



Quarterly Economic Review

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QUARTERLY ECONOMIC REVIEW

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CONTENTS

	PAGE
1. REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS	
DOMESTIC ECONOMIC DEVELOPMENTS	1
FISCAL OPERATIONS	3
REAL SECTOR	5
<i>TOURISM</i>	5
<i>CONSTRUCTION</i>	6
<i>PRICES</i>	7
MONEY, CREDIT & INTEREST RATES	8
CAPITAL MARKETS DEVELOPMENTS	12
INTERNATIONAL TRADE & PAYMENTS	12
INTERNATIONAL ECONOMIC DEVELOPMENTS	13
2. STATISTICAL APPENDIX (TABLES 1-16)	16
3. ARTICLE:	
Note on Revisions to the Current Account Statistics in the Balance of Payments	34

REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

DOMESTIC ECONOMIC DEVELOPMENTS

Preliminary indicators suggest mild strengthening in the Bahamian economy during the fourth quarter of 2003, in comparison to the same period in 2002 and the comparative weakening which occurred in the third quarter. Increased cruise visitor volumes and appreciated stop-over pricing underpinned healthy tourism expenditure growth. The performance, while positively linked to the sustained expansion in the United States' economy, remained constrained by the slowed pace of improvement in US labour markets, where productivity gains, as opposed to increased payrolls, continued to allow firms to accommodate output expansion needs. As US employment conditions strengthen and the households' financial position improve, expenditures on recreation and travel are also expected to firm, with favourable consequences for The Bahamas' tourist sector in 2004. Forward looking indicators for construction also underscored stronger prospects for 2004, mainly backed by proposed foreign investments in the hotel sector. However, fourth quarter investments were weaker than in 2002 owing to reduced growth in residential mortgages.

Constrained by economic conditions and reflecting elevated spending requirements, the fiscal situation featured a marked widening in the estimated budget deficit during the second quarter of FY2003/04. In the financial sector, stronger public sector led expansion in credit, relative to monetary growth, underpinned a seasonal abatement in bank liquidity, which otherwise remained buoyant; and an increase in the system's net foreign liabilities. In this context and amid the Central Bank's continued restriction on increases in financial institutions' Bahamian dollar loans, there was some narrowing in average interest spreads. While inflation estimates for the December quarter indicated some softening in consumer price pressures during the fourth quarter, firming in the annual inflation rate continued, linked to a combination of domestic and external pressures. On the external side, increased net imports and

reduced net service inflows caused some widening in the estimated current account deficit, while the capital and financial surplus declined, owing to abated net private sector foreign investment inflows.

Banks' accommodation of increased private sector currency needs, associated with seasonal retail spending caused net free cash balances to contract by 7.2% to \$128.9 million during the quarter. However, overall liquidity remained more buoyant than the previous year's close of \$88.9 million, and was equivalent to an increased 3.4% of Bahamian dollar deposits, compared to 2.4% in 2002. With banks also reducing holdings of Treasury bills, broader surplus liquid assets declined, on a seasonal basis, by 11.6% to \$156.7 million, which still represented an enlarged 25.5% of the statutory minimum as compared to a 16.6% excess in 2002. Buoyant liquidity conditions and the continuation of the Central Bank's tight credit stance influenced a 5 basis points easing in commercial banks' weighted average loan rate to 12.10%. Corresponding deposit rates firmed by 19 basis points to 4.00%, resulting in a 24 basis points narrowing in the estimated interest rate spread on loans and deposits to 8.10%. The 90-day Treasury bill rate also declined by 29 basis points to 1.45%, while base rates—Commercial Banks' Prime and the Central Bank's Discount Rate—were unchanged at 6.00% and 5.75%, respectively.

Led by a recovery in private sector balances, the money supply (M3) expanded by 1.2% to \$4.0 billion during the fourth quarter, after contracting by 0.7% to \$3.8 billion in 2002. In a turnaround, demand deposits grew by 2.2%, following last year's 3.1% decline, and savings and fixed deposits each rose by 0.7%, as opposed to respective declines of 1.5% and 0.1% in 2002. Meanwhile, growth in the currency component nearly doubled to 6.2% and residents' foreign currency deposits recovered slightly by 0.2%. Fixed deposits remained the largest component (57.8%) in money, followed by demand (18.7%) and savings deposits (17.0%); and approximately three-quarters of all deposits were concen-

trated in accounts with average balances in excess of \$50,000.

After the year-earlier increase of 1.0%, domestic credit expansion accelerated to 4.9%, placing the stock at \$4.99 billion. Mainly reflecting the Government's net financing needs, growth in Bahamian dollar credit was nearly three-fold higher at \$83.1 million (2.0%), while refinancing of the public corporations' external debt underpinned a 28.7% run-up in domestic foreign currency credit. In particular, net claims on Government increased by 4.0% following a 4.8% net repayment in 2002, while the banking sector's claims on the public corporations rose by \$147.3 million (65.3%), with approximately 94.2% denominated in foreign currency. Conversely, private sector credit growth almost steadied at \$66.1 million (1.6%), with a slowed increase in residential mortgages lending (2.7%) and a further net repayment of consumer credit (0.7%), outweighed by increases and, in some cases, resumed net lending for some other private sector activities, including distribution and construction.

In the fiscal sector, the estimated deficit for the second quarter of FY2003/04 widened to \$36.2 million from \$5.0 million in the same period in FY2002/03, with weakness in revenue collections occurring alongside increased expenditure obligations. Constrained by economic conditions, total revenues fell by 6.0%, with decreases in import duties and tourism related taxes causing a 5.8% decline in tax receipts to \$206.9 million; and non-tax revenue decreased by 8.0% to \$21.7 million. However, total expenditures rose by 6.6% to \$264.8 million, including a 7.4% hike in current spending partly linked to retroactive salary increases. This, and slightly elevated net lending to public enterprises, outweighed the 7.2% falloff in capital investments. Budgetary financing during the period featured new borrowings of \$34.4 million, mainly in the form of local currency advances from the Central Bank, alongside debt repayment—predominantly domestic currency—of \$24.5 million. As a result, the Direct Charge on Government increased by \$9.8 million (0.5%) to \$1,939.6 million. After a \$27.8 million (7.0%) rise in Governments' guaranteed borrowings to \$426.5 million, the National Debt rose by 1.6% to \$2,366.0 million, culminating in a 7.1% increase in the stock for 2003.

Building on the 2002 recovery, tourism output improved further during the fourth quarter, underpinned by steady growth in cruise visitors and continued pricing gains in the stopover market. Total visitor arrivals strengthened further by 10.0% to 1.127 million, relative to the 10.9% gain posted in 2002. Sea visitor growth, which encompasses the cruise segment, advanced to 11.7% from 7.8%, while air arrivals recorded a more tempered increase of 5.4%, following a 19.4% recovery in 2002. As regard major destination groupings, New Providence's 9.7% rebound in sea traffic supported a 6.7% recovery in total arrivals. Both cruise and stopover gains underpinned the more accelerated growth in visitors to Grand Bahama of 19.5%, and the Family Islands' steady gain in traffic of 12.3%. As regard expenditure indicators, in addition to increased activity in the cruise segment, the Ministry of Tourism's survey of major hotel properties in The Bahamas suggest that, in the stopover segment, estimated room revenues increased by 12.2% during the period. A 3.6% increase in total room night sales was accompanied by an 8.4% appreciation in average nightly room rates to \$158.70.

While the outlook for construction was favoured by approved investment projects and increased commitments under domestic mortgage financing, the quarter's output was weaker than in 2002. Indications are that foreign investment inflows fell below the previous year's level, while total disbursements of local residential and commercial mortgages decreased. Although also encompassing equity loans, which finance non-construction expenditures, total mortgage disbursements by banks, insurance companies and the Bahamas Mortgage Corporation decreased by 13.8% to \$78.4 million during the fourth quarter, corresponding mainly to reduced financing of housing investments (14.9%) which represented 95% of the total. However, forward looking indicators were encouraging, as the number of mortgage commitments for new construction and repairs of residential and commercial structures rose by 51.2% to 313, with total value increased by 11.6% to \$26.9 million. The bulk of the latter (\$21.4 million) represented residential commitments, compared to \$17.4 million in 2002. Indicative financing costs however, suggested a 30 basis point firming in average interest rates on residential mortgages, to 9.0% vis-à-vis 2002, as compared to a 30 basis

point easing in the corresponding commercial rate to 9.5%.

Consumer price inflation, based on quarterly variations in the average Retail Price Index, was comparatively abated to 0.2% from 0.9% in the fourth quarter of 2002. Despite accelerated cost increases, most notably for education and food & beverages, estimated costs for housing, the most heavily weighted component, was approximately unchanged; and only incrementally abated changes registered for most other components of the Index. However, the annual inflation rate rose to 3.0% from 2.2% in 2002, led by firmer increases in average costs for recreation and entertainment services (9.8%) and furniture & household operations (9.8%). These were strongly mitigated by the abatement in average education cost increases to 1.1%, after a tuition-led hike of 12.9% in 2002.

In the external sector, the estimated current account deficit expanded by 31.3% to \$157.7 million during the fourth quarter. Reduced exports caused the merchandise trade deficit to widen to \$321.9 million from \$309.7 million while, despite slightly improved net tourism receipts, the services account surplus declined to \$200.7 million from \$215.6 million in the previous year, owing to increased net outflows for other external services. Additional pressure was also exerted from growth in net factor income outflows to \$46.5 million from \$30.8 million in the previous year.

Estimated net capital and financial inflows receded to \$34.8 million from \$95.6 million in the fourth quarter of 2002. Most notable was the more than one-third reduction in net private direct investments, owing to decreased net equity inflows to \$14.7 million from \$24.3 million, which overshadowed expanded net real estate inflows of \$15.3 million vis-à-vis \$12.7 million in 2002. Net private loan financing also declined to \$22.1 million from \$24.4 million the previous year. Meanwhile, the public sector featured a significant net external debt repayment of \$123.0 million relative to a net drawdown of \$5.2 million last year, mainly resulting from the \$120.0 million refinancing of the electricity corporation's multilateral debt. This correspondingly explained the expanded net short-term inflow through the banking system of \$118.1 million, compared to \$32.6 million in 2002.

FISCAL OPERATIONS

Provisional estimates on the Government's budgetary operations for the second quarter of FY2003/04 indicate a widening in the overall deficit to \$36.2 million from \$5.0 million in the same period of the previous fiscal year. With both tax and non-tax receipts reduced, revenue collections fell by 6.0% to \$228.6 million, while public sector salary increases underpinned a 6.6% rise in total expenditures to \$264.8 million. For the first six months of the fiscal year through December, cumulative revenues of \$446.1 million represented 45.0% of projected collections for the year, while cumulative outlays of \$501.8 million approximated a similar share of approved allocations. Consequently, the six-month deficit was higher at \$55.8 million from \$33.1 million in FY2002/03.

Government Revenue By Source

(October-December)

	FY02/03p		FY03/04p	
	B\$M	B\$M	B\$M	%
Property tax	14.4	5.9	16.7	7.3
Selective Services tax	5.2	2.2	2.8	1.2
Bus. & Prof. Lic. Fees	6.5	2.7	9.6	4.2
Motor Vehicle tax	2.8	1.2	3.2	1.4
Departure tax	8.9	3.7	13.2	5.8
Import duties	96.5	39.7	92.5	40.5
Stamp tax from imports	23.7	9.7	23.0	10.1
Export tax	2.2	0.9	3.7	1.6
Stamp tax from exports	-	-	-	-
Other stamp duty	19.4	8.0	25.9	11.3
Other Tax revenue	40.3	16.6	28.5	12.5
Fines, forfeits, etc.	9.6	3.9	9.6	4.2
Sale of Govt. Property	0.1	0.0	0.1	0.0
Income	13.8	5.7	1.2	0.5
Other non-tax rev.	-	-	-	-
Capital Revenue	-	-	-	-
Grants	-	-	-	-
Less: Refunds	0.2	0.1	1.4	0.6
Total	243.3	100.0	228.6	100.0

REVENUE

Compared to the year-earlier quarter, tax collections fell by 5.8% to \$206.9 million, constituting 90.5% of the total revenue. Levies on international trade and transactions decreased by 2.6% to \$119.2 million (57.6% of taxes), largely due to the 4.2% falloff in import duties to \$92.5 million. With only incrementally increased hotel room night sales, the related taxes on tourism services fell by 44.7% to \$2.8 million, including a 38.8% reduction in hotel occupancy taxes to \$2.1 million. However, revenue gains were recorded for stamp taxes on financial and other local transactions (33.2% to \$25.9 million), departure taxes (47.5% to \$13.2 million), based on stronger visitor volumes, business and professional license fees (49.7% to \$9.7 million), property taxes (15.9% to \$16.7 million) and motor vehicle taxes (12.8% to \$3.2 million). Meanwhile, other non-disaggregated taxes, which reflected broad revenue trends, were more than halved to \$17.7 million.

Representing the remaining 9.5% of total collections, revenue from non-tax sources fell by 8.0% to \$21.7 million. Although receipts from fines, forfeitures and administration fees were fairly stable at \$9.6 million, income from public enterprises and other sources decreased by a combined 13.1% to \$12.0 million.

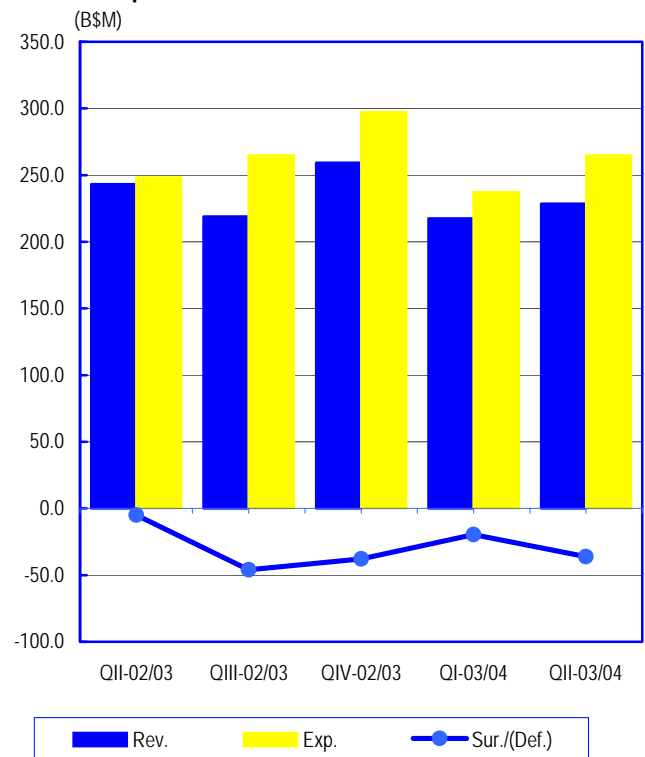
EXPENDITURE

In expenditure trends, preliminary indications are that recurrent spending, which comprised 90.6% of the total, rose by 7.4% to \$239.9 million, while capital outlays, at 6.1% of the total, decreased by 7.2% to \$16.0 million. Net lending to public enterprises, increased by 14.5% to \$8.8 million.

By economic classification, current expenditure increases included a 5.9% rise in Government consumption, reflecting the 10.2% growth in personal emoluments to \$111.1 million, following retroactive payments of the \$100 per month civil servant salary increase, effective from July 2003. This overshadowed the 3.7% reduction in purchases of goods and services to \$44.0 million. Transfer payments were higher by 10.4%, after respective increases in interest and subsidy payments of 20.0% and 6.1%, to \$28.5 million and \$56.4 million. Growth in interest payments was consistent with the expanded debt

stock, with the larger concentration in external liabilities, and reflected the start of coupon payments on the US\$200 million bond issued in July, 2003. Under subsidies and other transfers, higher payments were noted for general subsidies, including transfers to quasi-autonomous agencies (\$2.9 million), for non-profit institutions (\$1.4 million), non-financial public enterprises (\$1.0 million) and transfers abroad (\$0.2 million). These outweighed reductions in transfers to households (\$2.0 million) and public corporations (\$0.3 million).

Fiscal Operations



On a functional basis, spending on general public services, which accounted for the largest share of total recurrent spending (27.0%), rose by 8.5% to \$64.9 million. Increases were also recorded for education, 9.8% to \$47.9 million; health, 5.1% to \$40.4 million; social benefits and services, 3.8% to \$15.7 million and defense, 7.6% to \$7.5 million. Meanwhile, recurrent expenditure on economic services decreased by 2.6% to \$32.3 million, including a one-fourth reduction in tourism outlays to \$13.7 million, following some relaxation of

promotional efforts which intensified immediately after September 11, 2001.

On the capital side, the 7.2% reduction in public investments to \$16.0 million was due mainly to scaled back investments in public works and water supply projects, by 27.6% to \$6.6 million, and in education, by 26.5% to \$3.5 million. These more than offset the notable increase in investments in general public services to \$3.1 million.

FINANCING AND NATIONAL DEBT

Budgetary financing during the second quarter of FY2003/04 included a \$34.0 million advance from the Central Bank, some \$0.4 million in external debt proceeds and utilization of cash balances and overdraft facilities at commercial banks. Estimated debt repayment comprised \$18.2 million in Bahamian dollars and \$6.3 million in foreign currency. Consequently, the Direct Charge on Government rose by \$9.8 million (0.5%) to \$1,939.6 million at end-December 2003. In view of significant net financing needs throughout 2003, this culminated in an increase of \$133.1 million (7.4%) for the year and \$85.1 million for the first six months of the Fiscal Year. The Bahamian dollar component of the Direct Charge accounted for 84.9% of the total and was held mainly by public corporations (40.9%)—principally the National Insurance Board—followed by private and institutional investors (26.2%), domestic banks (25.9%) and the Central Bank (7.0%). Government bonds, which represented 84.2% of the Bahamian dollar total, retained an average term to maturity of 10 years.

With Government's Contingent Liabilities increased during the quarter, by 7.0% to \$426.5 million, the National Debt grew by 1.6% to \$2,366.0 million, exceeding the December 2002 level by \$157.8 million (7.1%).

PUBLIC SECTOR FOREIGN CURRENCY DEBT

Preliminary estimates are that the public sector's foreign currency debt increased by \$3.7 million (0.7%) to \$563.3 million during the quarter. The Bahamas Electricity Corporation's \$124.0 million external debt refinancing by commercial banks, underpinned a significant elevation in both total drawings and repayments, to \$136.7 million and \$133.0 million, respectively. Claims against Government represented \$292.0 million (51.8%) of the total,

and the balance of \$271.3 million (48.2%) was owed by the public corporations.

Following on refinancing activities, commercial banks now hold the largest share of foreign currency debt, 41.6% vis-à-vis 19.4% at the beginning of the quarter, while multilateral institutions' share was correspondingly reduced to 18.4% and private and institutional investors' was relatively stable at 39.9%. In terms of currency composition, more than 95% of the foreign currency debt was denominated in United States dollars, carrying an average maturity just in excess of 17 years compared to less than 10 years at end-2002—the latter reflecting the Government's US\$200 million 30-year bond issued in July.

Compared to the fourth quarter of 2002, interest charges on the foreign currency debt rose by \$3.2 million (40.8%) to \$10.9 million, mainly reflecting the start of coupon payments on the US\$200 million bond issue. After adjusting for the refinancing activity, the resulting debt service (approximately \$21.2 million), as a proportion of estimated exports of goods and non-factor services, softened to 3.3% from 3.9% in 2002. Conversely, the ratio of Government's foreign currency debt service to total revenue was higher, at 5.6% from 3.5% in 2002.

REAL SECTOR

TOURISM

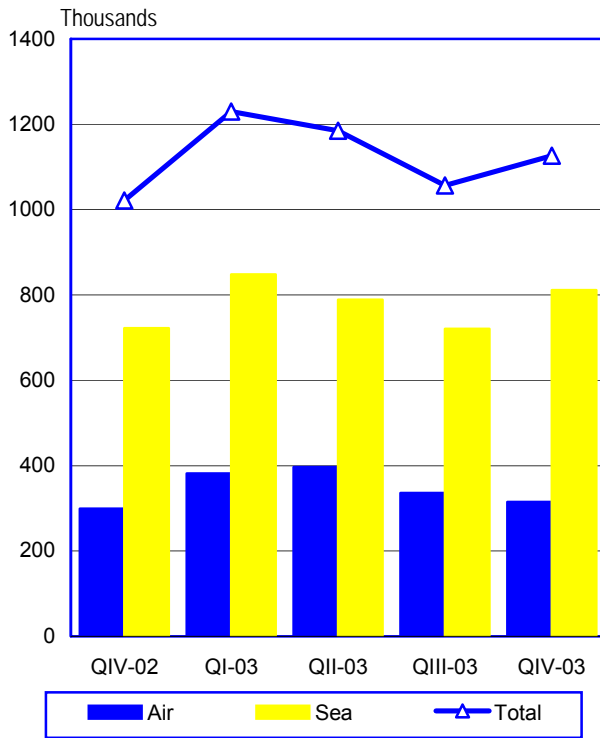
Preliminary indications are that tourism output strengthened during the fourth quarter, relative to the industry's rebound in the same period in 2002, and some comparative softening, particularly in the hotel sector, during the previous quarter. The improvement, which was broadly based across all major island destinations, featured appreciated stopover pricing and increased cruised visitors.

After a rebound of 10.9% in 2002, total visitor arrivals rose further by 9.9% to 1.127 million tourists. Influenced by stopover trends, gains in air arrivals leveled off at 5.4%, for 0.32 million passengers, as compared to the 19.4% recovery in 2002. Sea visitors grew by 11.7% to 0.81 million, relative to the 7.8% expansion in the same quarter of 2002.

Port of entry data showed progress in all of the major island destinations. New Providence, which accounted for 57.9% of all visitors, registered a 6.7% rebound in arrivals, led by a 9.7% upturn in sea visitors, relative to just incremental growth in air traffic (1.0%). Representing 13.4% of the total, arrivals for Grand Bahama grew at a more vigorous pace of 19.5% vis-à-vis the 7.3% revival in the same quarter last year. Responding to both increased hotel rooms and airlift capacity, air arrivals grew further by 12.3%, while sea traffic registered a healthy 25.8% upturn. In the Family Islands, total arrivals rose by 12.3%, with the 11.5% uptrend in sea visitors augmenting robust air traffic growth of 21.3%.

New Providence, estimated room revenues increased by 11.2%, corresponding to a 10.2% improvement in the average room rate to \$183.80 per night, and a 1.1% firming in room nights sold. Intensified strengthening in Grand Bahama's room revenues of 23.5%, benefited from a 13.8% increase in occupied room nights and an 8.5% appreciation in the average room rate to \$75.9 per night. As these improvements outpaced the 6.0% hike in hotel room inventory, the average occupancy rate on Grand Bahamas firmed to 42.1% from 38.6%. In the Family Islands, estimated room revenues grew by 6.8%, supported only by the average room rate increase of 7.6% to \$144.90 per night, as room night sales fell marginally.

Visitor Arrivals



Propelled by gains in the stopover sector, estimated industry expenditures also improved during the fourth quarter. The Ministry of Tourism's survey of major hotel properties in The Bahamas indicated a 12.2% increase in room revenues, following the 35.2% rebound in 2002. More moderated growth in total room night sales of 3.6% vis-à-vis the 17.8% upturn in 2002, was bolstered by the average nightly room rate hike of 8.4% to \$158.70. For

CONSTRUCTION

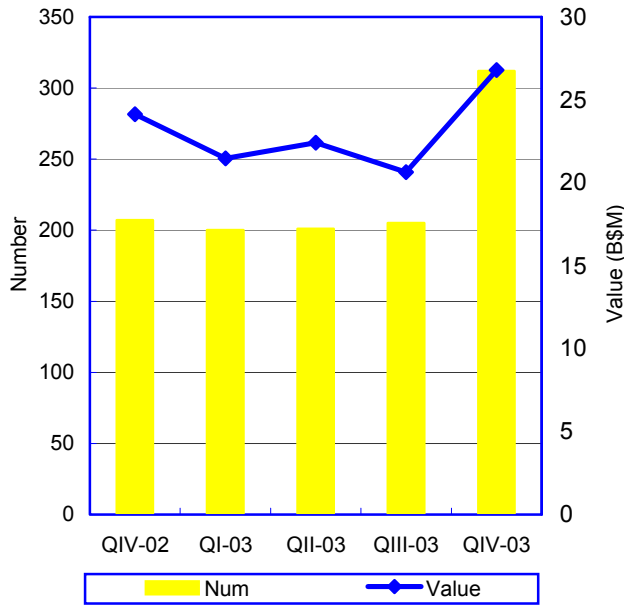
Construction activity remained subdued during the fourth quarter as significant foreign investment projects approved by the Government had not yet commenced and new mortgages financing for local investments trailed the 2002 levels. Data on mortgage lending, as reported by banks, insurance companies and the Bahamas Mortgage Corporation, show a contraction in disbursements during the quarter, although suggesting some firming in future activity.

Signaling an expected increase in future investments, lending institutions reported a 5.1% rise in the number of mortgage commitments for new construction and repairs on residential and commercial structures, to 313 from 207 in 2002, corresponding to an 11.6% hike in associated mortgage valuations to \$26.9 million. The majority of these—276 versus 181 in 2002—represented residential commitments, valued higher at \$21.4 million compared to \$17.4 million in 2002, and mostly earmarked for new housing projects (90.1%). In commercial lending, some 36 new projects loans were committed, compared to 24 in 2002; albeit, these represented a lesser \$5.4 million in potential financing, as opposed to \$6.5 million last year.

Although data on mortgage disbursements are more indicative of actual construction expenditure, amounts reported to the Central Bank do not distinguish between drawdowns related to equity loans, which represent expenditures on other economic activities, versus

amounts strictly related to new construction and repairs. Nevertheless, total disbursements for residential financing during the period fell by 14.9% to \$74.7 million, outweighing increased commercial loans disbursements of 19.4% to \$3.7 million.

**Mortgage Comittments:
New Construction and Repairs**



In response to the more abated disbursement levels relative to ongoing loan repayments, indications are that total mortgage growth during the fourth quarter slackened to \$19.9 million (1.2%) from \$22.8 million (1.5%) during the same period in 2002. For outstanding residential mortgages, the increase narrowed to \$23.0 million (1.6%) from \$29.2 million (2.2%); albeit, the contraction in commercial loans was halved to \$3.1 million (1.9%). For 2003, residential mortgage claims expanded at a reduced \$151.8 million (11.2%), for a year-end stock of \$1,506.8 million, while commercial balances decreased further by \$36.5 million (18.7%) to \$158.7 million. A comparative analysis of average interest rates indicate a firming in borrowing costs for residential mortgages, by 30 basis points to 9.0%, versus an equivalent softening for commercial mortgages to 9.5%.

PRICES

Based on quarterly variations in the average Retail Price Index, consumer price inflation abated to 0.2% from 0.7% in the fourth quarter of 2002. Accelerated cost increases for education (2.2%) and food & beverages (0.7%) and incremental firming for clothing and footwear were mitigated by stable costs for housing, the most heavily weighted component, a decline in average costs for recreation & entertainment services (1.5%) and reduced price gains, on average, for each of the remaining items in the Index.

Average Retail Price Index
(Annual % Change)

Items	Weight	2002		2003	
		Index	%	Index	%
Food & Beverages	138.3	112.86	1.97	113.46	0.53
Clothing & Footwear	58.9	107.61	0.49	107.54	-0.06
Housing	328.2	102.88	0.07	103.64	0.74
Furn. & Household	88.7	114.29	4.91	118.69	3.85
Med. Care & Health	44.1	112.26	1.20	123.26	9.80
Trans. & Comm.	148.4	104.13	0.13	106.08	1.88
Rec., Enter. & Svcs.	48.7	115.33	2.48	126.64	9.81
Education	53.1	160.74	12.89	162.47	1.08
Other Goods & Svcs.	91.6	109.75	2.06	122.96	12.04
ALL ITEMS	1000	110.48	2.19	113.79	3.00

For the twelve months ending December 2003, average inflation firmed to 3.0% from 2.2% in 2002. This mainly reflected accelerated price increases for recreation & entertainment services (9.8%), medical care & health (9.8%), furniture & household operations (3.9%), transport & communication (1.8%), and housing (0.7%) costs, as well as "other" non-disaggregated goods and services (12.0%). Conversely, the increase in average education costs abated sharply to 1.1% from the 12.9% tuition fee led hike during 2002; and was tempered for food & beverages (0.5%), while average clothing & footwear costs decreased slightly (0.1%).

MONEY, CREDIT AND INTEREST RATES

OVERVIEW

Despite a fourth quarter upturn, monetary expansion trailed domestic credit growth, with a consequential seasonal decline in liquidity and an increase in banks' net foreign liabilities. Although liquidity conditions were comparatively more buoyant and monetary policy remained restrictive, there was some softening in commercial banks' average loan rates and firming in average deposit rates, which caused a narrowing in the average interest rate spread. Public sector transactions dominated credit trends, marked by significant refinancing of the corporations' external debt and the Government's heightened net domestic financing needs.

Meanwhile, the latest available data on domestic banks' performance for the third quarter of 2003 indicated continued deterioration in profitability ratios, mainly associated with increases in operating costs and depreciation expenses

LIQUIDITY

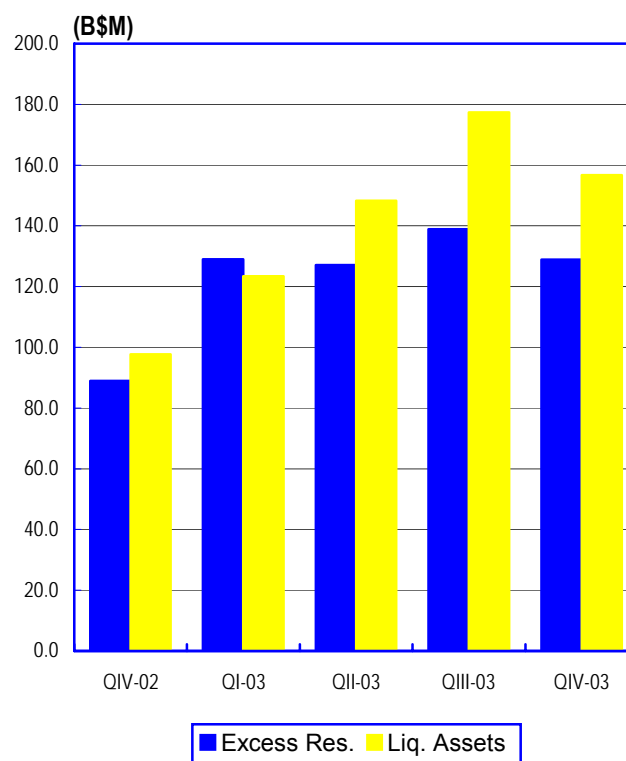
Banks' net free cash balances contracted by 7.2% to \$128.9 million for the review quarter, moderating the 39.1% reduction to \$88.9 million over the same period in 2002, as deposit balances with the Central Bank were reduced in line with the private sector's elevated seasonal currency needs for retail spending. Nevertheless, end-December liquidity was equivalent to an improved 3.4% of Bahamian dollar deposits, compared to 2.4% in 2002. Broader surplus liquid assets were also lower on a seasonal basis relative to the statutory minimum, by 11.6% to \$156.7 million—which constituted an expanded 25.5% of the statutory minimum compared to 16.6% in 2002.

DEPOSITS AND MONEY

Following a 0.7% decrease in the comparative 2002 period, the money supply (M3) recovered by 1.2%, supported by a 2.2% upturn in demand deposits as accelerated accumulations of private individuals and business firms' balances exceeded the larger reduction in public corporations' deposits. Combined with nearly

doubled growth in currency in active circulation of 6.2%, narrow money (M1) rose by 2.9%, as opposed to the year-earlier 1.9% contraction.

Liquidity



Similarly, broad money (M2) expanded by 1.2%, after declining by 0.7% in 2002. Transactions by private individuals influenced a 0.7% increase in savings deposits, partly reversing last year's 1.5% decline. Accretions to both private individuals and public corporations balances contributed to the 0.7% upturn in fixed deposits, compared to a net withdrawal of 0.1% a year ago. Meanwhile, resident's foreign currency deposits grew by 0.2% after contracting by 1.0% in 2002. This culminated in an overall money stock (M3) growth of \$47.4 million (1.2%) to \$4,003.3 million, and contrasted with the year-earlier reduction of \$28.9 million (0.7%) to \$3,836.2 million.

Bahamian dollar fixed deposits still constituted the largest component of the money supply (57.8%), followed by demand (18.7%) and savings balances (17.0%); with a smaller fraction represented by currency in active

circulation (4.0%) and residents' foreign currency deposits (2.5%).

Analysis of Bahamian dollar deposits by range of values and number of accounts indicate that the largest concentration of accounts (90.5%) held balances under \$10,000, which corresponded to only 9.2% of the aggregate value. Although individual deposits of over \$50,000 comprised fewer accounts (2.9%), these represented 76.4% of the total value. Otherwise, some 6.6% of accounts, valued between \$10,000 to \$50,000, constituted 14.4% of total deposits.

By depositor profile, private individuals held the majority of Bahamian dollar balances (54.0%), followed by business firms (25.5%), the public sector (10.4%), institutional and other investors (5.2%) and private financial institutions (4.9%).

DOMESTIC CREDIT

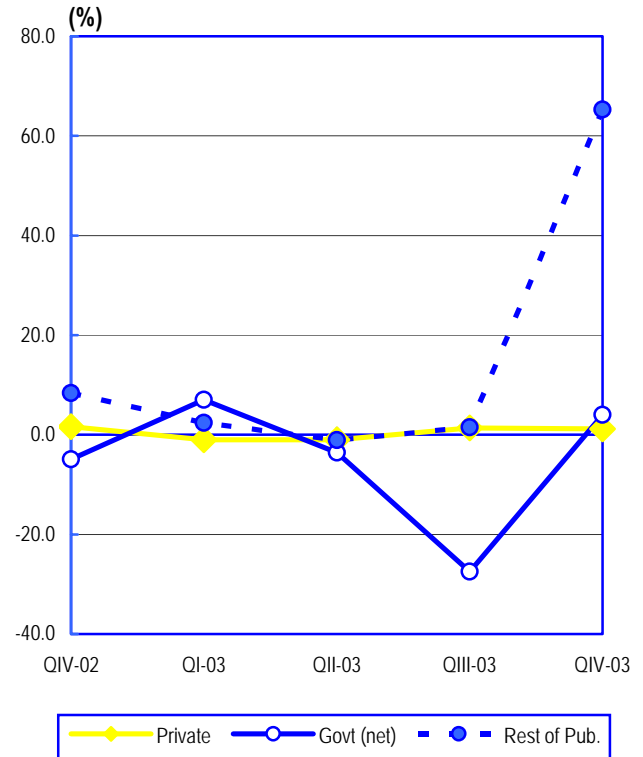
Public sector borrowing was the main influence in the quarter's domestic credit trends, as expansion in the private sector's indebtedness remained constrained by the Central Bank's ceiling on Bahamian dollar lending, in effect since September 2001. In particular, sharply accelerated growth in domestic credit, of \$232.7 million (4.9%) compared to \$48.5 million (1.0%) in the corresponding quarter of 2002, was led by a \$166.6 million (23.4%) rise in the banking system's net claims on the public sector. The refinancing of some \$120 million in external multilateral facilities by the Bahamas Electricity Corporation explained most of the \$147.3 million (65.3%) increase in claims on public corporations. Net credit to Government also rose by \$19.3 million (4.0%) compared to the year-earlier decline of \$33.2 million (4.8%).

While private sector credit expansion was relatively steady at \$66.1 million (1.6%), moderation in personal loans growth was offset by expanded net lending for some other sectors. Growth in the Bahamian dollar component eased slightly to \$53.8 million (1.5%) from \$57.0 million (1.6%) last year, outweighing some firming in the foreign currency credit advance to \$12.3 million (3.1%) from \$7.8 million (1.7%).

On a sectoral basis, personal loans, which comprised the largest share (69.2%) of private credit, regis-

tered reduced growth of \$35.4 million (1.3%) compared to \$59.4 million (2.2%) last year. Net residential mortgage disbursements slowed to \$34.2 million (2.7%) from \$54.0 million (4.9%), and personal overdrafts rose at a moderately reduced pace of \$11.5 million (29.0%), outweighing the downturn in consumer credit of \$9.2 million (0.7%).

Changes in Credit



Notable among the remaining private sector credit categories, was the doubling in net quarterly advances for distribution (\$14.0 million); resumed net lending for construction (\$11.2 million), miscellaneous purposes (\$6.8 million) and professional & other services (\$3.6 million); and increased net advances for agriculture (\$2.7 million). Included among the reversals was a reduction in sectoral claims for private financial institutions (\$10.2 million) and tourism (1.1 million), alongside further net repayments for fisheries (\$1.9 million), mining & quarrying (\$1.2 million) and manufacturing (\$1.4 million).

Under consumer credit, the increases were distributed among land purchases (\$3.1 million), miscellaneous

credit (\$2.4 million) and home improvement (\$1.1 million), were overshadowed by the net repayments for education (\$0.2 million), credit cards (\$14.1 million) and private cars (\$1.7 million).

liabilities increased by \$122.9 million (25.7%) during the quarter.

Proportional analysis revealed that commercial banks held 97.2% of the banking system's total deposits, which were owed mainly to private individuals (53.6%), followed by private businesses (25.4%), private financial institutions (5.0%) and institutional investors and other depositors (5.3%); the remaining 10.7% was owed to the public sector. By contractual obligations, the bulk of deposits were held in fixed balances (60.1%), followed by demand (22.0%) and savings (17.9%) deposits.

Distribution of Bank Credit By Sector
End-December

	2003		2004	
	B\$M	%	B\$M	%
Agriculture	9.0	0.2	10.6	0.2
Fisheries	5.3	0.1	14.9	0.3
Mining & Quarry	21.0	0.5	16.7	0.3
Manufacturing	64.4	1.4	59.6	1.3
Distribution	220.6	5.0	223.7	5.0
Tourism	238.8	5.4	218.8	4.9
Enter. & Catering	33.4	0.8	34.5	0.8
Transport	65.0	1.5	32.0	0.7
Public Corps.	202.5	4.6	347.0	7.7
Construction	337.2	7.6	277.6	6.2
Government	170.0	3.8	74.5	1.7
Private Financial	36.6	0.8	28.9	0.6
Prof. & Other Ser.	130.5	2.9	129.4	2.9
Personal	2,712.6	61.2	2,809.4	62.4
Miscellaneous	185.6	4.2	218.7	4.9
TOTAL	4,432.5	100.0	4,496.3	100.0

OTHER LOCAL FINANCIAL INSTITUTIONS

During the fourth quarter, OLFIs' private sector credit and deposit liabilities contracted by 0.3% and 0.5%, respectively. Total mortgages, which accounted for 92.9% of the loan portfolio, declined by 1.0% to \$136.3 million. After dividend payouts, the OLFIs' net foreign liabilities fell by \$4.8 million (26.8%) to \$13.1 million.

On a proportional basis, deposit accounts with balances in excess of \$50,000 comprised 73.0% of the aggregate value and 35.2% of the total contracts, while individual balances of less than \$10,000 constituted 19.7% of funds and 33.4% of accounts. An estimated 89.2% of the OLFIs private sector liabilities were held in fixed deposits, another 10.6% in demand deposits and the remainder, savings.

COMMERCIAL BANKS

Commercial banks total credit expansion of \$202.5 million (4.5%), outpaced the corresponding deposits growth of \$76.4 million (2.1%). Total claims on public corporations increased by \$147.4 million (67.6%), led by a \$138.8 million foreign currency advance, which included the refinancing of the electricity corporation's external loan. Conversely, growth in deposit liabilities to the corporations trailed at \$26.6 million (9.6%). Meanwhile, contraction in net credit to Government was more moderate at 2.8% compared to 9.3% in 2002. As regard the private sector, the rise in claims almost steadied at \$66.6 million (1.7%), with deposit liabilities rebounded by \$47.9 million (1.4%) following a \$33.7 million (1.0%) reduction in 2002. Mainly as a result of the foreign currency debt refinancing, commercial banks' net foreign

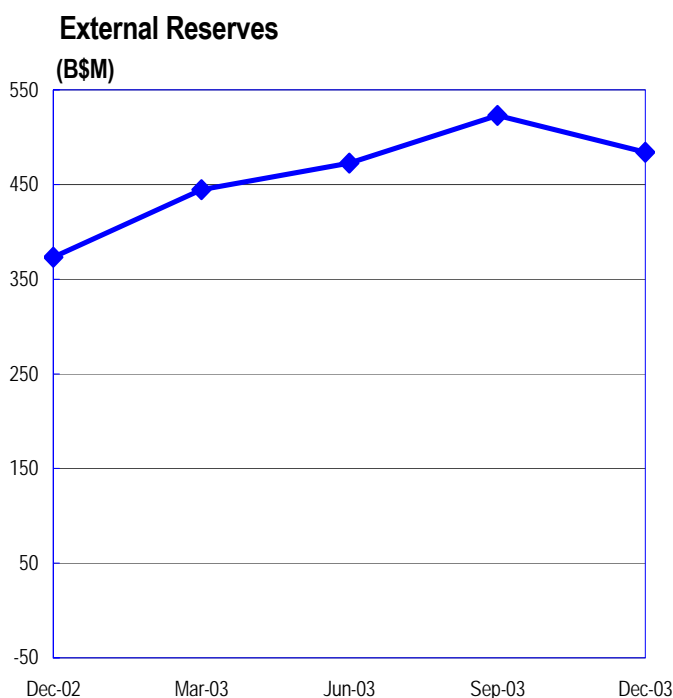
THE CENTRAL BANK

During the review quarter, the Central Bank's net claims on Government rose by \$30.5 million (39.2%) to \$108.4 million, led by increased advances of \$34.0 million, relative to a small reduction in bond holdings. Meanwhile, increased net foreign currency demand from the public sector underpinned a \$38.8 million (7.4%) contraction in external reserves, slightly greater than the previous year's decrease of \$33.6 million (8.3%). However, the end-December external reserves level of \$484.1 million represented a \$110.9 million (29.7%) improvement over 2002.

As regard quarterly foreign currency transactions, the Central Bank's net foreign currency sale was slightly higher at \$42.0 million from \$38.3 million in 2002. Consistent with increased foreign currency flows through the private sector, total purchases rose by 38.2% to \$161.3 million, but were outstripped by higher seasonal sales of 31.1% to \$203.3 million. In particular, the private sector, through commercial banks, supported a net inflow of \$4.0 million, relative to a net sale of \$18.5 million in 2002, while the public sector's net outflow widened to \$46.0 million from \$19.8 million last year.

were led by the 16 basis point softening in the average commercial mortgage rate to 9.04% and in the average consumer loan rate, by 36 basis points to 13.53%. However, average rates on residential mortgages and overdrafts firmed by 11 and 79 basis points, to 9.02% and 12.45%, respectively.

The average 90-day Treasury bill rate softened by 29 basis points to 1.45%, while benchmark rates, the Central Bank's Discount Rate and commercial banks' Prime, were unchanged at 5.75% and 6.00%, respectively.



BANK PROFITABILITY

For the quarter ended September 2003, the latest period for which data is available, domestic banks' net income decreased by \$11.7 million (34.5%) to \$22.3 million, relative to the same period in 2002. The net interest margin widened by 2.8%, as the increase in interest income (6.4%) offset higher interest expenses (12.6%). However, a significant rise in staff outlays contributed to a 10.6% advance in total operating costs, resulting in a 5.3% reduction of the net earnings margin to \$28.8 million. Meanwhile, advances in both bad debt expenses and depreciation costs (inclusive of amortization of goodwill), reversed the "other" income (net) position, to a negative \$6.5 million from the \$3.6 million positive flow in 2002.

Reflecting these trends, profitability ratios relative to average domestic assets weakened. The ratio for the net interest margin declined by 11 basis points to 4.69% and for the gross earnings margin, by 8 basis points to 5.13%, after a 4 basis point rise in the contribution from commission and foreign exchange income. With the operations cost ratio higher by 15 basis points at 3.15%, the net earnings margin ratio was reduced to 1.98% from 2.21%. The negative contribution of "other" income sources of 0.45% as compared to a 0.21% boost in the same period last year, resulted in an overall deterioration in banks' profitability ratio (return on assets) of 93 basis points to 1.53%.

INTEREST RATES

During the quarter, commercial banks' average interest rate spread on loans and deposits narrowed by 24 basis points to 8.10%. The weighted average loan rate softened by 5 basis points to 12.10%, while the corresponding deposit rate firmed by 19 basis points to 4.00%.

On the deposit side, the average interest rate on fixed maturities fluctuated within a higher band of 3.82% - 4.86% compared to 3.71% - 4.66% in the previous quarter; the average savings rate also firmed by 4 basis points to 2.60%. Decreases in average lending rates

CAPTIAL MARKETS DEVELOPMENTS

Reflecting improved investor confidence, based mainly in response to the more favorable economic outlook and gradually improved earnings expectations for some non-financial sector companies, equity valuations on the domestic capital markets rose further during the fourth quarter of 2003, and trading volumes continued to increase. The Bahamas International Securities Exchange (BISX) All Share Price Index rose by 3.6% to 868.30 points, cementing a more marginal advance of 0.9% last quarter. Compared to 2002, the volume of shares traded rose by 17.8% to 3.57 million; albeit, valued 50.6% less at \$7.4 million.

The broader Fidelity Capital Market Limited's Findex weighted share price index, which also captures "over-the-counter" trading, increased further during the quarter, by 3.1% to 374.26 points, relative to a 1.9% gain during the previous quarter. Although the Index still showed a cumulative loss of 0.6% for the year, this was significantly tapered from the 2002 decline of more than 10.0%.

In contrast to the 13.0% drop in 2002, losses on the BISX Index narrowed to 2.0% during 2003, incorporating a 20.9% increase in trading volume and a 50.6% boost in the total value of trades. Market capitalization of companies represented on BISX decreased by 5.5% to \$1.7 million, partly reversing a 27.1% decrease in 2002. One new mutual fund security listing, targeting real estate investments, was added to the Exchange, bringing the total number of listings to 17, and similarly increasing the total number of publicly traded securities comprising the over-the-counter market to 21. Also of note, some \$7.6 million in new capital was raised by a distribution sector company, after a pause in new share offerings of more than one year.

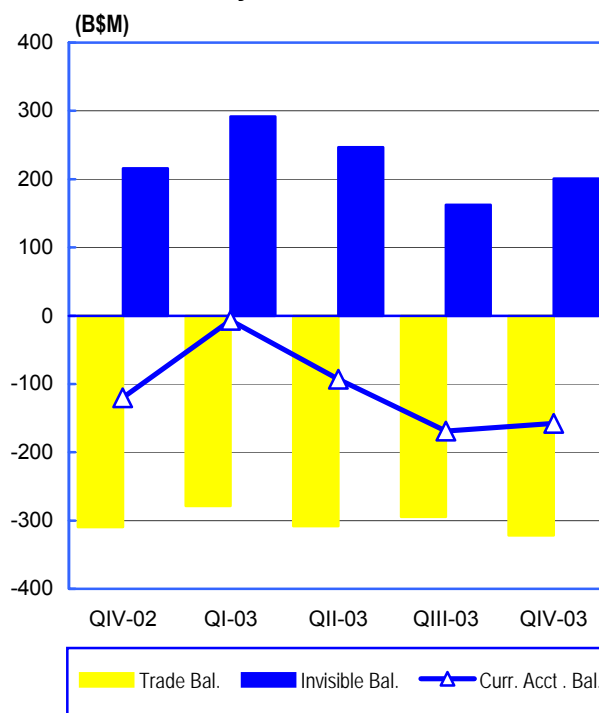
INTERNATIONAL TRADE AND PAYMENTS

Based on preliminary estimates for the fourth quarter of 2003, the current account deficit on the balance of payments widened to \$157.7 million from \$120.0 million in 2002, reflecting a combination of increased net im-

ports, reduced net services receipts and increased net profit remittances by the private sector.

The merchandise trade deficit widened by 3.9% to an estimated \$321.9 million during the quarter. Added to the 7.6% drop in exports to \$115.3 million, non-oil merchandise imports rose by 1.5% to \$370.4 million, outweighing a 4.8% reduction in the estimated oil bill to \$65.7 million. Although pricing data was not available by product categories, indications are that the fourth quarter oil bill continued to reflect higher average prices in response to pricing pressures in the global market and the weak US dollar.

Balance of Payments



On the services account, the estimated surplus decreased by \$14.9 million (6.9%) to \$200.7 million. Higher tourism expenditures, which boosted net travel related receipts marginally by 0.8% to \$335.7 million, and the 13.4% contraction net outflows for government services to \$13.0 million, were overshadowed by expanded net external payments for most other services. In particular, net remittances for external insurance rose by 13.5% to \$28.4 million; transportation, by 2.8% to \$44.4 million and "other" unclassified services, including construction, by

INTERNATIONAL ECONOMIC DEVELOPMENTS

10.9% to \$93.1 million. Also, fourth quarter inflows associated with offshore companies' local expenditure decreased by 11.6% to \$44.0 million.

Under the income account, net external payments rose by \$15.7 million (51.0%) to \$46.5 million, with labour remittances higher by \$4.7 million (37.0%) at \$17.5 million and net investment income outflows nearly two-thirds higher at \$29.0 million. The latter was principally explained by a 47.6% expansion in private sector profit repatriation to \$26.9 million. In addition, official transactions were reversed to a net interest payment of \$2.1 million from a marginal net receipt in 2002.

Net current transfers doubled to an estimated \$10.1 million, with general government receipts elevated to \$11.3 million from \$7.9 million, and workers' net outward remittances halved to \$1.6 million.

The estimated surplus on the capital and financial account narrowed significantly to \$34.8 million from \$95.6 million in 2002. Migrants' net transfers rose to \$12.2 million from \$3.7 million, while net financial receipts decreased to \$47.1 million from \$99.3 million in 2002. Most notable in respect of the latter was the one-fifth reduction in net private direct investments, as net equity inflows narrowed to \$14.7 million from \$24.3 million offsetting the increased net real estate sales of \$15.3 million from \$12.7 million in 2002. Net private loan inflows also slackened to \$22.1 million from \$24.4 million. Meanwhile, the public sector recorded a significant net external debt repayment of \$120.0 million vis-à-vis a net drawdown of \$5.2 million in 2002, mainly reflecting the \$128 million refinancing of multilateral debt owed by the electricity corporation. Given the domestic banks' facilitation of this transaction, net short-term inflows through the banking system rose to \$118.1 million from \$32.6 million the previous year.

Consequent on these developments and after adjusting for possible errors and omissions, the overall balance recorded a deficit of \$38.8 million, relative to \$33.6 million.

Evidence of strengthening output among the major industrial economies consolidated during the fourth quarter of 2003, aided by the accumulated influence of earlier relaxation of monetary and fiscal policies and rising global trade. Although still soft overall, improvements also registered in the labor markets; and consumer price inflation trends remained mild. On the monetary policy front, while most major central banks maintained their respective key interest rates at relaxed levels, tightening undertaken by the Bank of England reinforced expectations that widespread tightening was likely to begin during 2004. Increasingly favourable economic data stimulated continued recovery in equity prices on the major bourses, while currency market developments featured ongoing decline in the value of the US dollar against other major currencies, largely in response to the country's mounting trade and budget deficits. In external sector trends, the dollar's depreciation caused an erosion in most major countries current account balances, owing to some loss in export competitiveness.

Further consolidation in the major countries output trends was evident during the quarter. While the pace of the United States' real GDP expansion was more tempered at an annualized 4.3% from 8.2% in the previous quarter, this reflected strengthening contributions from business investments and household spending alongside elevated public sector expenditures, particularly on defense and homeland security. In the euro area, export sector improvements contributed to output growth of 1.2% in the fourth quarter compared to 1.7% in the third quarter, with Germany's real GDP gains slackened to 0.2% in comparison to the previous quarter's annualized rebound of 0.9%, and France adding to the third quarter's upturn of 1.5%. In the United Kingdom, growth firmed to 3.6% on an annualized basis, from the third quarter's 3.2%, with significant impulse from the continuing expansion in service sector activities. Strong demand for export goods continued to support the recovery of the Japanese economy, where growth in the fourth quarter surpassed the previous quarter's 1.2% expansion, with

both industrial output and exports gains significantly strengthened.

Labour market conditions in the major countries registered broad incremental improvements during the fourth quarter of 2003, albeit trailing growth trends, as firms continued to benefit from increased productivity, reducing the pace at which new workers needed to be hired. In the United States, the average unemployment rate fell to 5.7% from 6.1% in the previous quarter, with the outcome still impacted by discouraged persons who have stopped searching for work. Although euro zone average unemployment steadied at 8.8% and France's at 9.7%, Germany's jobless rate softened to 10.4% from 10.5% last quarter. In the United Kingdom, increasing manufacturing and services sector hiring, helped reduce the unemployment rate to 3.0% from 3.1% in the third quarter. Meanwhile, with rising production among Japanese exporters, average unemployment was reduced to 4.9% from 5.1% in the previous period.

Mild consumer price inflation trends in the major industrial countries continued to be underpinned by soft labour market conditions and appreciated currencies which lowered import prices. While the United States' currency depreciated further, exporters of goods with prices denominated in dollars absorbed most of the associated exchange rate losses and this, along with job market softness, restrained the average consumer increase at 1.9% from 2.3% in the previous quarter, on an annualized basis. Annualized inflation in the euro area also decreased marginally, to 2.0% from the previous quarter's 2.2%, partly driven by the euro's appreciation. In this regard, Germany's consumer price increase was unchanged at 1.1%, but France's firmed slightly to 2.4%. In the United Kingdom, the rise in average retail prices steadied at 2.8% for the second quarter in a row. While not signaling an end to deflationary trends, average consumer prices in Japan were unchanged in the fourth quarter, after a 0.4% decline in the previous quarter.

In currency markets, the United States' dollar continued its orderly depreciation against major world currencies, a reflection of the rising deficits in both the trade account and the federal budget. So far, the dollar's depreciation has not placed upward pressure on interest rates, as the expanded international holdings of US

dollars generated from the trade deficit have resulted in increased investment inflows into US domestic debt securities. The dollar lost 8.1% of its value against the euro to €0.79, for a 12 month decline of 13.2%. While fourth quarter depreciation against the pound sterling moderated to 6.9% to £0.56, this culminated in a 12-month loss of approximately 11.1%. For the quarter, the dollar also fell against the Swiss franc, by 6.1% to SF1.2391; the Canadian dollar, by 1.24% to C\$1.30, and the Japanese yen, by 3.8% to ¥107.22.

In commodities markets, investments in precious metals continued to provide attractive hedges for financial assets in lieu of lingering geopolitical tensions. The respective prices for gold and silver rose by 7.8% and 16.0%, to \$415.85 and \$5.94 per troy ounce, and were higher by 23.1% and 33.2% for the 12 months through December. Affected by OPEC's September 2003 announcement to reduce crude oil production, by 3.5% to 24.5 million barrels a day effective November, the per barrel price of Brent Sea crude rose by 11.4% to \$32.52 during the quarter, exceeding OPEC's targeted price band of \$22-\$28 per barrel, and was some 4.2% above the 2002 close of \$31.20 per barrel.

Caught on the wave of favorable economic news, equity valuations on major bourses continued their upward climb during the fourth quarter of 2003. In the United States, the Dow Jones Industrial Average (DJIA) closed the quarter 12.7% higher at 10,453.9 points and the broader S&P 500 Index gained 11.6% to 1,111.9 points. Positive results among European bourses included the United Kingdom's FTSE 100 Index 9.4% rise to 4,476.9 points; France's CAC 40 Index 13.5% gain to 3,557.9 points and Germany's DAX Index 21.8% appreciation to 3,965.2 points. In Japan, the Nikkei 225 Index also increased moderately, by 4.5% to 10,676.6 points during the quarter.

On the monetary policy front, the Bank of England provided the first evidence of a bottoming out in monetary policy easing among major central banks. In response to inflation concerns, which seemed more imminent in the United Kingdom, the Bank raised its repurchase rate by 25 basis points to 3.75% in October. Inflation concerns were considered less immediate in the United States, where the Federal Reserve kept its primary credit and

target Federal funds rates at 2.00% and 1.00%, respectively, as set in June 2003. The European Central Bank sought to keep the euro area recovery on track, by also maintaining its refinancing rate steady at 2.00%, where it has been since June 2003. Continued monetary stimulus was also considered important at the Bank of Japan, where, although the official discount rate was kept at the historic low of 0.1% for the ninth consecutive quarter, authorities provided ongoing liquidity support to the financial markets to prevent upward pressures on short-term money market rates.

In external sector developments, despite steadily increasing global trade, the current account balances of most major countries deteriorated during the quarter, hindered by respectively appreciated currencies vis-à-vis

the US dollar. The United States, which continued to absorb a significant share of world trade growth, recorded a decrease in the estimated current account deficit from the third quarters' annualized \$135.0 billion, as net import growth abated. In contrast, increased trade with the euro area helped support a 7.5% reduction in the United Kingdom's current account deficit to £7.5 billion during the fourth quarter. In the euro area however, some weakening in exports, as a result of the strong euro, caused a deterioration in member countries' net external positions, including Germany's, where the current account surplus decreased by 39.4% to €5.7 billion. The yen's strength also eroded Japan's current account surplus below the previous quarter's ¥1,595.9 billion.

STATISTICAL APPENDIX

(Tables 1-16)

STATISTICAL APPENDIX

TABLE 1	FINANCIAL SURVEY
TABLE 2	MONETARY SURVEY
TABLE 3	CENTRAL BANK BALANCE SHEET
TABLE 4	COMMERCIAL BANKS BALANCE SHEET
TABLE 5	OTHER LOCAL FINANCIAL INSTITUTIONS BALANCE SHEET
TABLE 6	PROFIT AND LOSS ACCOUNTS OF BANKS IN THE BAHAMAS
TABLE 7	MONEY SUPPLY
TABLE 8	CONSUMER INSTALLMENT CREDIT
TABLE 9	SELECTED INTEREST RATES
TABLE 10	SUMMARY OF BANK LIQUIDITY
TABLE 11	GOVERNMENT OPERATIONS AND FINANCING
TABLE 12	NATIONAL DEBT
TABLE 13	PUBLIC SECTOR FOREIGN CURRENCY DEBT OPERATIONS
TABLE 14	BALANCE OF PAYMENTS SUMMARY
TABLE 15	EXTERNAL TRADE
TABLE 16	SELECTED TOURISM STATISTICS

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 totals.

TABLE 1
FINANCIAL SURVEY

End of Period	2001			2002			2003					
	1999	2000	2001	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	
				(B\$ Millions)								
Net foreign assets												
Central Bank	(50.5)	(86.6)	(234.5)	(207.7)	(178.6)	(291.1)	(357.3)	(209.1)	(123.1)	27.2	(129.7)	
Commercial banks	404.0	342.6	312.4	380.1	460.7	406.8	373.2	444.5	472.5	522.9	484.1	
Other local fin. institutions	(456.6)	(449.5)	(548.4)	(583.2)	(634.6)	(689.6)	(722.9)	(645.1)	(577.7)	(477.8)	(600.7)	
	2.1	20.3	1.5	(4.6)	(4.7)	(8.3)	(7.6)	(8.5)	(17.9)	(17.9)	(13.1)	
Net domestic assets												
Domestic credit	3,298.1	3,645.6	3,951.6	4,009.4	4,068.4	4,156.2	4,193.5	4,155.7	4,064.0	3,928.7	4,133.0	
Public sector	3,824.6	4,278.6	4,677.3	4,725.5	4,809.2	4,891.9	4,940.4	4,952.4	4,883.2	4,758.4	4,974.0	
Government (net)	669.4	649.8	775.2	785.5	852.8	887.1	870.8	921.5	893.9	712.8	879.4	
Rest of public sector	495.4	508.5	626.0	596.4	662.6	684.6	651.3	696.8	671.6	487.2	506.5	
Private sector	174.0	141.3	149.2	189.1	190.2	202.5	219.5	224.7	222.3	225.6	372.9	
Other items (net)	3,155.2	3,628.8	3,902.1	3,940.0	3,956.4	4,004.8	4,069.6	4,030.9	3,989.3	4,045.6	4,094.6	
	(526.5)	(633.0)	(725.7)	(716.1)	(740.8)	(735.7)	(746.9)	(796.7)	(819.2)	(829.7)	(841.0)	
Monetary liabilities												
Money	3,247.6	3,559.0	3,717.1	3,801.7	3,889.8	3,865.1	3,836.2	3,946.6	3,940.9	3,946.8	4,003.3	
Currency	758.2	807.8	776.7	792.1	835.3	833.6	817.7	866.4	865.0	881.9	907.4	
Demand deposits	148.4	151.4	153.5	147.3	154.6	149.5	154.8	148.6	155.4	150.7	160.1	
Quasi-money	609.8	656.4	623.2	644.8	680.7	684.1	662.9	717.8	709.6	731.2	747.3	
Fixed deposits	2,489.4	2,751.2	2,940.4	3,009.6	3,054.5	3,031.5	3,018.5	3,080.2	3,075.9	3,064.9	3,095.9	
Savings deposits	1,888.4	2,068.8	2,244.0	2,292.9	2,301.2	2,298.8	2,296.2	2,307.2	2,301.4	2,289.9	2,315.9	
Foreign currency	548.0	596.1	604.6	629.2	651.3	640.2	630.7	647.5	670.8	674.0	678.8	
	53.0	86.3	91.8	87.5	102.0	92.5	91.6	125.5	103.7	101.0	101.2	
				(percentage changes)								
Total domestic credit												
Public sector	11.6	11.9	9.3	1.0	1.8	1.7	1.0	0.2	(1.4)	(2.6)	4.5	
Government (net)	13.7	(2.9)	19.3	1.3	8.6	4.0	(1.8)	5.8	(3.0)	(20.3)	23.4	
Rest of public sector	9.5	2.6	23.1	(4.7)	11.1	3.3	(4.9)	7.0	(3.6)	(27.5)	4.0	
Private sector	27.7	(18.8)	5.6	26.7	0.6	6.5	8.4	2.4	(1.1)	1.5	65.3	
	11.2	15.0	7.5	1.0	0.4	1.2	1.6	(1.0)	(1.0)	1.4	1.2	
Monetary liabilities												
Money	11.8	9.6	4.4	2.3	2.3	(0.6)	(0.7)	2.9	(0.1)	0.1	1.4	
Currency	27.1	6.5	(3.8)	2.0	5.5	(0.2)	(1.9)	6.0	(0.2)	2.0	2.9	
Demand deposits	18.2	2.0	1.4	(4.0)	5.0	(3.3)	3.5	(4.0)	4.6	(3.0)	6.2	
Quasi-money	29.5	7.6	(5.1)	3.5	5.6	0.5	(3.1)	8.3	(1.1)	3.0	2.2	
	7.9	10.5	6.9	2.4	1.5	(0.8)	(0.4)	2.0	(0.1)	(0.4)	1.0	

Source: The Central Bank of The Bahamas

TABLE 2
MONETARY SURVEY

End of Period	2001			2002			2003					
	1999	2000	2001	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	
				(B\$ Millions)								
Net foreign assets												
Central Bank	(52.6)	(106.9)	(236.0)	(203.1)	(173.9)	(282.8)	(349.7)	(200.6)	(105.2)	45.1	(116.6)	
Commercial banks	404.0	342.6	312.4	380.1	460.7	406.8	373.2	444.5	472.5	522.9	484.1	
	(456.6)	(449.5)	(548.4)	(583.2)	(634.6)	(689.6)	(722.9)	(645.1)	(577.7)	(477.8)	(600.7)	
Net domestic assets												
Domestic credit	3,230.2	3,572.2	3,874.7	3,926.8	3,972.3	4,061.4	4,092.4	4,045.0	3,939.8	3,801.4	4,011.0	
Public sector	3,736.8	4,158.4	4,553.8	4,596.9	4,674.3	4,752.1	4,793.2	4,800.3	4,731.4	4,607.0	4,822.8	
Government (net)	665.4	645.3	771.9	782.3	849.6	883.8	867.6	918.4	890.7	708.7	874.9	
Rest of public sector	491.5	504.1	622.8	593.3	659.5	681.4	648.2	693.7	668.4	483.1	502.1	
Private sector	173.9	141.2	149.1	189.0	190.1	202.4	219.4	224.7	222.3	225.6	372.8	
	3,071.4	3,513.1	3,781.9	3,814.6	3,824.7	3,868.3	3,925.6	3,881.9	3,840.7	3,898.3	3,947.9	
Other items (net)	(506.6)	(586.2)	(679.1)	(670.1)	(702.0)	(690.7)	(700.8)	(755.3)	(791.6)	(805.6)	(811.8)	
Monetary liabilities												
Money	3,177.6	3,465.3	3,638.7	3,723.7	3,798.4	3,778.6	3,742.7	3,844.4	3,834.6	3,846.4	3,894.4	
Currency	754.1	796.6	769.2	784.7	825.3	825.8	808.5	856.4	855.7	870.2	895.8	
Demand deposits	148.9	151.9	153.5	147.3	154.6	149.6	154.8	148.6	155.4	150.7	160.1	
Quasi-money	605.2	644.7	615.7	637.4	670.7	676.2	653.7	707.8	700.3	719.5	735.7	
Savings deposits	2,423.5	2,668.7	2,869.5	2,939.0	2,973.1	2,952.8	2,934.2	2,988.0	2,978.9	2,976.2	2,998.6	
Fixed deposits	545.5	593.4	604.3	628.9	651.0	639.9	630.4	647.2	670.5	673.7	678.5	
Foreign currency deposits	1,825.1	1,989.0	2,173.4	2,222.6	2,220.1	2,220.5	2,212.2	2,215.3	2,204.7	2,201.4	2,218.8	
	52.9	86.3	91.8	87.5	102.0	92.4	91.6	125.5	103.7	101.1	101.3	
				(percentage change)								
Total domestic credit												
Public sector	11.4	11.3	9.5	0.9	1.7	1.7	0.9	0.1	(1.4)	(2.6)	4.7	
Government (net)	13.6	(3.0)	19.6	1.3	8.6	4.0	(1.8)	5.9	(3.0)	(20.4)	23.5	
Rest of public sector	9.4	2.6	23.5	(4.7)	11.2	3.3	(4.9)	7.0	(3.6)	(27.7)	3.9	
Private sector	27.6	(18.8)	5.6	26.8	0.6	6.5	8.4	2.4	(1.1)	1.5	65.2	
	11.0	14.4	7.7	0.9	0.3	1.1	1.5	(1.1)	(1.1)	1.5	1.3	
Monetary liabilities												
Money	11.1	9.1	5.0	2.3	2.0	(0.5)	(1.0)	2.7	(0.3)	0.3	1.2	
Currency	27.3	5.6	(3.4)	2.0	5.2	0.1	(2.1)	5.9	(0.1)	1.7	2.9	
Demand deposits	18.2	2.0	1.1	(4.0)	5.0	(3.2)	3.5	(4.0)	4.6	(3.0)	6.2	
Quasi-money	29.8	6.5	(4.5)	3.5	5.2	0.8	(3.3)	8.3	(1.1)	2.7	2.3	
	6.9	10.1	7.5	2.4	1.2	(0.7)	(0.6)	1.8	(0.3)	(0.1)	0.8	

Source: The Central Bank of The Bahamas

TABLE 3
CENTRAL BANK BALANCE SHEET

(BS Millions)

End of Period	2001			2002			2003				
	1999	2000	2001	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.
Net foreign assets											
Balances with banks abroad	404.0	342.6	312.4	380.1	460.7	406.8	373.2	444.5	472.5	522.9	484.1
Foreign securities	180.6	119.3	44.5	100.5	180.8	147.7	126.3	177.3	195.3	221.1	183.5
Reserve position in the Fund	214.8	215.1	260.0	271.8	271.5	250.8	238.3	258.6	268.3	292.8	291.3
SDR holdings	8.6	8.1	7.8	7.8	8.3	8.3	8.5	8.6	8.8	8.9	9.3
	--	0.1	0.1	--	0.1	--	0.1	--	0.1	0.1	--
Net domestic assets											
Net claims on government	(16.6)	31.4	107.5	66.5	52.1	71.8	92.0	43.3	11.2	(51.1)	15.3
Claims	69.8	120.7	187.4	160.7	141.0	157.5	172.9	158.7	109.6	77.9	108.4
Treasury bills	73.0	128.5	189.7	162.7	148.2	167.5	182.4	167.6	117.4	85.6	114.8
Bahamas registered stock	13.9	66.2	98.8	57.7	38.7	60.6	72.0	62.9	7.0	--	--
Loans and advances	5.6	8.8	34.0	38.8	42.1	39.5	38.6	37.9	44.6	48.6	43.8
Deposits	53.5	53.5	56.9	66.2	67.4	67.4	71.8	66.8	65.8	37.0	71.0
In local currency	(3.2)	(7.8)	(2.3)	(2.0)	(7.2)	(10.0)	(9.5)	(8.9)	(7.8)	(7.7)	(6.4)
In foreign currency	(3.2)	(7.8)	(2.3)	(2.0)	(7.2)	(10.0)	(9.5)	(8.9)	(7.8)	(7.7)	(6.4)
	--	--	--	--	--	--	--	--	--	--	--
Deposits of rest of public sector	(17.4)	(14.8)	(10.3)	(25.9)	(21.6)	(16.2)	(10.1)	(45.7)	(30.0)	(59.4)	(21.6)
Credit to commercial banks	0.2	--	--	--	--	--	--	--	--	--	--
Official capital and surplus	(90.7)	(98.0)	(94.3)	(96.6)	(95.1)	(97.6)	(98.3)	(99.7)	(97.3)	(97.5)	(97.3)
Net unclassified assets	13.6	15.1	16.8	20.4	20.1	20.4	19.9	22.4	21.4	20.5	18.5
Loans to rest of public sector	6.5	7.6	7.1	7.1	6.9	6.9	6.7	6.7	6.6	6.5	6.4
Public Corp Bonds/Securities	1.4	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9
Liabs. to Commercial Banks & OLFIs											
Notes and coins	(225.0)	(209.3)	(253.6)	(286.5)	(344.6)	(315.5)	(296.5)	(325.1)	(314.0)	(306.5)	(324.2)
Deposits	(74.7)	(64.4)	(64.9)	(45.3)	(40.2)	(43.2)	(66.3)	(43.8)	(42.9)	(51.0)	(79.6)
	(150.3)	(144.9)	(188.7)	(241.2)	(304.4)	(272.3)	(230.2)	(281.3)	(271.1)	(255.5)	(244.6)
SDR allocation	(14.0)	(13.3)	(12.8)	(12.8)	(13.6)	(13.6)	(13.9)	(14.1)	(14.3)	(14.6)	(15.2)
Currency held by the private sector	(148.4)	(151.4)	(153.5)	(147.3)	(154.6)	(149.5)	(154.8)	(148.6)	(155.4)	(150.7)	(160.1)

Source: The Central Bank of The Bahamas

TABLE 4
COMMERCIAL BANKS BALANCE SHEET

End of Period	2001				2002				2003			
	1999	2000	2001	2002	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.
	(456.6)	(449.5)	(548.4)	(583.2)	(634.6)	(689.6)	(722.9)	(645.1)	(577.7)	(477.8)	(600.7)	(600.7)
Net foreign assets												
Net claims on Central Bank	225.4	207.1	248.7	279.4	339.2	310.1	291.2	317.9	308.0	300.1	316.8	316.8
Notes and Coins	74.2	63.9	64.9	45.3	40.2	43.2	66.3	43.9	42.9	51.0	79.6	79.6
Balances	152.0	144.0	184.6	234.9	299.8	267.7	225.7	274.8	265.9	249.9	238.0	238.0
Less Central Bank credit	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Net domestic assets	3,026.5	3,244.3	3,421.3	3,509.5	3,568.3	3,635.4	3,653.8	3,632.9	3,599.6	3,529.8	3,683.9	3,683.9
Net claims on government	421.7	383.4	435.4	432.6	518.5	523.9	475.3	535.0	558.8	405.2	393.7	393.7
Treasury bills	93.4	49.9	63.5	93.8	106.8	72.9	38.8	45.0	69.5	71.9	47.6	47.6
Other securities	327.4	315.3	314.2	302.5	312.7	326.5	338.1	338.3	350.0	369.2	365.2	365.2
Loans and advances	68.4	89.0	115.4	98.2	179.8	201.6	170.0	219.6	214.1	45.6	74.5	74.5
Less: deposits	67.5	70.8	57.7	61.9	80.8	77.1	71.6	67.9	74.8	81.5	93.6	93.6
Net claims on rest of public sector	(50.0)	(163.8)	(212.1)	(163.6)	(166.9)	(162.3)	(143.9)	(127.2)	(104.5)	(65.9)	53.0	53.0
Securities	8.5	6.9	8.0	9.8	9.8	9.8	9.3	8.2	8.6	19.7	18.6	18.6
Loans and advances	157.5	125.9	133.2	171.3	172.6	184.9	202.5	208.9	206.2	198.5	347.0	347.0
Less: deposits	216.0	296.6	353.3	344.7	349.3	357.0	355.7	344.3	319.3	284.1	312.6	312.6
Net claims on OLFIs.	(19.4)	(10.1)	(0.8)	(2.7)	(7.4)	15.7	16.4	11.8	6.2	--	1.2	1.2
Credit to the private sector	3,071.4	3,513.1	3,781.9	3,814.6	3,824.7	3,868.3	3,925.6	3,881.9	3,840.7	3,898.3	3,947.9	3,947.9
Securities	5.3	6.9	6.3	6.7	6.7	7.9	7.4	7.4	7.3	9.7	16.3	16.3
Loans and advances	3,066.1	3,506.2	3,775.6	3,807.9	3,818.0	3,860.4	3,918.2	3,874.5	3,833.4	3,888.6	3,931.6	3,931.6
Private capital and surplus	(415.3)	(509.9)	(592.8)	(591.6)	(612.1)	(626.4)	(660.4)	(692.0)	(695.0)	(913.1)	(979.6)	(979.6)
Net unclassified assets	18.1	31.6	9.7	20.2	11.5	16.2	40.8	23.4	(6.6)	205.3	267.7	267.7
Liabilities to private sector	2,795.3	3,001.9	3,121.6	3,205.7	3,272.9	3,255.9	3,222.1	3,305.7	3,329.9	3,352.1	3,400.0	3,400.0
Demand deposits	601.8	669.6	661.9	658.0	703.3	695.0	681.3	717.9	717.1	711.9	754.6	754.6
Savings deposits	544.5	596.9	606.2	630.9	653.4	643.6	634.3	651.0	674.4	676.4	681.9	681.9
Fixed deposits	1,649.0	1,735.4	1,853.5	1,916.8	1,916.2	1,917.3	1,906.5	1,936.8	1,938.4	1,963.8	1,963.5	1,963.5

Source: The Central Bank of The Bahamas

TABLE 5
OTHER LOCAL FINANCIAL INSTITUTIONS BALANCE SHEET

End of Period	(B\$ Millions)														
	1999			2000			2001			2002			2003		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.
Net foreign assets	2.1	20.3	1.5	(4.6)	(4.7)	(8.3)	(7.6)	(9.3)	(17.9)	(17.9)	(17.9)	(13.1)			
Net claims on Central Bank	4.1	(4.8)	4.0	4.2	4.3	(0.5)	4.6	4.9	5.3	5.3	5.5	5.6			
Notes and Coins	0.5	0.5	--	--	--	--	--	--	--	--	--	--			
Balances	3.6	4.7	4.0	4.2	4.3	4.5	4.6	4.9	5.3	5.3	5.5	5.6			
Less Central Bank credit	--	10.0	--	--	--	5.0	--	--	--	--	--	--			
Net domestic assets	63.3	77.7	72.8	78.4	91.8	95.3	96.5	105.8	118.9	121.9	121.9	116.4			
Net claims on government	3.9	4.4	3.2	3.1	3.1	3.2	3.1	3.1	3.2	3.2	4.1	4.4			
Treasury bills	--	--	--	--	--	--	--	--	--	--	--	--			
Other securities	3.9	4.4	3.2	3.1	3.1	3.2	3.1	3.1	3.2	3.2	4.1	4.4			
Loans and advances	--	--	--	--	--	--	--	--	--	--	--	--			
Less: deposits	--	--	--	--	--	--	--	--	--	--	--	--			
Net claims on rest of public sector	(0.9)	(0.9)	0.1	0.1	0.1	0.1	0.1	--	--	--	--	--			
Securities	0.1	0.1	0.1	0.1	0.1	0.1	0.1	--	--	--	--	--			
Loans and advances	--	--	--	--	--	--	--	--	--	--	--	--			
Less: deposits	1.0	1.0	--	--	--	--	--	--	--	--	--	--			
Net claims on commercial banks	17.4	12.4	1.6	(0.4)	5.5	(9.0)	(12.9)	(13.8)	(4.1)	(3.0)	(3.0)	(3.1)			
Credit to the private sector	83.8	115.7	120.2	125.4	131.7	136.5	144.0	149.0	148.6	147.3	146.7	146.7			
Securities	0.4	4.2	2.7	3.0	3.1	2.9	2.7	2.1	2.0	3.0	4.1	4.1			
Mortgages	67.0	90.5	110.4	115.5	121.2	126.0	134.4	139.9	139.9	137.7	136.3	136.3			
Loans and advances	16.4	21.0	7.1	6.9	7.4	7.6	6.9	7.0	6.7	6.6	6.3	6.3			
Private capital and surplus	(56.1)	(66.9)	(68.4)	(67.8)	(64.0)	(60.2)	(62.5)	(62.3)	(52.0)	(50.1)	(58.1)	(58.1)			
Net unclassified assets	15.2	13.0	16.1	18.0	15.4	24.7	24.7	29.8	23.2	23.6	26.5	26.5			
Liabilities to private sector	69.5	93.2	78.3	78.0	91.4	86.5	93.5	102.2	106.3	109.5	108.9	108.9			
Demand deposits	4.6	11.7	7.5	7.5	10.1	7.8	9.2	10.0	9.3	11.8	11.6	11.6			
Savings deposits	2.5	2.7	0.2	0.2	0.2	0.4	0.3	0.3	0.3	0.3	0.2	0.2			
Fixed deposits	62.4	78.8	70.6	70.3	81.1	78.3	84.0	91.9	96.7	97.4	97.1	97.1			

Source: The Central Bank of The Bahamas

TABLE 6
PROFIT AND LOSS ACCOUNTS OF BANKS IN THE BAHAMAS*

Period	(B\$'000s)														
	1999			2000			2001			2002			2003		
	Qtr. I	Qtr. II	Qtr. III	Qtr. I	Qtr. II	Qtr. III	Qtr. I	Qtr. II	Qtr. III	Qtr. I	Qtr. II	Qtr. III	Qtr. I	Qtr. II	Qtr. III
1. Interest Income	362,402	413,531	447,572	109,442	109,521	103,826	105,343	110,339	108,875	105,343	110,339	110,420	105,343	110,339	110,420
2. Interest Expense	144,698	133,850	146,688	40,630	41,602	37,542	38,825	42,002	40,118	38,825	42,002	42,257	38,825	42,002	42,257
3. Interest Margin (1-2)	217,704	279,681	300,884	68,812	67,919	66,284	66,518	68,337	68,757	66,518	68,337	68,163	66,518	68,337	68,163
4. Commission & Forex Income	22,779	23,561	24,401	5,844	5,946	5,580	5,995	6,109	5,998	5,995	6,109	6,466	5,995	6,109	6,466
5. Gross Earnings Margin (3+4)	240,483	303,242	325,285	74,656	73,865	71,864	72,513	74,446	74,755	72,513	74,446	74,629	72,513	74,446	74,629
6. Staff Costs	93,338	101,771	105,518	24,376	26,643	25,422	31,003	27,084	34,627	31,003	27,084	29,128	31,003	27,084	29,128
7. Occupancy Costs	14,892	17,180	18,412	3,693	3,866	4,732	4,543	4,734	3,758	4,543	4,734	4,545	4,543	4,734	4,545
8. Other Operating Costs	45,282	45,734	51,792	14,936	10,893	11,288	10,759	11,138	11,253	10,759	11,138	12,145	10,759	11,138	12,145
9. Operating Costs (6+7+8)	153,512	164,685	175,722	43,005	41,402	41,442	46,305	42,956	49,638	46,305	42,956	45,818	46,305	42,956	45,818
10. Net Earnings Margin (5-9)	86,971	138,557	149,563	31,651	32,463	30,422	26,208	31,490	25,117	26,208	31,490	28,811	26,208	31,490	28,811
11. Depreciation Costs	11,676	10,896	10,848	3,195	2,170	2,413	2,516	2,684	2,682	2,516	2,684	2,433	2,516	2,684	2,433
12. Provisions for Bad Debt	18,416	27,431	33,096	7,723	5,315	8,115	8,774	6,405	8,404	8,774	6,405	12,641	8,774	6,405	12,641
13. Other Income	47,985	58,384	58,421	15,373	14,106	14,105	18,716	17,828	20,271	18,716	17,828	18,533	18,716	17,828	18,533
14. Other Income (Net) (13-11-12)	17,893	20,057	14,477	4,455	6,621	3,577	7,426	8,739	9,185	7,426	8,739	(6,541)	7,426	8,739	(6,541)
15. Net Income (10+14)	104,864	158,614	164,040	36,106	39,084	33,999	33,634	40,229	34,302	33,634	40,229	22,270	33,634	40,229	22,270
16. Effective Interest Rate Spread (%)	6.45	5.74	6.31	6.12	6.00	5.96	5.92	5.96	6.40	5.92	5.96	6.04	5.92	5.96	6.04
(Ratios To Average Assets)															
Interest Margin	5.18	6.07	6.07	5.20	5.03	4.80	4.70	4.81	4.94	4.70	4.81	4.69	4.70	4.81	4.69
Commission & Forex Income	0.54	0.52	0.50	0.44	0.44	0.40	0.42	0.43	0.43	0.42	0.43	0.44	0.42	0.43	0.44
Gross Earnings Margin	5.72	6.59	6.56	5.64	5.47	5.21	5.12	5.24	5.37	5.12	5.24	5.13	5.12	5.24	5.13
Operating Costs	3.65	3.58	3.55	3.25	3.07	3.00	3.27	3.03	3.56	3.27	3.03	3.15	3.27	3.03	3.15
Net Earnings Margin	2.07	3.01	3.02	2.39	2.41	2.21	1.85	2.22	1.80	1.85	2.22	1.98	1.85	2.22	1.98
Net Income	2.50	3.44	3.31	2.73	2.90	2.46	2.37	2.83	2.46	2.37	2.83	1.53	2.37	2.83	1.53

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

TABLE 7
MONEY SUPPLY

End of Period	(B\$ Millions)												
	1999	2000	2001	2002			2003			Sept.	Dec.		
				Mar.	Jun.	Sept.	Mar.	Jun.	Sept.				
Money supply (M1)													
1) Currency in active circulation	758.2	807.8	776.7	792.1	835.3	833.6	817.7	866.4	865.0	881.9	907.4		
2) Demand deposits													
Central Bank	17.4	14.8	10.3	25.9	21.6	16.2	10.1	45.7	30.0	59.5	21.7		
Commercial banks	587.8	629.9	605.3	611.4	649.0	660.1	643.6	662.1	670.3	660.0	714.0		
OLFIs	4.6	11.7	7.6	7.5	10.1	7.8	9.2	10.0	9.3	11.7	11.6		
Factors affecting changes in money (M1)													
1) Net credit to government	495.4	508.5	626.0	596.4	662.6	684.6	651.3	696.8	671.6	487.2	506.5		
Central Bank	69.8	120.7	187.4	160.7	141.0	157.5	172.9	158.7	109.6	77.9	108.4		
Commercial banks	421.7	383.4	435.4	432.6	518.5	523.9	475.3	535.0	558.8	405.2	393.7		
OLFIs	3.9	4.4	3.2	3.1	3.1	3.2	3.1	3.1	3.2	4.1	4.4		
2) Other credit	3,329.2	3,770.1	4,051.3	4,129.1	4,146.6	4,207.3	4,289.1	4,255.6	4,211.6	4,271.1	4,467.5		
Rest of public sector	174.0	141.3	149.2	189.1	190.2	202.5	219.5	224.7	222.3	225.6	372.9		
Private sector	3,155.2	3,628.8	3,902.1	3,940.0	3,956.4	4,004.8	4,069.6	4,030.9	3,989.3	4,045.5	4,094.6		
3) External reserves	404.0	342.6	312.4	380.1	460.7	406.8	373.2	444.5	472.5	522.9	484.1		
4) Other external liabilities (net)	(454.5)	(429.2)	(546.9)	(587.8)	(639.3)	(697.9)	(730.5)	(653.6)	(595.6)	(495.7)	(613.8)		
5) Quasi money	2,489.4	2,751.2	2,940.4	3,009.6	3,054.5	3,031.5	3,018.5	3,080.2	3,075.9	3,074.0	3,095.9		
6) Other items (net)	(526.5)	(633.0)	(725.7)	(716.1)	(740.8)	(735.7)	(746.9)	(796.7)	(819.2)	(829.7)	(841.0)		

Source: The Central Bank of The Bahamas

TABLE 8
CONSUMER INSTALMENT CREDIT

(BS\$' 000)

End of Period	2000		2001		2002		2003		Sept.	Dec.				
	Add-on	Demand*	Add-on	Demand*	Add-on	Demand*	Add-on	Demand*						
CREDIT OUTSTANDING														
Private cars	603	284,366	405	270,662	201	243,946	48	235,062	44	229,025	27	223,320	19	221,596
Taxis & rented cars	--	2,122	--	2,251	--	1,976	--	2,028	--	1,991	--	2,010	--	2,054
Commercial vehicles	9	4,912	8	4,385	--	4,022	--	3,764	--	4,032	--	4,082	--	4,254
Furnishings & domestic appliances	40	17,554	7	17,514	2	15,702	--	14,972	--	12,974	--	12,584	--	12,806
Travel	52	44,677	25	43,391	13	43,034	--	38,075	--	37,504	--	40,814	--	40,815
Education	30	32,968	16	49,569	8	59,620	--	58,266	--	47,326	--	51,936	--	51,727
Medical	30	12,775	22	13,304	10	14,164	--	13,731	--	13,803	--	13,892	--	13,663
Home Improvements	297	121,566	180	126,542	99	108,001	67	106,155	67	108,981	65	108,348	64	109,432
Land Purchases	107	91,561	61	95,251	34	107,231	6	109,204	5	115,445	4	117,191	3	120,329
Consolidation of debt	713	353,470	501	356,914	256	359,112	137	357,294	131	350,753	123	348,581	113	348,631
Miscellaneous	420	313,465	237	340,739	99	339,021	47	326,028	40	331,397	20	337,723	18	340,091
Credit Cards	--	131,301	--	137,768	--	158,784	--	153,302	--	155,004	--	162,388	--	148,265
TOTAL	2,301	1,410,737	1,462	1,458,290	722	1,454,613	305	1,417,881	287	1,408,235	239	1,422,869	217	1,413,663
NET CREDIT EXTENDED														
Private cars	(319)	19,397	(198)	(13,704)	(204)	(26,716)	(153)	(8,884)	(4)	(6,037)	(17)	(5,705)	(8)	(1,724)
Taxis & rented cars	--	448	--	129	--	(275)	--	52	--	(37)	--	19	--	44
Commercial vehicles	(1)	(404)	(1)	(527)	(8)	(363)	--	(258)	--	268	--	50	--	172
Furnishings & domestic appliances	(61)	808	(33)	(40)	(5)	(1,812)	(2)	(730)	--	(1,998)	--	(390)	--	222
Travel	(36)	6,577	(27)	(1,286)	(12)	(357)	(13)	(4,959)	--	(571)	--	3,310	--	1
Education	(20)	4,322	(14)	16,601	(8)	10,051	(8)	(1,354)	--	(10,940)	--	4,610	--	(209)
Medical	(17)	1,126	(8)	529	(12)	860	(10)	(433)	--	72	--	89	--	(229)
Home Improvements	(225)	2,496	(117)	4,976	(81)	(18,541)	(32)	(1,846)	--	2,826	(2)	(633)	(1)	1,084
Land Purchases	(343)	19,375	(46)	3,690	(27)	11,980	(28)	1,973	(1)	6,241	(1)	1,746	(1)	3,138
Consolidation of debt	(461)	7,198	(212)	3,444	(245)	2,198	(119)	(1,818)	(6)	(6,541)	(8)	(2,172)	(10)	50
Miscellaneous	(276)	61,915	(183)	27,274	(138)	(1,718)	(52)	(12,993)	(7)	5,369	(20)	6,326	(2)	2,568
Credit Cards	--	2,801	--	6,467	--	21,016	--	(5,482)	--	1,702	--	7,384	--	(14,123)
TOTAL	(1,759)	126,059	(839)	47,553	(740)	(3,677)	(417)	(36,732)	(18)	(9,646)	(48)	14,634	(22)	(9,206)

Source: The Central Bank of The Bahamas

* Includes Consumer Credit previously reported under Personal Loan

TABLE 9
SELECTED AVERAGE INTEREST RATES

Period	2001		2002		2003		2002				2003			
	Qtr. I	Qtr. II	Qtr. I	Qtr. II	Qtr. I	Qtr. II	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
COMMERCIAL BANKS														
Deposit rates														
Savings deposits	2.69	2.77	2.66	2.73	2.78	2.82	2.73	2.74	2.72	2.56	2.60			
Fixed deposits														
Up to 3 months	4.19	4.04	3.81	4.27	4.15	3.89	3.83	3.95	3.76	3.71	3.82			
Up to 6 months	4.62	4.32	4.11	4.70	4.51	4.05	4.02	4.42	4.01	3.99	4.01			
Up to 12 months	4.72	4.49	4.38	4.83	4.48	4.21	4.43	4.62	4.30	4.14	4.47			
Over 12 months	4.99	4.62	4.59	5.28	4.56	4.22	4.40	4.48	4.36	4.66	4.86			
Weighted average rate	4.24	4.11	3.93	4.37	4.22	3.95	3.91	4.03	3.86	3.81	4.00			
Lending rates														
Residential mortgages	8.95	8.90	8.99	8.88	8.97	8.88	8.85	9.01	9.00	8.91	9.02			
Commercial mortgages	8.87	9.04	9.58	9.07	9.30	8.85	8.92	9.24	10.82	9.20	9.04			
Consumer loans	13.41	13.07	13.83	12.31	13.78	13.07	13.12	13.94	13.95	13.89	13.53			
Overdrafts	10.43	10.63	11.56	10.18	10.60	10.61	11.11	11.04	11.09	11.66	12.45			
Weighted average rate	11.47	11.33	12.04	11.20	11.71	11.21	11.18	11.73	12.17	12.15	12.10			
OLFI														
Deposit rates														
Savings deposits	3.55	--	1.75	--	--	--	--	--	--	1.75	--			
Fixed deposits														
Up to 3 months	4.13	4.10	4.14	4.25	4.39	4.27	3.48	3.92	4.06	4.32	4.27			
Up to 6 months	4.16	3.91	4.07	3.92	4.27	3.50	3.95	3.70	4.35	3.89	4.32			
Up to 12 months	4.06	4.22	4.43	4.46	4.12	4.22	4.09	4.18	4.71	4.33	4.50			
Over 12 months	4.17	--	--	--	--	--	--	--	--	--	--			
Weighted average rate	4.25	4.39	4.45	4.55	4.63	4.37	4.01	4.25	4.62	4.37	4.54			
Lending rates														
Residential mortgages	8.89	8.64	6.59	8.91	9.14	8.23	8.28	9.07	8.35	8.92	--			
Commercial mortgages	--	9.77	--	--	9.77	--	--	--	--	--	--			
Consumer loans	14.97	--	9.99	--	--	--	--	--	--	9.99	--			
Other loans	9.36	8.70	8.41	8.01	8.97	8.34	9.48	8.00	--	9.75	7.48			
Weighted average rate	11.25	8.64	8.51	8.86	9.07	8.12	8.52	8.98	8.35	9.21	7.48			
Other rates														
Prime rate	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00			
Treasury bill (90 days)	1.94	2.50	1.78	2.63	2.96	2.37	2.02	1.89	2.02	1.74	1.45			
Treasury bill re-discount rate	2.45	3.00	2.28	3.13	3.46	2.87	2.52	2.39	2.52	2.24	1.95			
Bank rate (discount rate)	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75			

Source: The Central Bank of The Bahamas

TABLE 10
SUMMARY OF BANK LIQUIDITY

End of Period	(B\$ Millions)														
	1999			2000			2001			2002			2003		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.
I. Statutory Reserves															
Required reserves	153.9	166.6	176.1	178.6	181.9	184.3	184.3	185.4	185.4	184.3	185.4	185.4	185.4	187.2	187.2
Average Till Cash	61.0	59.6	51.2	47.3	41.4	44.4	44.4	42.8	50.7	42.9	42.8	50.7	50.7	66.7	66.7
Average balance with central bank	174.7	149.4	182.2	246.2	284.7	286.7	217.8	270.5	274.3	271.2	270.5	274.3	250.2	250.2	250.2
Free cash reserves (period ended)	81.0	41.6	56.5	114.1	143.4	146.0	88.9	127.1	138.9	129.0	127.1	138.9	128.9	128.9	128.9
II. Liquid Assets (period)															
A. Minimum required Liquid assets	507.9	539.1	569.3	585.2	599.2	593.4	589.9	600.3	598.8	599.2	600.3	598.8	615.6	615.6	615.6
B. Net Eligible Liquid Assets	656.6	579.2	636.7	691.1	772.4	722.1	687.6	748.6	776.1	722.6	748.6	776.1	772.3	772.3	772.3
i) Balance with Central Bank	155.5	148.2	188.6	239.1	304.1	272.3	230.3	271.1	255.5	279.7	271.1	255.5	243.5	243.5	243.5
ii) Notes and Coins	75.1	64.9	65.4	45.8	40.7	43.7	66.8	43.4	51.5	44.4	43.4	51.5	80.1	80.1	80.1
iii) Treasury Bills	93.4	49.9	63.5	93.8	106.8	72.9	38.8	69.5	71.9	45.0	69.5	71.9	47.6	47.6	47.6
iv) Government registered stocks	311.4	303.7	306.4	294.6	305.8	320.7	335.3	350.2	370.2	336.9	350.2	370.2	369.5	369.5	369.5
v) Specified assets	20.8	20.2	16.9	18.9	18.7	18.3	17.9	15.7	26.7	16.9	15.7	26.7	26.8	26.8	26.8
vi) Net Inter-bank dem/call deposits	1.2	(6.9)	(3.3)	(0.3)	(2.9)	(5.0)	(0.7)	(0.5)	1.1	0.5	(0.5)	1.1	5.6	5.6	5.6
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)	(0.8)	(0.8)	(0.8)
C. Surplus/(Deficit)	148.7	40.1	67.4	105.9	173.2	128.7	97.7	148.3	177.3	123.4	148.3	177.3	156.7	156.7	156.7

Source: The Central Bank of The Bahamas

TABLE II
GOVERNMENT OPERATIONS AND FINANCING

(B\$ Millions)

Period	2002/03p				2002/03p				2003/04p					
	2000/01p		2001/02p		2002/03p		2002/03p		2003/04		2003/04p		2003/04p	
	Budget		Budget		Budget		Budget		Budget		Budget		Budget	
	2000/01p	2001/02p	2002/03p	2002/03	2003/04	QTR. II	QTR. III	QTR. IV	QTR. I	QTR. II	QTR. I	QTR. II	QTR. I	QTR. II
Total Revenue & Grants	957.5	856.8	926.9	962.8	991.5	243.3	218.8	259.4	217.5	228.6	217.5	228.6	217.5	228.6
Current expenditure	847.7	896.7	929.7	953.9	968.9	223.4	236.5	262.8	222.6	240.0	222.6	240.0	222.6	240.0
Capital expenditure	85.0	103.6	75.0	127.4	119.7	17.2	16.2	23.6	8.1	16.0	8.1	16.0	8.1	16.0
Net lending	42.5	27.5	39.2	28.0	25.9	7.7	12.1	10.9	6.4	8.8	6.4	8.8	6.4	8.8
Overall balance	(17.7)	(171.0)	(117.0)	(146.5)	(123.0)	(5.0)	(46.0)	(37.9)	(19.6)	(36.2)	(19.6)	(36.2)	(19.6)	(36.2)
FINANCING (I+II-III+IV+V)	17.7	171.0	117.0	146.5	123.0	5.0	46.0	37.9	19.6	36.2	19.6	36.2	19.6	36.2
I. Foreign currency borrowing	4.3	143.6	34.4	29.7	26.1	7.5	0.3	1.5	202.8	0.4	202.8	0.4	202.8	0.4
External	4.3	18.6	9.4	29.7	26.1	7.5	0.3	1.5	202.8	0.4	202.8	0.4	202.8	0.4
Domestic	--	125.0	25.0	...	...	--	--	--	--	--	--	--	--	--
II. Bahamian dollar borrowing	75.8	157.7	205.9	186.2	173.3	74.4	--	61.1	75.0	34.0	75.0	34.0	75.0	34.0
i) Treasury bills	20.0	26.9	--	...	...	--	--	--	--	--	--	--	--	--
Central Bank	20.0	16.1	--	...	...	--	--	--	--	--	--	--	--	--
Commercial banks & OLFIs	--	10.8	--	...	...	--	--	--	--	--	--	--	--	--
Public corporations	--	--	--	...	...	--	--	--	--	--	--	--	--	--
Other	--	--	--	...	...	--	--	--	--	--	--	--	--	--
ii) Long-term securities	55.8	95.7	186.1	...	...	65.0	--	61.1	75.0	--	75.0	--	75.0	--
Central Bank	6.5	66.4	20.0	...	...	5.0	--	10.0	10.0	--	10.0	--	10.0	--
Commercial banks & OLFIs	8.9	10.1	56.4	...	...	21.5	--	16.1	20.1	--	20.1	--	20.1	--
Public corporations	14.4	4.8	33.2	...	...	7.6	--	14.9	21.7	--	21.7	--	21.7	--
Other	26.0	14.4	76.5	...	...	30.9	--	20.1	23.2	--	23.2	--	23.2	--
iii) Loans and Advances	--	35.1	19.8	...	...	9.4	--	--	--	34.0	--	34.0	--	34.0
Central Bank	--	33.9	4.3	...	...	4.3	--	--	--	34.0	--	34.0	--	34.0
Commercial banks	--	1.2	15.5	...	...	5.1	--	--	--	--	--	--	--	--
III Debt repayment	75.6	144.8	62.3	66.8	74.0	18.3	13.7	1.3	202.5	24.6	202.5	24.6	202.5	24.6
Domestic	67.1	111.1	54.4	59.1	65.3	18.0	10.0	1.0	198.8	23.3	198.8	23.3	198.8	23.3
Bahamian dollars	60.4	76.6	49.4	54.1	60.3	13.0	10.0	1.0	73.8	18.3	73.8	18.3	73.8	18.3
Internal foreign currency	6.7	34.5	5.0	5.0	5.0	5.0	--	--	125.0	5.0	125.0	5.0	125.0	5.0
External	8.5	33.7	7.9	7.7	8.7	0.3	3.7	0.3	3.7	1.3	3.7	1.3	3.7	1.3
IV. Cash balance change	10.3	(3.3)	15.3	...	...	15.8	4.3	(5.7)	(6.6)	(11.2)	(6.6)	(11.2)	(6.6)	(11.2)
V. Other Financing	2.9	17.8	(76.3)	(2.6)	(2.4)	(74.4)	55.1	(17.7)	(49.1)	37.6	(49.1)	37.6	(49.1)	37.6

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

TABLE 12
NATIONAL DEBT

End of Period	2002p				2003			(B\$' 000s)
	2001p	2002p	2003p	Dec.	Mar.	June	Sept.	
TOTAL EXTERNAL DEBT				95,953	92,583	93,811	292,898	291,960
By Instrument								
Government Securities	117,495	95,953	291,960	25,000	25,000	25,000	225,000	225,000
Loans	66,995	70,953	66,960	70,953	67,583	68,811	67,898	66,960
By Holder								
Commercial banks	15,458	10,305	5,153	10,305	7,729	7,729	5,153	5,153
Offshore financial institutions	500	--	--	--	--	--	--	--
Multilateral institutions	51,537	60,648	61,807	60,648	59,854	61,082	62,745	61,807
Bilateral Institutions	--	--	--	--	--	--	--	--
Private Capital Markets	50,000	25,000	225,000	25,000	25,000	25,000	225,000	225,000
TOTAL INTERNAL DEBT	1,486,044	1,710,531	1,647,607	1,710,531	1,700,531	1,760,631	1,636,863	1,647,607
By Instrument								
Foreign Currency	36,390	130,000	--	130,000	130,000	130,000	5,000	--
Government securities	11,000	5,000	--	5,000	5,000	5,000	5,000	--
Loans	25,390	125,000	--	125,000	125,000	125,000	--	--
Bahamian Dollars	1,449,654	1,580,531	1,647,607	1,580,531	1,570,531	1,630,631	1,631,863	1,647,607
Advances	56,945	71,787	71,019	71,787	66,787	65,787	37,019	71,019
Treasury bills	168,600	179,400	179,400	179,400	179,400	179,400	179,400	179,400
Government securities	1,213,633	1,304,098	1,386,943	1,304,098	1,299,098	1,360,198	1,405,198	1,386,943
Loans	10,476	25,246	10,245	25,246	25,246	25,246	10,246	10,245
By Holder								
Foreign Currency	36,390	130,000	--	130,000	130,000	130,000	5,000	--
Commercial banks	36,390	130,000	--	130,000	130,000	130,000	5,000	--
Other local financial institutions	--	--	--	--	--	--	--	--
Bahamian Dollars	1,449,654	1,580,531	1,647,607	1,580,531	1,570,531	1,630,631	1,631,863	1,647,607
The Central Bank	190,554	182,823	114,800	182,823	167,987	117,430	85,613	114,800
Commercial banks	375,771	399,697	423,997	399,697	399,954	441,661	453,294	423,997
Other local financial institutions	3,128	3,128	3,128	3,128	3,127	3,128	3,127	3,128
Public corporations	562,309	619,284	673,345	619,284	618,835	665,756	661,422	673,345
Other	317,892	375,599	432,337	375,599	380,628	402,656	428,407	432,337
TOTAL FOREIGN CURRENCY DEBT	153,885	225,953	291,960	225,953	222,583	223,811	297,898	291,960
TOTAL DIRECT CHARGE	1,603,539	1,806,484	1,939,567	1,806,484	1,793,114	1,854,442	1,929,761	1,939,567
TOTAL CONTINGENT LIABILITIES	358,772	401,682	429,441	401,682	394,048	384,198	398,687	426,441
TOTAL NATIONAL DEBT	1,962,311	2,208,166	2,366,008	2,208,166	2,187,162	2,238,640	2,328,448	2,366,008

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

TABLE 13
PUBLIC SECTOR FOREIGN CURRENCY DEBT OPERATIONS

(B\$' 000)

	2001p	2002p	2003p	2002p		2003p		
				Dec.	Mar.	June	Sept.	Dec.
Outstanding debt at beginning of period	425,124	402,886	522,054	525,103	522,054	507,993	497,372	559,610
Government	131,017	153,885	225,953	223,771	225,953	222,583	223,811	297,898
Public Corporations	294,107	249,001	296,101	301,332	296,101	285,410	273,561	261,712
Plus new drawings	58,204	230,974	342,149	10,673	558	1,665	203,250	136,676
Government	40,687	136,638	205,014	7,467	338	1,514	202,812	350
Public corporations	17,517	94,336	137,135	3,206	220	151	438	136,326
Less Amortization	80,442	111,806	297,937	13,722	14,619	12,286	141,012	130,020
Government	17,819	64,570	139,007	5,285	3,708	286	128,725	6,288
Public corporations	62,623	47,236	158,930	8,437	10,911	12,000	12,287	123,732
Outstanding debt at end of period	402,886	522,054	566,266	522,054	507,993	497,372	559,610	566,266
Government	153,885	225,953	291,960	225,953	222,583	223,811	297,898	291,960
Public corporations	249,001	296,101	274,306	296,101	285,410	273,561	261,712	274,306
Interest Charges	29,112	24,703	27,839	7,722	4,722	7,145	4,812	11,159
Government	9,142	9,558	13,074	3,248	1,291	2,869	2,376	6,538
Public corporations	19,970	15,145	14,765	4,474	3,431	4,276	2,436	4,621
Debt Service	109,554	136,509	325,776	21,444	19,341	19,431	145,824	141,179 *
Government	26,961	74,128	152,081	8,533	4,999	3,155	131,101	12,826
Public corporations	82,593	62,381	173,695	12,911	14,342	16,276	14,723	128,353
Debt Service ratio	4.3	5.2	13.0	3.9	2.9	3.1	25.0	23.0 *
Government debt Service/ Government revenue (%)	5.0	13.8	24.6	3.5	2.3	1.2	60.3	5.6
MEMORANDUM								
Holder distribution (B\$ Mil):								
Commercial banks	113.6	259.7	234.4	259.7	251.2	243.2	108.8	234.4
Offshore Financial Institutions	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral Institutions	238.0	237.1	106.7	237.1	231.8	229.0	225.7	106.7
Bilateral Institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.7	0.2	0.1	0.2	0.1	0.2	0.2	0.1
Private Capital Markets	50.0	25.0	225.0	25.0	25.0	25.0	225.0	225.0

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

Note: *Debt serving during the 3rd and 4th quarters of 2002 include the respective re-financing of \$125 million and \$120 million in Government (internal) and public corporations (external) debt. Net of these payments, the adjusted service/exports ratios were 3.6% and 3.5% over the respective quarters; and the Government's 3rd quarter service/revenue ratio was 2.8%.

TABLE 14
BALANCE OF PAYMENTS SUMMARY

	(B\$ Millions)											
	2001p			2002p			2003p			2003		
	2001p	2002p	2003p	Qtr.Ip	Qtr.IIp	Qtr.IVp	Qtr.Ip	Qtr.IIp	Qtr.IVp	Qtr.Ip	Qtr.IIp	Qtr.IVp
A. Current Account Balance (I+II+III+IV)	(583.9)	(339.2)	(426.7)	(20.0)	(130.9)	(68.2)	(7.0)	(93.2)	(120.1)	(7.0)	(168.8)	(157.7)
I. Merchandise (Net)	(1,340.4)	(1,151.1)	(1,203.5)	(253.3)	(336.7)	(251.4)	(278.8)	(308.1)	(309.7)	(278.8)	(294.7)	(321.9)
Exports	423.1	446.3	424.7	100.6	98.9	121.9	107.3	90.0	124.9	107.3	112.1	115.3
Imports	1,763.5	1,597.4	1,628.2	353.9	435.6	373.3	386.1	398.1	434.6	386.1	406.8	437.2
II. Services (Net)	891.0	980.3	901.4	269.2	262.0	233.6	291.7	246.6	215.5	291.7	162.4	200.7
Transportation	(200.8)	(165.3)	(175.3)	(38.9)	(48.8)	(34.4)	(42.1)	(46.2)	(43.2)	(42.1)	(42.6)	(44.4)
Travel	1,392.1	1,518.2	1,477.3	404.3	412.8	368.0	423.9	395.5	333.1	423.9	322.2	335.7
Insurance Services	(14.9)	(91.2)	(104.3)	(16.4)	(20.0)	(29.8)	(20.2)	(25.0)	(25.0)	(20.2)	(30.7)	(28.4)
Offshore Companies Local Expenses	56.4	126.4	105.9	23.5	23.5	29.6	22.7	20.0	49.8	22.7	19.2	44.0
Other Government	(48.6)	(60.9)	(57.3)	(10.9)	(25.4)	(9.5)	(22.5)	(17.3)	(15.1)	(22.5)	(4.5)	(13.0)
Other Services	(293.2)	(346.9)	(344.9)	(92.4)	(80.1)	(90.3)	(70.1)	(80.4)	(84.1)	(70.1)	(101.2)	(93.2)
III. Income (Net)	(176.2)	(210.7)	(163.3)	(47.3)	(71.9)	(60.7)	(32.9)	(40.0)	(30.8)	(32.9)	(43.9)	(46.5)
1. Compensation of Employees	(48.5)	(49.9)	(56.3)	(10.9)	(13.4)	(12.8)	(11.4)	(13.1)	(12.8)	(11.4)	(14.3)	(17.5)
2. Investment Income	(127.7)	(160.8)	(107.0)	(36.4)	(58.5)	(47.9)	(21.5)	(26.9)	(18.0)	(21.5)	(29.6)	(29.0)
IV. Current Transfers (Net)	41.7	42.3	38.7	11.4	15.7	10.3	13.0	8.3	4.9	13.0	7.4	10.0
1. General Government	45.8	49.0	44.0	11.9	17.5	11.7	13.5	9.8	7.9	13.5	9.4	11.3
2. Private Sector	(4.0)	(6.7)	(5.3)	(0.5)	(1.8)	(1.4)	(0.5)	(1.5)	(3.0)	(0.5)	(2.0)	(1.3)
B. Capital and Financial Account (I+II) (excl. Reserves)	243.3	380.6	208.0	89.5	93.5	102.0	95.6	41.8	95.6	(45.5)	176.8	34.9
I. Capital Account (Net Transfers)	(21.3)	(24.5)	(37.4)	(9.0)	(6.3)	(5.5)	(9.1)	(7.4)	(3.7)	(9.1)	(8.7)	(12.2)
II. Financial Account (Net)	264.6	405.1	245.4	98.5	99.8	107.5	99.3	49.2	99.3	(36.4)	185.5	47.1
1. Direct Investment	102.1	152.8	145.0	41.7	40.7	33.4	19.7	42.3	37.0	19.7	53.0	30.0
2. Other Investments	162.7	252.3	100.4	56.8	59.1	74.1	56.1	6.9	62.3	(56.1)	132.5	17.1
Central Gov't Long Term Capital	6.7	(21.4)	196.0	(3.2)	(21.9)	(3.5)	(3.4)	1.2	7.2	(3.4)	199.1	(0.9)
Other Public Sector Capital	(28.7)	(13.5)	(137.7)	(4.1)	(1.5)	(5.9)	(4.7)	(5.1)	(2.0)	(4.7)	(5.8)	(122.1)
Banks	120.5	183.6	(116.7)	40.9	51.5	58.6	(76.1)	(58.8)	32.6	(76.1)	(99.9)	118.1
Other	64.2	103.8	125.1	23.2	31.1	25.1	28.0	68.2	24.4	28.0	6.8	22.1
C. Net Errors and Omissions	310.4	19.3	329.8	(1.9)	118.0	(87.7)	123.8	79.5	(9.1)	123.8	42.4	84.1
D. Overall Balance (A+B+C)	(30.2)	60.7	111.1	67.6	80.6	(53.9)	71.3	28.1	(33.6)	71.3	50.4	(38.7)
E. Financing (Net)	30.0	(60.8)	(111.1)	(67.6)	(80.6)	53.9	(71.3)	(28.1)	33.5	(71.3)	(50.4)	38.7
Change in SDR holdings	--	--	0.0	0.1	(0.1)	0.1	0.1	(0.1)	(0.1)	0.1	--	--
Change in Reserve Position with the IMF	0.3	(0.6)	(0.9)	0.1	(0.5)	0.0	(0.1)	(0.2)	(0.2)	(0.1)	(0.2)	(0.4)
Change in Ext. Foreign Assets () = Increase	29.8	(60.2)	(110.2)	(67.8)	(80.0)	53.8	(71.3)	(27.8)	33.8	(71.3)	(50.2)	39.1

Source: The Central Bank of the Bahamas
Figures may not sum to total due to rounding

TABLE 15
EXTERNAL TRADE

	(B\$ '000)												
	1999*				2000*				2001*				
	1999*	2000*	2001*	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV		
I. OIL TRADE													
i) Exports	36,941	83,036	68,844	8,017	9,936	13,721	5,267	18,124	17,512	23,907	23,493		
ii) Imports	172,478	207,469	292,807	40,456	19,645	62,315	50,062	51,068	36,329	77,005	66,891		
II. OTHER MERCHANDISE													
i) Domestic Exports													
Crawfish	72,105	84,847	68,307	17,301	5,457	13,305	35,794	20,584	12,299	15,729	36,235		
Fish & other Crustacea	4,536	1,764	3,815	1,154	1,638	606	1,385	499	644	314	630		
Fruits & Veggies.	10,393	2,429	8,651	495	147	8,828	924	10,038	1,624	148	2,866		
Aragonite	389	776	279	109	186	33	60	17,359	161	1,927	6,639		
Rum	30,957	29,151	38,191	5,424	12,015	6,522	6,996	6,472	12,344	28	12		
Other Cordials & Liqueurs	70	475	195	6	12	--	52	3	21	99	23		
Crude Salt	13,579	10,538	13,507	5,736	2,709	2,200	2,935	5,490	1,757	2,302	2,898		
Hormones	1,325	6,920	478	1,325	--	--	--	--	3,476	2,393	2,908		
Chemicals	11,231	38,188	13,699	3,165	3,307	2,461	1,845	3,365	11,397	11,854	16,171		
Other Pharmaceuticals	329	--	109	311	18	--	1	--	--	--	--		
Fragrances	11	26	61	76	--	171	--	--	--	--	--		
Other	49,236	69,124	81,256	14,730	12,735	10,980	15,950	50,850	17,971	19,919	21,145		
TOTAL	194,161	244,238	228,548	49,832	38,224	45,106	65,942	114,660	61,694	54,713	89,527		
ii) Re-Exports	194,935	227,615	78,490	21,480	40,501	60,080	70,033	46,888	31,915	93,263	31,058		
iii) Total Exports (i+ii)	389,096	471,853	307,038	71,312	78,725	105,186	135,975	161,548	93,609	147,976	120,585		
iv) Imports	1,578,770	1,794,397	1,635,942	478,530	382,606	370,942	502,582	446,050	452,458	576,302	569,869		
v) Retained Imports (iv-ii)	1,383,835	1,566,782	1,557,452	457,050	342,105	310,862	432,549	399,162	420,543	483,039	538,811		
vi) Trade Balance (i-v)	(1,189,674)	(1,322,544)	(1,328,904)	(407,218)	(303,881)	(265,756)	(366,607)	(284,502)	(358,849)	(428,326)	(449,284)		

Source: Department of Statistics Quarterly Statistical Summaries

*Quarterly Totals may not sum to Annual Totals due to unavailability of revised Quarterly Data

TABLE 16
SELECTED TOURISM STATISTICS

Period	2002p				2003p						
	2001p	2002p	2003p	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
Visitor Arrivals	4,182,671	4,405,971	4,594,042	1,216,839	1,123,377	1,040,293	1,025,462	1,229,641	1,185,158	1,052,676	1,126,567
Air	1,428,124	1,402,894	1,428,973	380,480	387,468	335,829	299,117	381,709	396,446	335,622	315,196
Sea	2,754,547	3,003,077	3,165,069	836,359	735,909	704,464	726,345	847,932	788,712	717,054	811,371
Visitor Type											
Stopover	1,537,777	1,513,146	n.a	398,687	437,839	375,110	301,510	n.a	n.a	n.a	n.a
Cruise	2,551,673	2,802,112	2,970,174	793,533	668,842	642,068	697,669	804,677	720,834	662,612	782,051
Day/Transit	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Tourist Expenditure(US 000's)	1,636,450	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Stopover	1,483,576	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Cruise	147,580	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Day	5,294	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Number of Hotel Nights	3,498,208	3,443,373	3,546,793	839,021	861,818	855,133	887,401	859,062	897,438	889,775	900,518
Average Hotel Occupancy Rates (%)											
New Providence	67.2	67.9	66.4	73.4	71.5	68.4	58.2	71.9	70.5	64.5	58.8
Grand Bahama	49.8	55.2	48.4	59.3	62.2	60.1	39.2	56.9	47.9	46.7	42.1
Other Family Islands	36.8	34.8	34.8	36.9	44.1	32.1	26.0	34.5	46.1	32.5	25.9
Average Nightly Room Rates (\$)											
New Providence	160.9	177.6	187.5	188.8	187.7	166.9	167.1	208.8	190.7	166.7	183.8
Grand Bahama	83.8	80.6	83.5	96.8	84.9	70.6	70.0	96.4	84.3	77.4	75.9
Other Family Islands	159.7	157.9	159.5	181.4	163.2	152.2	134.7	171.4	159.6	162.1	144.9

Source: The Ministry of Tourism

NOTE ON REVISIONS TO THE CURRENT ACCOUNT STATISTICS IN THE BALANCE OF PAYMENTS

The Balance of Payments (BOP) statistics, in the current issue of the Economic Review and forthcoming in the Central Bank's Annual Report for 2003, incorporate revisions for 1999 to 2002 to selected current account estimates for non-oil merchandise trade, and travel and insurance services. Revisions cover both previously published official data from other Government agencies, the replacement of advance advance estimates prepared by the Central Bank with official statistics, and revisions to the Bank's remaining advance estimates.

Trade Revisions

Prior to these revisions, the official trade statistics series used in the BOP ended at 1999, as the Department of Statistics (DOS) engaged in an indepth review exercise of more recently published data through 2001. In 2003, DOS released revised data for 1999 and 2000 which, together with initial estimates for 2001, have now been incorporated into the BOP. Table 1 shows the summary impact on the oil and non-oil merchandise trade series, including the insurance and freight components.

Table 1: Summary Revisions to Trade Accounts
(B\$ Million)

	Previous Estimate		Revised Estimate		New 2001	Difference	
	1999	2000	1999	2000		1999	2000
Oil Trade							
1. Exports	36.9	83.0	36.9	83.0	68.8	0.0	0.0
2. Imports	172.5	231.3	172.5	207.5	292.8	0.0	(23.8)
Other Merchandise Trade							
3. Domestic Exports	199.1	320.6	194.2	244.2	228.5	(4.9)	(76.4)
4. Re-Exports	192.1	203.1	169.5	227.6	75.5	(22.6)	24.5
5. Total Exports (3 + 4)	391.2	523.7	363.6	471.9	304.0	(27.6)	(51.9)
6. Imports (See memo)	1,734.7	2,044.7	1,578.8	1,794.9	1,635.9	(155.9)	(249.7)
7. Retained Imports (6 -4)	1,542.6	1,841.6	1,409.3	1,567.3	1,560.5	(133.3)	(274.2)
8. Trade Balance: (3-7) or (5 - 6)	(1,343.5)	(1,521.0)	(1,215.1)	(1,323.1)	(1,331.9)	128.3	197.9
Memo: Imports as Presented in BOP							
Imports (CIF) (of which:)	1,734.7	n/a	1,578.8	1,794.9	1,635.9	(155.9)	n/a
Non-Oil Merchandise (@ Cost)	1,576.8	n/a	1,435.1	1,631.6	1,487.1	(143.0)	n/a
Air and Freight Services	142.1	n/a	129.3	147.0	134.0	(11.6)	n/a
Freight Insurance	15.8	n/a	14.4	16.3	14.9	(1.3)	n/a

Source: Department of Statistics Summary Report of External Trade Statistics and unpublished reports.

Note: The Official data for 2000 was not previously included in the BOP presentation.

Table 2: Trade Data Revisions by Commodity Group

B\$ Million

Section: Description	Previous Est.		Revised Est.		New 2001	Difference	
	1999	2000	1999R	2000R		1999R	2000R
Exports							
0: Food & Live Animals	109.2	99.3	83.8	89.3	77.7	-25.5	-10.0
1: Beverages and Tobacco	34.8	22.0	34.8	32.6	40.8	0.0	10.6
2: Crude Materials, except fuel	30.4	59.0	30.4	29.1	27.5	0.0	-29.9
3: Mineral Fuels, Lubricants & Related	36.9	83.0	36.9	83.0	68.8	0.0	0.0
4: Animal & Vegetable Oils & Fats	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5: Chemicals	99.7	124.6	99.7	118.1	97.9	0.0	-6.5
6: Manufactured Goods	9.3	29.9	7.2	26.5	9.0	-2.1	-3.4
7: Machinery and Transport Eqmt..	99.5	148.1	99.5	143.7	45.2	0.0	-4.4
8: Misc. Manufactured Articles	8.1	40.7	8.1	32.5	5.9	0.0	-8.2
9: Other Commodities	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Total Exports	428.1	606.8	400.6	554.9	372.8	-27.6	-51.9
Imports							
0: Food & Live Animals	261.8	336.8	261.8	278.7	273.8	0.0	-58.1
1: Beverages and Tobacco	49.4	60.9	49.4	52.2	60.1	0.0	-8.7
2: Crude Materials, except fuel	48.1	67.2	48.1	60.9	46.7	0.0	-6.3
3: Mineral Fuels, Lubricants & Related	172.5	231.3	172.5	207.5	292.8	0.0	-23.8
4: Animal & Vegetable Oils & Fats	3.7	4.3	3.7	3.7	3.5	0.0	-0.5
5: Chemicals	223.2	212.9	153.2	183.3	146.6	-70.0	-29.6
6: Manufactured Goods	313.2	415.2	313.2	371.3	297.7	0.0	-43.9
7: Machinery and Transport Eqmt..	586.6	590.0	500.7	526.5	518.0	-85.9	-63.5
8: Misc. Manufactured Articles	222.0	318.3	222.0	281.9	260.2	0.0	-36.4
9: Other Commodities	26.7	39.0	26.7	36.4	29.3	0.0	-2.7
Total Imports	1,907.1	2,276.0	1,751.2	2,002.4	1,928.7	-155.9	-273.6

Note: Based on Department of Statistics Summary Report of External Trade Statistics and unpublished reports.

Significant changes to the commodity category of exports included downward revisions for food and live animals for 1999 and to crude materials for 2001 (see Table 2). In the import series, earlier estimates for machinery and transport equipment have been reduced for both 1999 and 2000; and several categories of goods imports (chemicals, food and live animals, minerals and fuels and manufactured goods and articles) were revised downward for 2000. In the BOP presentation (see Table 3), the only revisions that can be directly reconciled with those in Table 1 are those for 1999. The remaining updates show the impact of replacing the Bank's earlier trade estimates for 2000-2001 with the official series, and revisions to advance estimates for 2002.

Table 3: Balance of Payments Summary (1999-2002)

	1999		2000		2001		2002	
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
<i>Previous Estimates</i>								
1. CURRENT ACCOUNT	2,706.3	3,112.3	2,969.3	3,501.7	2,704.4	3,124.2	2,736.0	3,035.7
A. Goods & Services	2,417.3	2,730.0	2,691.9	3,106.1	2,533.1	2,818.4	2,625.9	2,757.3
a. Goods	523.2	1,754.9	787.2	2,095.7	765.1	1,858.8	740.4	1,759.7
1. Merchandise (of which)	450.0	1,752.8	683.2	2,094.1	649.0	1,855.9	616.6	1,756.5
ii. Non-Oil Merchandise	450.0	1,576.8	683.2	1,817.1	649.0	1,583.2	616.6	1,466.3
b. Services	1,894.1	975.0	1,904.7	1,010.4	1,768.0	959.5	1,885.4	997.6
1. Transportation (of which)	60.2	188.0	46.8	200.7	37.8	199.1	49.8	178.8
ii. Air and Sea Freight Services	0.0	142.1	0.0	163.7	0.0	142.6	0.0	132.1
2. Travel	1,582.9	310.3	1,719.2	292.9	1,636.5	296.9	1,673.9	285.4
3. Insurance Services (of which)	134.3	61.0	12.7	75.3	0.0	84.2	0.0	92.8
i. Freight Insurance	0.0	15.8	0.0	18.2	0.0	15.8	0.0	14.7
ii. Non-Merchandise Insurance	134.3	45.2	12.7	57.1	0.0	68.3	0.0	78.1
B. Income	240.1	369.8	223.5	385.2	118.6	295.0	54.7	265.4
C. Current Transfers	49.0	12.5	53.8	10.5	52.7	10.9	55.4	13.0
2. CAPITAL AND FINANCIAL ACCOUNT	917.5	332.3	681.8	261.4	407.9	164.6	497.3	116.8
3. NET ERRORS AND OMISSIONS	0.0	114.0	50.5	0.0	146.3	0.0	0.0	20.0
		(increase = debit)						
<i>Revised Estimates</i>								
1. CURRENT ACCOUNT	2,680.4	2,922.2	2,806.3	3,324.0	2,454.2	3,038.4	2,537.8	2,877.0
A. Goods & Services	2,391.4	2,540.0	2,528.9	2,928.4	2,282.9	2,732.5	2,427.7	2,598.6
a. Goods	462.3	1,613.2	575.9	1,910.2	423.1	1,763.5	446.2	1,597.5
1. Merchandise (of which....)	389.1	1,611.1	471.9	1,908.6	307.0	1,759.8	322.4	1,594.3
ii. Non-Oil Merchandise	389.1	1,435.1	471.9	1,631.6	307.0	1,487.1	322.4	1,304.1
b. Services (of which...)	1,929.1	926.7	1,953.1	1,018.2	1,859.8	969.0	1,981.4	1,001.1
1. Transportation (of which...)	60.2	175.3	54.5	242.5	50.2	250.9	57.5	222.8
ii. Air and Sea Freight Services	0.0	129.3	0.0	147.0	0.0	134.0	0.0	117.5
2. Travel	1,582.9	276.2	1,737.9	260.8	1,647.6	255.5	1,762.1	243.9
3. Insurance Services (of which...)	169.3	59.6	34.6	73.4	68.3	83.2	0.0	91.2
i. Freight Insurance	0.0	14.4	0.0	16.3	0.0	14.9	0.0	13.1
ii. Non-Merchandise Insurance	169.3	45.2	34.6	57.1	68.3	68.3	0.0	78.1
B. Income	240.1	369.8	223.5	385.2	118.6	295.0	54.7	265.4
C. Current Transfers	49.0	12.5	53.8	10.5	52.7	10.9	55.4	13.0
2. CAPITAL AND FINANCIAL ACCOUNT	917.5	332.3	681.8	261.4	407.9	164.6	497.3	116.8
3. NET ERRORS AND OMISSIONS		278.1	35.8		310.6		19.5	
<i>Impact of Revisions</i>								
1. CURRENT ACCOUNT	-25.9	-190.0	-163.0	-177.6	-250.2	-85.8	-198.2	-158.7
A. Goods & Services	-25.9	-190.0	-163.0	-177.6	-250.2	-85.8	-198.2	-158.7
a. Goods	-60.9	-141.7	-211.3	-185.5	-342.0	-95.3	-294.2	-162.2
1. Merchandise (of which....)	-60.9	-141.7	-211.3	-185.5	-342.0	-96.1	-294.2	-162.2
ii. Non-Oil Merchandise	-60.9	-141.7	-211.3	-185.5	-342.0	-96.1	-294.2	-162.2
b. Services (of which...)	35.0	-48.3	48.3	7.8	91.8	9.5	96.0	3.5
1. Transportation (of which..)	0.0	-12.8	7.7	41.9	12.4	51.9	7.7	43.9
i. Passenger Services	0.0	0.0	0.0	58.6	4.6	58.6	0.0	58.6
ii. Air and Sea Freight Services	0.0	-12.8	0.0	-16.7	0.0	-8.7	0.0	-14.6
2. Travel	0.0	-34.1	18.7	-32.2	11.2	-41.4	88.2	-41.5
3. Insurance Services (of which...)	35.0	-1.4	21.9	-1.9	68.3	-1.0	0.0	-1.6
i. Freight Insurance	0.0	-1.4	0.0	-1.9	0.0	-1.0	0.0	-1.6
ii. Non-Merchandise Insurance	35.0	0.0	21.9	0.0	68.3	0.0	0.0	0.0

Source: The Central Bank of The Bahamas

The official export figure used in the BOP presentation was reduced by 13.5% for 1999, while replacement of the advance estimates with official data for 2000 and 2001 resulted in new levels that were 30.9% and 52.7% lower, respectively. In concert with these adjustments, the Bank's advance estimate for 2001 was scaled down by 47.7%. For non-oil merchandise imports and the related components of freight and insurance, outflows in the presentation have been revised lower by 9.0% for 1999. Replacing the advance estimates for 2000 and 2001, resulted in reductions of 10.2% and 6.1% respectively, for these items and 11.1% for 2002.

Services Account Revisions

Estimates of travel credits in the BOP presentation are obtained from the Ministry of Tourism, with 2001 being the most recent year for which the data is available on visitor expenditure. After a series of revisions, the Ministry has now provided new estimates for 2000–2002. Compared to previously replaced data in the BOP, the revised estimates of tourism earnings are higher by 1.1% for 2000 and by 0.7% for 2001—generally preserving the observed trend in industry performance for 1999 to 2001. However, the 5.3% upward revision for 2002, constitutes a stronger rebound in tourism expenditures (6.9%) than previously stated (2.3%). In reconciling this with the observed weak stopover visitor volumes during 2002, the Ministry's data indicate that much of this increase resulted from a 9.9% boost in average spending per stopover visitor.

Travel debits (outflows) are based on the Exchange Control records of residents' foreign currency purchases from banks. The Central Bank applies an upward adjustment to this data to reflect external travel expenditure funded from non-bank foreign currency circulating within the economy. The Bank however, believes that a greater fraction of residents' external spending is now being captured through the Exchange Control data and has therefore scaled down its earlier estimates to reflect lower outflows on the order of 11.0% to 14.5%, on average, during 1999-2002.

Revisions were also affected to non-merchandise insurance, based on new data received from the insurance industry, which suggest that re-insurance inflows for property and casualty claims were more than one-fourth higher than previously reported for 1999, and that significant inflows continued in 2000 and 2001.

Impact on Current Account and the Errors and Omissions

The total revisions, which were dominated by changes in the trade statistics, had mixed effects on the magnitude and direction of changes in the current account balance and on the net errors and omissions. For 1999 and 2000, the downward adjustments to outflow estimates exceeded the decrease in estimated inflows. As a consequence, the estimated current account deficit was reduced by \$164.1 million (40.4%) in 1999 and by \$14.7 million (2.8%) in 2000. The direction of change was reversed for 2001 and 2002, with the

Table 4: Summary Impact of BOP Revisions

B\$ Millions

	1999	2000	2001	2002
I. Current Account Balance (net)				
Before	(405.9)	(532.4)	(419.8)	(299.7)
After	(241.8)	(517.8)	(584.2)	(339.2)
Change	164.1	14.7	(164.4)	(39.5)
II. Net Errors and Omissions				
Before	(114.0)	50.5	146.3	(20.0)
After	(278.1)	35.8	310.6	19.5
Change	(164.1)	(14.7)	164.3	39.4

Note: Debits shown in brackets ()

scaled back estimates of goods exports contributing to a widening of the current account deficit, by \$166.4 million (39.2%) for 2001 and by \$39.5 million (13.2%) for 2002.

For the errors and omissions, the net debit position for 1999 was inflated to \$278.1 million from the \$114.0 million earlier reported and the estimated credit position for 2000 narrowed to \$35.8 million from \$50.5 million. For 2001, the previously recorded credit balance rose to \$310.6 million from \$146.3 million, and the net position for 2002 shifted to a credit of \$19.5 million from a debit of \$20.0 million.

Relevance to Capital and Financial Account

The trade account revisions still preserve the positive relationship that exists between merchandise imports and capital and financial inflows. Exchange Control is the primary source for capital account data, a significant portion of which is usually captured in the first quarterly release of the estimates. For large foreign investment projects, which accrue inflows over an extended time frame, the data is reported to the Central Bank on a quarterly basis. Significant lags in the initial recording of capital inflows only occur for projects which are approved by the Government and subsequently registered with Exchange Control. Nevertheless, most revisions to capital account transactions occur within two quarters of the initial publication by the Central Bank.

Conclusion

Periodic revisions to official statistics are often necessary to capture changes in the methodology used to construct aggregate estimates and to incorporate new data previously omitted. For any given period, the net errors and omissions line in the BOP reconciles recorded current and capital account transactions with the identified change in international reserves, and reflect the extent to which net trade and investment flows are either over-

stated or underestimated. However, the resulting shifts in errors, particularly for 2001, underscore the extent to which continuing review of the estimation methodologies is warranted. The Bank is therefore continuing its review of the accounts to make further improvements where necessary, to the more general categories of services inflows (credits); and to determine how to optimally capture merchandise trade in the accounts. Estimation methodologies will also continue to be strengthened for private foreign investment flows.