



# Quarterly Economic Review

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# REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENT

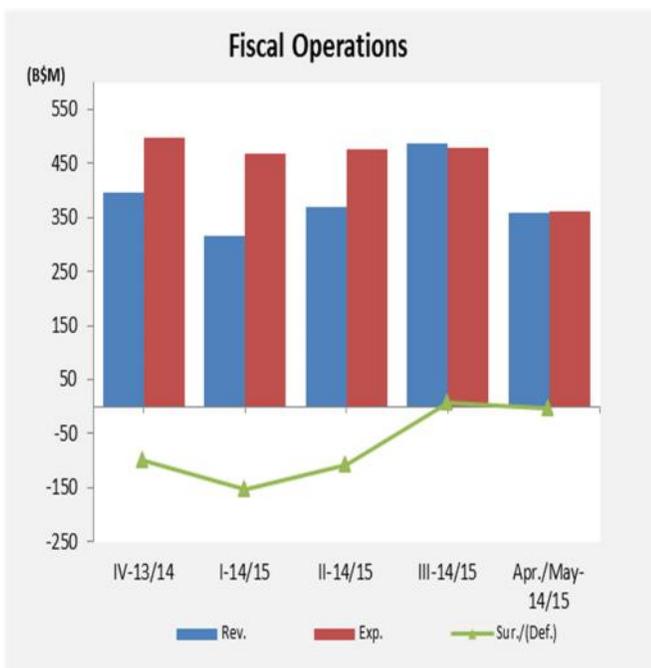
## DOMESTIC ECONOMIC DEVELOPMENTS

### OVERVIEW

Indications are that the domestic economy's mild growth momentum was sustained during the second quarter, benefitting from steady gains in the stopover segment of the tourism market and a number of varied-scale foreign investment projects, which supported construction sector activity. Employment conditions remained challenging, as a dip in the unemployment rate noted over the six months to May largely reflected hiring in anticipation of the opening of a large-scale development, as well as temporary job opportunities related to the hosting of a series of cultural events. On the prices front, despite the VAT-induced increase in costs in several categories, domestic inflation remained relatively tame over the review quarter, tempered by the fall in global oil prices.

In the fiscal sector, the Government's overall deficit contracted over the eleven months of FY2014/15, as the VAT-led expansion in revenue outstripped the rise in total expenditure. The deficit was financed primarily from domestic sources and comprised a combination of short and long-term funding.

Second quarter monetary conditions featured gains in both liquidity and external reserves, derived from real sector activities. Private sector credit remained weak, amid the combination of persistent high unemployment, elevated consumer indebtedness and loan delinquencies, and mild economic conditions. The latest available bank performance indicators showed a decline in overall bank profitability over the first three months of the year, mainly associated with an increase in the level of loan loss provisioning.



External sector developments were dominated by the ongoing decline in global oil prices which, along with lower volumes, reduced the total value of fuel imports. In addition, the substantive winding down of a multi-billion dollar foreign investment project reduced demand for offshore construction-related services, contributing to a sharp decline in the estimated current account deficit, while the corresponding lower project funding requirements translated into a significant falloff in the surplus on the capital and financial account.

### FISCAL OPERATIONS

#### OVERVIEW

At eleven months into FY2014/15, the overall deficit narrowed by 32.9% (\$124.7 million) to \$254.3 million. The outcome benefitted from a Value Added Tax (VAT) led rise in total revenue, of 15.5%

(\$206.2 million) to \$1,533.6 million, which outstripped a 4.8% (\$81.4 million) expansion in aggregate expenditure to \$1,787.8 million.

## REVENUE

In terms of the components, tax collections—which accounted for the bulk (88.7%) of total revenues—firmed by 18.3% (\$209.9 million) to \$1,359.9 million, with VAT proceeds totaling \$182.0 million over the five months since implementation on January 1<sup>st</sup>. Other non-trade related stamp taxes also grew, by 23.1% (\$30.2 million) to \$161.1 million, reflecting gains in property and financial transactions. Amid buoyancy in long-stay visitors, departure taxes rose by 14.6% (\$16.2 million) and other miscellaneous taxes increased by 23.9% (\$9.0 million). Selected taxes on services advanced by 5.1% (\$2.4 million), partly on account of the payment of back taxes by the “web shop” gaming industry. Providing some offset, taxes on international trade—the largest category—fell by \$8.2 million (1.5%) to \$518.5 million, as gains in excise taxes of \$16.4 million (7.5%) were eclipsed by a \$23.8 million (7.9%) decrease in import tax receipts following the

	FY13/14		FY14/15	
	B\$M	%	B\$M	%
Property Tax	9.0	3.3	9.3	2.6
Selective Services Tax	14.1	5.1	0.9	0.2
Busines. & Prof Lic. Fees	65.2	23.7	60.3	16.8
Motor Vehicle Tax	5.4	2.0	5.2	1.4
Departure Tax	26.1	9.5	24.2	6.7
Import Duties	54.7	19.9	46.1	12.8
Stamp Tax from Imports	--	--	--	--
Excise Tax	45.8	16.7	45.9	12.8
Export Tax	0.3	0.1	0.3	0.1
Stamp Tax from Exports	--	--	--	--
Other Stamp Tax	22.6	8.2	22.6	6.3
Value Added Tax	--	--	107.1	29.8
Other Tax Revenue	2.2	0.8	12.9	3.6
Fines, Forfeits, etc.	24.5	8.9	21.9	6.1
Sales of Govt. Property	1.2	0.4	--	--
Income	3.8	1.4	3.2	0.9
Other Non-Tax Rev.	--	--	--	--
Capital Revenue	--	--	--	--
Grants	0.3	0.1	--	--
Less:Refunds	0.6	0.2	0.7	0.2
<b>Total</b>	<b>274.6</b>	<b>100.0</b>	<b>359.2</b>	<b>100.0</b>

\$76.4 million (12.7%) advance in transfer payments to \$680.2 million. Specifically, subsidies & other transfers grew by \$54.4 million (13.5%) to \$456.7 million, as the reclassification of items from mainly consumption expenditures, as well as elevated outlays for pension and new tax administration, led to increases for subsidies (\$51.0 million). Meanwhile, gains were also recorded for transfers to non-profit institutions (\$10.0 million), households (\$5.6 million) and non-financial public enterprises (\$1.2 million); however, transfers abroad fell by \$13.4 million to \$10.0 million. Reflecting higher external debt obligations, interest payments grew by 10.9% (\$22.1 million) to \$223.5 million. Despite the reclassification of certain items to subsidies, consumption spending—at a commanding 55.3% of current outlays—advanced by \$16.3 million (2.0%) to \$843.1 million, as the 6.1% (\$33.8 million) gain in wages & salaries outstripped the 6.5% (\$17.5 million) falloff in purchases of goods and services.

reduction of several tariff rates to compensate for the new VAT. Similarly, declines were posted for business and professional fees (\$10.5 million) and motor vehicle taxes (\$1.0 million).

Non-tax receipts—at 11.1% of total revenue—decreased by 3.8% (\$6.7 million) to \$170.3 million. The income-related component contracted by \$14.2 million (26.7%), as lower dividend receipts reduced income from “other” sources by \$15.0 million (30.2%), to overshadow the \$0.9 million (25.4%) rise in revenues from public enterprises. Receipts from the sale of Government property also declined, by \$0.6 million to \$0.7 million, whereas fines, forfeits & administrative fees grew by 6.6% (\$8.1 million) to \$130.5 million.

## EXPENDITURE

Spending gains were dominated by a \$92.7 million (6.5%) hike in current outlays to \$1,523.2 million, with net lending to public corporations also higher by \$11.8 million (17.6%) at \$79.2 million. Conversely, capital spending fell by 11.1% (\$23.1 million) to \$185.4 million.

By economic classification, the expansion in current expenditure was mainly attributed to a

On a functional basis, growth in recurrent spending was associated with payments for economic services, up 28.9% (\$43.5 million) to \$194.4 million, owing to increased outlays for tourism-related services (\$36.0 million), public works & water supply (\$8.1 million) and transportation services (\$1.4 million). General public service outlays also grew by 5.9% (\$24.9 million) to \$446.4 million, as both general administration and public order & safety components firmed by 7.5% (\$19.2 million) and 3.5% (\$5.7 million), respectively. In addition, social benefit payments expanded by 7.1% (\$8.6 million) to \$130.3 million, due primarily to gains in old age and disability services and general administration expenditures. More muted increases were recorded for education, of 1.1% (\$2.6 million) to \$234.5 million; defense, of 4.3% (\$1.9 million) to \$47.0 million, and housing, of 5.8% (\$0.2 million) to \$3.0 million. Conversely, expenditures on health services were reduced by \$11.1 million to \$229.7 million, but were relatively unchanged for community & social services, at \$14.5 million.

The contraction in capital expenditure was largely explained by a falloff in defense spending, by 61.1% (\$41.4 million) to \$26.4 million—back to trend levels following last year’s surge associated with the acquisition of new Defense Force ships. Reflecting reduced levels of public infrastructure works, payments for economic services fell by 8.5% (\$7.6 million) to \$82.3 million, and disbursements for health and education decreased, by \$5.1 million and \$4.7 million, to \$0.3 million and \$9.4 million, respectively. In contrast, general public service outlays more than doubled to \$55.1 million, as a \$33.5 million hike in payments for general administration, associated with the transfer of funds for tourism investment-related road works, preparations for the new VAT regime and the staging of a national cultural event, outweighed the \$2.2 million falloff in public order & safety expenses. Similarly, spending on other community & social services and housing firmed by \$4.3 million and \$0.3 million, respectively.

#### ***FINANCING AND THE NATIONAL DEBT***

Financing for the eleven months of FY2014/15 totaled \$664.8 million, of which \$525.0 million (79.0%) was sourced in Bahamian dollars and comprised short-term advances (\$275.0 million), newly issued fixed-rate Bahamas Government Stock (\$220.0 million) and Treasury bills (\$30.0 million). Foreign financing of \$139.8 million was related to drawings on project-based borrowings. Government’s debt repayments totaled \$219.0 million, with the dominant portion (94.1%) being absorbed by Bahamian dollar obligations.

As a result of these developments, the Direct Charge on the Government increased by \$52.6 million (0.9%) over the previous three months and by \$496.7 million (9.6%), year-on-year, to \$5,655.2 million. Bahamian dollar debt represented the majority (71.5%) of the total and the most significant portion of the local debt was held by commercial banks (41.6%), followed by “other” private and institutional investors (31.2%), public corporations (16.2%), the Central Bank (10.5%) and other local financial institutions (0.5%). By instrument, Government bonds comprised the dominant share of domestic currency debt, at 76.3%, although the average maturity fell from 10.7 years to 9.8 years. Treasury bills and loans & advances accounted for smaller shares, of 14.3% and 9.4%, respectively.

Government’s contingent liabilities rose by \$6.0 million (0.8%) over the previous quarter and by \$84.7 million (13.3%), year-on-year, to \$723.1 million. Consequently, the National Debt—which includes contingent liabilities—grew by \$58.6 million (0.9%) over the three-month period and by \$581.4 million (10.0%) relative to the prior year, to \$6,378.2 million.

#### ***PUBLIC SECTOR FOREIGN CURRENCY DEBT***

During the second quarter, public sector foreign currency debt firmed slightly, by 0.4% (\$9.6 million) to \$2,509.6 million, and by 5.5% (\$131.7 million) year-on-year, as new drawings of \$24.2 million exceeded amortization payments of \$14.6 million. The Government’s component, at 64.2% of the total, rose by 0.5%

(\$7.6 million) to \$1,610.5 million, and the public corporation's segment increased by 0.2% (\$2.0 million) to \$899.1 million.

Relative to 2014, total public sector debt service payments declined by 10.5% (\$5.6 million) to \$48.1 million. The dominant Government share fell by 20.5% (\$7.2 million) to \$27.7 million, due to a \$7.8 million reduction in interest payments, to \$21.5 million, which countered a \$0.6 million uptick in amortization outlays to \$6.2 million. In contrast, the public corporations' component grew by 8.1% (\$1.5 million) to \$20.4 million, with interest charges up by \$1.1 million to \$12.0 million and amortization payments higher by \$0.4 million to \$8.4 million.

Disaggregated by creditor profile, non-resident investors accounted for the largest share of foreign currency debt (38.3%), followed by private capital markets (35.9%), commercial banks and multilateral companies (11.5% each) and bilateral institutions with the smallest proportion of the total, at 2.8%. The average age of the outstanding debt was marginally lower at 12.6 years from 13.0 years in 2014. The bulk (88.5%) of the debt stock was denominated in US Dollars, with euros and Chinese Yuans comprising the remaining 8.7% and 2.8%, respectively.

### **2015/2016 BUDGET HIGHLIGHTS**

Government's FY2015/16 Budget outlined a number of new initiatives aimed at enhancing revenue administration and restraining expenditure growth, in an effort to further reduce the deficit and slow the expansion in the national debt. The Budget forecasted a narrowing in the deficit to GDP ratio, from the projected outturn of 2.3% in FY2014/15, to 1.5% by FY2015/16 and a further decline to 0.3% by FY2017/18. Correspondingly, the debt-to-GDP ratio is expected to decrease by 20 basis points to 60.9% in FY2015/16 and then taper-off over the subsequent two years, to 56.8% of GDP.

The cornerstone of the Government's measures to generate additional revenue is the VAT regime, which will be in-place for the entire fiscal year, in comparison to the six-month period of FY2014/15. Conversely, downward adjustments have been made to several other tax and tariff rates, to mitigate the effects of the new tax. In an effort to provide some relief to the real estate sector from the VAT-induced increase in selling costs, the Government announced plans to reduce the stamp duty on all transactions to a lower single tax rate of 2.5% from a range of 4.0%-10.0%, with VAT only applying to transactions valued at over \$100,000. In terms of residential property, the Government announced plans to cut the top tax rates on owner-occupied homes with attached rental units and introduce a 10% discount for the early payment of taxes by property owners; commercial property tax rates have also been reduced by 25 basis points to 0.75%. In other revenue measures, the Government proposed a decrease in the maximum rate for business license fees, to 1.50% of the turnover from 1.75%, along with rate reductions for businesses involved in agriculture and fisheries and independent fuel distributors in the Family Islands.

Despite the downward adjustment in a number of rates, tax revenue is budgeted to rise robustly in FY2015/16, by 17.5% (\$276.2 million) to \$1,857.4 million over the prior period, while non-tax receipts are targeted to stabilize at \$178.9 million, as a rise in collections from fines, forfeits & administration fees is expected to negate reductions in income from non-equity investments.

Underlying the forecasted growth in tax receipts is an anticipated surge in proceeds from the VAT, by \$394.2 million to \$544.2 million in the first full year of its operation. Gains are also projected to accrue from business license fees, of \$12.3 million (6.6%) to \$197.3 million, and selective taxes on services, of \$8.7 million (21.1%) to \$50.0 million. The latter reflects in part an estimated additional \$30.0 million in gaming taxes from the Government's plans to regularize the "web shop" industry, which will outweigh the loss of revenue due to the elimination of the Hotel Occupancy Tax. With the strengthening performance of the tourism sector, departure taxes are budgeted to firm by \$15.8 million (12.6%) to \$141.1 million, while

property and motor vehicle taxes are forecasted to increase more modestly, by \$4.6 million (3.1%) and \$0.3 million (0.9%), to \$151.2 million and \$29.2 million, respectively. In contrast, income from non-trade related stamp taxes is projected to decline by almost half (48.7%) to \$97.4 million, attributed to a falloff in proceeds from realty and financial transactions. Amid Government's plans to lower and, in some instances, eliminate duty rates on a number of imported items, taxes on international trade & transactions are expected to contract by \$67.2 million (9.4%) to \$647.0 million.

Under non-tax revenue, budgeted inflows from fines, forfeits & administration fees are anticipated to rise by \$2.2 million (1.7%) to \$129.2 million, while income from the sale of Government property is projected to stabilize at \$1.1 million. In contrast, income receipts are set to fall by \$2.2 million (4.3%) to \$48.5 million, as the \$1.3 million (52.0%) upturn in collections from public enterprises is eclipsed by a \$3.5 million (7.3%) contraction in proceeds from other "miscellaneous" sources.

Total expenditures are targeted to expand by \$132.1 million (6.5%) to \$2,178.9 million during FY2015/16, occasioned by a \$158.4 million (9.2%) boost in current outlays to \$1,872.8 million and a \$3.7 million (6.3%) increase in net lending to \$62.8 million. In contrast, capital spending is projected to decline by \$30.0 million (\$11.0%) to \$243.2 million.

By economic classification, the expansion in current outlays is mainly explained by programmed growth in transfer payments, of \$111.4 million (15.0%) to \$856.0 million, as the reclassification of several items and increase in health-related outlays is expected to lead to further gains in subsidies & other transfers, by \$104.4 million (21.5%), while interest disbursements are estimated to firm by \$7.0 million (2.7%). Similarly, consumption spending is set to rise by \$47.0 million (4.8%) to \$1,016.8 million, owing to respective gains in purchases of goods & services and personal emoluments of \$24.2 million (7.5%) and \$22.8 million (3.5%).

The budgeted reduction in capital expenditure largely reflects a \$44.4 million (22.4%) decrease in infrastructure-related spending to \$153.5 million, while transfers to public corporations are slated to stabilize at \$1.1 million. In contrast, disbursements for asset acquisitions are poised to expand, by \$16.3 million (22.6%) to \$88.7 million, due mainly to higher equity purchases.

In line with the anticipated contraction in the overall deficit, budgetary financing for FY2015/16 is projected to decline by over one-third (\$160.7 million) to \$286.0 million. Government's programmed borrowing, at \$182.4 million, is expected to be dominated by Bahamian dollar debt (63.8%)—down from \$343.2 million in the prior period, while external financing is set to stabilize at \$103.6 million. Projected debt repayment is placed lower by \$12.2 million (7.7%) at \$145.7 million—the bulk of which (\$125.0 million) is earmarked to retire Bahamian dollar obligations.

## **REAL SECTOR**

### **TOURISM**

Preliminary indications are that the tourism sector's growth momentum moderated somewhat in the second quarter, as visitor arrivals fell by 3.2% to approximately 1.5 million, vis-à-vis a comparative year-earlier gain of 5.2%. The expansion in the high value-added air segment tapered to 1.4% from a 4.7% upturn in 2014.

By first port of entry, visitors to New Providence declined by 10.7% to 0.8 million, following 2014's 1.5% boost, and was explained by decreases in both the sea (14.4%) and air (2.8%) segments. Similarly, arrivals to the Family Islands fell by 2.9% to 0.5 million, in contrast to a 15.3% expansion in 2014, with the 4.4% falloff in sea visitors overshadowing the 5.8% hike air arrivals. A more favourable outcome was achieved in Grand Bahama, where the growth in tourists surged to 26.7% from 1.2% in 2014, bolstered by robust gains in both air (27.5%) and sea (26.6%) passengers.

Based on provisional hotel sector data for a sample of large properties on New Providence and Paradise Island for the second quarter, room revenues were relatively flat, in comparison to the prior year, reflecting the temporary closure of two large-scale properties. Improvement in the average daily room rate (ADR), by 5.1% to an estimated \$254.14, was accompanied by a 2.3 percentage points firming in the occupancy rate, to 73.9%.

**CONSTRUCTION**

Second quarter construction sector activity included steady investments from the continuation of several small to medium-scale tourism investment projects, while domestic private sector activity, although subdued, showed modest signs of improvement.

On the domestic side, total mortgage disbursements for new construction and repairs—as reported by commercial banks, insurance companies and the Bahamas Mortgage Corporation—rose by 25.7% to \$29.5 million, in contrast to the prior year’s 1.4% reduction. Underpinning this outturn, the residential segment grew by 14.8% (\$3.2 million) to \$24.5 million and commercial mortgages increased to \$5.0 million from \$2.1 million.

The improvement in the real estate sector seems poised to be in the positive, although mild, territory over the near-term. Mortgage commitments for new buildings and repairs—a forward looking indicator of construction activity—increased in number, by 13.1% (14) to 121; however, the corresponding value declined by 7.0% to \$17.1 million. Specifically, residential loan approvals firmed by 13 to number 119, but contracted by 24.0% in value to \$13.7 million. Commercial approvals rose by 1 to 2, with the associated value increasing by \$3.0 million to \$3.4 million.



Interest rates moved lower over the review period, as the average cost of both commercial and residential mortgages contracted by 70 and 30 basis points, to 8.1% and 7.8%, respectively.

**EMPLOYMENT**

Reflecting the on-boarding of employees at the Baha Mar resort in anticipation of its planned opening, as well as temporary hiring for a series of cultural events, labour market conditions improved over the six months to May 2015. According to the Department of Statistics’ most recent Labor Force Survey, the jobless rate narrowed by 3.7 percentage points to 12.0%—the lowest in five (5) years—as an additional 14,415 persons were categorized as employed. In a sign of improving job prospects, the number of discouraged workers also fell, by 13.0% to 3,950.



A disaggregation by major job centers revealed that the unemployment rate for New Providence declined by 4.0 percentage points to 12.0%, with the number of employed persons rising by 4,205. Similarly, the jobless rates in Grand Bahama and Abaco moved lower, by 5.7 (3,755 persons) and 8.1 (1,285 persons) percentage points, to 12.9% and 12.2%, respectively.

The majority of the job gains were in the community, social and personal services and the manufacturing categories, which firmed by 24.0% and 21.0%, respectively. In contrast, sustained layoffs in the banking sector, due to the ongoing cost rationalization and outsourcing activities of several firms, contributed to a 36.0% decline in the number of persons employed. Unemployment

among young people (ages 15-24 years) remained at the highest level—although the rate fell by 5.7 percentage points to 25.3% at end-May.

## PRICES

During the second quarter, domestic consumer price inflation—as measured by changes in the Retail Price Index—advanced by 66 basis points to 2.05%. In terms of the components, accretions to average costs accelerated for health, furnishing, household equipment & routine household maintenance and communication, by 15.9, 5.6 and 4.4 percentage points, to 18.58%, 6.71%, and 4.87%, respectively. Inflation also firmed for education (by 3.5 percentage points to 5.51%), clothing & footwear (by 3.2 percentage points to 3.54%), restaurant & hotels (by 2.9 percentage points to 7.44%) and food & non-alcoholic beverages (by 1.9 percentage points to 4.40%). Recreation & culture average costs were reversed, from a decline of 0.25% to a gain of 11.53% in the review quarter. In contrast, accretions to

Retail Price Index (Annual % Changes; June)					
Items	Weight	2014		2015	
		Index	%	Index	%
Food & Non-Alcoholic	102.4	100.08	1.4	103.11	3.0
Alcohol, Tobacco & Narcotics	5.94	98.69	4.0	104.46	5.9
Clothing & Footwear	44.99	99.14	3.4	102.31	3.2
Housing, Water, Gas, Furn. & Household,	321.7	98.99	-0.7	99.19	0.2
Health	45.7	98.28	-0.6	102.78	4.6
Transportation	43.99	98.73	1.5	105.63	7.0
Communication	125	101.97	3.8	100.03	-1.9
Rec., & Culture	40.9	100.09	1.5	102.56	3.9
Education	24.59	97.21	3.8	103.96	2.0
Restaurant & Hotels	42.36	97.32	0.7	101.38	1.3
Misc. Goods & Svcs.	56.84	98.99	0.3	101.77	4.7
Misc. Goods & Svcs.	145.6	100.75	2.0	100.99	3.8
<b>ALL ITEMS</b>	<b>1,000</b>	<b>99.62</b>	<b>3.0</b>	<b>101.03</b>	<b>2.1</b>

average costs slowed for alcohol beverages tobacco & narcotics, by 2.4 percentage points to 8.15% and for miscellaneous goods & services, by 1.9 percentage points to 1.61%. In line with the downward trajectory in international oil prices, average costs for transportation turned around, from a gain of 4.30% to a contraction of 3.81%, while the decline in housing, water, gas electricity & other fuels—the largest component in the Index—was extended to 1.51% from 1.14% in 2014.

Reflecting the pass-through effects of lower global oil prices, the Bahamas Electricity Corporation's fuel charge decreased, by 17.8% over the quarter, to 17.87¢ per kilowatt hour (kWh), and by 24.2% year-on-year. In contrast, after two consecutive quarters of declines, the average costs for both gasoline and diesel

prices trended upwards, by 11.4% and 3.7%, to \$4.52 and \$3.99 per gallon; however, when compared to the prior year, average prices were still 22.0% and 16.5% lower.

## MONEY, CREDIT AND INTEREST RATES

### OVERVIEW

Buttressed by net foreign currency inflows from real sector activities, both bank liquidity and external reserves expanded during the second quarter. However, with the persistence of subdued domestic demand conditions, elevated unemployment and loan delinquencies, credit to the private sector fell modestly over



the period. Meanwhile, a significant rise in the level of loan loss provisions contributed to the falloff in overall profitability during the first three months of the year. Lending conditions featured a widening in the interest rate spread over the second quarter, reflecting an increase in the average lending rate and a fall in the average deposit rate—although average rates on residential mortgages continued to trend lower.

### LIQUIDITY

During the review quarter, growth in banks' net free cash reserves moderated sharply, to \$2.8 million (0.6%) from \$79.5 million (16.6%) in 2014 and, at \$487.6 million, represented a lower 7.8% of deposit liabilities, compared to 9.2% in the previous year. The net accretion to

the broader liquid assets, which include holdings of both short and long-term Government securities, abated to \$103.6 million (8.5%) from \$118.1 million (9.5%) in 2014. At end-June, the aggregate surplus stood at \$1,315.8 million, approximately 125.1% above the statutory requirement, vis-à-vis 135.4% in the comparative period last year.

### DEPOSITS AND MONEY

The expansion in overall money supply (M3) slackened to \$17.7 million (0.3%) from \$81.3 million (1.3%) in 2014, for an outstanding stock of \$6,470.0 million at end-June. In terms of the components, the absolute increase in narrow money (M1) was higher at \$54.6 million (2.7%) from \$51.9 million (3.1%) a year ago, as a \$55.2 million (3.0%) build-up in demand deposits outstripped a marginal \$0.6 million (0.3%) decline in currency in activity circulation. By contrast, broad money (M2) growth tapered to \$63.2 million (1.0%) from a year-earlier \$82.2 million (1.4%), as fixed deposits fell by \$20.5 million (0.7%), to reverse last year's \$15.7 million (0.5%) expansion. In a slight offset, gains in private sector balances boosted the accretions to savings deposits, to \$29.1 million (2.6%) from \$14.6 million (1.3%). Residents' foreign currency deposits contracted by \$45.5 million (16.8%), up sharply from the \$0.9 million (0.3%) decrease in 2014, owing to reductions in both private and public balances.

The largest share of the money stock comprised fixed deposits (46.4%), followed by demand (29.0%) and savings balances (17.5%), with currency in circulation and residents' foreign currency deposits represented much smaller shares, of 3.6% and 3.5%, respectively.

### DOMESTIC CREDIT

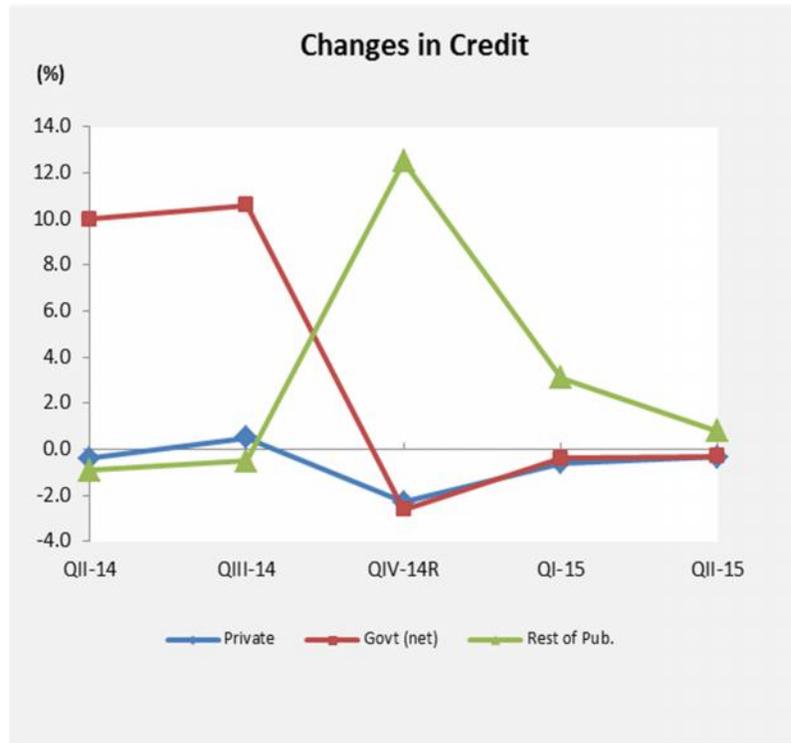
Total domestic credit contracted by \$32.0 million (0.4%) during the review quarter, a turnaround from 2014's \$138.3 million (1.6%) growth, and was mainly associated with a decline in the private sector credit. The dominant Bahamian dollar component (at 93.3% of the total) fell by \$15.8 million (0.2%), in contrast to the prior year's \$96.4 million (1.2%) expansion. Similarly, foreign currency credit decreased by \$11.9 million (2.0%), a reversal from a \$41.9 million (6.0%) rise a year earlier, when the Government obtained a short-term bridging facility for the purchase of Defence Force vessels.

A breakdown of the dominant Bahamian dollar constituent showed net credit to the Government contracting by \$2.5 million (0.1%), in a marked turnaround from last year's \$104.3 million (6.1%) surge in net claims that were mainly of a short-term duration. Credit to the rest of the public sector rose further, by \$3.1 million (1.5%), relative to the prior year's \$0.5 million (0.5%) gain, while the contraction in private sector credit was extended to \$16.4 million (0.3%) from \$8.4 million (0.1%) in 2014.

Personal loans comprised the largest share (81.6%) of Bahamian dollar private sector credit, and declined by \$4.6 million (0.1%), to reverse the \$8.0 million (0.2%) upturn posted in 2014. This included reductions in both residential mortgages and overdrafts, of \$12.5 million (0.4%) and \$5.6 million (8.9%), respectively, which exceeded the \$13.6 million (0.6%) increase in consumer loans.

A further breakdown of consumer credit showed hikes in lending for "miscellaneous" purposes (\$36.3 million), private cars (\$1.8 million) and travel (\$1.1 million), while more muted gains of under \$1.0 million were recorded for medical, credit cards, taxis & rented cars and furnishings & domestic appliances. In a partial offset, net repayments were registered for debt consolidation (\$18.5 million) and land purchases (\$5.7 million), with declines of less than \$1.0 million for home improvement, education and commercial vehicles' liabilities.

Among the remaining private sector loan categories, net repayments were noted for "miscellaneous" (\$9.9 million), transportation (\$6.4 million), fisheries (\$3.0 million), distribution (\$2.5 million) and tourism (\$2.3 million) lending. Conversely, credit expanded for construction and manufacturing, by \$8.3 million and \$4.3 million, respectively.



### Distribution of Bank Credit By Sector

(End-June)

	2015		2014	
	B\$M	%	B\$M	%
Agriculture	10.6	0.2	11.6	0.2
Fisheries	5.0	0.1	8.0	0.1
Mining & Quarry	2.3	0.0	2.4	0.0
Manufacturing	33.2	0.5	51.8	0.7
Distribution	186.5	2.7	212.0	3.0
Tourism	25.7	0.4	41.4	0.6
Enter. & Catering	73.3	1.1	78.7	1.1
Transport	40.0	0.6	39.0	0.6
Construction	359.1	5.2	435.4	6.2
Government	362.2	5.2	230.9	3.3
Public Corps.	264.9	3.8	300.6	4.3
Private Financial	18.9	0.3	10.5	0.2
Prof. & Other Ser.	70.7	1.0	81.6	1.2
Personal	5,228.7	75.6	5,237.9	74.8
Miscellaneous	237.3	3.4	261.1	3.7
<b>TOTAL</b>	<b>6,918.3</b>	<b>100.0</b>	<b>7,003.1</b>	<b>100.0</b>

### MORTGAGES

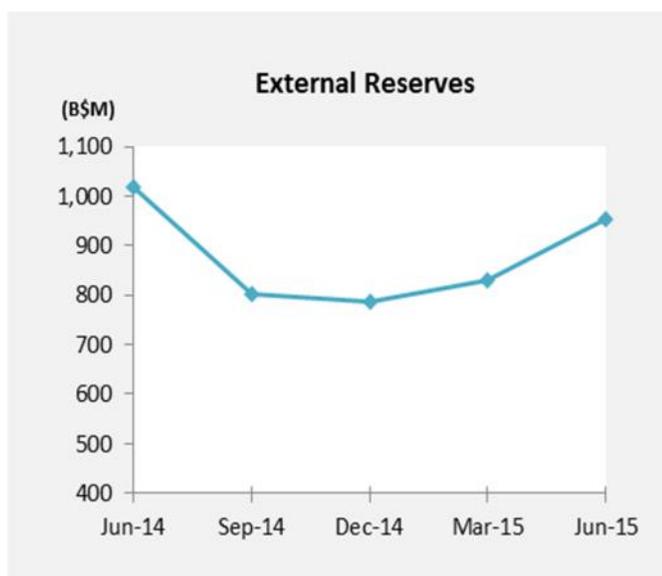
According to data provided by banks, insurance companies and the Bahamas Mortgage Corporation, the total value of mortgages outstanding fell slightly by \$1.2 million (0.04%) to \$3,245.0 million, following a \$12.8 million (0.4%) contraction a year earlier. Residential mortgages, which accounted for the bulk (93.8%) of the total, declined by \$12.5 million (0.4%) to \$3,044.4 million, extending the previous year's \$7.4 million (0.2%) reduction. In contrast, the commercial component rebounded by \$11.3 million (6.0%) to \$200.6 million, from the prior year's \$5.4 million (2.6%) contraction. At end-June, domestic banks held the bulk of outstanding mortgages (88.8%), followed by insurance companies (6.0%) and the Bahamas Mortgage Corporation (5.2%).

### THE CENTRAL BANK

Reflecting a reduction in Treasury bill holdings, the Central Bank's net claims on the Government declined by \$56.0 million (12.2%) to \$402.7 million, following last year's marginal decrease of \$0.8 million (0.2%). The Bank's net deposit liabilities to the rest of the public sector rose by \$3.2 million to \$8.3 million, a turnaround from the \$9.9 million contraction a year ago. Growth in the Bank's net deposit liabilities to commercial banks was slightly higher at \$62.2 million (8.6%) for an ending balance of \$788.8 million.

Buoyed by net foreign currency inflows related to real sector activities, external reserves strengthened by \$124.0 million (15.0%) to \$953.1 million, outstripping the preceding year's \$59.4 million (6.2%) gain. In the underlying transactions, the nearly four-fold hike in the Bank's total net foreign currency purchase, to \$118.7 million, was largely attributed to a higher net purchase position relative to commercial banks, of \$32.8 million to \$183.4 million, and a \$41.4 million reduction in the net sale position with public corporations to \$75.1 million—consequent on the decline in international oil prices. Further, the Bank's transactions with the Government were reversed, to a net purchase of \$10.4 million from a \$3.7 million net sale a year earlier.

At end-June, 2015, the stock of external reserves was equivalent to 18.4 weeks of non-oil merchandise imports, although below the comparative 20.4 weeks for 2014. After adjusting for the 50% statutory requirement on the Central Bank's Bahamian dollar liabilities, "useable" reserves fell by \$33.3 million (7.4%) to \$419.0 million.



## DOMESTIC BANKS

During the review period, domestic banks' credit expansion slowed sharply, to \$24.1 million (0.3%) from \$139.3 million (1.7%) in 2014, as accretions to net claims on the Government tapered to \$45.9 million (2.9%) from \$171.1 million (12.8%). In addition, credit to the private sector and public corporations registered declines of \$20.8 million (0.3%) and \$1.0 million (0.2%), extending the year-earlier reductions of \$28.2 million (0.4%) and \$3.6 million (0.9%), respectively. Growth in banks' net foreign liabilities, of \$6.6 million (1.4%), was substantially below last year's \$50.1 million (8.4%) increase, which was associated with the provision of a short-term bridging loan to the Government.

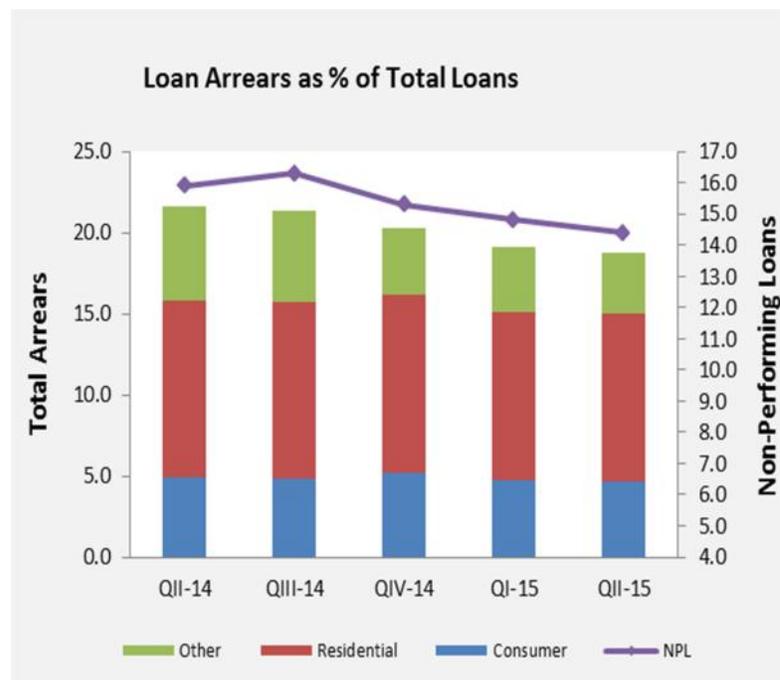
Total deposit liabilities grew by \$44.9 million (0.7%) to \$6,473.7 million, down from the \$66.6 million (1.1%) expansion last year. In the underlying components, accretions to private sector deposits were more than halved, to \$33.4 million (0.6%), from \$76.2 million (1.3%) in 2014, and public corporations' balances contracted by \$18.7 million (5.0%)—a turnaround from the prior year's \$9.4 million (2.9%) gain. In contrast, Government's deposits rose by \$30.1 million (13.5%), a reversal from the \$19.0 million (10.6%) reduction a year ago. At end-June, the majority of deposit liabilities (96.4%) were denominated in Bahamian dollars, with United States' dollars and other miscellaneous currencies accounting for the remaining 3.4% and 0.2%, respectively. A breakdown by depositor type showed private individuals holding the majority (50.3%) of total local currency balances, followed by business firms (30.3%), private financial institutions (5.6%), public corporations (4.3%), other entities (4.6%), Government (4.0%) and public financial institutions (0.9%).

Fixed balances comprised the bulk of deposits, at 50.5%, followed by demand (31.4%) and savings (18.1%). Disaggregated by range of value and number, the majority (87.8%) of accounts held balances of less than \$10,000, although only 5.9% of the total value. Accounts of between 10,000 and \$50,000 in value constituted 8.1% of the total number and 10.8% of the overall value, while the smallest segment of accounts (4.1%) held balances in excess of \$50,000, but accounted for a dominant 83.3% of the aggregate.

## CREDIT QUALITY

Banks' credit quality indicators improved, as total private sector loan arrears contracted by \$24.8 million (2.0%) over the three-month period, and by \$168.1 million (12.4%) on an annual basis, to \$1,191.4 million. Consequently, the corresponding ratio of private sector arrears to total loans narrowed by 0.4 and 2.3 percentage points over the quarter and year-on-year, respectively, to 19.9%.

The quarterly reduction in total delinquencies was mainly associated with a \$15.4 million (6.0%) decline in the commercial component, to \$241.0 million, constituting a 1.6 percentage point reduction to 28.0% of total loans. The consumer segment decreased, by \$9.6 million (3.2%), to \$292.5 million,



and by 37 basis points to 12.7% of total loans. In contrast, mortgage arrears—which comprised the bulk (55.2%) of the total—grew marginally, by \$0.2 million (0.04%) to \$657.9 million, for a slight rise to 23.3% of total lending.

A breakdown by average age showed that total non-performing loans contracted by \$26.3 million (2.8%) to \$916.1 million, resulting in a 40 basis point reduction in the corresponding loan ratio to 15.3%. In contrast, the short-term (31-90 days) segment firmed slightly, by \$1.5 million (0.5%) to \$275.3 million, for a 4 basis point increase to 4.6% of total loans.

Banks increased their loan loss provisions by \$1.1 million (0.2%) to \$502.0 million, elevating the ratio of provisions to both arrears and non-performing loans, by 1.0 and 1.7 percentage points, to 42.1% and 54.8%, respectively.

### **BANK PROFITABILITY**

Based on the latest available data, higher provisioning for bad debts was the main contributor to the 24.0% (\$8.0 million) contraction in banking sector profitability, to \$25.3 million during the first quarter of 2015—in contrast to the year-earlier 1.9% (\$0.6 million) gain.

On the lending side, the net interest margin declined slightly, by \$0.9 million (0.7%) to \$127.2 million, as the 3.1% (\$4.7 million) decrease in interest income eclipsed the 15.1% (\$3.8 million) reduction in interest expense. Providing some offset, commission and foreign exchange income expanded by 64.2% (\$2.2 million) to \$5.7 million, improving the gross earnings margin by 1.0% (\$1.3 million) to \$132.9 million.

Total operating costs fell by 3.0% (\$2.8 million) to \$88.1 million, owing to a 7.7% (\$3.2 million) contraction in other “miscellaneous” expenses and a marginal 0.7% (\$0.3 million) reduction in staff outlays, which offset an 11.1% (\$0.7 million) increase in occupancy costs. As a consequence, the net earnings margin firmed by \$4.0 million (9.9%) to \$44.8 million. In contrast, the net loss on non-core activities more than doubled to \$19.5 million from \$7.5 million in the prior period, led by a \$15.4 million (56.2%) hike in provisioning for bad debts, alongside a \$0.3 million (8.9%) increase in depreciation costs, which outweighed the 15.6% (\$3.7 million) rise in other non-core income—inclusive of fees and charges.

In light of these developments, banks’ profitability ratios, as a percentage of average assets, moved generally lower over the review period. With the reduction in interest income, the interest margin ratio declined by 3 basis points to 5.21%; however, the gross earnings margin ratio improved by 6 basis points to 5.44%, due to a 9 basis point rise in the commission & foreign exchange income ratio to 0.23%. Further, the net earnings margin ratio moved higher by 17 basis points to 1.84%, as lower “miscellaneous” expenses curtailed the operating cost ratio by 11 basis points to 3.61%. However, after accounting for a significant increase in bad debt provisioning, the net income ratio narrowed by 33 basis points to 1.04%.

### **INTEREST RATES**

In key interest rate trends, the commercial banks’ weighted average lending rate moved higher by 41 basis points to 12.35%, while the high levels of liquidity contributed to a 6 basis point reduction in the deposit rate to 1.40%. As a consequence, the weighted average interest rate spread widened by 47 basis points to 10.95%.

For deposits, the average rates on savings and demand balances decreased, by 14 and 10 basis points, to 0.82% and 0.27%, respectively. Similarly the ranges on the longer-term fixed maturities narrowed to 1.03% - 1.71% from 1.02% - 1.90% in the preceding three-month period.

<b>Banking Sector Interest Rates</b>			
Period Average (%)			
	Qtr. II	Qtr. I	Qtr. II
	<u>2014</u>	<u>2015</u>	<u>2015</u>
<b>Deposit Rates</b>			
Demand Deposits	0.29	0.37	0.27
Savings Deposits	0.88	0.96	0.82
Fixed Deposits			
Up to 3 months	1.27	1.07	1.20
Up to 6 months	1.22	1.02	1.03
Up to 12 months	1.84	1.90	1.71
Over 12 months	2.00	1.55	1.42
<b>Weighted Avg Deposit</b>	<b>1.56</b>	<b>1.46</b>	<b>1.40</b>
<b>Lending Rates</b>			
Residential mortgages	7.38	6.89	6.45
Commercial mortgages	8.26	7.61	7.68
Consumer loans	13.60	14.05	14.08
Other Local Loans	8.26	7.54	7.97
Overdrafts	9.93	10.48	10.20
<b>Weighted Avg Loan Rate</b>	<b>11.96</b>	<b>11.94</b>	<b>12.35</b>

On the lending side, the uptrend in borrowing costs was attributed to moderate gains in average rates on the commercial mortgage and consumer loan segments, of 7 and 3 basis points to 7.68% and 14.08%, respectively. In contrast, declines were recorded for the average residential mortgage rate (by 44 basis points to 6.45%) and overdrafts (by 28 basis points to 10.20%).

Among other key interest rates, the average 90-day Treasury bill rate firmed by 11 basis points to 0.69%, while the Central Bank's Discount Rate and commercial banks' Prime rate remained at 4.50% and 4.75%, respectively.

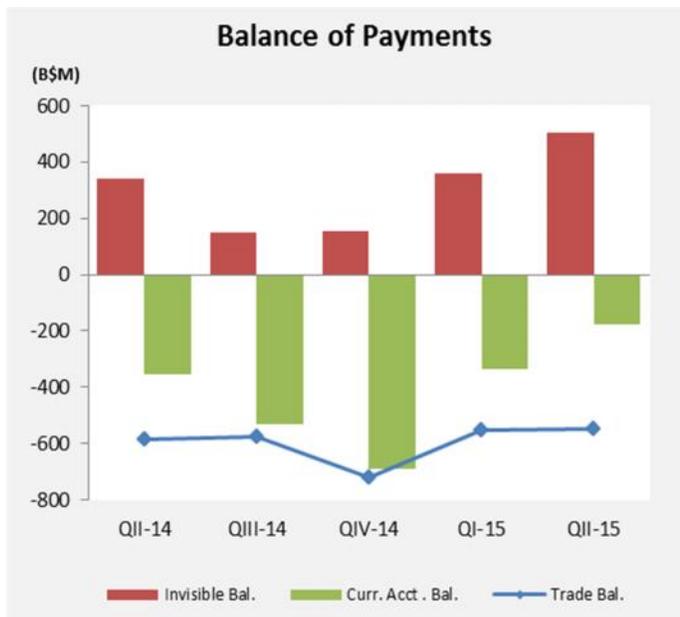
## CAPITAL MARKETS DEVELOPMENTS

With investors remaining relatively conservative, given the mild growth signals, the volume of shares traded on the Bahamas International Securities Exchange (BISX) during the second quarter edged up, by 0.3% to 0.6 million, while the corresponding value declined by 12.6% to \$3.4 million. Buoyed by gains in the prices of several securities, both the BISX All Share Index and market capitalization firmed, by 3.4% and 3.5%, to 1,730.34 points and \$3.7 billion, respectively, extending the 3.0% upturn recorded for both indicators last year. At end-June, the number of securities listed on the Exchange stood unchanged from the preceding quarter at 29, and consisted of 20 common shares, 5 preference shares and 4 debt tranches.

## INTERNATIONAL TRADE AND PAYMENTS

Provisional estimates for the second quarter of 2015 showed that the current account deficit contracted by \$178.1 million (50.4%) to \$175.6 million, relative to the same quarter of 2014. With the near completion of a major foreign investment project, construction service outflows were sharply reduced, contributing to a widening of the services account surplus. The combination of a fall-off in net foreign direct investment inflows and a reversal in private loan financing to a net outflow brought the capital and financial account surplus lower by an estimated \$373.2 million (88.9%) to \$46.4 million.

The estimated merchandise trade deficit decreased by \$35.0 million (6.0%) to \$548.5 million, as a \$120.1 million (14.6%) reduction in imports, to \$704.3 million, outweighed an \$85.1 million (35.3%) falloff in exports, to \$155.8 million. In particular, the downtrend in global oil prices, combined with an 11.5% reduction in the associated volume, resulted in a decline in net fuel imports, by \$109.1 million (62.3%) to \$124.5 million. On a per barrel basis, broad-based price declines were noted for almost all of the oil product categories, with the cost of gas oil decreasing by \$60.10 (44.1%) to \$76.14; motor gas, by \$42.14 (31.4%) to \$92.01; jet fuel, by \$37.17 (32.7%) to \$76.44 and propane, by \$29.35 (47.4%) to \$32.59; however, the average price of aviation gas surged by \$100.25 (53.4%) to \$288.00 per barrel. In addition, net non-oil merchandise import bill grew by an estimated \$26.4 million (6.1%) to \$462.3 million.



The services account surplus was higher by \$161.4 million (47.3%) at \$502.6 million. Construction service related imports, heavily influenced by the various foreign investment projects, contracted sharply, by \$143.2 million (80.1%) to \$35.5 million, compared to the previous year when significant foreign labour was utilized to build a major tourism resort. Net travel receipts grew by \$12.4 million (2.0%) to \$649.1 million, amid the sustained upturn in stopover visitors, while net inflows for offshore companies' local expenses firmed by \$12.2 million (27.8%) to \$55.9 million. Lower respective net outflows, of \$6.2 million (14.2%) and \$1.5 million (31.2%), were recorded for insurance services and royalty and license fees, to \$37.4 million and \$3.2 million; however, net disbursements for other "miscellaneous"

services increased by \$9.7 million (15.9%) to \$70.4 million and for transportation, by \$2.3 million (3.8%) to \$63.7 million. Net inflows for Government services also contracted, by \$2.1 million (20.8%) to \$7.9 million.

The deficit on the income account narrowed by \$6.7 million (5.5%) to \$116.4 million, mainly on account of a \$6.6 million (35.6%) decline in net labour income remittances to \$11.9 million. Net investment outflows were marginally lower, by \$0.2 million (0.2%) to \$104.5 million, as net payments for official transactions contracted by \$7.7 million (30.3%) to \$17.6 million. Conversely, private companies' net interest and dividend payments advanced by \$7.5 million (9.5%) to \$86.9 million, based on growth in both commercial banks and non-bank entities net outflows, of \$5.9 million (78.4%) and \$1.6 million (2.2%), to \$13.5 million and \$73.4 million, respectively.

Current transfers were reversed to a \$13.4 million net outflow from an \$11.6 million net receipt over the review period. This outcome included a doubling in worker remittances, to \$30.1 million, and a \$5.3 million (68.5%) gain in other "miscellaneous" transfer payments, to \$13.4 million, which led to a more than two-fold rise in private sector net outflows to \$43.1 million. In a slight offset, general Government's net receipts fell by \$2.2 million (6.9%) to \$29.7 million.

The reduced surplus on the capital and financial account was primarily explained by a sharp reduction in net direct investment receipts, of \$155.6 million (78.1%) to \$43.6 million. With the near completion of a major foreign investment project, other "miscellaneous" investment inflows plunged by \$218.4 million (96.5%) to \$7.8 million, occasioned by a reversal in private loan financing, from a \$196.3 million net receipt in 2014 to an \$8.1 million net outflow in the review period. In addition, domestic banks' net short-term receipts decreased to \$2.4 million from \$34.4 million in 2014; however, the public sector registered a net inflow of \$13.6 million, vis-à-vis a net outflow of \$4.6 million last year. Net foreign direct investment also fell sharply, by \$155.6 million to \$43.6 million, explained by a curtailment in net equity inflows to \$55.9 million from \$153.5 million (73.3%) in 2014, when a high-end resort was purchased by a foreign company. Net outflows for property-related transactions fell by \$2.1 million (21.0%) to \$12.3 million, while net portfolio investment outflows rose slightly by \$0.3 million (8.6%) to \$3.4 million. However, the deficit on the capital account narrowed by \$1.1 million to \$1.6 million, reflecting lower migrant transfers.

As a result of these developments, and after adjusting for net errors and omissions, the surplus on the overall balance—which corresponds to the change in the Central Bank’s external reserves—improved by \$64.7 million to \$124.0 million.

## **INTERNATIONAL ECONOMIC DEVELOPMENTS**

Indications are that the global economy sustained its modest, although uneven, growth momentum during the second quarter, buoyed by the ongoing expansion in the United States market, a sustained recovery trajectory for European economies, and positive but slower rate of expansion in China. Labour market conditions improved gradually and inflation remained relatively benign, as international oil prices trended downwards. In light of these developments, most major central banks either retained or enhanced their highly accommodative monetary policy stance, in an effort to spur economic growth.

Real GDP growth in the United States accelerated to an annualized 3.7% in the second quarter from 0.6% in the prior period, as the pace of consumer spending quickened and exports expanded. Output in the United Kingdom firmed by 0.7%, surpassing the 0.4% rise in the first quarter, due to positive contributions from the services and production sectors. In contrast, preliminary real growth estimates for the euro area eased slightly by 10 basis points to 0.3%, as the French economy—the region’s second largest—showed signs of weakness. For the second consecutive quarter, China’s economic growth was sustained at 7.0%, year-on-year, reflecting increases in industrial production and consumption. Conversely, amid declines in exports and private consumption, Japan’s economy contracted by an annualized 1.6%—a reversal from a 1.1% expansion in the first three months of the year.

Supported by more favourable growth outcomes, unemployment rates continued to decline globally during the second quarter. In the United States, the jobless rate narrowed by 10 basis points to 5.4% over the three-month period, as an estimated 664,000 persons were added to the workforce, mainly in the professional services, retail trade and education & health services sectors. Similarly, the unemployment rate in the euro zone fell by 10 basis points to 11.1% at end-June, reflecting improving labour market conditions in several northern states. In Asia, both China and Japan’s unemployment rates softened by 10 basis points each, to 4.0% and 3.4%, respectively. In a slight offset, the United Kingdom’s jobless rate edged-up by 10 basis points to 5.6% over the quarter, as the number of unemployed persons firmed by 25,000.

Global inflation was relatively subdued during the second quarter, reflecting the downturn in international commodity prices. In the United States, consumer prices increased by a mere 0.1% over the twelve months to June, following a decline of similar magnitude at end-March, owing to higher food and service costs. Average consumer prices in the euro area rose by 0.2% in the second quarter, vis-à-vis a 0.1% decline in the first three months of the year, while average consumer prices in the United Kingdom stabilised over the 12 months to June, in line with the previous period’s outturn. In the Asian markets, declines in fuel, light & water and transportation & communications costs caused Japan’s annual inflation rate to moderate to 0.4% at end-June, from 2.3% in the prior quarter, while higher food and consumer goods prices sustained China’s 1.4% inflation rate for the second consecutive quarter.

After recording several months of gains, the United States’ dollar fell against several major currencies over the review period. In Europe, the dollar depreciated against the British pound, the Swiss franc and the euro, by 5.7% to £0.63, 3.8% to CHF0.94 and 3.7% to €0.90, respectively. Similarly, the dollar weakened by 1.5% vis-à-vis the Canadian dollar to CAD\$1.25. In contrast, in Asian markets, the dollar appreciated by 2.0% relative to the Japanese Yen to ¥122.50 and rose slightly by 0.1% against the Chinese Yuan to CNY6.21.

Reflecting heightened concerns over the possibility of an imminent Greek debt default, most of the major stock markets contracted during the review period. In the United States, the Dow Jones Industrial Average

(DJIA) and the S&P 500 indices fell by 0.9% and 0.2%, respectively. Similarly, all major European bourses registered contractions, with German's DAX declining by 8.5%, France's CAC 40, by 4.8% and the United Kingdom's FTSE 100, by 3.7%. In contrast, Asian bourses maintained their upward trajectory, buoyed by policy makers' monetary stimulus measures. China's SE Composite Index strengthened by 14.4%; however, market prices were very volatile, as the Index climbed sharply by over 38% during the first two and a half months of the quarter, before plunging by 17% by end-June, amid concerns over the country's weakening economic performance. Japan's Nikkei 225 advanced by 5.4% to its highest level in over a decade.

The combination of positive economic developments and heightened fuel demand during the peak driving season, were the key factors behind the 10.0% rise in crude oil prices to \$61.18 per barrel at end-June. In terms of other key commodities, the cost of silver fell by 5.6% to \$15.74 per ounce, and gold prices declined slightly by 1.0% to \$1,172.42 per ounce.

Given the slow pace of the global recovery and relatively mild inflationary environment, most of the major central banks either maintained or enhanced their accommodative monetary policy stance over the review quarter. In the United States, the Federal Reserve kept its key policy rates within the range of 0.00%-0.25%, while indicating its intention to gradually increase the Federal Funds rate, based on the performance of economic data. With inflation below its 2.0% target, the Bank of England left its main bank rate at an historic low of 0.5% and continued with its annual £375 billion asset purchase programme. Similarly, the European Central Bank held its key policy rates unchanged at historic lows and maintained its commitment to purchase a total of €60 billion in public and private sector assets per month. In Asia, the Bank of Japan sustained its asset purchase programme at ¥80 trillion per year, whereas the Chinese authorities actively intervened in the financial markets, in order to support the flagging economy. Specifically, the People's Bank of China lowered its reserve requirement ratio by 10 basis points to 18.5%, while simultaneously reducing its benchmark lending and deposit rates, by 25 basis points each, to 5.10% and 2.25%, respectively. To stem the losses caused by the significant reduction in domestic stock market share prices, the Bank also extended short-term credit to a major securities trader to fund stock purchases.

External sector developments were relatively positive among most of the major economies, when compared to the previous quarter. In the United States, the quarterly trade deficit narrowed by 3.7% (\$4.8 billion) to \$125.5 billion, as exports—of mainly business and transport services—edged up by 0.5% (\$3.1 billion), and imports, of primarily consumer and capital goods, fell by 0.2% (\$1.7 billion). Reflecting a £3.1 billion (4.3%) expansion in exports—dominated by chemicals, fuels and machinery & transport equipment—which outstripped the £0.1 billion (0.1%) uptick in imports, the United Kingdom's goods and services deficit narrowed by £2.7 billion (35.8%) to £4.8 billion. The euro area's goods and services surplus expanded by one-third (€17.5 billion) to €70.1 billion, as the 6.0% (€29.5 billion) gain in exports overshadowed the 2.8% (€12.1 billion) rise in imports. In Asia, Japan's trade deficit contracted by almost 90% (¥2,226.5 billion) to ¥350.4 billion, with lower oil prices engineering a 6.1% (¥1,244.7 billion) fall in imports, to negate the 1.1% (¥215.4 billion) reduction in exports. Despite signs of a slowdown, China's trade surplus widened, by US\$164.3 billion (13.3%) to US\$1,401.6 billion, with a robust 8.8% increase in exports of largely metal-based products, eclipsing the 7.3% hike in imports.

## **STATISTICAL APPENDIX (TABLES I-16)**

**TABLE 1**  
FINANCIAL SURVEY

End of Period	2010	2011	2012	2013				2014				2015	
				Mar.	Jun.	Sept.	Dec	Mar.	Jun.	Sept.	Dec	Mar.	Jun.
<b>(B\$ Millions)</b>													
<b>Net foreign assets</b>	152.1	280.8	208.4	266.2	273.0	148.7	46.4	363.9	373.2	176.2	285.6	360.4	482.1
Central Bank	860.4	884.8	810.2	783.2	797.1	669.2	741.6	957.4	1,016.8	802.6	787.7	829.1	953.1
Domestic Banks	(708.3)	(604.0)	(601.8)	(517.0)	(524.1)	(520.5)	(695.2)	(593.5)	(643.6)	(626.4)	(502.1)	(468.7)	(471.0)
<b>Net domestic assets</b>	6,038.9	6,029.6	6,095.3	6,162.5	6,182.7	6,281.2	6,270.8	5,972.6	6,044.6	6,263.8	6,104.9	6,091.9	5,987.9
Domestic credit	8,448.2	8,536.9	8,685.0	8,753.8	8,824.6	8,953.1	8,949.9	8,651.2	8,789.6	9,017.6	8,864.1	8,833.0	8,808.9
Public sector	1,875.5	1,889.4	2,055.7	2,216.8	2,295.2	2,425.8	2,398.0	2,134.8	2,301.4	2,498.5	2,496.3	2,503.0	2,500.9
Government (net)	1,413.7	1,439.2	1,592.2	1,751.4	1,829.6	1,943.3	1,943.3	1,706.7	1,877.1	2,076.4	2,021.4	2,013.4	2,007.6
Rest of public sector	461.8	450.2	463.5	465.4	465.7	482.5	454.7	428.1	424.3	422.1	474.9	489.6	493.3
Private sector	6,572.7	6,647.5	6,629.3	6,537.0	6,529.4	6,527.3	6,551.9	6,516.4	6,488.2	6,519.1	6,367.8	6,330.0	6,308.0
Other items (net)	(2,409.3)	(2,507.3)	(2,589.7)	(2,591.3)	(2,641.9)	(2,671.9)	(2,679.1)	(2,678.6)	(2,745.0)	(2,753.8)	(2,759.2)	(2,741.1)	(2,821.0)
<b>Monetary liabilities</b>	6,191.1	6,310.4	6,303.7	6,428.7	6,455.7	6,429.9	6,317.2	6,336.5	6,417.8	6,440.0	6,390.5	6,452.3	6,470.0
Money	1,335.2	1,434.8	1,574.9	1,590.9	1,653.5	1,639.2	1,641.2	1,654.7	1,706.6	1,768.8	1,996.3	2,055.3	2,109.9
Currency	194.5	196.9	216.5	216.7	215.6	208.0	214.4	214.4	220.2	221.6	232.8	232.9	232.3
Demand deposits	1,140.6	1,237.9	1,358.4	1,374.2	1,437.9	1,431.2	1,426.8	1,440.3	1,486.4	1,547.2	1,763.4	1,822.4	1,877.6
Quasi-money	4,855.9	4,875.6	4,728.8	4,837.8	4,802.2	4,790.7	4,676.0	4,681.8	4,711.2	4,671.2	4,394.2	4,397.0	4,360.1
Fixed deposits	3,615.4	3,605.9	3,444.1	3,496.8	3,434.9	3,385.9	3,288.0	3,280.8	3,296.6	3,248.1	3,101.9	3,026.5	3,006.0
Savings deposits	1,015.8	1,063.7	1,069.0	1,091.7	1,109.7	1,089.5	1,114.0	1,128.6	1,143.3	1,158.7	1,067.5	1,099.3	1,128.4
Foreign currency	224.7	206.0	215.7	249.4	257.6	315.3	274.0	272.3	271.3	264.4	224.8	271.2	225.7
<b>(percentage changes)</b>													
<b>Total domestic credit</b>	5.1	1.0	1.7	0.8	0.8	1.5	(0.0)	(3.3)	1.6	2.6	(1.7)	(0.4)	(0.3)
Public sector	29.9	0.7	8.8	7.8	3.5	5.7	(1.1)	(11.0)	7.8	8.6	(0.1)	0.3	(0.1)
Government (net)	38.1	1.8	10.6	10.0	4.5	6.2	(0.0)	(12.2)	10.0	10.6	(2.6)	(0.4)	(0.3)
Rest of public sector	10.0	(2.5)	3.0	0.4	0.0	3.6	(5.8)	(5.9)	(0.9)	(0.5)	12.5	3.1	0.8
Private sector	(0.4)	1.1	(0.3)	(1.4)	(0.1)	(0.0)	0.4	(0.5)	(0.4)	0.5	(2.3)	(0.6)	(0.3)
<b>Monetary liabilities</b>	2.6	1.9	(0.1)	2.0	0.4	(0.4)	(1.8)	0.3	1.3	0.3	(0.8)	1.0	0.3
Money	4.0	7.5	9.8	1.0	3.9	(0.9)	0.1	0.8	3.1	3.6	12.9	3.0	2.7
Currency	(6.4)	1.2	10.0	0.1	(0.5)	(3.5)	3.1	(0.0)	2.7	0.6	5.1	0.0	(0.3)
Demand deposits	6.0	8.5	9.7	1.2	4.6	(0.5)	(0.3)	0.9	3.2	4.1	14.0	3.3	3.0
Quasi-money	2.3	0.4	(3.0)	2.3	(0.7)	(0.2)	(2.4)	0.1	0.6	(0.8)	(5.9)	0.1	(0.8)

Source: The Central Bank of The Bahamas

**TABLE 2**  
**MONETARY SURVEY**

End of Period	2010	2011	2012	2013				2014				2015	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
<b>(B\$ Millions)</b>													
<b>Net foreign assets</b>	113.9	287.5	214.2	272.6	262.9	167.5	75.6	407.7	416.5	223.5	333.4	413.7	538.2
Central Bank	860.4	884.8	810.2	783.2	797.1	669.2	741.6	957.4	1,016.8	802.6	787.7	829.1	953.1
Commercial banks	(746.6)	(597.3)	(596.0)	(510.6)	(534.2)	(501.7)	(666.0)	(549.7)	(600.3)	(579.1)	(454.3)	(415.4)	(414.9)
<b>Net domestic assets</b>	6,040.6	5,978.9	6,034.8	6,105.6	6,107.7	6,204.7	6,190.1	5,868.8	5,951.3	6,167.6	6,003.3	5,973.3	5,863.6
Domestic credit	8,417.1	8,509.0	8,655.5	8,726.4	8,797.1	8,928.7	8,922.7	8,625.6	8,756.9	8,985.0	8,830.5	8,787.4	8,766.4
Public sector	1,861.0	1,879.5	2,042.8	2,203.9	2,282.5	2,416.4	2,388.6	2,125.6	2,292.1	2,489.3	2,485.1	2,491.8	2,480.5
Government (net)	1,404.6	1,429.8	1,579.9	1,739.0	1,817.3	1,934.4	1,934.5	1,698.0	1,868.2	2,067.6	2,010.6	2,002.5	1,987.6
Rest of public sector	456.4	449.7	462.9	464.9	465.2	482.0	454.1	427.6	423.9	421.7	474.5	489.3	492.9
Private sector	6,556.1	6,629.5	6,612.7	6,522.5	6,514.6	6,512.3	6,534.1	6,500.0	6,464.8	6,495.7	6,345.4	6,295.6	6,285.9
Other items (net)	(2,376.5)	(2,530.1)	(2,620.7)	(2,620.8)	(2,689.4)	(2,724.0)	(2,732.6)	(2,756.8)	(2,805.6)	(2,817.4)	(2,827.2)	(2,814.1)	(2,902.8)
<b>Monetary liabilities</b>	6,154.6	6,266.4	6,249.0	6,378.2	6,370.6	6,372.2	6,265.6	6,276.4	6,367.8	6,391.1	6,336.6	6,387.1	6,401.8
Money	1,314.7	1,408.2	1,541.9	1,562.0	1,598.3	1,601.5	1,610.9	1,616.2	1,677.1	1,736.0	1,955.5	2,014.2	2,053.7
Currency	194.5	196.9	216.5	216.7	215.6	208.0	214.4	214.4	220.2	221.6	232.8	232.9	232.3
Demand deposits	1,120.2	1,211.3	1,325.4	1,345.3	1,382.7	1,393.5	1,396.5	1,401.8	1,456.9	1,514.4	1,722.7	1,781.2	1,821.4
Quasi-money	4,839.8	4,858.2	4,707.1	4,816.3	4,772.3	4,770.7	4,654.7	4,660.2	4,690.7	4,655.1	4,381.1	4,372.9	4,348.1
Savings deposits	1,015.8	1,063.7	1,069.0	1,091.6	1,109.7	1,089.5	1,114.0	1,128.6	1,143.2	1,158.7	1,067.5	1,099.3	1,128.4
Fixed deposits	3,601.8	3,592.3	3,428.4	3,481.0	3,418.7	3,365.9	3,266.7	3,259.3	3,276.1	3,232.0	3,088.8	3,013.7	2,994.0
Foreign currency deposits	222.2	202.2	209.7	243.7	243.9	315.3	274.0	272.3	271.4	264.4	224.8	259.9	225.7
<b>(percentage change)</b>													
<b>Total domestic credit</b>	5.2	1.1	1.7	0.8	0.8	1.5	(0.1)	(3.3)	1.5	2.6	(1.7)	(0.5)	(0.2)
Public sector	30.3	1.0	8.7	7.9	3.6	5.9	(1.2)	(11.0)	7.8	8.6	(0.2)	0.3	(0.5)
Government (net)	39.3	1.8	10.5	10.1	4.5	6.4	0.0	(12.2)	10.0	10.7	(2.8)	(0.4)	(0.7)
Rest of public sector	8.7	(1.5)	2.9	0.4	0.1	3.6	(5.8)	(5.8)	(0.9)	(0.5)	12.5	3.1	0.7
Private sector	(0.2)	1.1	(0.3)	(1.4)	(0.1)	0.0	0.3	(0.5)	(0.5)	0.5	(2.3)	(0.8)	(0.2)
<b>Monetary liabilities</b>	2.6	1.8	(0.3)	2.1	(0.1)	0.0	(1.7)	0.2	1.5	0.4	(0.9)	0.8	0.2
Money	4.2	7.1	9.5	1.3	2.3	0.2	0.6	0.3	3.8	3.5	12.6	3.0	2.0
Currency	(6.4)	1.2	10.0	0.1	(0.5)	(3.5)	3.1	(0.0)	2.7	0.6	5.1	0.1	(0.3)
Demand deposits	6.3	8.1	9.4	1.5	2.8	0.8	0.2	0.4	3.9	3.9	13.8	3.4	2.3
Quasi-money	2.1	0.4	(3.1)	2.3	(0.9)	0.0	(2.4)	0.1	0.7	(0.8)	(5.9)	(0.2)	(0.6)

Source: The Central Bank of The Bahamas

**TABLE 3**  
**CENTRAL BANK BALANCE SHEET**

(B\$ Millions)

End of Period	2010	2011	2012	2013				2014				2015	
				Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.
				<b>Net foreign assets</b>	860.4	884.8	810.2	783.2	797.1	669.2	741.6	957.4	1,016.8
Balances with banks abroad	175.2	115.0	216.5	200.7	209.1	80.7	122.4	328.1	363.8	153.4	155.2	186.1	308.1
Foreign securities	499.7	585.0	555.7	545.4	550.8	550.6	551.0	560.9	559.5	559.5	544.9	559.7	560.1
Reserve position in the Fund	9.6	9.6	9.6	9.4	9.4	9.6	9.6	9.7	9.7	9.3	9.1	8.6	8.8
SDR holdings	175.9	175.2	28.4	27.7	27.8	28.3	58.6	58.7	83.8	80.3	78.5	74.7	76.1
<b>Net domestic assets</b>	156.7	187.4	280.1	323.7	357.4	396.4	314.7	246.4	252.5	344.1	373.5	304.8	246.3
Net claims on Government	259.8	289.2	394.7	438.6	460.6	524.4	489.9	370.2	369.5	481.5	520.9	454.4	402.7
Claims	274.3	300.8	404.8	460.7	484.9	548.7	542.0	400.3	412.7	501.3	567.2	481.0	429.0
Treasury bills	--	26.2	129.6	187.0	209.5	200.0	186.4	88.1	34.9	126.5	119.5	76.6	22.9
Bahamas registered stock	162.3	164.0	169.5	168.0	169.7	223.0	220.9	247.5	248.1	240.1	313.0	269.7	270.5
Loans and advances	112.0	110.6	105.7	105.7	105.7	125.7	134.7	64.7	129.7	134.7	134.7	134.7	135.6
Deposits	(14.5)	(11.6)	(10.1)	(22.1)	(24.3)	(24.3)	(52.1)	(30.1)	(43.2)	(19.8)	(46.3)	(26.6)	(26.3)
In local currency	(14.5)	(11.6)	(10.1)	(22.1)	(24.3)	(24.3)	(52.1)	(30.1)	(43.2)	(19.8)	(46.3)	(26.6)	(26.3)
In foreign currency	--	--	--	--	--	--	--	--	--	--	--	--	--
Deposits of rest of public sector	(15.4)	(7.1)	(14.7)	(10.3)	(16.4)	(23.5)	(11.6)	(17.9)	(8.0)	(22.1)	(26.5)	(14.0)	(17.6)
Credit to commercial banks	--	--	--	--	--	--	--	--	--	--	--	--	--
Official capital and surplus	(132.0)	(139.2)	(139.3)	(143.0)	(143.0)	(141.3)	(140.7)	(146.0)	(147.5)	(153.0)	(163.7)	(165.0)	(155.0)
Net unclassified assets	38.0	38.4	33.7	32.8	50.7	31.3	(28.5)	35.2	33.8	32.9	38.1	24.7	6.9
Loans to rest of public sector	5.6	5.2	4.8	4.8	4.6	4.6	4.6	4.4	4.2	4.2	4.2	4.2	4.1
Public Corp Bonds/Securities	0.8	0.9	0.9	0.9	0.9	0.9	1.0	0.5	0.5	0.5	0.5	0.5	5.2
<b>Liabilities To Domestic Banks</b>	(631.0)	(684.3)	(682.6)	(703.7)	(751.8)	(666.7)	(650.3)	(797.0)	(856.8)	(740.5)	(748.1)	(729.4)	(792.1)
Notes and coins	(113.2)	(126.9)	(127.4)	(95.6)	(93.7)	(91.9)	(138.1)	(101.0)	(100.2)	(105.6)	(142.5)	(112.5)	(109.8)
Deposits	(517.8)	(557.4)	(555.2)	(608.1)	(658.1)	(574.8)	(512.2)	(696.0)	(756.6)	(634.9)	(605.6)	(616.9)	(682.3)
SDR allocation	(191.6)	(191.0)	(191.2)	(186.5)	(187.1)	(190.9)	(191.6)	(192.3)	(192.3)	(184.5)	(180.3)	(171.6)	(175.0)
Currency held by the private sector	(194.5)	(196.9)	(216.5)	(216.7)	(215.6)	(208.0)	(214.4)	(214.4)	(220.2)	(221.6)	(232.8)	(232.9)	(232.3)

Source: The Central Bank of The Bahamas

**TABLE 4**  
**DOMESTIC BANKS BALANCE SHEET**

(B\$ Millions)

End of Period	2010	2011	2012	2013				2014				2015	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
<b>Net foreign assets</b>	(705.8)	(604.0)	(601.8)	(517.0)	(524.1)	(520.5)	(695.2)	(593.5)	(643.6)	(626.4)	(502.1)	(468.7)	(471.0)
<b>Net claims on Central Bank</b>	631.9	687.0	690.7	705.3	752.7	667.6	651.7	797.9	857.7	735.5	749.2	729.9	792.1
Notes and Coins	113.2	126.9	127.4	95.6	93.7	91.9	138.1	101.0	100.2	105.6	142.5	112.5	109.8
Balances	518.7	560.1	563.3	609.8	659.0	575.7	513.6	696.9	757.5	629.9	606.7	617.4	682.3
Less Central Bank credit	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>Net domestic assets</b>	5,567.7	5,579.5	5,586.9	5,610.8	5,590.0	5,648.4	5,804.0	5,569.7	5,636.2	5,730.9	5,538.5	5,569.4	5,543.1
Net claims on Government	1,152.3	1,150.0	1,197.5	1,312.8	1,368.9	1,418.9	1,453.5	1,336.5	1,507.6	1,594.9	1,500.5	1,559.0	1,604.9
Treasury bills	293.7	275.4	219.3	342.1	378.6	388.1	392.4	430.9	514.3	452.5	454.5	502.5	556.3
Other securities	799.6	847.6	961.1	957.2	954.3	959.1	962.2	930.7	922.3	899.0	907.0	923.4	940.0
Loans and advances	180.3	145.7	152.4	147.6	164.0	201.8	253.6	153.8	230.9	408.2	352.1	356.5	362.2
Less: deposits	121.3	118.7	135.3	134.1	128.0	130.1	154.7	178.9	159.9	164.8	213.1	223.5	253.6
Net claims on rest of public sector	(31.9)	0.4	61.2	57.1	55.1	74.1	118.6	93.3	80.3	61.3	124.6	110.3	127.9
Securities	115.6	117.4	119.4	119.4	119.4	119.4	119.4	119.2	119.1	119.0	219.0	219.0	219.0
Loans and advances	339.8	326.8	338.4	340.4	340.8	357.6	329.8	304.1	300.6	298.4	251.3	266.0	264.9
Less: deposits	487.3	443.8	396.6	402.7	405.2	402.9	330.6	330.0	339.4	356.1	345.7	374.7	356.0
Other net claims	(3.4)	5.5	(15.7)	(13.5)	(6.9)	(28.8)	(48.8)	(29.7)	(14.8)	(17.3)	(25.0)	(43.6)	(11.0)
Credit to the private sector	6,572.7	6,647.6	6,629.3	6,537.0	6,529.4	6,527.3	6,551.9	6,516.4	6,488.2	6,519.1	6,367.8	6,330.0	6,308.0
Securities	17.4	16.4	14.1	14.2	12.9	13.0	16.5	16.4	16.7	17.7	16.8	17.0	16.8
Mortgages	3,192.4	3,227.6	3,275.4	3,273.7	3,300.1	3,302.6	3,310.3	3,304.0	3,283.0	3,289.9	3,211.4	3,187.9	3,179.9
Loans and advances	3,363.0	3,403.6	3,339.8	3,249.1	3,216.3	3,211.7	3,225.1	3,196.0	3,188.5	3,211.5	3,139.6	3,125.0	3,111.3
Private capital and surplus	(2,281.9)	(2,357.8)	(2,535.2)	(2,515.7)	(2,577.5)	(2,566.0)	(2,586.4)	(2,528.5)	(2,442.8)	(2,434.5)	(2,499.2)	(2,504.6)	(2,552.9)
Net unclassified assets	159.9	133.8	249.8	233.1	221.0	222.9	315.2	181.7	17.7	7.4	69.8	118.4	66.2
<b>Liabilities to private sector</b>	5,493.7	5,662.5	5,675.8	5,799.1	5,818.6	5,795.5	5,760.6	5,774.0	5,850.2	5,840.3	5,785.5	5,830.7	5,864.2
Demand deposits	1,249.6	1,325.6	1,442.7	1,493.9	1,552.3	1,593.4	1,593.5	1,593.0	1,643.2	1,660.2	1,830.6	1,933.9	1,957.7
Savings deposits	1,017.8	1,067.1	1,074.1	1,096.8	1,116.4	1,097.6	1,119.9	1,135.3	1,150.6	1,164.7	1,074.1	1,106.2	1,136.5
Fixed deposits	3,226.3	3,269.8	3,159.0	3,208.4	3,149.9	3,104.5	3,047.1	3,045.7	3,056.4	3,015.3	2,880.8	2,790.6	2,770.0

Source: The Central Bank of The Bahamas

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

(B\$'000s)

Period	2010	2011	2012	2013				2014				2015
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I
1. Interest Income	742,174	702,491	667,055	158,479	163,483	160,402	163,719	153,222	154,951	154,028	155,607	148,508
2. Interest Expense	225,990	185,949	144,897	30,765	30,449	29,015	27,582	25,101	24,729	24,845	23,646	21,307
<b>3. Interest Margin (1-2)</b>	516,184	516,542	522,158	127,714	133,034	131,387	136,137	128,121	130,222	129,183	131,961	127,201
4. Commission & Forex Income	22,820	23,126	23,005	5,593	5,916	5,850	5,919	3,445	6,267	6,291	6,481	5,657
<b>5. Gross Earnings Margin (3+4)</b>	539,004	539,668	545,163	133,307	138,950	137,237	142,056	131,566	136,489	135,474	138,442	132,858
6. Staff Costs	158,233	164,959	162,348	39,139	45,831	44,602	52,338	43,140	43,367	42,484	42,588	42,852
7. Occupancy Costs	23,964	25,786	29,744	7,175	7,797	7,157	7,991	6,341	6,836	6,714	7,906	7,043
8. Other Operating Costs	107,051	107,138	111,914	30,695	33,230	35,607	32,943	41,325	155,190	40,715	42,048	38,156
<b>9. Operating Costs (6+7+8)</b>	289,248	297,883	304,006	77,009	86,858	87,366	93,272	90,806	205,393	89,913	92,542	88,051
<b>10. Net Earnings Margin (5-9)</b>	249,756	241,785	241,157	56,298	52,092	49,871	48,784	40,760	(68,904)	45,561	45,900	44,807
11. Depreciation Costs	15,238	12,693	13,364	3,378	3,659	4,438	5,494	3,677	3,556	3,633	3,771	4,005
12. Provisions for Bad Debt	124,686	101,503	168,098	42,894	27,716	24,998	53,506	27,392	149,450	32,720	57,062	42,791
13. Other Income	111,284	97,520	88,284	22,633	24,737	22,878	27,775	23,592	25,032	27,297	27,972	27,284
<b>14. Other Income (Net) (13-11-12)</b>	(28,640)	(16,676)	-93,178	(23,639)	(6,638)	(6,558)	(31,225)	(7,477)	(127,974)	(9,056)	(32,861)	(19,512)
<b>15. Net Income (10+14)</b>	221,116	225,109	147,979	32,659	45,454	43,313	17,559	33,283	(196,878)	36,505	13,039	25,295
<b>16. Effective Interest Rate Spread (%)</b>	6.17	6.14	6.41	6.64	7.12	6.76	6.88	6.80	6.96	6.68	6.88	6.92
<b>(Ratios To Average Assets)</b>												
Interest Margin	5.60	5.46	5.41	5.29	5.47	5.41	5.57	5.24	5.32	5.27	5.40	5.21
Commission & Forex Income	0.25	0.24	0.24	0.23	0.24	0.24	0.24	0.14	0.26	0.26	0.27	0.23
Gross Earnings Margin	5.84	5.71	5.65	5.52	5.71	5.65	5.82	5.39	5.58	5.53	5.67	5.44
Operating Costs	3.14	3.15	3.15	3.19	3.57	3.59	3.82	3.72	8.39	3.67	3.79	3.61
Net Earnings Margin	2.71	2.56	2.50	2.33	2.14	2.05	2.00	1.67	(2.81)	1.86	1.88	1.84
Net Income/Loss	2.40	2.38	1.53	1.35	1.87	1.78	0.72	1.36	(8.04)	1.49	0.53	1.04

\*Commercial Banks and OLFIs with domestic operations

Source: The Central Bank of The Bahamas

**TABLE 6**  
**MONEY SUPPLY**

(B\$ Millions)

End of Period	2010	2011	2012	2013				2014				2015	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar. <sup>R</sup>	Jun.
<b>Money supply (M1)</b>	1,335.2	1,434.8	1,574.9	1,590.9	1,653.5	1,639.2	1,641.2	1,654.7	1,706.6	1,768.8	1,996.3	2,055.2	2,109.9
1) Currency in active circulation	194.5	196.9	216.5	216.7	215.6	208.0	214.4	214.4	220.2	221.6	232.8	232.9	232.3
2) Demand deposits	1,140.6	1,237.9	1,358.4	1,374.2	1,437.9	1,431.2	1,426.8	1,440.3	1,486.4	1,547.2	1,763.4	1,822.3	1,877.6
Central Bank	15.4	7.1	14.8	10.3	16.4	23.5	11.6	18.0	8.0	22.1	26.5	13.9	17.6
Domestic Banks	1,125.2	1,230.8	1,343.6	1,363.9	1,421.5	1,407.7	1,415.2	1,422.3	1,478.4	1,525.1	1,736.9	1,808.4	1,860.0
<b>Factors affecting money (M1)</b>													
1) Net credit to Government	1,413.7	1,439.2	1,592.2	1,751.4	1,829.6	1,943.3	1,943.3	1,706.7	1,877.1	2,076.5	2,021.4	2,017.7	2,007.6
Central Bank	261.4	289.2	394.7	438.6	460.7	524.4	489.9	370.2	369.5	481.5	520.9	458.7	402.7
Domestic Banks	1,152.3	1,150.0	1,197.5	1,312.8	1,368.9	1,418.9	1,453.4	1,336.5	1,507.6	1,595.0	1,500.5	1,559.0	1,604.9
2) Other credit	7,034.5	7,097.7	7,092.8	7,002.4	6,995.0	7,009.8	7,006.5	6,944.5	6,912.5	6,941.1	6,842.7	6,823.2	6,801.3
Rest of public sector	461.8	450.2	463.5	465.4	465.6	482.5	454.6	428.1	424.3	422.0	474.9	494.4	493.3
Private sector	6,572.7	6,647.5	6,629.3	6,537.0	6,529.4	6,527.3	6,551.9	6,516.4	6,488.2	6,519.1	6,367.8	6,328.8	6,308.0
3) External reserves	860.4	884.8	810.2	783.2	797.1	669.2	741.6	957.4	1,016.8	802.6	787.7	829.1	953.1
4) Other external liabilities (net)	(708.3)	(604.0)	(601.8)	(517.0)	(524.1)	(520.5)	(695.2)	(593.5)	(643.6)	(626.4)	(502.1)	(468.7)	(471.0)
5) Quasi money	4,855.9	4,875.6	4,728.8	4,837.8	4,802.2	4,790.7	4,676.0	4,681.8	4,711.2	4,671.2	4,394.2	4,397.0	4,360.1
6) Other items (net)	(2,409.3)	(2,507.3)	(2,589.7)	(2,591.3)	(2,641.9)	(2,671.9)	(2,679.1)	(2,678.6)	(2,745.0)	(2,753.8)	(2,759.2)	(2,741.1)	(2,821.0)

Source: The Central Bank of The Bahamas

**TABLE 7**  
**CONSUMER INSTALMENT CREDIT\***

(B\$' 000)

End of Period	2011	2012	2013				2014				2015	
			Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
<b>CREDIT OUTSTANDING</b>												
Private cars	171,751	177,527	176,465	184,523	182,440	175,407	175,618	184,005	183,693	186,731	187,847	189,599
Taxis & rented cars	910	1,081	970	1,026	1,019	1,077	1,029	948	871	853	987	1,057
Commercial vehicles	2,510	2,241	2,176	1,997	1,942	2,334	2,263	2,232	2,108	1,958	1,971	1,802
Furnishings & domestic appliances	11,126	12,010	11,621	10,840	13,440	7,919	7,621	7,282	7,585	7,911	7,370	7,371
Travel	25,221	29,492	27,784	29,616	36,264	33,011	30,508	29,495	32,239	30,033	27,644	28,771
Education	35,750	34,544	33,448	32,566	38,838	33,858	34,254	33,559	37,728	36,571	36,896	36,153
Medical	14,409	11,363	11,123	11,274	11,763	12,010	11,762	11,713	11,805	11,744	12,244	12,549
Home Improvements	126,543	127,537	128,389	124,738	129,073	123,943	126,057	133,933	131,254	131,723	132,323	131,388
Land Purchases	239,790	232,752	228,644	227,867	229,575	225,065	225,769	223,398	223,304	216,760	211,941	206,235
Consolidation of debt	820,135	781,693	779,541	772,843	765,465	802,727	802,659	797,630	782,466	777,804	861,318	842,827
Miscellaneous	464,052	501,225	500,285	501,268	490,275	563,322	557,983	573,570	602,618	625,074	539,640	575,906
Credit Cards	251,924	243,745	236,066	234,110	239,262	241,241	235,484	237,222	241,343	245,254	237,493	237,607
<b>TOTAL</b>	<b>2,164,121</b>	<b>2,155,210</b>	<b>2,136,512</b>	<b>2,132,668</b>	<b>2,139,356</b>	<b>2,221,914</b>	<b>2,211,007</b>	<b>2,234,987</b>	<b>2,257,014</b>	<b>2,272,416</b>	<b>2,257,674</b>	<b>2,271,265</b>
<b>NET CREDIT EXTENDED</b>												
Private cars	(13,293)	5,776	(1,062)	8,058	(2,083)	(7,033)	211	8,387	(312)	3,038	1,116	1,752
Taxis & rented cars	(75)	171	(111)	56	(7)	58	(48)	(81)	(77)	(18)	134	70
Commercial vehicles	(843)	(269)	(65)	(179)	(55)	392	(71)	(31)	(124)	(150)	13	(169)
Furnishings & domestic appliances	(4,000)	884	(389)	(781)	2,600	(5,521)	(298)	(339)	303	326	(541)	1
Travel	(1,243)	4,271	(1,708)	1,832	6,648	(3,253)	(2,503)	(1,013)	2,744	(2,206)	(2,389)	1,127
Education	(15,125)	(1,206)	(1,096)	(882)	6,272	(4,980)	396	(695)	4,169	(1,157)	325	(743)
Medical	(1,990)	(3,046)	(240)	151	489	247	(248)	(49)	92	(61)	500	305
Home Improvements	(3,317)	994	852	(3,651)	4,335	(5,130)	2,114	7,876	(2,679)	469	600	(935)
Land Purchases	(601)	(7,038)	(4,108)	(777)	1,708	(4,510)	704	(2,371)	(94)	(6,544)	(4,819)	(5,706)
Consolidation of debt	105,519	(38,442)	(1,977)	(6,698)	(7,378)	37,262	(68)	(5,029)	(15,164)	(4,662)	83,514	(18,491)
Miscellaneous	(30,909)	37,173	(940)	983	(10,993)	73,047	(5,339)	15,587	29,048	22,456	(85,434)	36,266
Credit Cards	(10,947)	(8,179)	(7,679)	(1,956)	5,152	1,979	(5,757)	1,738	4,121	3,911	(7,761)	114
<b>TOTAL</b>	<b>23,176</b>	<b>(8,911)</b>	<b>(18,523)</b>	<b>(3,844)</b>	<b>6,688</b>	<b>82,558</b>	<b>(10,907)</b>	<b>23,980</b>	<b>22,027</b>	<b>15,402</b>	<b>(14,742)</b>	<b>13,591</b>

**Source: The Central Bank of The Bahamas**

\* Includes both demand and add-on loans

**TABLE 8**  
SELECTED AVERAGE INTEREST RATES

Period	(%)												
	2012	2013	2014	2013				2014				2015	
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II
<b>DOMESTIC BANKS</b>													
<b>Deposit rates</b>													
Savings deposits	1.53	0.97	0.89	1.11	0.96	0.87	0.94	1.06	0.88	0.76	0.86	0.96	0.82
Fixed deposits													
Up to 3 months	1.60	1.37	1.16	1.48	1.41	1.44	1.12	1.19	1.27	1.19	0.99	1.07	1.20
Up to 6 months	1.95	1.35	1.22	1.63	1.59	1.21	0.97	1.46	1.22	1.26	0.96	1.02	1.03
Up to 12 months	2.54	2.15	1.76	2.59	2.06	2.07	1.87	1.98	1.84	1.70	1.50	1.90	1.71
Over 12 months	2.65	2.20	1.64	2.49	2.29	2.12	1.92	1.84	2.00	1.44	1.29	1.55	1.42
Weighted average rate	2.02	1.68	1.42	1.92	1.69	1.68	1.43	1.55	1.56	1.37	1.21	1.46	1.40
<b>Lending rates</b>													
Residential mortgages	7.51	7.27	7.16	7.51	7.13	7.16	7.26	7.24	7.38	7.07	6.94	6.89	6.45
Commercial mortgages	8.29	8.21	8.02	8.06	7.57	8.40	8.81	7.93	8.26	7.67	8.20	7.61	7.68
Consumer loans	13.43	13.65	13.90	13.55	13.51	13.90	13.63	13.76	13.60	14.22	14.03	14.05	14.08
Overdrafts	9.81	9.32	9.76	9.07	9.48	9.71	9.02	9.45	9.93	9.86	9.78	10.48	10.20
Weighted average rate	10.88	11.10	11.81	10.91	10.85	11.28	11.36	11.11	11.96	12.07	12.11	11.94	12.35
<b>Other rates</b>													
Prime rate	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Treasury bill (90 days)	0.20	0.30	0.53	0.17	0.29	0.27	0.46	0.45	0.60	0.49	0.59	0.58	0.69
Treasury bill re-discount rate	0.70	0.80	1.03	0.67	0.79	0.77	0.96	0.95	1.10	0.99	1.09	1.08	1.19
Bank rate (discount rate)	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50

Source: The Central Bank of The Bahamas

**TABLE 9**  
**SELECTED CREDIT QUALITY INDICATORS OF DOMESTIC BANKS**

Period	2010	2011	2012	2013				2014				2015	
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I <sup>R</sup>	Qtr. II
<b>Loan Portfolio</b>													
Current Loans (as a % of total loans)	<b>81.8</b>	<b>81.1</b>	<b>80.3</b>	<b>80.7</b>	<b>79.9</b>	<b>79.1</b>	<b>78.4</b>	<b>78.9</b>	<b>78.3</b>	<b>78.5</b>	<b>79.7</b>	<b>80.9</b>	<b>81.2</b>
Arrears (% by loan type)													
Consumer	4.3	4.2	4.4	4.0	4.0	4.0	5.0	4.8	4.9	4.8	5.2	4.8	4.6
Mortgage	9.8	10.1	11.0	10.6	10.5	10.9	11.0	10.7	10.9	10.9	11.0	10.3	10.4
Commercial	4.0	4.5	4.2	4.6	5.5	5.9	5.5	5.5	5.8	5.7	4.1	4.0	3.8
Public	<u>0.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>									
Total Arrears	<b>18.2</b>	<b>18.9</b>	<b>19.7</b>	<b>19.3</b>	<b>20.1</b>	<b>20.9</b>	<b>21.6</b>	<b>21.1</b>	<b>21.7</b>	<b>21.5</b>	<b>20.3</b>	<b>19.1</b>	<b>18.8</b>
<b>Total B\$ Loan Portfolio</b>	<b>100.0</b>	<b>100.0</b>											
<b>Loan Portfolio</b>													
Current Loans (as a % of total loans)	<b>81.8</b>	<b>81.1</b>	<b>80.3</b>	<b>80.7</b>	<b>79.9</b>	<b>79.1</b>	<b>78.4</b>	<b>78.9</b>	<b>78.3</b>	<b>78.5</b>	<b>79.7</b>	<b>80.9</b>	<b>81.2</b>
Arrears (% by days outstanding)													
30 - 60 days	4.0	4.1	3.7	3.7	3.2	3.6	3.7	3.2	3.1	2.7	2.9	2.7	2.6
61 - 90 days	2.3	2.05	2.3	1.7	3.0	2.3	2.5	2.2	2.6	2.4	2.0	1.6	1.8
90 - 179 days	2.6	2.3	2.5	2.2	2.0	2.7	2.1	2.0	2.3	2.3	2.0	1.6	1.7
over 180 days	9.3	10.5	11.3	11.7	11.9	12.3	13.3	13.7	13.7	14.1	13.4	13.2	12.7
Total Arrears	<b>18.2</b>	<b>18.9</b>	<b>19.7</b>	<b>19.3</b>	<b>20.1</b>	<b>20.9</b>	<b>21.6</b>	<b>21.1</b>	<b>21.7</b>	<b>21.5</b>	<b>20.3</b>	<b>19.1</b>	<b>18.8</b>
<b>Total B\$ Loan Portfolio</b>	<b>100.0</b>	<b>100.0</b>											
Non Accrual Loans (% by loan type)													
Consumer	21.4	20.3	20.5	19.4	19.5	17.6	21.5	21.4	20.6	21.0	23.6	23.6	22.8
Mortgage	52.1	54.8	57.0	56.8	57.7	52.6	50.7	50.0	49.6	48.8	53.8	54.0	55.6
Other Private	25.7	24.2	21.9	23.2	22.2	29.2	27.2	28.0	29.2	29.6	22.6	22.4	21.6
Public	<u>0.8</u>	<u>0.7</u>	<u>0.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>							
Total Non Accrual Loans	<b>100.0</b>	<b>100.0</b>											
<b>Provisions to Loan Portfolio</b>													
Consumer	5.1	4.9	5.4	5.5	7.2	7.5	6.1	6.6	8.2	7.1	6.5	7.1	7.1
Mortgage	2.4	2.7	4.3	5.6	4.8	5.1	5.6	5.4	6.2	7.4	8.9	8.9	9.2
Other Private	9.1	10.6	8.7	11.2	11.0	11.1	7.9	8.4	13.1	14.3	11.4	9.8	9.2
Public	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Provisions to Total Loans	4.3	4.7	5.9	6.3	6.5	6.6	6.0	6.2	7.8	8.0	7.9	7.9	7.9
Total Provisions to Non-performing Loans	36.6	36.8	43.0	45.6	46.7	44.4	39.2	39.6	49.2	49.2	51.2	53.2	54.8
Total Non-performing Loans to Total Loans	11.9	12.7	13.6	13.9	13.8	15.0	15.3	15.6	15.9	16.3	15.3	14.8	14.4

Source: The Central Bank of The Bahamas

Figures may not sum to total due to rounding.

**TABLE 10**  
SUMMARY OF BANK LIQUIDITY

End of Period	(B\$ Millions)												
	2010	2011	2012	2013				2014				2015	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
<b>I. Statutory Reserves</b>													
Required reserves	298.1	305.0	301.9	302.2	305.7	307.4	303.3	304.2	309.4	311.4	311.2	313.6	318.5
Average Till Cash	98.2	118.3	108.9	93.9	96.5	99.9	117.4	98.8	99.3	104.2	122.7	109.9	110.0
Average balance with central bank	530.5	557.3	515.8	539.4	640.9	552.8	593.3	683.5	767.7	675.9	676.6	688.6	696.2
Free cash reserves (period ended)	330.6	370.6	322.8	331.1	431.8	345.3	407.4	478.1	557.7	468.6	488.0	484.8	487.6
<b>II. Liquid Assets (period)</b>													
A. Minimum Required Liquid Assets	946.7	968.7	971.1	988.1	994.2	978.3	988.3	994.8	1,004.9	1009.2	1,025.5	1,038.1	1,052.2
B. Net Eligible Liquid Assets	1,755.1	1,865.1	1,938.2	2,068.3	2,147.5	2,091.6	2,126.1	2,236.9	2,365.0	2,163.0	2,182.3	2,250.3	2,367.9
i) Balance with Central Bank	518.7	560.1	563.3	609.8	659.0	575.7	513.6	696.9	757.5	629.9	606.7	617.4	682.3
ii) Notes and Coins	113.7	127.4	127.9	96.1	94.2	92.4	138.6	101.5	100.7	106.1	143.0	113.0	110.3
iii) Treasury Bills	293.7	275.4	219.3	342.1	378.6	388.1	392.4	430.9	514.2	452.5	454.5	502.5	556.3
iv) Government registered stocks	774.8	843.7	957.6	953.7	950.9	959.1	962.2	930.7	922.3	899.0	907.0	923.4	940.0
v) Specified assets	53.0	55.2	56.9	56.7	56.7	56.6	56.6	56.3	56.1	56.1	56.0	55.9	55.9
vi) Net Inter-bank dem/call deposits	1.2	3.3	13.2	9.9	8.1	19.7	62.7	20.6	14.2	19.3	15.1	38.1	23.1
vii) Less: borrowings from central bank	--	--	--	--	--	--	--	--	--	--	--	--	--
C. Surplus/(Deficit)	808.4	896.4	967.1	1,080.2	1,153.3	1,113.3	1,137.8	1,242.1	1,360.1	1,153.8	1,156.8	1,212.2	1,315.8

Source: The Central Bank of The Bahamas

**TABLE 11**  
GOVERNMENT OPERATIONS AND FINANCING

(B\$ Millions)

Period	2012/13p	2013/14p	Budget		2013/14p				2014/15p			
			2014/15	2015/16	QTR. I	QTR. II	QTR. III	QTR. IV	QTR. I	QTR. II	QTR. III	QTR. IV*
Total Revenue & Grants	1,354.6	1,450.8	1,763.3	2039.8	305.3	356.2	391.2	398.0	316.5	369.5	488.4	359.2
Current expenditure	1,546.0	1,596.8	1,714.4	1872.8	360.8	403.2	388.1	444.7	388.0	424.0	413.0	298.2
Capital expenditure	258.3	252.4	273.3	243.2	30.2	46.2	38.7	137.3	60.3	33.5	46.6	45.0
Net lending	96.4	81.7	59.1	62.8	11.1	19.2	13.9	37.5	20.1	20.3	20.3	18.6
<b>Overall balance</b>	<b>(546.1)</b>	<b>(480.0)</b>	<b>(283.5)</b>	<b>(139.1)</b>	<b>(96.8)</b>	<b>(112.3)</b>	<b>(49.4)</b>	<b>(221.5)</b>	<b>(151.9)</b>	<b>(108.3)</b>	<b>8.5</b>	<b>(2.6)</b>
<b>FINANCING (I+II-III+IV+V)</b>	<b>546.1</b>	<b>480.0</b>	<b>283.5</b>	<b>139.1</b>	<b>96.8</b>	<b>112.3</b>	<b>49.4</b>	<b>221.5</b>	<b>151.9</b>	<b>108.3</b>	<b>(8.5)</b>	<b>2.6</b>
<b>I. Foreign currency borrowing</b>	<b>239.8</b>	<b>633.2</b>	<b>103.5</b>	<b>103.6</b>	<b>109.9</b>	<b>150.9</b>	<b>306.0</b>	<b>66.4</b>	<b>0.4</b>	<b>113.3</b>	<b>12.4</b>	<b>13.8</b>
External	239.8	442.2	103.5	103.6	109.9	25.9	306.0	0.4	0.4	113.3	12.4	13.8
Domestic	--	191.0	--	--	--	125.0	--	66.0	--	--	--	--
<b>II. Bahamian dollar borrowing</b>	<b>792.0</b>	<b>340.0</b>	<b>343.2</b>	<b>182.4</b>	<b>155.0</b>	<b>70.0</b>	<b>20.0</b>	<b>95.0</b>	<b>239.0</b>	<b>216.0</b>	<b>70.0</b>	<b>--</b>
<b>i) Treasury bills</b>	<b>294.1</b>	<b>81.0</b>	<b>--</b>	<b>--</b>	<b>20.0</b>	<b>31.0</b>	<b>--</b>	<b>30.0</b>	<b>30.0</b>	<b>--</b>	<b>--</b>	<b>--</b>
Central Bank	294.1	81.0	--	--	20.0	31.0	--	30.0	30.0	--	--	--
Commercial banks & OLFIs	--	--	--	--	--	--	--	--	--	--	--	--
Public corporations	--	--	--	--	--	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--	--	--	--	--
<b>ii) Long-term securities</b>	<b>375.0</b>	<b>115.0</b>	<b>--</b>	<b>--</b>	<b>115.0</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>150.0</b>	<b>70.0</b>	<b>--</b>
Central Bank	31.5	53.0	--	--	53.0	--	--	--	--	75.0	--	--
Commercial banks & OLFIs	14.3	13.1	--	--	13.1	--	--	--	--	7.0	16.7	--
Public corporations	52.6	0.0	--	--	--	--	--	--	--	--	--	--
Other	276.6	48.9	--	--	48.9	--	--	--	--	68.0	53.3	--
<b>iii) Loans and Advances</b>	<b>123.0</b>	<b>144.0</b>	<b>--</b>	<b>--</b>	<b>20.0</b>	<b>39.0</b>	<b>20.0</b>	<b>65.0</b>	<b>209.0</b>	<b>66.0</b>	<b>--</b>	<b>--</b>
Central Bank	53.0	144.0	--	--	20.0	39.0	20.0	65.0	209.0	--	--	--
Commercial banks	--	--	--	--	--	--	--	--	--	66.0	--	--
<b>III Debt repayment</b>	<b>250.5</b>	<b>505.7</b>	<b>157.8</b>	<b>145.7</b>	<b>61.2</b>	<b>131.5</b>	<b>286.5</b>	<b>26.5</b>	<b>51.5</b>	<b>71.5</b>	<b>82.2</b>	<b>13.8</b>
<b>Domestic</b>	<b>237.0</b>	<b>491.8</b>	<b>141.0</b>	<b>125.0</b>	<b>60.0</b>	<b>125.8</b>	<b>285.0</b>	<b>21.0</b>	<b>50.0</b>	<b>66.0</b>	<b>80.0</b>	<b>10.0</b>
Bahamian dollars	237.0	366.8	75.0	125.0	60.0	125.8	160.0	21.0	50.0	--	80.0	10.0
Internal foreign currency	--	125.0	66.0	--	--	--	125.0	--	--	66.0	--	--
<b>External</b>	<b>13.5</b>	<b>13.9</b>	<b>16.8</b>	<b>20.7</b>	<b>1.2</b>	<b>5.7</b>	<b>1.5</b>	<b>5.5</b>	<b>1.5</b>	<b>5.5</b>	<b>2.2</b>	<b>3.8</b>
<b>IV Net Sale of Shares &amp; Other Equity</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>V. Cash balance change</b>	<b>(27.6)</b>	<b>(50.8)</b>	<b>--</b>	<b>--</b>	<b>(2.0)</b>	<b>(52.5)</b>	<b>(2.2)</b>	<b>5.9</b>	<b>18.5</b>	<b>(74.8)</b>	<b>9.3</b>	<b>--</b>
<b>VI Other Financing</b>	<b>(207.6)</b>	<b>63.2</b>	<b>(5.4)</b>	<b>(1.3)</b>	<b>(104.9)</b>	<b>75.4</b>	<b>12.0</b>	<b>80.7</b>	<b>(54.4)</b>	<b>(74.7)</b>	<b>(18.1)</b>	<b>2.6</b>

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

\*Qtr IV includes April & May only

**TABLE 12**  
NATIONAL DEBT

(B\$' 000s)

End of Period	2012p	2013p	2014p	2014p			2015p	
				Jun.	Sept.	Dec.	Mar.	Jun.
<b>TOTAL EXTERNAL DEBT</b>	1,042,602	1,188,357	1,592,625	1,487,762	1,486,590	1,592,625	1,602,891	1,610,492
By Instrument								
Government Securities	600,000	600,000	900,000	900,000	900,000	900,000	900,000	900,000
Loans	442,602	588,357	692,625	587,762	586,590	692,625	702,891	710,492
By Holder								
Commercial Banks	--	--	--	--	--	--	--	--
Offshore Financial Institutions	--	--	--	--	--	--	--	--
Multilateral Institutions	216,541	239,712	236,990	235,724	234,725	236,990	235,650	229,470
Bilateral Institutions	46,061	67,103	70,732	70,495	70,322	70,732	70,561	70,561
Private Capital Markets	600,000	600,000	900,000	900,000	900,000	900,000	900,000	900,000
Other Financial Institutions	180,000	281,542	384,903	281,543	281,543	384,903	396,680	410,461
<b>TOTAL INTERNAL DEBT</b>	3,357,317	3,795,658	4,009,658	3,670,658	3,859,658	4,009,658	3,999,658	4,044,658
By Instrument								
Foreign Currency	--	125,000	--	66,000	66,000	--	--	--
Government Securities	--	--	--	--	--	--	--	--
Loans	--	125,000	--	66,000	66,000	--	--	--
Bahamian Dollars	3,357,317	3,670,658	4,009,658	3,604,658	3,793,658	4,009,658	3,999,658	4,044,658
Advances	105,657	134,657	134,657	129,657	134,657	134,657	134,657	134,657
Treasury Bills	349,142	579,282	579,282	549,282	579,282	579,282	579,282	579,282
Government Securities	2,872,273	2,956,473	3,025,473	2,925,473	2,875,473	3,025,473	3,040,473	3,085,473
Loans	30,246	246	270,246	246	204,246	270,246	245,246	245,246
By Holder								
Foreign Currency	--	125,000	--	66,000	66,000	--	--	--
Commercial Banks	--	125,000	--	66,000	66,000	--	--	--
Other Local Financial Institutions	--	--	--	--	--	--	--	--
Bahamian Dollars	3,357,317	3,670,658	4,009,658	3,604,658	3,793,658	4,009,658	3,999,658	4,044,658
The Central Bank	404,992	542,419	567,399	412,729	501,574	567,399	481,154	424,900
Commercial Banks	1,187,797	1,345,740	1,585,768	1,427,760	1,505,759	1,585,768	1,619,069	1,680,410
Other Local Financial Institutions	9,357	9,357	10,217	6,885	6,885	10,217	12,174	21,084
Public Corporations	730,169	684,911	665,267	673,079	665,276	665,267	661,167	655,034
Other	1,025,002	1,088,231	1,181,007	1,084,205	1,114,164	1,181,007	1,226,094	1,263,230
<b>TOTAL FOREIGN CURRENCY DEBT</b>	1,042,602	1,313,357	1,592,625	1,553,762	1,552,590	1,592,625	1,602,891	1,610,492
<b>TOTAL DIRECT CHARGE</b>	4,399,919	4,984,015	5,602,283	5,158,420	5,346,248	5,602,283	5,602,549	5,655,150
<b>TOTAL CONTINGENT LIABILITIES</b>	603,316	601,183	699,387	638,372	651,321	699,387	717,036	723,080
<b>TOTAL NATIONAL DEBT</b>	5,003,236	5,585,198	6,301,670	5,796,792	5,997,569	6,301,670	6,319,585	6,378,230

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\$' 000s)

	2012p	2013p	2014p*	2014p			2015p	
				Jun.	Sept.	Dec.**	Mar.	Jun.
<b>Outstanding Debt at Beginning of Period</b>	<b>1,461,731</b>	<b>1,893,895</b>	<b>2,137,761</b>	<b>2,317,712</b>	<b>2,377,939</b>	<b>2,386,063</b>	<b>2,473,088</b>	<b>2,499,966</b>
Government	800,235	1,042,602	1,313,357	1,492,941	1,553,762	1,552,590	1,592,625	1,602,891
Public Corporations	661,496	851,293	824,404	824,771	824,177	833,473	880,463	897,075
<b>Plus: New Drawings</b>	<b>537,014</b>	<b>309,225</b>	<b>781,791</b>	<b>73,738</b>	<b>18,515</b>	<b>377,496</b>	<b>33,527</b>	<b>506,132</b>
Government	253,130	282,868	486,018	66,358	356	113,262	12,437	13,781
Public Corporations	283,884	26,357	295,773	7,380	18,159	264,234	21,090	10,428
<b>Less: Amortization</b>	<b>105,438</b>	<b>66,970</b>	<b>444,773</b>	<b>13,511</b>	<b>10,391</b>	<b>288,780</b>	<b>6,649</b>	<b>14,580</b>
Government	11,351	13,724	205,059	5,537	1,528	71,536	2,171	6,180
Public Corporations	94,087	53,246	239,714	7,974	8,863	217,244	4,478	8,400
<b>Other Changes in Debt Stock</b>	<b>588</b>	<b>1,611</b>	<b>(1,691)</b>	<b>--</b>	<b>--</b>	<b>(1,691)</b>	<b>--</b>	<b>--</b>
Government	588	1,611	(1,691)	--	--	(1,691)	--	--
Public Corporations	--	--	--	--	--	--	--	--
<b>Outstanding Debt at End of Period</b>	<b>1,893,895</b>	<b>2,137,761</b>	<b>2,473,088</b>	<b>2,377,939</b>	<b>2,386,063</b>	<b>2,473,088</b>	<b>2,499,966</b>	<b>2,509,595</b>
Government	1,042,602	1,313,357	1,592,625	1,553,762	1,552,590	1,592,625	1,602,891	1,610,492
Public Corporations	851,293	824,404	880,463	824,177	833,473	880,463	897,075	899,103
<b>Interest Charges</b>	<b>98,494</b>	<b>109,931</b>	<b>115,886</b>	<b>40,187</b>	<b>24,087</b>	<b>37,325</b>	<b>27,420</b>	<b>33,485</b>
Government	51,053	57,758	75,373	29,311	15,281	25,518	17,836	21,513
Public Corporations	47,441	52,173	40,513	10,876	8,806	11,807	9,584	11,972
<b>Debt Service</b>	<b>203,932</b>	<b>176,901</b>	<b>560,659</b>	<b>53,698</b>	<b>34,478</b>	<b>326,105</b>	<b>34,069</b>	<b>48,065</b>
Government	62,404	71,482	280,432	34,848	16,809	97,054	20,007	27,693
Public Corporations	141,528	105,419	280,227	18,850	17,669	229,051	14,062	20,372
<b>Debt Service Ratio (%)</b>	<b>5.5</b>	<b>4.9</b>	<b>15.7</b>	<b>5.2</b>	<b>4.0</b>	<b>43.1</b>	<b>3.9</b>	<b>5.1</b>
<b>Government Debt Service/ Government Revenue (%)</b>	<b>4.5</b>	<b>5.3</b>	<b>19.0</b>	<b>8.8</b>	<b>5.3</b>	<b>26.3</b>	<b>4.1</b>	<b>n.a</b>
<b>MEMORANDUM</b>								
Holder Distribution (B\$ Mil):								
Commercial Banks	346.7	451.9	276.8	383.1	388.1	276.8	292.3	288.9
Multilateral Institutions	239.1	272.9	288.7	274.0	278.6	288.7	287.1	288.0
Bilateral Institutions	46.1	67.1	70.7	70.5	70.3	70.7	70.6	70.6
Other	662.1	745.8	936.9	750.3	749.0	936.9	950.0	962.1
Private Capital Markets	600.0	600.0	900.0	900.0	900.0	900.0	900.0	900.0

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

\* Debt servicing for 2014 includes the refinancing of \$191 million & \$210.2 million in Government's & Public Corporations' debt. Net of these transactions, the Debt Service Ratio was 4.5% and the Government Debt Service/Revenue Ratio was 6.1%.

\*\* Debt servicing for the 4th quarter of 2014 includes the refinancing of \$66 million in Government's debt & \$210.1 million in Public Corporations' Debt. Net of these transactions, the Debt Service Ratio was 6.6% and the Government Debt Service/Revenue Ratio was 8.4%.

**TABLE 14**  
BALANCE OF PAYMENTS SUMMARY\*

	(B\$ Millions)										
	2012p	2013p	2014p	2013		2014				2015	
				Qtr.IIIp	Qtr.IVp	Qtr.Ip	Qtr.IIp	Qtr.IIIp	Qtr.IVp	Qtr.Ip	Qtr.IIp
<b>A. Current Account Balance (I+II+III+IV)</b>	<b>(1,504.6)</b>	<b>(1,493.9)</b>	<b>(1,897.5)</b>	<b>(486.7)</b>	<b>(530.8)</b>	<b>(324.3)</b>	<b>(353.8)</b>	<b>(531.1)</b>	<b>(688.3)</b>	<b>(334.6)</b>	<b>(175.6)</b>
<b>I. Merchandise (Net)</b>	<b>(2,401.4)</b>	<b>(2,211.0)</b>	<b>(2,450.1)</b>	<b>(529.0)</b>	<b>(588.6)</b>	<b>(570.6)</b>	<b>(583.5)</b>	<b>(576.8)</b>	<b>(719.2)</b>	<b>(550.7)</b>	<b>(548.5)</b>
Exports	984.0	954.9	859.0	257.2	220.1	211.4	240.9	215.6	191.1	132.4	155.8
Imports	3,385.5	3,165.9	3,309.1	786.2	808.6	782.0	824.4	792.5	910.3	683.1	704.3
<b>II. Services (Net)</b>	<b>1,153.9</b>	<b>1,043.0</b>	<b>991.5</b>	<b>146.3</b>	<b>165.2</b>	<b>345.9</b>	<b>341.2</b>	<b>151.5</b>	<b>152.8</b>	<b>359.0</b>	<b>502.6</b>
Transportation	(264.6)	(244.8)	(285.4)	(65.2)	(55.3)	(73.7)	(61.3)	(75.0)	(75.3)	(71.2)	(63.7)
Travel	2,025.9	2,022.2	2,096.7	429.0	411.5	560.7	636.6	452.3	447.1	613.4	649.1
Insurance Services	(193.7)	(158.0)	(143.5)	(44.2)	(46.1)	(30.0)	(43.6)	(42.7)	(27.2)	(30.5)	(37.4)
Offshore Companies Local Expenses	176.4	180.3	200.6	37.4	58.4	43.0	43.7	68.6	45.3	22.1	55.9
Other Government	27.7	27.6	33.1	6.2	6.0	6.9	10.0	9.1	7.1	8.3	7.9
Other Services	(617.8)	(784.3)	(910.0)	(216.7)	(209.3)	(161.0)	(244.2)	(260.8)	(244.1)	(183.1)	(109.1)
<b>III. Income (Net)</b>	<b>(267.6)</b>	<b>(329.1)</b>	<b>(438.1)</b>	<b>(102.3)</b>	<b>(94.6)</b>	<b>(84.9)</b>	<b>(123.1)</b>	<b>(95.4)</b>	<b>(134.8)</b>	<b>(137.5)</b>	<b>(116.4)</b>
1. Compensation of Employees	(45.1)	(35.8)	(64.4)	(10.5)	(3.5)	(14.0)	(18.5)	(16.9)	(15.0)	(20.5)	(11.9)
2. Investment Income	(222.5)	(293.3)	(373.8)	(91.8)	(91.1)	(70.9)	(104.6)	(78.4)	(119.8)	(117.0)	(104.5)
<b>IV. Current Transfers (Net)</b>	<b>10.5</b>	<b>3.2</b>	<b>(0.7)</b>	<b>(1.8)</b>	<b>(12.8)</b>	<b>(14.8)</b>	<b>11.6</b>	<b>(10.3)</b>	<b>12.8</b>	<b>(5.4)</b>	<b>(13.4)</b>
1. General Government	120.7	122.5	117.6	28.9	23.4	25.2	31.9	30.5	29.9	41.1	29.7
2. Private Sector	(110.2)	(119.3)	(118.3)	(30.6)	(36.2)	(40.0)	(20.3)	(40.8)	(17.1)	(46.5)	(43.1)
<b>B. Capital and Financial Account (I+II)</b> (excl. Reserves)	<b>1,306.3</b>	<b>996.0</b>	<b>1,500.5</b>	<b>271.7</b>	<b>410.2</b>	<b>390.6</b>	<b>419.6</b>	<b>246.4</b>	<b>443.9</b>	<b>110.8</b>	<b>46.4</b>
<b>I. Capital Account (Net Transfers)</b>	<b>(7.3)</b>	<b>(9.6)</b>	<b>(8.9)</b>	<b>(2.0)</b>	<b>(2.2)</b>	<b>(1.9)</b>	<b>(2.7)</b>	<b>(3.5)</b>	<b>(0.8)</b>	<b>(7.4)</b>	<b>(1.6)</b>
<b>II. Financial Account (Net)</b>	<b>1,313.6</b>	<b>1,005.6</b>	<b>1,509.4</b>	<b>273.7</b>	<b>412.4</b>	<b>392.5</b>	<b>422.3</b>	<b>249.9</b>	<b>444.7</b>	<b>118.1</b>	<b>48.0</b>
1. Direct Investment	526.2	382.3	251.3	37.0	147.3	14.4	199.2	38.4	(0.7)	9.6	43.6
2. Portfolio Investment	(37.0)	(34.0)	(26.9)	(2.1)	(14.4)	(10.5)	(3.1)	(8.1)	(5.2)	(4.2)	(3.4)
3. Other Investments	824.4	657.4	1,285.0	238.8	279.5	388.6	226.2	219.6	450.6	112.7	7.8
Central Gov't Long Term Capital	238.7	139.7	406.0	98.9	20.2	304.6	(5.2)	(1.2)	107.7	10.3	7.6
Other Public Sector Capital	172.4	4.1	93.8	7.6	(11.4)	5.2	0.6	4.9	83.1	(0.1)	6.0
Banks	(2.3)	62.2	(161.9)	(24.3)	164.2	(54.9)	34.4	(17.2)	(124.3)	(33.4)	2.4
Other	415.6	451.4	947.2	156.6	106.5	133.7	196.3	233.2	384.0	135.9	(8.1)
<b>C. Net Errors and Omissions</b>	<b>123.6</b>	<b>429.4</b>	<b>443.0</b>	<b>87.2</b>	<b>192.9</b>	<b>149.6</b>	<b>(6.5)</b>	<b>70.4</b>	<b>229.5</b>	<b>265.2</b>	<b>253.2</b>
<b>D. Overall Balance (A+B+C)</b>	<b>(74.7)</b>	<b>(68.5)</b>	<b>46.0</b>	<b>(127.9)</b>	<b>72.4</b>	<b>215.8</b>	<b>59.4</b>	<b>(214.2)</b>	<b>(14.9)</b>	<b>41.4</b>	<b>124.0</b>
<b>E. Financing (Net)</b>	<b>74.7</b>	<b>68.5</b>	<b>(46.0)</b>	<b>127.9</b>	<b>(72.4)</b>	<b>(215.8)</b>	<b>(59.4)</b>	<b>214.2</b>	<b>14.9</b>	<b>(41.4)</b>	<b>(124.0)</b>
Change in SDR holdings	146.8	(30.1)	(19.9)	(0.5)	(30.3)	(0.2)	(25.0)	3.5	1.8	3.8	(1.4)
Change in Reserve Position with the IMF	(0.0)	(0.0)	0.6	(0.2)	(0.0)	(0.0)	(0.0)	0.4	0.2	0.4	(0.2)
Change in Ext. Foreign Assets ( ) = Increase	(72.1)	98.7	(26.7)	128.6	(42.1)	(215.6)	(34.3)	210.4	12.8	(45.6)	(122.4)

Source: The Central Bank of the Bahamas

\* Figures may not sum to total due to rounding

**TABLE 15**  
**EXTERNAL TRADE**

(BS '000)

	2012	2013	2014	2013				2014			
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
<b>I. OIL TRADE</b>											
i) Exports	319,713	237,809	165,336	80,629	60,271	48,176	48,733	50,517	48,123	32,626	34,070
ii) Imports	874,839	726,902	868,460	211,386	139,758	209,467	166,291	198,337	205,244	263,155	201,724
<b>II. OTHER MERCHANDISE</b>											
<b>Domestic Exports</b>											
Crawfish	70,936	78,948	-	10,943	8,959	13,446	45,600	--	--	--	--
Fish Conch & other Crustacea	3,141	4,385	-	835	2,243	392	915	--	--	--	--
Other Cordials & Similar Materials/Sponge	488	1,034	-	--	157	435	442	--	--	--	--
Fruits & Veggies.	--	--	-	--	--	--	--	--	--	--	--
Aragonite	7,298	2,037	-	188	617	984	248	--	--	--	--
Other Natural Sands	3,175	204	-	35	34	45	90	--	--	--	--
Rum/Beverages/Spirits & Vinegar	--	--	-	--	--	--	--	--	--	--	--
Crude Salt	11,687	20,325	-	4,212	4,872	7,869	3,372	--	--	--	--
Polystrene Products	7,676	182,339	-	41,286	44,002	55,823	41,228	--	--	--	--
Other	86,633	74,615	-	7,605	25,831	24,215	16,964	--	--	--	--
<b>i) Total Domestic Exports</b>	<b>336,522</b>	<b>364,423</b>	<b>353,216</b>	<b>66,840</b>	<b>85,514</b>	<b>103,210</b>	<b>108,859</b>	<b>90,159</b>	<b>74,368</b>	<b>90,826</b>	<b>97,863</b>
<b>ii) Re-Exports</b>	<b>171,449</b>	<b>209,478</b>	<b>170,627</b>	<b>46,555</b>	<b>68,906</b>	<b>59,515</b>	<b>34,502</b>	<b>32,363</b>	<b>53,070</b>	<b>48,970</b>	<b>36,224</b>
<b>iii) Total Exports (i+ii)</b>	<b>507,972</b>	<b>573,902</b>	<b>517,192</b>	<b>113,396</b>	<b>154,420</b>	<b>162,725</b>	<b>143,361</b>	<b>122,522</b>	<b>127,437</b>	<b>139,796</b>	<b>127,437</b>
<b>iv) Imports</b>	<b>2,772,177</b>	<b>2,639,002</b>	<b>2,921,525</b>	<b>621,868</b>	<b>670,844</b>	<b>620,024</b>	<b>726,266</b>	<b>653,982</b>	<b>692,436</b>	<b>756,416</b>	<b>818,691</b>
<b>v) Retained Imports (iv-ii)</b>	<b>2,600,727</b>	<b>2,429,524</b>	<b>2,750,899</b>	<b>575,313</b>	<b>601,938</b>	<b>560,509</b>	<b>691,764</b>	<b>621,619</b>	<b>639,367</b>	<b>707,446</b>	<b>782,467</b>
<b>vi) Trade Balance (i-v)</b>	<b>(2,264,205)</b>	<b>(2,065,101)</b>	<b>(2,397,683)</b>	<b>(508,473)</b>	<b>(516,424)</b>	<b>(457,299)</b>	<b>(582,905)</b>	<b>(531,460)</b>	<b>(564,999)</b>	<b>(616,620)</b>	<b>(684,604)</b>

Source: Department of Statistics Quarterly Statistical Summaries

**TABLE 16**  
SELECTED TOURISM STATISTICS

Period	2012	2013	2014	2014				2015	
				Qtr. I	Qtr. II <sup>R</sup>	Qtr. III	Qtr. IV	Qtr. I	Qtr. II
<b>Visitor Arrivals</b>	<b>4,447,565</b>	<b>4,549,803</b>	<b>4,405,364</b>	<b>1,758,670</b>	<b>1,556,373</b>	<b>1,385,359</b>	<b>1,619,786</b>	<b>1,772,202</b>	<b>1,506,445</b>
Air	1,072,963	1,003,462	936,242	345,338	379,667	318,083	300,005	375,962	385,016
Sea	3,374,602	3,546,341	3,469,122	1,413,332	1,176,706	1,067,276	1,319,781	1,396,240	1,121,429
<b>Visitor Type</b>									
Stopover	1,136,787	1,077,379	1,004,125	359,511	412,877	343,485	301,826	n.a	n.a
Cruise	3,248,694	3,414,829	3,340,953	1,377,043	1,119,334	1,014,353	1,293,971	1,358,623	1,051,437
Day/Transit	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Tourist Expenditure(BS 000's)</b>	2,311	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Stopover	1,897	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cruise	413	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Day	2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Number of Hotel Nights</b>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Average Length of Stay</b>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Average Hotel Occupancy Rates (%)*</b>									
New Providence	66.0	57.8	56.1	63.0	65.4	61.1	49.0	n.a	n.a
Grand Bahama	47.1	42.7	41.4	56.3	52.0	45.6	36.0	n.a	n.a
Other Family Islands	38.3	37.0	35.9	43.4	48.7	39.5	32.0	n.a	n.a
<b>Average Nightly Room Rates (\$)*</b>									
New Providence	227.2	225.2	212.4	253.5	232.5	206.0	200.5	n.a	n.a
Grand Bahama	79.7	83.8	82.6	77.2	73.7	105.8	79.5	n.a	n.a
Other Family Islands	184.9	167.3	157.6	204.6	217.8	184.2	142.4	n.a	n.a

**Source: The Ministry of Tourism** Average Hotel Occupancy and Nightly Room Rates were amended for Quarter II, 2014.