase in spending on buildings as well as road projects, from \$147.0 million to \$180.9 million, alongside slightly higher accretions to transfers to public corporations, of \$2.2 million to \$3.3 million. These contrast with the projected decline in outlays for the

acquisition of land, equity and other assets, by \$15.1 million to \$20.0 million.

With regard to financing, the forecasted deficit in FY2009/10 of \$288.6 million, along with an estimated \$80.8 million in debt repayments, are expected to be funded by a combination of additional domestic borrowing (\$309.7 million), external loans (\$63.8 million) and receipts from the proposed privatization of The Bahamas Telecommunications Company Ltd. The Direct Charge on Government is projected to expand by \$292.7 million to \$3.4 billion; and the National Debt, to firm to \$3.8 billion by the end of the fiscal year.

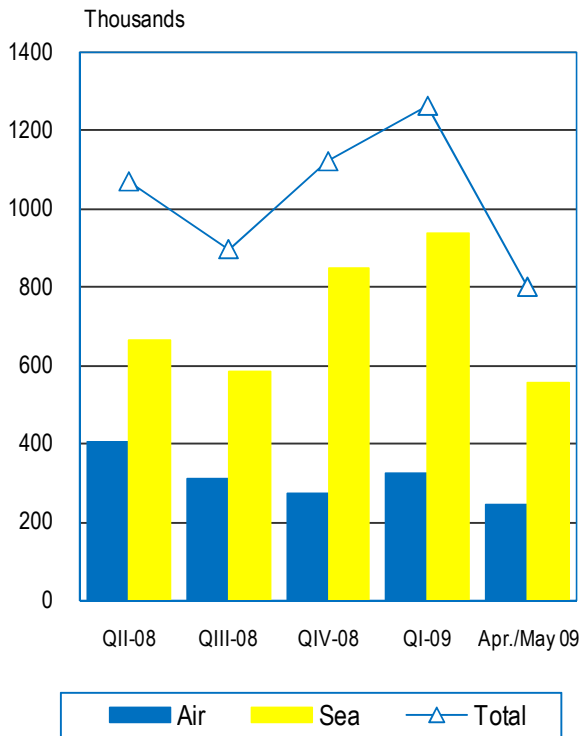
REAL SECTOR

TOURISM

Preliminary indicators suggest that output in the tourism sector remained depressed over the quarter, as sustained weakness in air arrivals overshadowed the short-term boost provided to the cruise sector from the rerouting to The Bahamas of several vessels, following health concerns in other destinations. Overall visitors for the first two months of the June quarter advanced by 8.6% to 0.8 million, owing to an 18.1% expansion in the sea component, which outweighed the 8.2% slide in air arrivals. This outcome was evidenced across the major ports of entry. Specifically, sea passengers to the New Providence and Grand Bahama markets firmed by 38.3% and 15.9%, respectively, eclipsing declines of 3.5% and 16.9% for air visitors. However, the contraction in arrivals to the Family islands was explained by declines in both air (20.8%) and sea (7.6%) visitors.

Initial data for the hotel sector signaled a sharp falloff in revenues for the quarter, due to a combination of lower average daily rates and reduced occupancy levels. The main New Providence market experienced a significant decline in revenues, as hotels maintained their discounts and other incentive programmes in an attempt to boost occupancy levels. A similar outcome was observed in Grand Bahama and the Family Islands, amid the persistent weakness in long-stay arrivals.

Visitor Arrivals



CONSTRUCTION

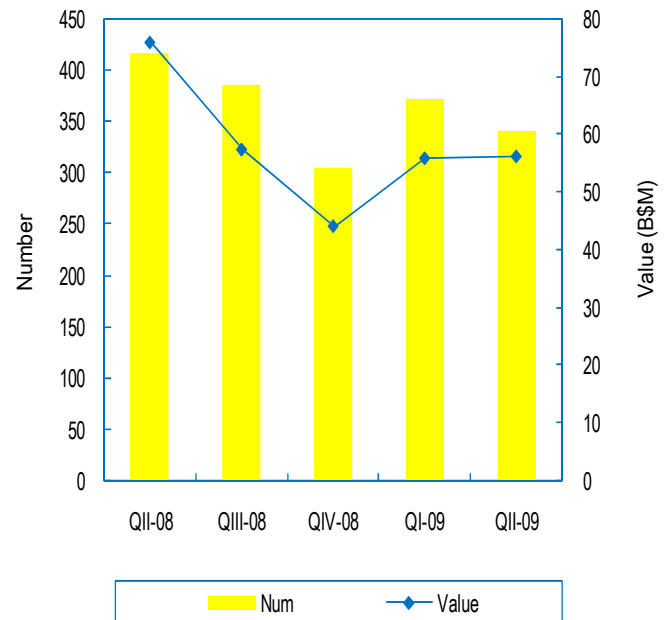
Construction sector activity continued to contract during the review quarter, amid the adverse effects of the global financial crisis on foreign investment activity, and a significant slackening in domestic activity. Mortgage disbursements for new construction and building repairs, as reported by commercial banks, insurance companies and the Bahamas Mortgage Corporation, fell markedly by 25.4% to \$64.3 million, compared to the corresponding quarter of 2008. By category, residential and commercial loan disbursements were slashed by 26.2% and 18.5%, to \$57.2 million and \$7.1 million, respectively.

As an indicator of future activity, the number of mortgage commitments for new construction and repairs decreased by 75 to 340; with a contraction in the corresponding value, by \$19.8 million to \$56.1 million. In terms of the various components, residential loan approvals rose slightly in number and value, by 2.8% and 2.2% to 330 and \$53.8 million, respectively. By contrast, the commercial component plunged to 10 approvals valued

at \$2.3 million, from a high of 94 commitments valued at \$23.2 million a year earlier.

In interest rate developments, the average rate on the residential segment narrowed by 10 basis points to 8.4%; while commercial loan rates stabilized on average, at 8.8%.

Mortgage Commitments: New Construction and Repairs



PRICES

Despite annual inflation remaining elevated in comparison to recent years, reflecting the pass-through effects of price increases in the latter half of 2008, data for the quarter showed an easing in consumer price pressures, amid the recent softening in raw material costs. Retail prices rose by a modest 0.4% during the review period, compared to a rate of 2.7% last year. This outturn reflected a tapering in price gains for "other goods and services", by 8.9 percentage points to 0.27%; for furniture and households by 3.7 percentage points to 1.23%; and for housing by 1.6 percentage points to 0.37% respectively. Moreover, average costs for recreation & entertainment services fell by 0.14%, compared to a 3.05% advance a year earlier.

Average Retail Price Index

(Annual % Changes)
June

Items	Weight	2008		2009	
		Index	%	Index	%
Food & Beverages	138.3	133.6	4.0	144.7	8.3
Clothing & Footwear	58.9	108.4	1.3	110.3	1.7
Housing	328.2	109.9	1.4	113.0	2.8
Furn. & Household	88.7	134.2	7.1	141.3	5.3
Med. Care & Health	44.1	146.8	4.7	151.3	3.1
Trans. & Comm.	148.4	114.5	3.2	117.1	2.3
Rec., Enter. & Svcs.	48.7	127.4	1.7	132.3	3.8
Education	53.1	175.9	2.5	181.6	3.3
Other Goods & Svcs.	91.6	140.4	3.1	150.9	7.5
ALL ITEMS	1000	124.7	3.0	130.1	4.3

For the twelve months to June, average consumer prices rose by 4.3% from 3.0% in 2008, reflecting accelerated price gains for most of the major categories. Inflation in the housing sector—the largest component—advanced by 1.4 percentage points to 2.8%. Further, cost accretions for food & beverages firmed by 4.2 percentage points to 8.3%; 'other' goods & services, by 4.4 percentage points to 7.5%; recreation, entertainment & services, by 2.2 percentage points to 3.9%; education, by 0.7 percentage points to 3.3%, and clothing & footwear, by 0.4 percentage points to 1.7%. In contrast, price gains for furniture and household operations, medical care & health and transport & communication, slowed to 5.3%, 3.1% and 2.3%, from 7.2%, 4.7% and 3.2%, respectively.

During the review quarter, fuel price trends remained mixed, in line with the ongoing volatility observed in the global oil market. The average cost per gallon of gasoline in New Providence rose by 10.3% to \$3.70, although pacing below the 14.3% hike to \$5.29 per gallon in the corresponding period of 2008. In contrast, diesel prices fell by 2.7% to \$2.66 vis-à-vis a 23.7% gain to \$5.37 per gallon last year. Similarly, the Bahamas Electricity Corporation's fuel surcharge for energy consumption was reduced by 27.8% to 7.73¢ per kilowatt hour (kWh), in contrast to an 8.0% increase to 17.21¢ a year earlier.

MONEY, CREDIT AND INTEREST RATES

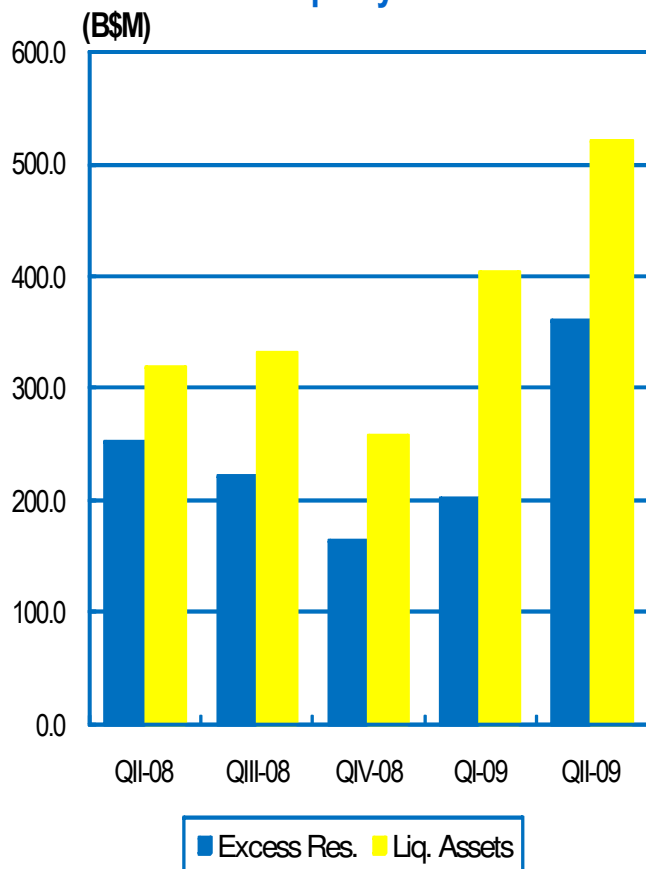
OVERVIEW

Buttressed by Government's foreign currency borrowings and a slowdown in credit growth, monetary developments featured a significant build-up in liquidity during the review quarter, in comparison to a year-earlier contraction. Nevertheless, as economic conditions remained constrained, credit quality indicators—particularly in the long-dated segment—continued to deteriorate, resulting in increased provisioning by banks and a general decline in profitability. Interest rate trends over the quarter featured a widening in the weighted average interest rate spread, as lending rates increased and deposit rates contracted.

LIQUIDITY

For the three months to June, increased foreign currency inflows supported a 78.4% (\$158.4 million) growth in net free cash reserves to \$360.4 million, to surpass the 12.2% upturn achieved in 2008, and thereby elevating the ratio of free cash reserves to Bahamian dollar deposit liabilities, to 6.3% at end-June from 4.5% a year earlier. Similarly, the broader surplus liquid assets advanced by \$115.8 million (28.6%) to \$520.8 million, although below the \$127.9 million (66.8%) gain registered in 2008. However, liquid assets exceeded the statutory minimum by an improved 56.2%, compared to 35.7% a year ago.

Liquidity



DEPOSITS & MONEY

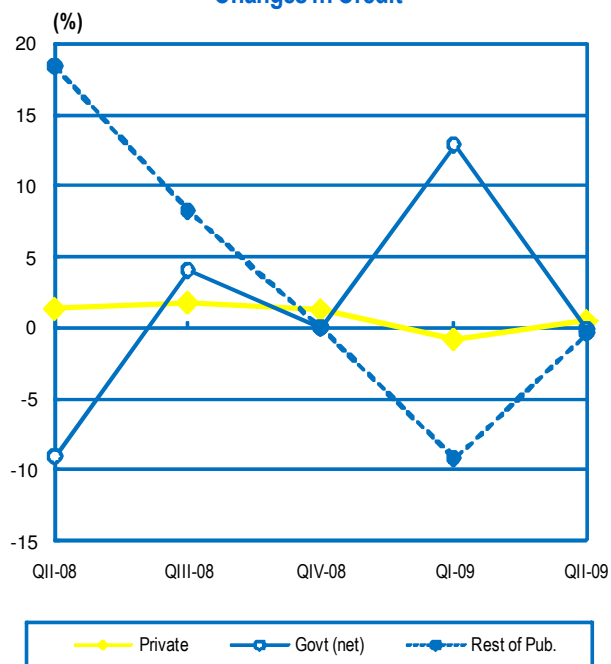
Reflecting a fall in deposits of the public sector, which outdistanced gains in private balances, accretions to overall money (M3) decelerated to 0.6% from 1.3% in 2008. Narrow money (M1) contracted by \$51.2 million (3.8%), extending the \$2.6 million (0.2%) falloff a year earlier. This was inclusive of a decline in demand deposits, by \$48.5 million (4.3%), which contrasted with the previous year's gain of \$7.4 million (0.7%), as public corporations reduced balances to purchase Government paper. Moreover, the reduction in currency in active circulation was lower at 1.4% from 4.7%.

Broad money (M2) receded by \$13.4 million (0.2%), following last year's expansion of \$81.6 million (1.5%), as a decline in public institutions' balances tempered the growth in fixed deposits by \$46.0 million to \$28.7 million. In addition, saving deposits advanced by \$9.1 million

(0.9%), slightly lower than the previous year's increase, owing to reduced gains in private balances.

Strengthened accretions to private sector deposits elevated residents' foreign currency balances, by \$50.6 million (24.2%), against a \$4.9 million (2.2%) falloff a year earlier. As a result of these developments, overall money (M3) firmed by \$37.2 million to \$6,065.9 million, compared to a balance of \$5,859.2 million at end-June 2008. Bahamian dollar fixed accounts comprised the largest share of the money stock, at 57.4%, followed by demand (18.0%) and savings (17.1%) deposits; whereas residents' foreign currency deposits and currency in active circulation accounted for smaller shares of 4.3% and 3.2%, respectively.

Changes in Credit



DOMESTIC CREDIT

Accretions to domestic credit slowed to \$30.4 million (0.4%) from 1.0% a year earlier, explained by a tapering in private sector credit growth, combined with a contraction in claims on public corporations. Supported by an increase in short-term advances to Government, foreign currency claims firmed by \$114.9 million (15.1%), compared to a modest \$18.9 million (2.8%) increase in 2008.

However, as the majority of the borrowings was utilized to reduce local currency obligations, the Bahamian dollar segment fell by \$84.6 million (1.2%) against a \$57.5 million (0.9%) expansion last year.

Credit to the public sector contracted by \$2.6 million (0.2%), following a \$13.7 million (1.2%) decline in 2008. This outturn primarily reflected a \$1.5 million (0.4%) reduction in loans to public corporations, compared to the previous year's \$62.6 million (18.4%) expansion. Similarly, net claims on the Government, decreased by \$1.1 million, which followed a \$76.3 million contraction a year earlier.

year's 1.8% expansion. In particular, overdraft facilities contracted by \$7.6 million (6.0%) vis-à-vis a year earlier increase of \$2.5 million (2.4%), while accretions to residential mortgages and consumer lending moderated by \$20.5 million and \$32.2 million, to \$26.1 million and \$5.7 million, respectively.

A more in-depth analysis of consumer credit trends revealed contractions across most of the major categories. Significant declines were noted for credit cards (\$5.0 million), private cars (\$4.4 million), home improvement (\$3.8 million), travel (\$3.5 million) and education (\$1.9 million), with reductions of less than \$1.0 million registered for the other components. However, increased demand for loan refinancing and restructuring reinforced stable growth in debt consolidation loans of \$26.6 million.

Among the other significant components of private sector credit, decreases were registered for construction (\$38.1 million), distribution (\$12.7 million) and manufacturing (\$2.3 million). An offset was provided by miscellaneous loans, which firmed by \$23.4 million, while credit for professional & other services and tourism rose by \$2.0 million and \$3.8 million, respectively.

Distribution of Bank Credit By Sector

End-June

	2008		2009	
	B\$M	%	B\$M	%
Agriculture	12.4	0.2	14.4	0.2
Fisheries	9.3	0.1	7.6	0.1
Mining & Quarry	4.3	0.1	1.2	0.0
Manufacturing	49.7	0.7	31.7	0.5
Distribution	192.1	2.9	149.0	2.1
Tourism	211.1	3.2	207.6	3.0
Enter. & Catering	32.4	0.5	35.4	0.5
Transport	28.6	0.4	25.9	0.4
Public Corps.	300.3	4.5	299.1	4.3
Construction	462.3	6.9	442.1	6.3
Government	57.2	0.9	219.0	3.1
Private Financial	24.8	0.4	21.8	0.3
Prof. & Other Ser.	144.8	2.2	169.4	2.4
Personal	4,755.2	71.4	4,999.0	71.3
Miscellaneous	376.2	5.6	383.5	5.5
TOTAL	6,660.7	100.0	7,006.7	100.0

MORTGAGES

An analysis of mortgage activity of banks, insurance companies and the Bahamas Mortgage Corporation, showed total mortgages outstanding firming by \$25.7 million (0.8%) to \$3,106.1 million. Residential loans, which comprised 93.1% of the total, increased by \$28.5 million (1.0%) to \$2,892.0 million, although below the 2.6% advance recorded a year earlier. Conversely, the commercial segment fell by 1.3% to \$214.1 million, extending last year's 0.5% contraction. At end-June 2009, commercial banks held the majority (89.0%) of the aggregate mortgage portfolio, followed by insurance companies (6.2%) and the Bahamas Mortgage Corporation (4.8%).

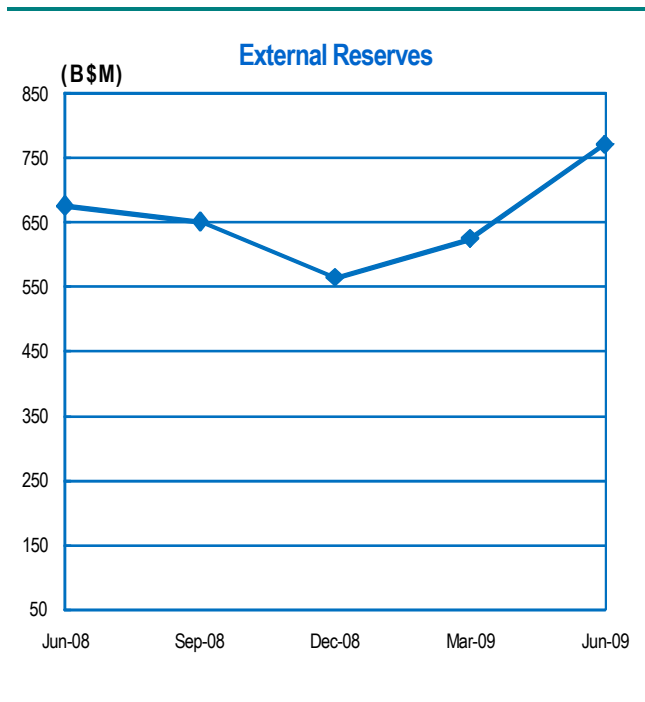
THE CENTRAL BANK

For the review quarter, the Central Bank's net claims on the Government decreased by \$10.6 million (5.4%), which was significantly below the \$116.4 million (39.5%) contraction noted a year earlier, when the Bank reduced its holdings of Treasury bills. This quarter's outturn mainly reflected a reduction in Government security holdings by \$32.8 million, as well as a \$2.8 million firming

As the economic downturn continued to curtail consumer demand, accretions to private sector credit abated to \$33.0 million (0.5%), from a \$90.2 million (1.4%) advance a year earlier; and was mainly concentrated in the Bahamian dollar component. Personal loans, accounting for the bulk (77.0%) of outstanding private sector claims, increased by 0.5%, which was below last

in deposits, which outdistanced the \$25.0 million increase in short-term advances. Given higher deposit balances for public corporations, the Bank's net liabilities to the rest of the public sector widened by 11.4% to \$10.1 million, while liabilities to commercial banks surged by \$134.4 million (26.9%), as their balances were buoyed by proceeds from the Government's foreign currency borrowings.

External reserves grew by 23.5% (\$146.6 million) to \$770.4 million, comparable to the 25.1% advance registered in 2008. Underlying these developments were gains in the Central Bank's net foreign currency purchase of \$142.8 million, relative to last year's \$129.9 million. In particular, foreign currency borrowings boosted the net purchase from Government to \$137.4 million, which was moderately higher than the previous year's \$134.6 million net inflow; whereas the Bank's net purchase from commercial banks slackened to \$60.4 million from \$84.8 million. Conversely, the net sale to the public corporations was reduced to \$55.0 million from \$89.5 million.



By end-June, external reserves stood higher at \$770.4 million vis-à-vis \$674.8 million in 2008, and corresponded to an improved 19.1 weeks of non-oil mer-

chandise imports, relative to the previous year's 16.4 weeks. Accounting for the statutory commitment of 50% of the Bank's demand liabilities, which have to be supported by external balances, "useable" reserves expanded by \$43.2 million to \$332.9 million.

DOMESTIC BANKS

Developments in the domestic banking sector were dominated by Government's internal foreign currency borrowings, which precipitated growth in banks' net foreign liabilities and supported the build-up in liquidity. Gains in residential mortgage lending buoyed the \$33.0 million (0.5%) advance in claims on the private sector, although significantly below 2008's 1.4% expansion; while deposit liabilities firmed by \$82.9 million (1.6%). Growth in net claims on the Government weakened to \$9.5 million (1.1%) from \$40.2 million (7.4%) a year earlier, mainly because of reductions in Treasury bill holdings; and net liabilities to the rest of public sector narrowed by \$42.6 million to \$47.3 million at end-June, as the 9.0% fall in deposits outdistanced the 0.3% downturn in credit growth. As banks' profit margins tightened, capital and surplus reserves increased by a reduced 2.9% (\$55.6 million) compared to 4.0% (\$68.4 million) a year earlier. Occasioned by heightened foreign currency lending to Government, accretions to Banks' net external liabilities accelerated by \$162.7 million to \$828.5 million.

At end-June, domestic banks' deposit liabilities— inclusive of Government and private sector balances— stood at \$5,962.7 million, a modest gain of 0.1% over the quarter, compared to an advance of 1.6% a year earlier. The majority of deposits were denominated in Bahamian dollars (96.4%); and private individuals held the largest share (58.1%), followed by business firms (23.9%), the public sector (10.2%), other customers (4.2%) and private financial institutions (3.6%). Disaggregated by deposit type, fixed deposits comprised the largest segment at 60.5% of total accounts, followed by demand (22.0%) and savings (17.5%) deposits.

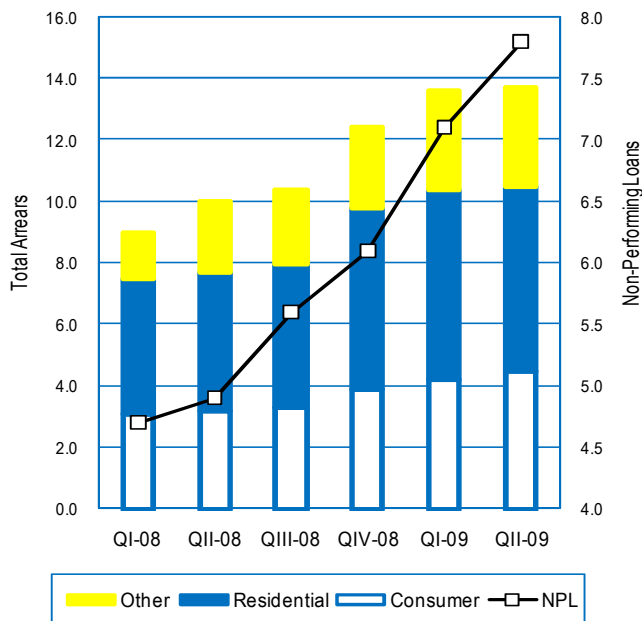
An analysis of Bahamian dollar accounts by range of value and number revealed that deposits of up to \$10,000 were held by 90.2% of account holders, but comprised a mere 7.3% of the total value. Deposits in the range of \$10,000 to \$50,000 represented 12.0% of the value and 6.6% of the total number of accounts; while those over

\$50,000 were held by only 3.1% of customers, although accounting for 80.7% of the total.

CREDIT QUALITY

Data for the June quarter revealed that domestic banks' credit quality continued to deteriorate, extending the trend observed since the latter half of 2008. Bahamian dollar private sector arrears of 30 days or more firmed by \$5.2 million (0.6%) to \$843.9 million, to constitute 13.84% relative to 13.66% in the March quarter and 10.15% at end-June 2008.

Loan Arrears & Non-Performing Balances
(% of Total Loans)



The most significant increase was noted for consumer loan delinquencies, which advanced by \$18.6 million (7.2%) to \$275.8 million, with the corresponding ratio to total loans deteriorating to 12.6% from 11.7% in the previous quarter and 8.7% a year earlier. Commercial loan arrears firmed marginally by \$1.0 million (0.5%) to \$195.9 million, and the delinquency ratio advanced to 19.2%. Conversely, the residential component was lower by \$14.3 million (3.8%) at \$366.1 million, improving the arrears to loan rate, to 13.0% from 13.7% end-March, although remaining above 2008's 10.2% ratio.

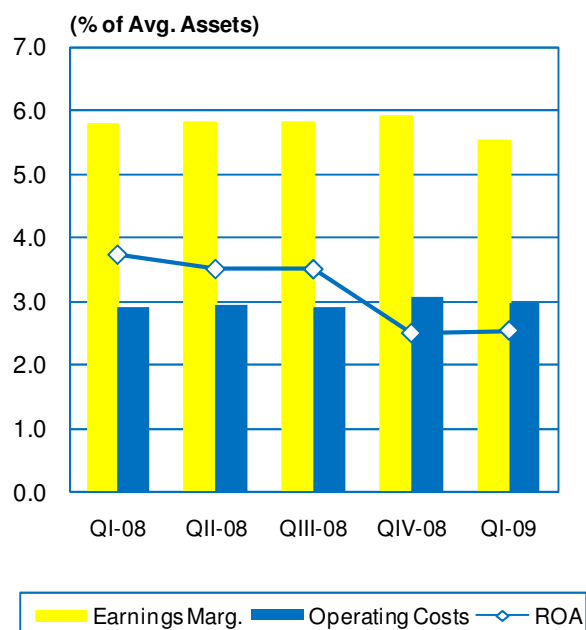
As customers continued to experience difficulty with servicing existing overdue balances, non-performing loans—representing unpaid balances of more than 90 days and on which banks no longer accrue interest—expanded by \$42.7 million (10.0%) to \$469.8 million—and represented an elevated 7.8% of total claims relative to 7.1% at end-March and 4.9% at end-June 2008. In response to these challenges, banks have adopted a more conservative stance, boosting provisions for bad debt by \$20.8 million (11.5%) over the quarter to \$201.4 million. Consequently, the ratio of provisions to total loans rose by 36 basis points to 3.30%, to position above the 2.34% noted a year earlier. Correspondingly, the ratio of provisions to non-performing loans increased to 42.87% from 42.30% at end-March, but remained below the 47.86% recorded in June 2008.

BANK PROFITABILITY

Increased provisions for bad debts, combined with an expansion in operating costs, led to a \$22.1 million (27.4%) falloff in banks' quarterly profits, to \$58.5 million in the first quarter of 2009—the latest period for which data is available. Aided by the overall growth in credit, which boosted loan interest income, and a reduction in interest expense, the net interest margin rose by 4.5% to 120.2 million. Lower transaction volumes curtailed commission and foreign exchange income, by 14.2% to \$8.2 million, thereby tempering the gain in the gross earnings margin to 3.1% or \$128.4 million. Increased outlays for salaries, leases and rent and other “miscellaneous” operating costs were mainly responsible for a 10.7% expansion in operating expenses to \$69.2 million. Banks also incurred losses on their non-core activities, of \$0.7 million, a turnaround from last year's \$18.5 million profit. This was linked mainly to a 41.2% increase in bad debt provisions to \$22.9 million, and a 32.4% reduction in earnings from “miscellaneous” activities.

Consistent with these trends, banks' profitability as a percentage of average domestic assets generally declined over the period. As a share of average assets, the net interest margin decreased by 13 basis points to 5.20%, and the corresponding ratio for commission and foreign exchange income fell by 9 basis points to 0.35%. However, the operating cost ratio expanded by 9 basis points to 2.99%. As a result of these developments, the net income ratio fell by 1.21 percentage points to 2.53%.

Domestic Banks' Profitability



Rate and Commercial Bank Prime Rate were maintained at 5.25% and 5.50%, respectively.

Banking Sector Interest Rates

	Period Average (%)		
	Qtr. II 2008	Qtr. I 2009	Qtr. II 2009
Deposit Rates			
Demand Deposits	1.34	1.66	1.43
Savings Deposits	2.25	2.19	2.11
Fixed Deposits			
Up to 3 months	3.71	3.64	3.57
Up to 6 months	4.09	4.23	3.88
Up to 12 months	4.57	4.67	4.38
Over 12 months	4.28	4.66	4.33
Weighted Avg Deposit Rate	3.91	4.00	3.79
Lending Rates			
Residential mortgages	8.58	8.29	8.23
Commercial mortgages	9.24	8.58	8.46
Consumer loans	13.49	12.49	12.72
Other Local Loans	9.28	8.12	7.76
Overdrafts	11.79	12.84	11.60
Weighted Avg Loan Rate	11.42	10.49	10.67

INTEREST RATES

In interest rate developments, the weighted average spread advanced by 39 basis points over the quarter to 6.88%, reflecting an increase of 18 basis points in the average loan rate to 10.67%, amid a softening in the average deposit rate by 21 basis points to 3.79%. For deposits, the average savings rate flattened by 8 basis points to 2.11%; the average rate on fixed maturities tightened by 26 basis points to within a narrower range of 3.57% - 4.33% from the prior quarter's 3.64% - 4.66%; and the average demand deposit rate fell by 17 basis points to 1.43%.

In terms of lending, the increase in average rates was due to a 23 basis point firming in the dominant consumer loan rate to 12.72%. By comparison, the average charge on overdraft facilities contracted by 1.24 percentage points to 11.60%, and commercial and residential mortgage rates eased by 12 basis points and 6 basis points, to 8.46% and 8.23%, respectively.

Regarding key rates, the average 90-day Treasury bill rate increased by 13 basis points to 2.77% during the quarter; however the benchmark Central Bank Discount

CAPITAL MARKETS DEVELOPMENTS

Despite modest signs of recovery in global markets, concerns over domestic economic conditions weighed down investor sentiment and led to lower equity valuations. Consequently, The Bahamas International Securities Exchange (BISX) Share Price Index fell by 1.2% to 1,579.23 points, following an 11.8% contraction in the same quarter of 2008. Market activity remained muted, as the volume of shares traded fell by 0.2 million to 1.0 million and the corresponding value decreased by \$2.7 million to \$5.2 million. Amid declines in average share prices, market capitalization also contracted by 2.3% to \$2.5 billion, compared to a 9.1% falloff noted last year.

The Fidelity Capital Market Index—which covers securities traded over-the-counter—also moved lower by 2.4% to 786.16 points over the three month period.

INTERNATIONAL TRADE AND PAYMENTS

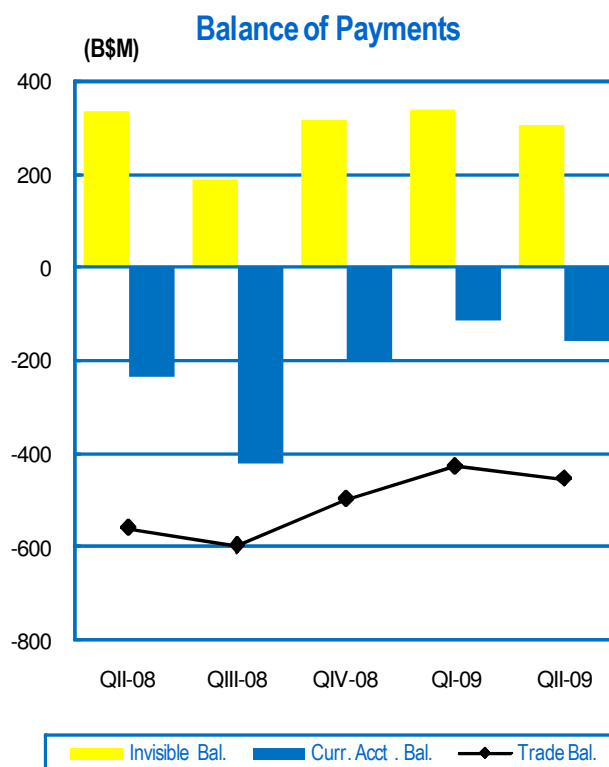
Reflecting the general easing in private sector demand pressures, amid the global economic downturn, provisional data for the second quarter of 2009 showed a narrowing in the current account deficit by \$76.6 million (32.5%) to \$159.2 million, vis-à-vis the comparable period of 2008. Supported by Government's foreign currency borrowing activities through the local banking sector, the capital and financial account surplus rose marginally by an estimated \$4.0 million to \$365.9 million.

The estimated merchandise trade deficit improved by \$104.7 million (18.7%) to \$454.9 million year-on-year, buoyed by reductions in both the oil and non-oil trade outflows. Non-oil merchandise imports contracted by \$53.4 million, offsetting the \$22.4 million decline in exports. Similarly, fuel imports weakened by 31.6% (\$95.3 million) to \$205.9 million, reflecting decreases in both the average price and volume of imported goods. In particular, the per barrel cost of propane declined from a year ago by 42.8% to \$46.7 per barrel; motor gas, by 43.9% to \$76.9; jet fuel by, 55.8% to \$70.7; bunker 'C' fuel, by 24.0% to \$72.5; and gas oil, by 11.5% to \$126.7.

The services account surplus narrowed by \$29.4 million (8.8%) to \$306.0 million. A key factor was the estimated 8.7% reduction in net travel receipts, as tourism inflows declined by \$59.9 million, to offset the \$13.8 million easing in resident's overseas travel expenses. Similarly, offshore companies' net local expenditures declined by \$3.9 million to \$40.3 million; while net external payments for insurance and Government services increased by \$8.6 million and \$9.3 million, to \$34.5 million and \$27.9 million, respectively. Partially offsetting these trends, net transportation outflows and royalty and license fee payments were lower by \$10.4 million and \$0.4 million at \$69.2 million and \$3.4 million, respectively. Given the general slowdown in foreign direct investment, outflows for construction services were reduced by \$4.1 million to \$0.9 million, and other-related services, by \$23.5 million to \$80.8 million.

The deficit on the income account narrowed by \$6.1 million to \$22.9 million, arising from moderations in the repatriation of investment income and employees' remittances. Net investment income outflows tapered by \$3.2

million to \$8.8 million, as non-bank businesses reduced their dividend and interest payments, by \$20.5 million to \$4.4 million, outpacing the reversal in bank transactions, to a net outflow of \$0.4 million from a net inflow of \$14.7 million last year. In contrast, the net payment for official transactions rose by \$2.3 million to \$4.1 million, reflecting a \$2.0 million reduction in the Central Bank's foreign income, along with a slight \$0.2 million increase in Government's interest payments to \$8.1 million.



Net current transfer receipts moderated by \$4.9 million to \$12.5 million, occasioned by a \$14.3 million fall in net inflows to Government, and a \$1.2 million increase in workers' remittances.

Provisional data suggests that the surplus on the capital and financial accounts grew modestly by \$4.0 million to \$365.9 million, owing to a gain in the financial account of \$3.6 million to \$376.3 million. More specifically, other "miscellaneous" investments advanced by \$48.1 million to \$205.0 million, as the provision of short-term

funding to Government from the local banking sector, buoyed the \$98.8 million advance in commercial banks' net foreign assets. Further, "other" unspecified net private investment inflows, increased to \$61.5 million from \$41.9 million. In contrast, public sector net inflows fell by \$70.1 million to \$26.9 million, reflecting a comparable reduction in Government's net external loan receipts. Portfolio investment outflows edged up by \$0.9 million to \$4.5 million, based on net outflows for bond investments; however, no equity outflows were registered over the period. Net direct investment inflows slackened by \$43.6 million to \$175.8 million, as land purchases contracted by over 50% to \$50.0 million, while equity investments rose by \$16.7 million to \$125.8 million.

After adjusting for net errors and omissions, the surplus on the overall balance, measured by changes in the Central Bank's external reserves, advanced to \$146.6 million—approximately \$11.3 million above the previous year's level.

INTERNATIONAL ECONOMIC DEVELOPMENTS

The global economy showed signs of a modest improvement during the second quarter, as Governments' fiscal "stimulus" measures and central banks' expansionary monetary policies secured slight gains in industrial production and exports. Consequently, several export-driven economies registered modest growth rates in the second quarter, while the pace of economic downturn in other countries slowed. However, unemployment indicators worldwide continued to deteriorate, reflecting the pass-through effects of the prolonged global recession on businesses; while inflation rates remained relatively benign, owing to sustained weakness in consumer demand. Stock indices continued their upward momentum, underpinned by higher than expected company earnings and improving prospects for a return to global growth in the near-term. As investors increased their risk tolerance, demand for non-US denominated investments decreased, resulting in the US dollar depreciating against most of the major currencies over the review period.

The downturn in the United States economy slowed during the review quarter, as real GDP decreased by a lower annualized rate of 1.0% vis-a-vis 6.4% in the March

quarter. This downturn was associated with an increase in fiscal "stimulus" related government spending, as well as reduced contractions in non-residential fixed investments, exports and private inventory investment. Buoyed by lower declines in construction, manufacturing and services output, the rate of decline in real GDP for the United Kingdom slackened to 0.8% from 2.4% in the previous quarter. The emergence of France and Germany—the two largest economies in the euro zone—from recession in the second quarter, resulted in the rate of economic decline in the area narrowing by 2.4 percentage points to 0.1%. In Asia, the Japanese economy rebounded from a severe year long recession as a surge in exports and public investment supported a 3.7% expansion in real GDP; in comparison to a first quarter decline of 11.7%. For China, real output growth accelerated to 7.9% from 6.1% in the March quarter, and was concentrated in the domestic bank supported investment sector; however, weakness in global demand led to a reduction in net exports.

Labour market conditions continued to deteriorate, reflecting the prolonged effects of the global recession. In the United States, the unemployment rate rose to 9.2% during the second quarter, from 8.1% in the preceding quarter, on account of significant job reductions in manufacturing, construction and the professional and business services sectors. Similarly, the jobless rate continued to escalate in the United Kingdom, rising by 0.7 percentage points over the previous three-month period, to an average of 7.8%. The unemployment rate in the euro zone firmed to 9.4% at end-June, from 9.0% at end-March, led by a significant deterioration in labour markets in Spain and several eastern European countries. Meanwhile, as companies in key industries continued to retrench workers, the unemployment rate in Japan rose by 0.6 percentage points over the quarter to reach 5.4% by end-June. Indications are that China's unemployment rate remained relatively steady, after settling at 4.7% in the first three months of 2009.

Global price developments remained influenced by weakness in aggregate demand, which contributed to lower levels of inflation. In the United States market, average consumer prices fell by 1.4% in the twelve-months to June, in contrast to an increase of 0.6% at end-March, owing mainly to a significant contraction in energy prices. For the first time since September 2007,

the United Kingdom's annual inflation fell below the central bank's 2% target rate, to 1.8% in June. Buoyed by price declines for transportation, communication and housing, average consumer prices in the euro zone fell by 0.1% in June on an annual basis, compared to an increase of 0.6% at end-March. Similarly, Japan experienced deflation of 0.2% in the twelve months to June, occasioned mainly by declines in utility prices as well as lower transportation and communication costs. In China, consumer prices fell by 1.7% on an annual basis in June—the sixth consecutive month of lower average prices.

In foreign exchange markets, the dollar depreciated against most major currencies during the review quarter, as investors increased their risk appetite, amid signs of a possible near-term global economic recovery. The dollar fell against the Japanese yen, by 2.8% to ¥96.3; and depreciated marginally against the Chinese Yuan, by 0.09% to 6.83. In addition, the dollar weakened vis-à-vis the major European currencies, falling by 4.8%, 5.4% and 12.8% versus the Swiss Franc, euro and British pound, respectively.

The positive momentum generated in the global stock markets during the first three months of the year persisted into the second quarter, as companies' earnings and profit forecasts generally exceeded analysts' expectations. In the US market, the Dow Jones Industrial Average (DJIA) grew by 11.0% to 8,447.0 points; while the Standard & Poor's 500 index rose by 15.2% to 919.32 points by end-June. For Europe, the UK's FTSE 100 share price increased by 8.2% to 4,249.2 points; Germany's DAX index advanced 17.7% to 4,808.64; and France's CAC 40 index, by 11.9% to 3,140.4 points. In addition, the Asian bourses registered robust gains, as Japan's NIKKEI 225 and China's Shanghai SE Composite index firmed by 22.8% and 24.7% to 9,958.44 points and 2,959.36 points, respectively.

As the global economy registered tentative signs of emergence from recession, commodity prices—although down significantly from peaks registered in previous years—firmed during the review quarter. In the crude oil market, the per barrel price of oil rose by 40.4% to \$69.99 compared to \$49.84 at end-March 2009. Meanwhile, gold prices grew by a modest 0.8% to \$926.60 per ounce, and silver advanced by 4.9% to \$13.61 per ounce.

Central banks globally upheld their accommodative monetary policy stances over the review period, in an attempt to support the initial signs of economic recovery. The US Federal Reserve maintained its target range for the federal funds rate at 0.0% - 0.25%, and its commitment to purchase \$1.25 trillion of agency mortgage backed securities, \$200 billion of agency debt and \$300 billion of Treasury securities. In the United Kingdom, the Bank of England kept its key bank rate unchanged at 0.5% and expanded its Asset Purchase Facility (APF), by £50 billion to £125 billion, through the use of central bank reserves. The European Central Bank reduced each of its key interest rates by 0.5 percentage points, and also announced its intention to implement a programme aimed at purchasing up to a maximum of 60 billion in high quality euro bonds issued in the area. The Bank of Japan retained its zero interest policy, and reiterated its pledge to continue its emergency credit programmes until the end of 2009. In China, the monetary authorities decided to undertake measures aimed at strengthening financial support for smaller sectors of the economy, while tightening lending to unproductive industries.

External sector indicators remained mixed over the quarter, with most economies showing some improvement in their terms of trade. Published data on the trade balance in the United States indicated a slight narrowing in the goods and services deficit from the first quarter, by \$0.4 billion to \$177.6 billion, owing to modest gains in goods and services exports, which outstripped growth in imports. In the United Kingdom, the deficit on the goods and services account fell, on a quarterly basis, to £7.0 billion from £8.2 billion, reflecting a reduction in the goods deficit combined with a marginal increase in the services surplus. Buttressed by a reduction in imports and a slight uptick in exports, the trade balance in the euro zone reversed to a €9.3 billion surplus in the second quarter, from a €10.9 billion deficit over the first three-months of the year. Reflecting the rebound in the Japanese economy, the balance on the trade account improved to a surplus of ¥13.1 trillion from a deficit of ¥0.5 trillion in the previous three months, due mainly to a surge in exports, which countered the increase in imports. In contrast, China's trade surplus fell by 32% year-on-year to US\$130 billion over the first six months of 2009, amid a sharp reduction in exports.

STATISTICAL APPENDIX
(Tables 1-16)

STATISTICAL APPENDIX

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The following symbols and conventions are used throughout this report:

1. n.a. not available
2. -- nil
3. p provisional
4. Due to rounding, the sum of separate items may differ from the total

TABLE 1
FINANCIAL SURVEY

End of Period	2004			2005			2006			2007			2008			2009	
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.
	(B\$ Millions)																
Net foreign assets	104.3	(32.2)	(254.4)	(133.4)	(124.4)	(249.0)	(213.4)	(55.4)	61.9	(29.4)	(140.9)	(42.0)	(58.1)				
Central Bank	667.8	578.8	499.7	623.5	642.9	464.7	454.2	539.6	674.8	650.2	562.9	623.8	770.4				
Domestic Banks	(563.5)	(611.0)	(754.1)	(756.9)	(767.3)	(713.7)	(667.6)	(595.0)	(612.9)	(679.6)	(703.8)	(665.8)	(828.5)				
Net domestic assets	4,317.2	4,862.4	5,399.5	5,455.3	5,657.4	5,791.7	5,850.7	5,837.9	5,797.3	5,950.8	6,064.9	6,070.7	6,078.0				
Domestic credit	5,227.2	5,899.5	6,742.9	6,802.1	7,049.3	7,259.1	7,434.3	7,433.3	7,506.2	7,685.5	7,909.1	7,933.8	7,964.2				
Public sector	887.8	945.8	1,074.2	1,044.3	1,176.2	1,191.8	1,215.9	1,180.4	1,166.7	1,230.9	1,372.3	1,450.0	1,447.4				
Government (net)	547.1	642.5	677.0	664.2	773.7	823.6	866.8	840.1	763.8	795.0	924.0	1,042.9	1,041.8				
Rest of public sector	340.7	303.3	397.2	380.1	402.5	368.2	349.1	340.3	402.9	435.9	448.3	407.1	405.6				
Private sector	4,339.4	4,953.7	5,668.7	5,757.8	5,873.1	6,067.3	6,218.4	6,252.9	6,339.5	6,454.6	6,536.8	6,483.8	6,516.8				
Other items (net)	(910.0)	(1,037.1)	(1,343.4)	(1,346.8)	(1,391.9)	(1,467.4)	(1,583.6)	(1,595.4)	(1,708.9)	(1,734.7)	(1,844.2)	(1,863.1)	(1,886.2)				
Monetary liabilities	4,421.5	4,830.2	5,145.1	5,321.9	5,533.0	5,542.7	5,637.3	5,782.5	5,859.2	5,921.4	5,924.0	6,028.7	6,019.9				
Money	1,134.4	1,247.6	1,251.1	1,267.9	1,330.7	1,273.3	1,300.3	1,308.4	1,305.7	1,320.2	1,274.5	1,336.4	1,285.2				
Currency	176.6	195.3	202.1	216.1	216.9	213.3	223.7	214.2	204.2	199.6	205.8	197.0	194.3				
Demand deposits	957.8	1,052.3	1,049.0	1,051.8	1,113.8	1,060.0	1,076.6	1,094.2	1,101.5	1,120.6	1,068.7	1,139.4	1,090.9				
Quasi-money	3,287.1	3,582.6	3,894.0	4,054.0	4,202.3	4,269.4	4,337.0	4,474.1	4,553.5	4,601.2	4,649.5	4,692.3	4,734.7				
Fixed deposits	2,410.3	2,556.6	2,781.5	2,907.3	3,002.0	3,074.2	3,144.8	3,245.7	3,320.5	3,381.7	3,427.7	3,451.8	3,480.5				
Savings deposits	779.9	881.8	953.3	986.2	1,029.9	1,012.9	992.1	1,009.3	1,018.9	1,006.3	1,020.4	1,031.4	1,040.5				
Foreign currency	96.9	144.2	159.2	160.5	170.4	182.3	200.1	219.1	214.1	213.2	201.4	209.1	213.7				
	(percentage changes)																
Total domestic credit	5.1	12.9	14.3	0.9	3.6	3.0	2.4	(0.0)	1.0	2.4	2.9	0.3	0.4				
Public sector	1.0	6.5	13.6	(2.8)	12.6	1.3	2.0	(2.9)	(1.2)	5.5	11.5	5.7	(0.2)				
Government (net)	8.0	17.4	5.4	(1.9)	16.5	6.4	5.2	(3.1)	(9.1)	4.1	16.2	12.9	(0.1)				
Rest of public sector	(8.6)	(11.0)	31.0	(4.3)	5.9	(8.5)	(5.2)	(2.5)	18.4	8.2	2.8	(9.2)	(0.4)				
Private sector	6.0	14.2	14.4	1.6	2.0	3.3	2.5	0.6	1.4	1.8	1.3	(0.8)	0.5				
Monetary liabilities	10.4	9.2	6.5	3.4	4.0	0.2	1.7	2.6	1.3	1.1	0.0	1.8	(0.1)				
Money	25.0	10.0	0.3	1.3	5.0	(4.3)	2.1	0.6	(0.2)	1.1	(3.5)	4.9	(3.8)				
Currency	10.3	10.6	3.5	6.9	0.4	(1.7)	4.9	(4.2)	(4.7)	(2.3)	3.1	(4.3)	(1.4)				
Demand deposits	28.2	9.9	(0.3)	0.3	5.9	(4.8)	1.6	1.6	0.7	1.7	(4.6)	6.6	(4.3)				
Quasi-money	6.2	9.0	8.7	4.1	3.7	1.6	1.6	3.2	1.8	1.0	1.0	0.9	0.9				

Source: The Central Bank of The Bahamas

TABLE 3
CENTRAL BANK BALANCE SHEET

End of Period	(B\$ Millions)																	
	2004			2005			2006			2007			2008			2009		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	
Net foreign assets																		
Balances with banks abroad	667.8	578.8	499.7	311.1	145.4	90.5	499.7	578.8	499.7	623.5	642.9	464.7	454.2	562.9	650.2	674.8	623.8	770.4
Foreign securities	347	424.4	399.8	347	424.4	399.8	347	424.4	399.8	387.3	387.0	385.1	384.7	347.4	378.7	379.4	268.5	354.2
Reserve position in the Fund	9.7	9.0	9.4	9.7	9.0	9.4	9.7	9.0	9.4	9.5	9.5	9.7	9.9	9.6	9.7	10.3	9.4	9.7
SDR holdings	--	--	--	--	--	--	--	--	--	--	0.1	0.1	0.1	0.1	0.1	0.1	--	--
Net domestic assets																		
Net claims on Government	(13.1)	23.1	85.1	(13.1)	23.1	85.1	(13.1)	23.1	85.1	89.9	50.7	175.3	235.7	76.9	64.5	191.9	55.8	74.0
Claims	141.9	122.0	182.5	141.9	122.0	182.5	141.9	122.0	182.5	194.2	163.1	278.7	332.3	198.8	185.3	295.0	195.3	184.7
Treasury bills	149.5	149.7	190.6	149.5	149.7	190.6	149.5	149.7	190.6	201.8	176.9	288.1	347.8	202.9	199.1	320.0	221.4	213.6
Bahamas registered stock	--	--	52.2	--	--	52.2	--	--	52.2	49.1	--	116.0	143.5	6.3	--	117.6	28.7	--
Loans and advances	78.5	72.7	76.4	78.5	72.7	76.4	78.5	72.7	76.4	90.6	104.9	100.1	132.4	124.6	127.1	130.4	120.7	116.6
Deposits	71.0	77.0	62.0	71.0	77.0	62.0	71.0	77.0	62.0	62.0	72.0	72.0	72.0	72.0	72.0	72.0	72.0	97.0
In local currency	(7.6)	(27.7)	(8.1)	(7.6)	(27.7)	(8.1)	(7.6)	(27.7)	(8.1)	(7.5)	(13.8)	(9.4)	(15.6)	(4.1)	(13.8)	(25.0)	(26.1)	(28.9)
In foreign currency	(7.6)	(27.7)	(8.1)	(7.6)	(27.7)	(8.1)	(7.6)	(27.7)	(8.1)	(7.5)	(13.8)	(9.4)	(15.6)	(4.1)	(13.8)	(25.0)	(26.1)	(28.9)
Deposits of rest of public sector	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Credit to commercial banks	(87.7)	(26.1)	(18.3)	(87.7)	(26.1)	(18.3)	(87.7)	(26.1)	(18.3)	(22.8)	(29.8)	(17.4)	(10.4)	(10.4)	(28.2)	(17.6)	(16.3)	(17.2)
Official capital and surplus	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Net unclassified assets	(98.2)	(105.5)	(107.3)	(98.2)	(105.5)	(107.3)	(98.2)	(105.5)	(107.3)	(115.4)	(112.6)	(111.4)	(111.6)	(125.9)	(128.4)	(121.3)	(127.6)	(129.2)
Loans to rest of public sector	22.3	24.4	20.1	22.3	24.4	20.1	22.3	24.4	20.1	25.8	22.1	17.5	17.9	7.1	28.4	28.3	(2.8)	28.7
Public Corp Bonds/Securities	7.6	7.3	7.0	7.6	7.3	7.0	7.6	7.3	7.0	7.0	6.9	6.8	6.8	6.5	6.6	6.7	6.4	6.2
Liabilities To Domestic Banks																		
Notes and coins	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1	0.8	0.8	0.8	0.8	0.8	0.8
Deposits	(462.2)	(392.0)	(367.3)	(462.2)	(392.0)	(367.3)	(462.2)	(392.0)	(367.3)	(481.7)	(461.2)	(410.8)	(450.1)	(439.0)	(499.2)	(500.5)	(499.9)	(634.2)
SDR allocation	(78.5)	(105.8)	(116.2)	(78.5)	(105.8)	(116.2)	(78.5)	(105.8)	(116.2)	(60.3)	(72.0)	(73.5)	(110.1)	(117.6)	(79.1)	(79.7)	(78.2)	(85.6)
Currency held by the private sector	(383.7)	(286.2)	(251.1)	(383.7)	(286.2)	(251.1)	(383.7)	(286.2)	(251.1)	(421.4)	(389.2)	(337.2)	(340.0)	(321.4)	(420.1)	(420.8)	(421.7)	(548.6)
	(15.9)	(14.6)	(15.4)	(15.9)	(14.6)	(15.4)	(15.9)	(14.6)	(15.4)	(15.4)	(15.5)	(15.9)	(16.2)	(15.8)	(15.9)	(16.8)	(15.3)	(15.9)
	(176.6)	(195.3)	(202.1)	(176.6)	(195.3)	(202.1)	(176.6)	(195.3)	(202.1)	(216.1)	(216.9)	(213.3)	(223.7)	(205.8)	(199.6)	(214.2)	(197.0)	(194.3)

Source: The Central Bank of The Bahamas

TABLE 4
DOMESTIC BANKS BALANCE SHEET

End of Period	(B\$ Millions)																	
	2004			2005			2006			2007			2008			2009		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	
Net foreign assets	(563.5)	(611.0)	(754.1)	(756.9)	(767.3)	(713.7)	(667.6)	(595.0)	(612.9)	(679.6)	(703.8)	(665.8)	(828.5)					
Net claims on Central Bank	461.4	389.7	366.5	479.8	460.4	412.3	448.4	499.7	525.0	498.4	439.9	500.8	635.2					
Notes and Coins	78.5	105.8	116.2	60.3	72.0	73.5	110.1	79.7	81.8	79.1	117.6	78.2	85.6					
Balances	383.7	284.7	251.1	420.4	389.2	339.6	339.1	420.8	444.0	420.1	322.3	422.6	549.6					
Less Central Bank credit	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	--	--	--					
Net domestic assets	4,018.7	4,518.2	4,935.4	5,003.4	5,190.8	5,197.3	5,199.7	5,215.9	5,271.0	5,405.5	5,534.1	5,490.6	5,555.8					
Net claims on Government	405.2	528.9	494.5	469.9	610.6	544.9	534.5	545.1	585.3	609.7	725.2	847.6	857.1					
Treasury bills	26.7	66.1	10.0	18.9	139.6	60.7	50.8	71.7	197.4	189.8	180.2	208.8	172.6					
Other securities	393.3	400.5	437.1	446.7	437.9	463.1	468.5	466.3	460.7	520.5	533.5	602.6	619.7					
Loans and advances	78.2	150.7	156.3	107.7	139.7	136.1	120.3	133.4	57.2	65.1	145.8	176.2	219.0					
Less: deposits	93	88.4	108.9	103.3	106.6	115.1	105.0	126.3	130.0	165.7	134.3	140.0	154.2					
Net claims on rest of public sector	91.5	(25.3)	12.3	15.4	(7.7)	(55.7)	(78.9)	(96.6)	(57.4)	(40.7)	3.4	(89.9)	(47.3)					
Securities	18.6	20.6	121.1	118.4	115.9	98.0	97.7	97.2	95.2	89.3	97.5	99.5	99.5					
Loans and advances	313.5	265.8	268.1	253.7	278.6	262.3	243.9	235.7	300.3	339.3	343.6	300.4	299.1					
Less: deposits	240.6	311.7	376.8	356.6	402.3	416.0	420.5	429.5	452.9	469.3	437.7	489.8	445.9					
Other net claims	(14.1)	(5.9)	(17.9)	(31.3)	(37.6)	(5.3)	(6.9)	(1.2)	(3.1)	(1.7)	(0.1)	(5.1)	(11.1)					
Credit to the private sector	4339.4	4953.7	5,668.7	5,757.8	5,873.1	6,067.3	6,218.4	6,252.9	6,343.1	6,454.6	6,536.8	6,483.8	6,516.8					
Securities	14.7	28.2	21.7	20.3	24.3	24.9	29.6	29.6	36.3	35.9	28.8	29.2	28.3					
Mortgages	1631.1	1919.1	2,258.1	2,320.7	2,390.4	2,480.1	2,580.4	2,617.4	2,702.6	2,766.3	2,819.7	2,848.4	2,881.4					
Loans and advances	2,693.6	3,006.4	3,388.9	3,416.9	3,458.4	3,562.3	3,608.4	3,605.9	3,604.2	3,652.4	3,688.3	3,606.2	3,607.1					
Private capital and surplus	(1121.4)	(1197.5)	(1,477.5)	(1,501.3)	(1,552.1)	(1,600.9)	(1,654.1)	(1,706.6)	(1,775.0)	(1,815.7)	(1,864.6)	(1,911.6)	(1,967.2)					
Net unclassified assets	318.1	264.3	255.3	292.8	304.5	247.0	186.7	222.3	178.1	199.3	133.4	165.8	207.5					
Liabilities to private sector	3,916.6	4,297.1	4,547.8	4,726.4	4,883.9	4,896.0	4,982.7	5,120.6	5,183.1	5,224.2	5,270.2	5,325.6	5,362.5					
Demand deposits	921	1,092.2	1,112.9	1,124.8	1,164.7	1,137.7	1,174.8	1,182.5	1,164.9	1,164.4	1,150.2	1,177.8	1,174.6					
Savings deposits	783.7	885.3	956.8	988.3	1,032.7	1,016.2	994.7	1,013.8	1,024.2	1,012.1	1,024.1	1,036.5	1,044.6					
Fixed deposits	2,211.9	2,319.6	2,478.1	2,613.3	2,686.5	2,742.0	2,813.2	2,924.3	2,994.0	3,047.7	3,095.9	3,111.3	3,143.3					

Source: The Central Bank of The Bahamas

TABLE 5
PROFIT AND LOSS ACCOUNTS OF BANKS IN THE BAHAMAS*

Period	(B\$'000s)																
	2005			2006			2007			2008			2009				
	Qtr. I	Qtr. II	Qtr. IV	Qtr. I	Qtr. II	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I		
1. Interest Income	533,519	646,269	744,537	182,718	181,288	187,091	193,440	184,145	189,882	187,818	198,314	182,363					
2. Interest Expense	178,153	225,205	291,206	68,909	74,410	73,078	74,809	69,067	68,655	70,259	70,238	62,116					
3. Interest Margin (1-2)	355,366	421,064	453,331	113,809	106,878	114,013	118,631	115,078	121,227	117,559	128,076	120,247					
4. Commission & Forex Income	28,665	29,543	31,714	7,680	7,979	10,936	5,119	9,544	9,322	6,154	7,308	8,185					
5. Gross Earnings Margin (3+4)	384,031	450,607	485,045	121,489	114,857	124,949	123,750	124,622	130,549	123,713	135,384	128,432					
6. Staff Costs	125,378	138,087	133,309	26,848	34,586	36,696	35,179	35,281	36,908	37,410	38,765	36,444					
7. Occupancy Costs	18,558	20,669	20,612	4,595	5,390	5,167	5,460	5,111	5,971	5,879	6,448	5,251					
8. Other Operating Costs	54,888	63,002	79,480	19,773	18,603	21,972	19,132	22,073	22,710	22,033	25,051	27,460					
9. Operating Costs (6+7+8)	198,824	221,758	233,401	51,216	58,579	63,835	59,771	62,465	65,589	65,322	70,264	69,155					
10. Net Earnings Margin (5-9)	185,207	228,849	251,644	70,273	56,278	61,114	63,979	62,157	64,960	58,391	65,120	59,277					
11. Depreciation Costs	12,625	11,088	11,673	2,935	2,986	2,967	2,785	3,101	3,347	3,363	3,601	3,377					
12. Provisions for Bad Debt	21,897	43,129	39,817	5,696	12,567	8,614	12,940	16,227	11,304	23,418	31,255	22,916					
13. Other Income	76,750	101,633	107,271	24,794	32,565	27,202	22,710	37,831	28,299	27,385	26,819	25,559					
14. Other Income (Net) (13-11-12)	42,228	47,416	55,781	16,163	17,012	15,621	6,985	18,503	13,648	604	(8,037)	(734)					
15. Net Income (10+14)	227,435	276,265	307,425	86,436	73,290	76,735	70,964	80,660	78,608	58,995	57,083	58,543					
16. Effective Interest Rate Spread (%)	6.45	6.15	6.25	5.88	5.80	6.44	6.88	6.36	6.60	6.40	6.68	6.24					
								(Ratios To Average Assets)									
Interest Margin	5.40	5.63	5.50	5.74	5.17	5.47	5.64	5.33	5.41	5.20	5.60	5.20					
Commission & Forex Income	0.44	0.39	0.38	0.39	0.39	0.52	0.24	0.44	0.42	0.27	0.32	0.35					
Gross Earnings Margin	5.84	6.02	5.89	6.12	5.56	5.99	5.88	5.78	5.83	5.47	5.92	5.55					
Operating Costs	2.91	2.64	2.83	2.58	2.84	3.06	2.84	2.90	2.93	2.89	3.07	2.99					
Net Earnings Margin	2.93	3.38	3.05	3.54	2.72	2.93	3.04	2.88	2.90	2.58	2.85	2.56					
Net Income	3.57	4.02	3.73	4.36	3.55	3.68	3.37	3.74	3.51	2.61	2.49	2.53					

*Commercial Banks and OLFIs with domestic operations
Source: The Central Bank of The Bahamas

TABLE 6
MONEY SUPPLY

(B\$ Millions)

End of Period	2004		2005		2006		2007			2008			2009			
							Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
Money supply (M1)	1,134.4	1,247.6	1,251.1	1,267.9	1,330.7	1,273.3	1,300.3	1,308.4	1,305.7	1,320.2	1,274.5	1,336.4	1,285.2			
1) Currency in active circulation	176.6	195.3	202.1	216.1	216.9	213.3	223.7	214.2	204.2	199.6	205.8	197.0	194.3			
2) Demand deposits	957.8	1,052.3	1,049.0	1,051.8	1,113.8	1,060.0	1,076.6	1,094.2	1,101.5	1,120.6	1,068.7	1,139.4	1,090.9			
Central Bank	87.7	26.1	18.3	22.8	29.8	17.4	10.4	18.2	17.1	28.3	10.4	16.3	17.2			
Domestic Banks	870.1	1,026.2	1,030.7	1,029.0	1,084.0	1,042.6	1,066.2	1,076.0	1,084.4	1,092.3	1,058.3	1,123.1	1,073.7			
Factors affecting money (M1)																
1) Net credit to Government	547.1	642.5	677.0	664.2	773.7	823.6	866.8	840.1	763.8	795.0	924.0	1,042.9	1,041.8			
Central Bank	141.9	122.0	182.5	194.2	163.1	278.7	332.3	295.0	178.5	185.3	198.8	195.3	184.7			
Domestic Banks	405.2	520.5	494.5	470.0	610.6	544.9	534.5	545.1	585.3	609.7	725.2	847.6	857.1			
2) Other credit	4,680.1	5,257.0	6,065.9	6,137.9	6,275.6	6,435.5	6,567.5	6,593.2	6,742.4	6,890.5	6,985.1	6,890.9	6,922.4			
Rest of public sector	340.7	303.3	397.2	380.1	402.5	368.2	349.1	340.3	402.9	435.9	448.3	407.1	405.6			
Private sector	4,339.4	4,953.7	5,668.7	5,757.8	5,873.1	6,067.3	6,218.4	6,252.9	6,339.5	6,454.6	6,536.8	6,483.8	6,516.8			
3) External reserves	667.8	578.8	499.7	623.5	642.9	464.7	454.2	539.6	674.8	650.2	562.9	623.8	770.4			
4) Other external liabilities (net)	(563.5)	(611.0)	(754.1)	(756.9)	(767.3)	(713.7)	(667.6)	(595.0)	(612.9)	(679.6)	(703.8)	(665.8)	(828.5)			
5) Quasi money	3,287.1	3,582.6	3,894.0	4,054.0	4,202.3	4,269.4	4,337.0	4,474.1	4,553.5	4,601.2	4,649.5	4,692.3	4,734.7			
6) Other items (net)	(910.0)	(1,037.1)	(1,343.4)	(1,346.8)	(1,391.9)	(1,467.4)	(1,583.6)	(1,595.4)	(1,708.9)	(1,734.7)	(1,844.2)	(1,863.1)	(1,886.2)			

Source: The Central Bank of The Bahamas

TABLE 7
CONSUMER INSTALMENT CREDIT*

End of Period	2005			2006			2007			2008			2009		
	Mar.	Jun.	Sept.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.		
CREDIT OUTSTANDING															
Private cars	209,879	228,421	231,191	237,786	241,465	248,152	247,418	251,167	245,023	238,775	227,757	223,349			
Taxis & rented cars	2,317	2,568	2,305	2,004	2,095	1,908	1,925	2,033	2,020	1,909	1,817	1,780			
Commercial vehicles	6,038	6,829	7,024	6,985	6,926	6,956	6,966	6,876	6,350	6,111	5,656	5,305			
Furnishings & domestic appliances	17,309	19,658	20,018	20,265	21,111	22,394	22,435	22,818	22,043	21,173	20,284	19,632			
Travel	41,435	45,944	42,898	43,506	50,326	50,970	48,520	51,036	54,412	49,602	43,996	40,488			
Education	47,737	52,858	52,219	52,249	58,196	54,725	53,938	54,012	59,306	57,255	55,199	53,283			
Medical	14,446	17,320	18,149	18,846	20,231	20,520	21,014	22,034	22,001	21,435	21,159	20,427			
Home Improvements	134,334	152,851	154,103	157,601	162,026	163,070	164,973	167,272	171,886	171,454	170,162	166,364			
Land Purchases	174,645	201,318	212,473	217,701	221,946	227,236	232,912	234,282	237,334	246,168	246,754	245,876			
Consolidation of debt	413,193	459,791	469,828	482,978	496,945	496,296	505,038	531,296	563,738	594,565	605,784	632,422			
Miscellaneous	412,162	489,122	505,010	516,608	536,264	559,119	562,536	556,726	552,197	541,585	529,609	529,975			
Credit Cards	188,058	226,401	223,774	228,627	243,125	256,995	258,291	264,375	281,198	294,377	283,615	278,614			
TOTAL	1,661,553	1,903,081	1,938,992	1,985,156	2,060,656	2,108,341	2,125,966	2,163,927	2,217,508	2,244,409	2,211,792	2,217,515			
NET CREDIT EXTENDED															
Private cars	-2,800	18,542	2,770	6,595	3,679	6,687	-734	3,749	-6,144	-6,248	-11,018	-4,408			
Taxis & rented cars	-32	251	-263	-301	91	-187	17	108	-13	-111	-92	-37			
Commercial vehicles	826	791	195	-39	-59	30	10	-90	-526	-239	-455	-351			
Furnishings & domestic appliances	3,337	2,349	360	247	846	1,283	41	383	-775	-870	-889	-652			
Travel	621	4,509	-3,046	608	6,820	644	-2,450	2,516	3,376	4,810	-5,606	-3,508			
Education	811	5,121	-639	30	5,947	-3,471	-787	74	5,294	-2,051	-2,056	-1,916			
Medical	635	2,874	829	697	1,385	289	494	1,020	-33	-566	-276	-732			
Home Improvements	20,135	18,517	1,252	3,498	4,425	1,044	1,903	2,299	4,614	432	-1,292	-3,798			
Land Purchases	24,549	26,673	11,155	5,228	4,245	5,290	5,676	1,370	3,052	8,834	586	-878			
Consolidation of debt	66,398	46,598	10,037	13,150	13,967	-649	8,742	26,258	32,442	30,827	11,219	26,638			
Miscellaneous	38,154	76,960	15,888	11,598	19,656	22,855	3,417	-5,810	-4,529	-10,612	-11,976	366			
Credit Cards	21,985	38,343	-2,627	4,853	14,498	13,870	1,296	6,084	16,823	13,179	-10,762	-5,001			
TOTAL	174,619	241,528	35,911	46,164	75,500	47,685	17,625	37,961	53,581	26,901	-32,617	5,723			

Source: The Central Bank of The Bahamas

* Includes both demand and add-on loans

TABLE 8
SELECTED AVERAGE INTEREST RATES

Period	2007												2008				2009			
	2006			2007			2008			2007			2008			2009				
	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
DOMESTIC BANKS																				
Deposit rates																				
Savings deposits	2.16	2.05	2.20	2.20	2.01	1.96	2.00	2.24	2.30	2.25	2.17	2.06	2.19	2.11						
Fixed deposits																				
Up to 3 months	3.17	3.51	3.70	3.58	3.44	3.50	3.52	3.58	3.74	3.71	3.71	3.63	3.64	3.57						
Up to 6 months	3.63	3.89	4.08	3.98	3.88	3.86	3.85	3.98	4.18	4.09	4.00	4.04	4.23	3.88						
Up to 12 months	3.93	4.28	4.56	4.47	4.32	4.19	4.12	4.47	4.83	4.57	4.48	4.35	4.67	4.38						
Over 12 months	4.18	4.52	4.44	4.71	4.84	4.05	4.48	4.71	5.05	4.28	4.31	4.11	4.66	4.33						
Weighted average rate	3.36	3.69	3.92	3.80	3.66	3.63	3.68	3.80	4.02	3.91	3.90	3.86	4.00	3.79						
Lending rates																				
Residential mortgages	7.85	8.16	8.36	8.29	7.93	8.13	8.28	8.29	8.36	8.58	8.25	8.25	8.29	8.23						
Commercial mortgages	8.37	8.75	8.72	9.23	8.56	8.26	8.93	9.23	8.62	9.24	8.37	8.64	8.58	8.46						
Consumer loans	11.96	12.70	13.03	13.05	12.15	12.82	12.76	13.05	13.00	13.49	13.07	12.55	12.49	12.72						
Overdrafts	10.56	11.44	11.45	10.87	11.47	12.39	11.04	10.87	11.34	11.79	11.57	11.10	12.84	11.60						
Weighted average rate	9.97	10.63	10.95	10.72	10.35	10.82	10.63	10.72	11.00	11.42	11.00	10.39	10.49	10.67						
Other rates																				
Prime rate	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50						
Treasury bill (90 days)	0.87	2.66	2.73	2.83	2.55	2.64	2.63	2.83	2.69	2.83	2.69	2.73	2.64	2.77						
Treasury bill re-discount rate	1.37	3.16	3.23	3.33	3.05	3.14	3.13	3.33	3.19	3.33	3.19	3.23	3.14	3.27						
Bank rate (discount rate)	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25						

Source: The Central Bank of The Bahamas

TABLE 9
SELECTED CREDIT QUALITY INDICATORS OF DOMESTIC BANKS

Period	2006				2007				2008				2009	
	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II
Loan Portfolio														
Current Loans (as a % of total loans)	90.8	92.0	92.5	92.4	91.3	90.6	90.9	89.5	87.5	86.3	86.2			
Arrears (% by loan type)														
Consumer	2.9	2.8	2.8	2.6	2.7	2.8	3.0	3.1	3.2	3.3	3.9	4.2	4.5	
Mortgage	3.8	3.6	3.1	3.1	3.3	3.9	4.6	4.4	4.5	4.7	5.9	6.2	6.0	
Commercial	2.5	1.6	1.6	1.9	1.5	1.9	1.7	1.5	2.3	2.4	2.6	3.2	3.2	
Public	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Total Arrears	9.2	8.0	7.5	7.6	7.6	8.7	9.4	9.1	10.1	10.5	12.5	13.7	13.8	
Total B\$ Loan Portfolio	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Loan Portfolio														
Current Loans (as a % of total loans)	90.8	92.0	92.5	92.4	91.3	90.6	90.9	89.5	87.5	86.3	86.2			
Arrears (% by days outstanding)														
30 - 60 days	2.9	2.7	2.5	2.7	2.6	3.1	3.6	3.2	3.4	3.3	4.5	4.3	4.1	
61 - 90 days	1.5	1.0	0.9	0.8	1.0	1.3	1.3	1.2	1.7	1.6	1.9	2.3	1.9	
90 - 179 days	0.8	0.9	0.9	0.8	0.7	0.9	1.2	1.4	1.2	1.5	1.6	2.1	1.9	
over 180 days	4.0	3.4	3.2	3.3	3.4	3.4	3.3	3.3	3.8	4.1	4.5	5.0	5.9	
Total Arrears	9.2	8.0	7.5	7.6	7.6	8.7	9.4	9.1	10.1	10.5	12.5	13.7	13.8	
Total B\$ Loan Portfolio	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Non Accrual Loans (% by loan type)														
Consumer	39.7	33.9	35.0	31.9	33.1	30.8	29.4	32.8	31.4	31.6	30.2	30.0	31.0	
Mortgage	38.8	42.9	40.9	42.7	42.1	42.7	45.6	46.4	45.3	45.2	44.4	43.4	43.0	
Other Private	21.4	23.1	24.0	25.3	22.8	24.6	23.2	19.0	21.5	22.2	23.9	25.2	24.7	
Public	0.1	0.1	0.1	0.1	2.0	1.9	1.8	1.8	1.8	1.0	1.5	1.4	1.3	
Total Non Accrual Loans	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Provisions to Loan Portfolio														
Consumer	4.0	3.0	3.4	2.8	3.0	2.7	2.8	3.0	3.1	2.2	3.3	3.6	3.8	
Mortgage	1.2	1.3	1.3	1.2	1.3	1.2	1.2	1.2	1.3	1.2	1.4	1.6	1.6	
Other Private	1.0	1.6	2.5	2.8	2.4	3.2	3.2	3.3	3.7	4.9	5.4	5.6	7.3	
Public	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	
Total Provisions to Total Loans	2.2	2.0	2.3	2.1	2.1	2.1	2.1	2.3	2.4	2.6	2.7	3.0	3.3	
Total Provisions to Non-performing Loans	45.0	44.9	54.7	51.1	51.3	48.7	47.9	47.9	47.9	46.7	46.0	42.4	42.9	
Total Non-performing Loans to Total Loans	4.8	4.5	4.2	4.1	4.1	4.3	4.5	4.7	4.9	5.6	6.1	7.1	7.8	

Source: The Central Bank of The Bahamas

Figures may not sum to total due to rounding.

TABLE 10
SUMMARY OF BANK LIQUIDITY

End of Period	(B\$ Millions)																	
	2004			2005			2006			2007			2008			2009		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	
I. Statutory Reserves																		
Required reserves	205.3	226.3	244.7	248.5	258.5	263.1	265.0	269.3	277.4	281.9	283.3	285.2	288.1					
Average Till Cash	70.2	86.5	96.9	67.9	71.4	72.5	92.8	74.9	77.2	76.1	95.4	74.0	81.4					
Average balance with central bank	407.5	332.2	265.7	379.6	421.0	340.2	363.1	419.7	453.0	428.7	352.7	413.2	567.1					
Free cash reserves (period ended)	271.6	191.5	117.2	198.3	233.1	148.9	190.1	224.5	252.0	222.1	164.0	201.2	360.4					
II. Liquid Assets (period)																		
A. Minimum required Liquid assets	677.2	752.2	802.5	813.6	851.8	858.0	860.0	883.7	894.0	909.3	911.2	930.3	925.9					
B. Net Eligible Liquid Assets	909.7	895.6	865.6	988.9	1079.5	980.5	1011.9	1075.3	1213.6	1240.7	1168.5	1334.5	1446.8					
i) Balance with Central Bank	383.7	284.7	251.1	420.4	389.2	339.6	341.2	420.8	444.0	420.1	322.2	422.6	549.6					
ii) Notes and Coins	79.0	106.3	116.7	60.8	72.5	74.0	110.6	80.2	82.0	79.6	118.1	78.7	86.1					
iii) Treasury Bills	26.7	66.1	10.0	18.9	139.6	60.7	50.8	71.7	197.4	189.8	180.2	208.8	172.7					
iv) Government registered stocks	393.3	400.4	437.1	446.7	437.9	463.1	468.5	466.3	460.7	520.5	513.3	590.6	599.1					
v) Specified assets	24.9	26.0	39.9	39.7	39.5	37.3	36.6	36.5	34.3	26.5	36.8	38.7	38.5					
vi) Net Inter-bank dem/call deposits	2.9	12.9	11.7	3.3	1.5	6.6	5.0	0.6	(4.0)	5.0	(1.3)	(4.1)	0.8					
vii) Less: borrowings from central bank	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	0.0					
C. Surplus/(Deficit)	232.5	143.4	63.1	175.4	227.6	122.5	151.9	191.6	319.6	331.4	257.3	404.2	520.8					

Source: The Central Bank of The Bahamas

**TABLE 11
GOVERNMENT OPERATIONS AND FINANCING**

Period	2005/06p		2006/07p		2007/08p		Budget		2008/09p			
	2005/06p	2006/07p	2007/08p	2008/09	2009/10	2007/08p QTR. III	2007/08p QTR. IV	2008/09p QTR. I	2008/09p QTR. II	2008/09p QTR. III	*QTR. IV	
Total Revenue & Grants	1,221.5	1,338.5	1,424.1	1,569.3	1,400.0	375.2	439.2	314.3	306.9	310.9	270.6	
Current expenditure	1,149.6	1,285.7	1,344.0	1,484.2	1,430.5	339.0	382.3	331.5	334.5	358.4	231.8	
Capital expenditure	123.5	166.3	176.7	188.7	208.9	32.8	79.9	28.5	30.5	28.9	23.0	
Net lending	54.5	69.1	54.1	62.2	49.3	13.1	18.6	14.8	16.7	11.7	10.5	
Overall balance	(106.1)	(182.5)	(150.8)	(165.7)	(288.6)	(9.8)	(41.6)	(60.4)	(74.8)	(88.1)	5.3	
FINANCING (I+II-III+IV+V)	106.1	182.5	150.8	165.7	288.6	9.8	41.6	60.4	74.8	88.1	(5.3)	
I. Foreign currency borrowing	8.7	14.5	127.8	27.9	63.8	0.3	101.9	3.6	12.6	60.7	165.1	
External	5.3	14.5	106.7	27.9	63.8	0.3	100.8	3.6	11.5	10.7	25.1	
Domestic	3.4	--	22.3	--	--	--	1.1	--	1.1	50.0	140.0	
II. Bahamian dollar borrowing	201.7	230.3	194.5	207.2	309.7	--	--	100.0	--	121.0	25.0	
i) Treasury bills	--	10.0	28.0	--	--	--	--	--	--	13.8	--	
Central Bank	--	10.0	28.0	--	--	--	--	--	--	13.8	--	
Commercial banks & OLFIs	--	--	--	--	--	--	--	--	--	--	--	
Public corporations	--	--	--	--	--	--	--	--	--	--	--	
Other	--	--	--	--	--	--	--	--	--	--	--	
ii) Long-term securities	201.7	195.3	166.5	--	--	--	--	100.0	--	107.2	0.0	
Central Bank	11.5	70.3	41.5	--	--	--	--	--	--	--	--	
Commercial banks & OLFIs	35.2	34.9	25.2	--	--	--	--	47.0	--	67.7	--	
Public corporations	25.3	49.1	55.8	--	--	--	--	13.7	--	8.0	--	
Other	129.6	41.0	44.0	--	--	--	--	39.3	--	31.5	--	
iii) Loans and Advances	--	25.0	--	--	--	--	--	--	--	--	25.0	
Central Bank	--	25.0	--	--	--	--	--	--	--	--	25.0	
Commercial banks	--	--	--	--	--	--	--	--	--	--	--	
III Debt repayment	62.1	122.5	83.7	60.1	80.8	11.3	47.9	15.9	12.9	1.0	77.5	
Domestic	58.1	92.8	78.4	55.0	75.0	10.5	46.0	15.0	10.9	0.0	75.0	
Bahamian dollars	57.2	91.0	56.6	55.0	75.0	10.5	25.1	15.0	10.0	--	25.0	
Internal foreign currency	0.9	1.8	21.8	--	--	--	20.9	--	0.9	--	50.0	
External	4.0	29.7	5.3	5.1	5.8	0.8	1.9	0.9	2.0	1.0	2.5	
IV. Cash balance change	39.5	(7.6)	(32.5)	--	--	(30.8)	(1.6)	(26.5)	41.1	(27.7)	(11.8)	
V. Other Financing	(81.6)	67.8	(55.4)	(9.3)	(4.1)	51.6	(10.9)	(0.7)	34.0	(65.0)	(106.1)	

Source: Treasury Monthly Printouts. Data compiled according to the International Monetary Fund's Government Finance Statistics format.

***Qtr IV includes April & May only.**

TABLE 12
NATIONAL DEBT

(B\$' 000s)

End of Period	2006p		2007p		2008p		2009p		
					Jun.	Sept.	Dec.	Mar.	Jun.
TOTAL EXTERNAL DEBT									
By Instrument									
Government Securities	289,186	272,403	383,024	370,824	373,505	383,024	392,765	421,030	
Loans	225,000	200,000	300,000	300,000	300,000	300,000	300,000	300,000	
By Holder									
Commercial Banks	64,186	72,403	83,024	70,824	73,505	83,024	92,765	121,030	
Offshore Financial Institutions	--	--	--	--	--	--	--	25,000	
Multilateral Institutions	64,186	68,788	79,409	67,209	69,890	79,409	89,150	92,415	
Bilateral Institutions	--	3,615	3,615	3,615	3,615	3,615	3,615	3,615	
Private Capital Markets	225,000	200,000	300,000	300,000	300,000	300,000	300,000	300,000	
TOTAL INTERNAL DEBT									
By Instrument									
Foreign Currency	2,097,077	2,363,056	2,383,008	2,307,782	2,392,782	2,383,008	2,554,074	2,663,171	
Government Securities	4,966	23,160	3,612	3,386	3,386	3,612	53,612	162,709	
Loans	4,966	23,160	3,612	3,386	3,386	3,612	53,612	162,709	
Bahamian Dollars									
Advances	2,092,111	2,339,896	2,379,396	2,304,396	2,389,396	2,379,396	2,500,462	2,500,462	
Treasury Bills	61,988	71,988	71,988	71,988	71,988	71,988	71,988	96,988	
Government Securities	192,469	230,469	230,469	230,469	230,469	230,469	244,309	244,309	
Loans	1,829,908	2,031,693	2,071,693	1,996,693	2,081,693	2,071,693	2,178,919	2,153,919	
By Holder									
Foreign Currency	7,746	5,746	5,246	5,246	5,246	5,246	5,246	5,246	
Commercial Banks	4,966	23,160	3,612	3,386	3,386	3,612	53,612	162,709	
Other Local Financial Institutions	4,966	23,160	3,612	3,386	3,386	3,612	53,612	162,709	
Bahamian Dollars									
The Central Bank	2,092,111	2,339,896	2,379,396	2,304,396	2,389,396	2,379,396	2,500,462	2,500,462	
Commercial Banks	190,824	348,842	202,993	201,548	199,072	202,993	221,554	213,541	
Other Local Financial Institutions	450,474	520,904	691,739	662,162	701,305	691,739	782,787	768,723	
Public Corporations	5,271	3,032	2,932	2,932	2,932	2,932	4,133	4,633	
Other	764,486	729,259	720,783	713,163	721,172	720,783	706,320	745,928	
TOTAL FOREIGN CURRENCY DEBT									
TOTAL DIRECT CHARGE									
TOTAL CONTINGENT LIABILITIES									
TOTAL NATIONAL DEBT									
	2,941,163	3,069,966	3,212,524	3,101,413	3,208,676	3,212,524	3,391,412	3,524,214	

Source: Treasury Accounts & Treasury Statistical Summary Printouts
Public Corporation Reports
Creditor Statements, Central Bank of The Bahamas

TABLE 13
PUBLIC SECTOR FOREIGN CURRENCY DEBT OPERATIONS¹

(B\$' 000s)

	2006p	2007p	2008p	2008p			2009p	
				Jun.	Sep	Dec.	Mar.*	Jun.*
Outstanding debt at beginning of period	553,442	636,225	643,887	684,131	773,495	834,915	848,120	857,522
Government	286,528	294,152	295,563	295,037	374,210	376,891	386,636	446,377
Public Corporations	266,914	342,073	348,324	389,094	399,285	458,024	461,484	411,145
Plus new drawings	132,336	187,002	268,467	121,959	73,604	22,595	107,140	190,853
Government	13,872	33,161	118,467	101,959	3,604	12,595	60,695	190,853
Public corporations	118,464	153,841	150,000	20,000	70,000	10,000	46,445	--
Less Amortization	49,553	179,340	64,234	32,595	12,184	9,390	97,738	61,427
Government	6,248	31,750	27,394	22,786	923	2,850	954	53,491
Public corporations	43,305	147,590	36,840	9,809	11,261	6,540	96,784	7,936
Outstanding debt at end of period	636,225	643,887	848,120	773,495	834,915	848,120	857,522	986,948
Government	294,152	295,563	386,636	374,210	376,891	386,636	446,377	583,739
Public corporations	342,073	348,324	461,484	399,285	458,024	461,484	411,145	403,209
Interest Charges	35,234	40,418	39,759	13,200	4,318	16,949	3,497	13,203
Government	18,254	18,000	20,959	8,008	617	11,444	504	8,506
Public corporations	16,980	22,418	18,800	5,192	3,701	5,505	2,993	4,697
Debt Service	84,787	219,758	103,993	45,795	16,502	26,339	101,235	74,630
Government	24,502	49,750	48,353	30,794	1,540	14,294	1,458	61,997
Public corporations	60,285	170,008	55,640	15,001	14,962	12,045	99,777	12,633
Debt Service ratio (%)	2.7	6.5	2.9	5.0	2.0	3.2	13.0	9.4
Government debt Service/ Government revenue (%)	1.9	3.7	3.4	7.0	0.5	4.7	0.5	n.a
MEMORANDUM								
Holder distribution (B\$ Mil):								
Commercial banks	296.7	312.2	412.0	346.3	406.3	412.0	398.6	526.2
Offshore Financial Institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral Institutions	108.7	107.5	112.3	103.0	104.7	112.3	121.0	122.8
Bilateral Institutions	0.0	18.6	18.4	18.6	18.5	18.4	10.4	10.4
Other	5.7	5.6	5.5	5.5	5.5	5.5	27.6	27.5
Private Capital Markets	225.0	200.0	300.0	300.0	300.0	300.0	300.0	300.0

Source: Treasury Accounts, Treasury Statistical Printouts and Quarterly Reports from Public Corporations, Central Bank of The Bahamas.

¹ See notes to table

Note: *Debt servicing during the 1st & 2nd quarters of 2009 includes the refinancing of \$86 million & \$50 million in Public Corporations' and Government's debt. Net of these payments, the respective adjusted debt service ratios were 1.9% & 3.1%.

TABLE 14
BALANCE OF PAYMENTS SUMMARY*

	(B\$ Millions)											
	2006p			2007p			2008p			2009		
	Qtr.Ip	Qtr.IIip	Qtr.IVip	Qtr.Ip	Qtr.IIip	Qtr.IVip	Qtr.Ip	Qtr.IIip	Qtr.IVip	Qtr.Ip	Qtr.IIip	Qtr.IVip
A. Current Account Balance (I+II+III+IV)	(1,373.9)	(1,314.5)	(1,118.4)	(362.1)	(255.9)	(431.9)	(264.6)	(264.6)	(419.3)	(198.7)	(112.7)	(159.2)
I. Merchandise (Net)	(2,033.2)	(2,154.4)	(2,243.2)	(540.1)	(531.1)	(571.4)	(511.8)	(589.1)	(596.6)	(497.8)	(427.7)	(454.9)
Exports	694.2	801.8	955.8	183.7	189.9	201.1	227.1	238.8	231.6	238.0	164.7	186.7
Imports	2,727.4	2,956.2	3,199.0	723.8	721.0	772.5	739.0	827.9	791.1	844.1	592.4	641.6
II. Services (Net)	825.2	1,019.7	1,183.6	212.8	356.1	176.1	274.7	343.9	335.3	187.5	338.8	306.0
Transportation	(301.2)	(315.7)	(308.0)	(87.3)	(83.6)	(75.9)	(69.0)	(82.3)	(79.6)	(76.4)	(74.0)	(69.2)
Travel	1,671.2	1,809.7	1,848.6	495.6	545.1	379.7	389.3	520.2	528.4	394.8	485.4	482.3
Insurance Services	(120.7)	(107.0)	(106.6)	(14.7)	(34.6)	(36.0)	(21.7)	(28.7)	(26.0)	(18.9)	(11.0)	(34.5)
Offshore Companies Local Expenses	188.1	210.2	233.8	44.2	46.4	56.7	63.0	63.5	44.2	54.8	46.4	40.3
Other Government	(68.4)	(44.8)	(56.3)	(17.3)	(1.5)	(21.6)	(4.5)	(6.4)	(18.6)	(13.3)	(5.7)	(27.9)
Other Services	(543.8)	(532.7)	(427.9)	(207.7)	(115.8)	(126.7)	(82.4)	(122.4)	(113.1)	(141.5)	(102.3)	(85.0)
III. Income (Net)	(217.9)	(231.6)	(114.8)	(45.6)	(98.0)	(48.6)	(39.4)	(34.1)	(29.0)	(28.3)	(44.2)	(22.9)
1. Compensation of Employees	(92.9)	(84.7)	(58.7)	(16.9)	(19.7)	(23.8)	(24.4)	(15.4)	(16.9)	(13.6)	(14.3)	(14.0)
2. Investment Income	(125.1)	(146.9)	(56.1)	(28.7)	(78.4)	(24.9)	(15.0)	(18.7)	(12.1)	(9.8)	(29.8)	(8.8)
IV. Current Transfers (Net)	52.0	51.8	56.0	10.8	17.2	12.0	11.9	14.7	17.5	13.3	20.3	12.5
1. General Government	58.3	60.9	62.9	12.7	19.8	13.8	14.7	17.3	18.0	15.3	22.0	14.3
2. Private Sector	(6.2)	(9.1)	(6.9)	(1.9)	(2.6)	(1.8)	(2.9)	(2.6)	(0.5)	(2.1)	(1.6)	(1.8)
B. Capital and Financial Account (I+II)	1,216.6	986.6	940.7	430.4	180.9	157.0	218.3	229.8	362.0	112.9	150.5	365.9
(excl. Reserves)												
I. Capital Account (Net Transfers)	(63.5)	(75.7)	(76.3)	(21.4)	(16.8)	(21.5)	(16.0)	(11.6)	(10.7)	(35.5)	(10.4)	(10.4)
II. Financial Account (Net)	1,280.1	1,062.3	1,017.0	451.7	197.7	178.6	234.3	241.4	372.7	148.4	160.9	376.3
1. Direct Investment	706.3	746.2	699.6	310.0	119.5	163.0	153.7	159.0	219.4	160.7	163.3	175.8
2. Portfolio Investment	(18.8)	(8.4)	(9.2)	--	(4.3)	--	(4.1)	(2.0)	(3.6)	0.0	0.0	(4.5)
3. Other Investments	592.5	324.5	326.6	141.7	82.4	15.6	84.7	84.4	156.9	97.3	(2.4)	205.0
Central Gov't Long Term Capital	2.6	(15.4)	110.6	4.3	(22.7)	1.8	1.3	(0.5)	98.9	2.7	9.7	28.3
Other Public Sector Capital	(6.2)	9.0	(6.2)	(1.1)	1.1	(1.1)	10.1	(1.1)	(1.9)	(2.1)	(4.6)	(1.4)
Banks	143.0	(86.5)	36.2	(26.4)	4.3	(18.3)	(46.2)	(72.5)	17.9	66.6	(38.0)	116.7
Other	453.0	417.4	186.0	165.0	99.7	33.1	119.5	158.5	41.9	29.2	30.5	61.5
C. Net Errors and Omissions	78.1	282.0	286.7	55.5	94.2	96.8	35.5	120.4	9.0	158.6	22.9	(60.1)
D. Overall Balance (A+B+C)	(79.1)	(45.9)	109.1	123.8	19.2	(178.1)	(10.8)	85.6	135.2	(87.1)	60.7	146.6
E. Financing (Net)	79.1	45.9	(109.1)	(123.8)	(19.2)	178.1	10.8	(85.6)	(135.2)	24.6	(60.7)	(146.6)
Change in SDR holdings	0.1	0.1	0.1	--	--	--	--	--	--	--	--	--
Change in Reserve Position with the IMF	(0.4)	(0.5)	0.3	--	--	(0.3)	(0.1)	(0.4)	0.1	0.5	0.3	(0.4)
Change in Ext. Foreign Assets () = Increase	79.5	46.3	(109.4)	(123.8)	(19.2)	178.4	10.9	(85.2)	(135.3)	24.1	(61.0)	(146.3)

Source: The Central Bank of the Bahamas

* Figures may not sum to total due to rounding

TABLE 15
EXTERNAL TRADE

	2007				2008				(B\$ '000)	
	2007		2008		2007		2008			
	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV		
I. OIL TRADE										
i) Exports	167,600	141,524	28,438	40,098	38,598	60,466	51,401	23,465	33,039	33,619
ii) Imports	615,782	847,041	106,550	169,542	173,969	165,721	211,264	252,625	189,661	193,491
II. OTHER MERCHANDISE										
Domestic Exports										
Crawfish	81,370	n.a.	16,594	9,174	20,408	35,194	n.a.	n.a.	n.a.	n.a.
Fish & other Crustacea	1,864	n.a.	511	525	591	237	n.a.	n.a.	n.a.	n.a.
Fruits & Vegs.	1,198	n.a.	647	78	8	465	n.a.	n.a.	n.a.	n.a.
Aragonite	35,577	n.a.	10,073	8,820	8,530	8,154	n.a.	n.a.	n.a.	n.a.
Rum	20,282	n.a.	5,438	4,497	6,709	3,638	n.a.	n.a.	n.a.	n.a.
Other Cordials & Liqueurs	--	n.a.	--	--	--	--	n.a.	n.a.	n.a.	n.a.
Crude Salt	6,599	n.a.	2,179	1,364	1,655	1,401	n.a.	n.a.	n.a.	n.a.
Hormones	--	n.a.	--	--	--	--	n.a.	n.a.	n.a.	n.a.
Chemicals	84,562	n.a.	15,188	19,930	30,040	19,404	n.a.	n.a.	n.a.	n.a.
Other Pharmaceuticals	347	n.a.	74	94	105	74	n.a.	n.a.	n.a.	n.a.
Fragrances	--	n.a.	--	--	--	--	n.a.	n.a.	n.a.	n.a.
Other	147,290	n.a.	35,205	41,487	37,029	33,569	n.a.	n.a.	n.a.	n.a.
i) Total Domestic Exports	379,089	409,635	85,909	85,969	105,075	102,136	98,510	95,056	111,713	104,356
ii) Re-Exports	123,398	150,373	27,865	29,322	29,888	36,323	28,310	55,578	35,608	30,877
iii) Total Exports (i+ii)	502,487	560,008	113,774	115,291	134,963	138,459	126,820	150,634	147,321	135,233
iv) Imports	2,488,023	2,354,064	659,118	620,817	650,398	557,690	596,808	570,663	580,752	605,841
v) Retained Imports (iv-ii)	2,364,625	2,203,691	631,253	591,495	620,510	521,367	568,498	515,085	545,144	574,964
vi) Trade Balance (i-v)	(1,985,536)	(1,794,056)	(545,344)	(505,526)	(515,435)	(419,231)	(469,988)	(420,029)	(433,431)	(470,608)

Source: Department of Statistics Quarterly Statistical Summaries

TABLE 16
SELECTED TOURISM STATISTICS

Period	2006p			2007p			2008p			2009p		
	2006p	2007p	2008p	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	
Visitor Arrivals	4,730,607	4,595,582	3,321,537	1,054,442	1,115,058	1,303,601	1,069,611	895,757	1,121,314	326,569	405,135	
Air	1,491,633	1,486,301	1,096,704	350,033	336,299	403,333	405,135	309,782	273,943	937,012	664,476	
Sea	3,238,974	3,109,281	2,224,833	704,409	778,759	900,268	664,476	585,975	847,371	900,268	664,476	
Visitor Type												
Stopover	1,600,112	1,521,691	1,123,830	363,779	310,080	414,185	440,465	331,269	276,484	n.a	n.a	
Cruise	3,076,397	2,970,659	2,116,202	660,787	758,700	868,745	696,715	549,047	823,347	774,837	265,661	
Day/Transit	68,085	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Tourist Expenditure(B\$ 000's)	2,056,428											
Stopover	1,880,300	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Cruise	172,043	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Day	4,085	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Number of Hotel Nights	3,266,878	3,249,959	2,460,929	817,761	811,961	1,125,481	1,118,239	1,104,533	1,050,117	n.a	n.a	
Average Length of Stay	6.4	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	
Average Hotel Occupancy Rates (%)												
New Providence	76.9	73.7	71.7	71.6	64.9	69.2	66.5	63.0	48.4	n.a	n.a	
Grand Bahama	52.0	46.6	45.7	44.6	37.7	46.8	46.7	37.0	34.0	n.a	n.a	
Other Family Islands	36.3	38.5	37.3	35.0	27.7	39.6	41.8	31.0	26.3	n.a	n.a	
Average Nightly Room Rates (\$)												
New Providence	172.0	202.1	211.4	196.5	197.0	266.1	236.4	135.0	208.0	n.a	n.a	
Grand Bahama	122.3	120.0	106.6	104.2	99.3	127.4	105.9	97.1	96.0	n.a	n.a	
Other Family Islands	205.1	221.4	246.2	206.7	216.5	329.3	243.7	203.0	209.1	n.a	n.a	

Source: The Ministry of Tourism