
REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

DOMESTIC ECONOMIC DEVELOPMENTS

Preliminary evidence suggests that the Bahamian economy maintained its mildly positive growth momentum during the third quarter of 2012, benefitting from stable gains in tourism output and foreign investment-led construction activity. However, the narrow scope of the recovery limited improvements in employment conditions and private sector demand, and kept banks' credit quality indicators at elevated levels. Consumer price inflation firmed modestly over the review quarter, reflecting the pass-through effects of higher global food prices.

In the fiscal sector, the overall deficit deteriorated during the first quarter of FY2012/13, as the capital-led expansion in expenditure, eclipsed the rise in revenue. To meet its budgetary requirements, the Government floated two domestic bond issues, in July and September, totalling \$300 million, and also had recourse to short-term domestic advances.

Monetary developments featured contractions in both liquidity and external reserves, reflecting a combination of some seasonal, although muted, firming in domestic demand, banks' profit repatriation activity and trend oil payments. With the persistence of the consumer debt overhang and high unemployment, private sector credit was relatively flat; however, banks' claims on the public sector expanded, reflecting their increased holdings of Government paper. Banks' loan arrears remained high, although slightly improved, and profitability levels contracted, as firms increased loan loss provisions.

In the external sector, the estimated current account deficit widened over the third quarter, as increased payments for construction services, associated with foreign investment projects, underpinned a reduction in the services account surplus, and offset an improvement in the merchandise trade deficit. The capital and financial account surplus narrowed, owing primarily to a significant reduction in foreign direct investment inflows, which outweighed higher loan receipts.

FISCAL OPERATIONS

OVERVIEW

Provisional estimates of Government's budgetary operations for the first quarter of FY2012/13 showed a worsening in the overall deficit, by 52.0% (\$49.4 million) to \$144.3 million, as the 16.2% (\$61.6 million) growth in aggregate spending to \$441.1 million, outstripped the 4.3% (\$12.3 million) gain in total revenues to \$296.8 million.

REVENUE

Tax revenues—at 91.9% of total collections—increased by 5.2% (\$13.4 million) to \$272.7 million. This mainly reflected a timing-related 39.8% (\$9.5 million) expansion in departure taxes and gains of 34.2% (\$4.1 million) in unallocated taxes, which were dominated by trade-related transactions. Revenues from international trade taxes rose by 2.2% (\$3.3 million), benefitting from growth in import (\$4.0 million), export (\$0.4 million) and stamp taxes on imports (\$0.2 million), which overshadowed a fall in excise taxes (\$1.3 million). Less significant increases were registered for property taxes, of 19.4% (\$2.1 million) and selective taxes on services, of 10.5% (\$1.0 million)—the latter buoyed by a stopover-led improvement in hotel occupancy taxes, of 23.9% (\$1.8 million), with a minor offset by the \$0.8 million decline in gaming taxes. In contrast, receipts from non-trade stamp taxes decreased by 15.4% (\$6.0 million), linked to reductions in property-related taxes and receipts from financial transactions.

Non-tax collections—at 8.1% of total revenue—contracted by 4.4% (\$1.1 million) to \$24.1 million, explained primarily by a 14.0% (\$3.3 million) fall-off in proceeds from fines, forfeits and administration fees. In a modest offset, increased rental collections resulted in a doubling in income related receipts to \$2.9 million, and more modest accretions were noted for income from the sale of Government property (\$0.7 million) and public enterprises (\$0.4million).

Government Revenue By Source

(July - Sept.)

| | FY11/12 | | FY12/13 | |
|---------------------------|---------|-------|---------|-------|
| | B\$M | % | B\$M | % |
| Property Tax | 10.9 | 3.8 | 13.0 | 4.4 |
| Selective Services Tax | 9.1 | 3.2 | 10.1 | 3.4 |
| Busines. & Prof Lic. Fees | 10.7 | 3.8 | 10.6 | 3.6 |
| Motor Vehicle Tax | 5.2 | 1.8 | 5.3 | 1.8 |
| Departure Tax | 23.0 | 8.1 | 32.2 | 10.8 |
| Import Duties | 80.1 | 28.2 | 84.1 | 28.3 |
| Stamp Tax from Imports | 3.4 | 1.2 | 3.5 | 1.2 |
| Excise Tax | 63.5 | 22.3 | 62.2 | 21.0 |
| Export Tax | 3.3 | 1.2 | 3.7 | 1.2 |
| Stamp Tax from Exports | -- | -- | -- | -- |
| Other Stamp Tax | 38.7 | 13.6 | 32.7 | 11.0 |
| Other Tax Revenue | 11.9 | 4.2 | 16.0 | 5.4 |
| Fines, Forfeits, etc. | 23.7 | 8.3 | 20.4 | 6.9 |
| Sales of Govt. Property | 0.2 | 0.1 | 0.9 | 0.3 |
| Income | 1.4 | 0.5 | 2.9 | 1.0 |
| Other Non-Tax Rev. | -- | -- | -- | -- |
| Capital Revenue | -- | -- | -- | -- |
| Grants | -- | -- | -- | -- |
| Less: Refunds | 0.5 | 0.2 | 0.7 | 0.2 |
| Total | 284.6 | 100.0 | 296.8 | 100.0 |

EXPENDITURE

Growth in total spending was led by a more than two-fold expansion in capital expenditure, to \$62.3 million, for 14.1% of total spending. Lesser increases were registered for current outlays, of 7.0% (\$24.0 million) to \$369.6 million, which accounted for 83.8% of total spending, and net lending to public corporations firmed by 11.8% (\$1.0 million) to \$9.2 million.

By economic classification, the expansion in current expenditure was mainly attributed to a \$15.7 million (7.3%) hike in consumption spending, to \$232.4 million, based on respective gains in both personal emoluments and purchases of goods & services, of \$11.8 million (8.4%) and \$3.9 million (5.2%). Transfer payments were also higher by \$8.3 million (6.5%) at \$137.1 million, as increased subsidies (\$7.7 million) and transfers to households (\$3.4 million) and non-financial enterprises (\$0.9 million) offset declines of \$0.2 million each for both transfers abroad and to public corporations. Despite the rising debt stock, interest payments fell by \$3.4 million (7.7%) to \$40.8 million, as average borrowing costs contracted.

On a functional basis, growth in current outlays included a 24.2% (\$7.3 million) expansion in disbursements for economic services, to \$37.2 million, which was due to higher transportation, public works & water supply, and tourism-related expenditures. Similarly, spending firmed for health (\$6.8 million), general public services (\$6.5 million) and education (\$4.9 million), with more muted increases for social benefits & services (\$2.5 million) and defense (\$0.8 million). In contrast, declines were registered for non-allocated expenses (\$3.3 million) and other community & social services (\$1.3 million).

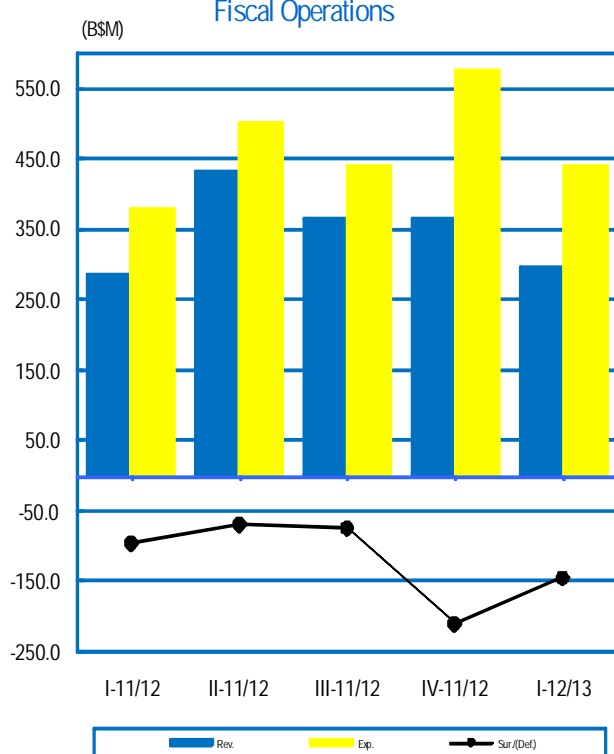
The advance in capital spending was mainly linked to disbursements for infrastructure development projects, which more than doubled to \$48.2 million. Outlays for asset acquisitions also rose more than two-fold, to \$5.3 million, inclusive of increases for other 'miscellaneous' assets (\$1.7 million) and seed capital for new enterprises (\$1.1 million). Transfers to non-financial enterprises were higher by \$8.2 million, representing payments to facilitate the purchase of aviation equipment, and capital transfers to public corporations held steady at \$0.6 million.

By functional classification, the increase in capital spending was concentrated in a \$44.8 million hike in the economic services category, in line with the elevated outlays for public works & water supply and transportation projects, by \$19.5 million and \$8.2 million, respectively. In addition, allocations for general public services grew by \$5.0 million to \$8.3 million, with almost 95% of the increase attributed to higher administration costs. Payments for education and health also rose by \$2.7 million and \$1.2 million, respectively; however, housing expenditures fell modestly by \$0.3 million.

FINANCING AND THE NATIONAL DEBT

Budgetary financing for the first quarter of FY2012/13 was primarily obtained from domestic sources, through two (2) Bahamas Government Registered Stock (BGRS) issues, of \$200 million and \$100.0 million, respectively. An additional \$1.5 million was sourced from external project-based loans. Debt repayment totaled \$63.3 million, of which 98% was for Bahamian Dollar obligations.

Fiscal Operations



As a consequence of these developments, the Direct Charge on the Government expanded by \$267.1 million (6.8%) over the quarter and by \$458.7 million (12.3%) year-on-year, to \$4,172.8 million at end-September. The bulk (80.1%) of the Direct Charge was dominated in Bahamian dollars, and was held mainly by commercial banks (36.4%), "other" private and institutional investors (30.8%), public corporations (21.4%), the Central Bank (11.0%) and other local financial institutions (0.3%). By type of instrument, Government securities represented the largest portion of domestic currency debt, at 85.8%, bearing an average maturity of 11.7 years, followed by Treasury bills (10.1%) and loans & advances (4.1%).

Reflecting increased borrowings by the electrical utility company, Government's contingent liabilities rose by \$33.0 million (5.9%) to \$588.9 million at end-September. This, combined with the Direct Charge, elevated the National Debt by 6.3% (\$300.1 million), on a quarterly basis, and by 11.5% (\$490.8 million) over the year, to stand at \$4,761.6 million.

PUBLIC SECTOR FOREIGN CURRENCY DEBT

During the third quarter, public sector foreign currency debt firmed by 8.0% (\$121.8 million) to \$1,636.5 million, as new drawings of \$129.0 million outpaced amortization payments of \$7.2 million. Government's debt, at a dominant 50.7% of the total, rose slightly by 0.1% (\$1.2 million) to \$830.4 million, while the public corporations' component firmed by 17.6% (\$120.6 million) to \$806.0 million, linked to activity of a public airport operator.

Compared with the same period in 2011, total debt service payments increased by \$7.6 million (76.0%) to \$17.7 million. This reflected an \$8.7 million expansion in public corporations' payments, to \$16.2 million, with amortization and interest charges totaling \$6.1 million and \$10.1 million, respectively. In contrast, the Government's component fell by almost half, to \$1.5 million, and comprised amortization and interest payments of \$1.1 million and \$0.4 million, respectively. As a consequence, the Government's debt service to revenue ratio contracted by 0.4 of a percentage point to 0.5% and aggregate debt service as a portion of exports of goods and services rose by 70 basis points to 1.9%.

Disaggregated by creditor profile, the largest holders of foreign currency debt were private capital markets (36.7%), followed by other "miscellaneous" institutions (27.2%), commercial banks (20.9%), multilateral institutions (12.8%) and bilateral companies (2.5%). The average maturity of the outstanding debt was 15.7 years, with a dominant 97.2% in US Dollars, while Chinese Yuan and Euros accounted for the remaining 2.5% and 0.3%, respectively.

REAL SECTOR

TOURISM

Preliminary indicators suggest steady gains in tourism output during the third quarter, benefitting from the sustained growth in the key source markets and joint public/private sector incentives, such as the "Companion Fly Free" programme and airfare credit advertising campaigns.

Total visitor count firmed by 5.5% to 1.3 million, with air arrivals higher by 7.4% at 0.3 million, in contrast to a 2.3% contraction last year, when the passage of Hurricane Irene negatively impacted travel itineraries. Growth in the sea component, of 4.9% to 0.9 million, also improved on the 1.2% upturn posted in 2011.

In terms of the major ports of entry, visitor arrivals to New Providence gained 6.0% to 0.7 million, a reversal from a 1.4% decline a year ago, supported by increases in both air and sea passengers, of 9.6% and 3.9%, respectively. The 7.4% expansion in sea visitors was almost entirely responsible for the 6.6% hike in total arrivals to the Family Islands, to 0.4 million, although below last year's overall gain of 9.7%. In Grand Bahama, arrivals rebounded by 2.3% to 0.2 million, from last year's 8.5% contraction, led by a 2.9% advance in the dominant sea passenger segment, which outstripped the 3.0% reduction in air arrivals.

Initial data from a sample of major hotel properties on New Providence and Paradise Island for the third quarter showed a 1.6% improvement in room revenues over 2011, benefitting from increased wedding and group business. The average hotel occupancy rate rose to 68.9% from 63.9% in 2011; however, with several properties offering room discounts and other reduced cost packages during the summer season, the average daily room rate fell by 6.3% to \$205.55.

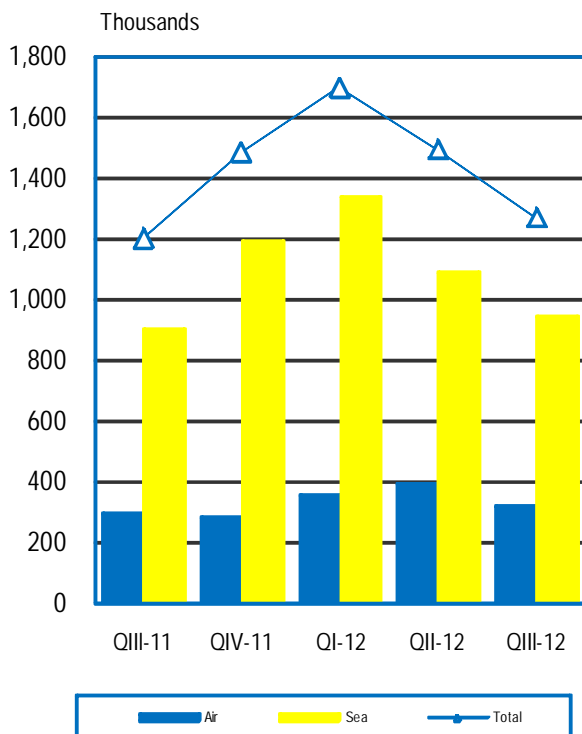
CONSTRUCTION

Construction sector activity during the third quarter continued to be dominated by the multi-billion dollar Baha Mar Hotel project, other varied-scale foreign investments and public sector infrastructure developments. Domestic private sector activity remained lackluster, reflecting the high level of mortgage arrears in the banking system and the general weakness in domestic demand. Mortgage disbursements for new construction and repairs—as reported by commercial banks, insurance companies and the Bahamas Mortgage Corporation—declined further, by 6.6% to \$26.9 million, following 2011's 45.6% contraction. After a 37.8% (\$16.9 million) fall-off in 2011, the decline in residential disbursements, which totaled \$26.2 million, was lower at 6.4% (\$1.8 million). A similar outcome was observed for commercial disbursements, which slackened by 15.4% (\$0.1 million) to \$0.7 million, after the previous year's 89.2% (\$7.2 million) contraction.

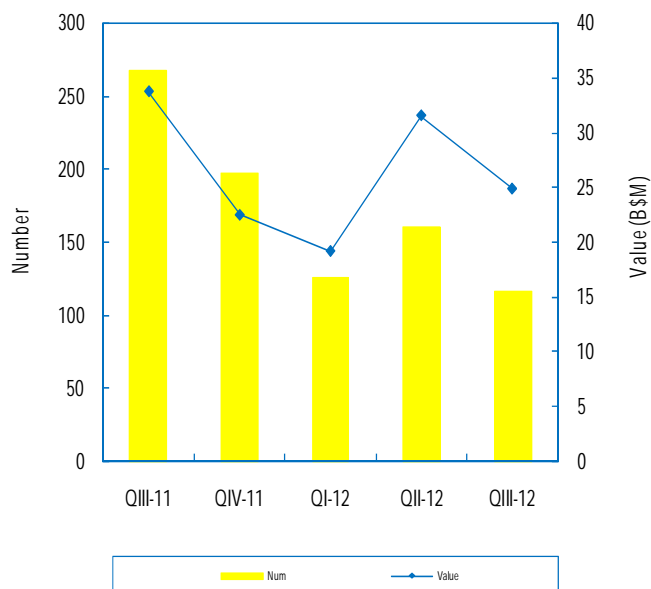
Trends in mortgage commitments for new buildings and repairs—a forward looking indicator—suggest that construction activity is likely to remain subdued over the near-term. Total commitments fell in number, by 56.7% (152) to 116, with a corresponding drop in value of 26.2% (\$8.8 million) to \$24.8 million. The residential segment—at 99.1% of the total—receded by 56.9% in number to 115 and by 27.8% in value to \$24.1 million, while commercial loan commitments stayed at 1, but rose in value by \$0.5 million to \$0.7 million.

With respect to financing conditions, the average interest rate on both residential and commercial mortgages steadied at 8.2% and 8.4%, respectively over the prior year, compared to reductions of 0.3 and 0.6 percentage points in 2011, which followed on the lowering of the Prime Rate.

Visitor Arrivals



Mortgage Commitments: New Construction and Repairs



PRICES

Domestic price developments reflected the ongoing challenges facing food producers globally, due to the adverse weather conditions. Data for the twelve months to August showed a moderate increase in consumer price inflation, by 8 basis points to 2.63%, over the year earlier period. The largest gain in average costs was noted for food & non-alcoholic beverages, which rose by 2.67 percentage points to 3.17%. Average price increases for clothing & footwear firmed by 1.16%, in contrast to a 0.55% decline in the prior 12-month period, while more muted increases were evidenced for furnishing, household equipment & maintenance, of 1.2 percentage points to 3.54%; miscellaneous goods & services, of 11 basis points to 0.78%, restaurant & hotels, 5 basis points to 2.42% and housing, water, gas, electricity & other fuels—the largest component in the Index, by 2 basis points to 3.23%. Given the lower volatility in oil prices, transportation costs slowed to 3.87%, on average, from 7.60% a year earlier, and the respective average rate of price increases weakened for recreation & culture, education and alcohol, tobacco & related products, to 0.12%, 2.51% and 1.55%, from corresponding rates of 1.62%, 3.20% and 1.90% in the prior period. Communication costs fell by 0.18%, reversing the previous year's 1.08% growth.

Retail Price Index

(Annual % Changes)
August

| Items | Weight | 2011 | | 2012 | |
|----------------------------------|--------|-------|------|-------|------|
| | | Index | % | Index | % |
| Food & Non-Alcoholic Beverages | 120.4 | 101.9 | 2.2 | 105.4 | 3.4 |
| Alcohol, Tobacco & Narcotics | 6.4 | 103.4 | 0.6 | 104.7 | 1.3 |
| Clothing & Footwear | 37.76 | 100.3 | 1.0 | 100.6 | 0.3 |
| Housing, Water, Gas, Electricity | 334.83 | 104.6 | 2.5 | 108.2 | 3.4 |
| Furn. & Household, Maintenance | 64.26 | 104.4 | 5.6 | 107.2 | 2.7 |
| Health | 44.5 | 102.9 | 1.9 | 105.1 | 2.1 |
| Transportation | 119.13 | 114.0 | 12.1 | 112.7 | -1.1 |
| Communication | 41.19 | 101.7 | 0.9 | 100.9 | -0.7 |
| Rec., & Culture | 22.73 | 103.4 | 3.8 | 103.6 | 0.1 |
| Education | 30.05 | 103.5 | 3.5 | 106.1 | 2.5 |
| Restaurant & Hotels | 38.24 | 105.4 | 3.9 | 105.7 | 0.3 |
| Misc. Goods & Svcs. | 140.52 | 101.2 | -0.1 | 102.0 | 0.8 |
| ALL ITEMS | 1000 | 104.5 | 3.6 | 106.4 | 1.8 |

Despite the uptrend in international crude oil prices during the third quarter, the average costs for gasoline and diesel declined for the period, by 6.1% and 7.5% to \$5.34 and \$4.95 per gallon, and on a yearly basis, by 0.4% and 1.2%, respectively. In contrast, the Bahamas Electricity Corporation's fuel charge advanced by 0.9% (\$0.24) on a quarterly basis, and by 9.6% (\$2.40) year-on-year, to \$27.32 per kilowatt hour (kWh).

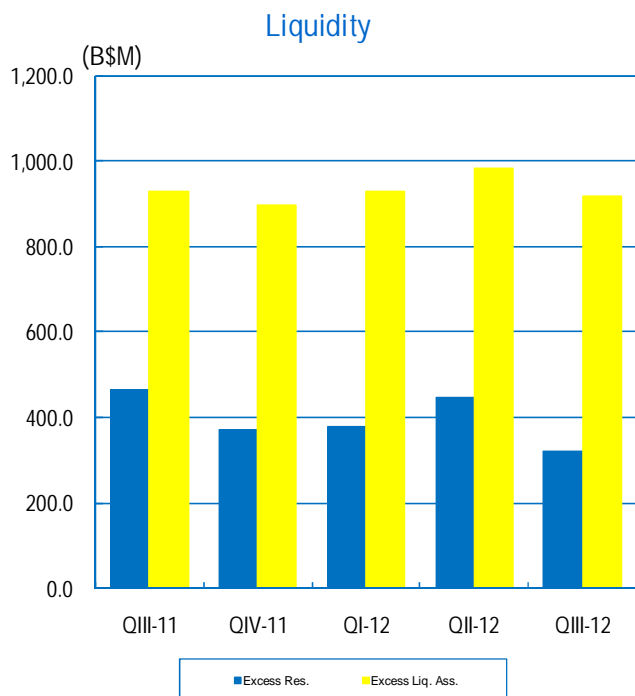
MONEY, CREDIT AND INTEREST RATES

OVERVIEW

Over the review period, both bank liquidity and external reserves contracted, due mainly to increased demand for foreign currency to facilitate import payments and banks' profit repatriations. Government's financing requirements continued to dominate commercial bank lending, as the debt overhang, combined with sustained high unemployment levels, resulted in a relatively flat private sector credit outcome. Banks' credit quality indicators improved modestly, although the decline in arrears was not broad-based. As institutions maintained a conservative posture, by boosting provisions for bad debt, overall bank profitability fell sharply.

LIQUIDITY

Reflecting increased holdings of Government securities, banks' net cash reserves contracted by \$125.1 million (28.1%) to \$320.4 million, although below the \$32.7 million (6.6%) reduction registered in 2011, and represented a lower 5.3% of deposit liabilities compared with 7.7% a year earlier. Amid significant payment outflows to meet current obligations, the broader surplus liquid assets also decreased, by \$62.1 million (6.3%) to \$920.2 million, exceeding the \$7.6 million (0.8%) fall-off registered in 2011, and was in excess of the statutory requirement by 94.5%, vis-à-vis last year's 95.7%.



DEPOSITS AND MONEY

Overall money supply declined marginally during the review quarter, from a relatively stable position in 2011. The contraction in narrow money (M1) of \$23.0 million (1.5%), exceeded the prior period's \$1.9 million (0.1%) drop, as a \$23.9 million (1.8%) reduction in demand deposits, outweighed the \$0.9 million (0.4%) gain in currency in circulation.

Broad money (M2) also fell by \$150.2 million (2.4%), to reverse the year-earlier growth of \$9.9 million (0.2%). Fixed balances were lower by \$92.6 million (2.6%),

compared to an expansion of \$14.3 million (0.4%) in 2011, and the contraction in savings deposits was extended to \$34.6 million (3.0%) from \$2.5 million (0.2%). As the drawdown in foreign currency deposits was also higher, at \$15.0 million (6.1%) from \$8.1 million (3.7%), overall money supply (M3) decreased by \$165.2 million (2.5%), after registering marginal growth of \$1.8 million last year.

By composition, fixed deposits accounted for the largest portion of the money supply (55.0%). Next were demand and savings balances, at 20.5% and 17.5% respectively, with much smaller shares held in foreign currency (3.7%) and currency in active circulation (3.3%).

DOMESTIC CREDIT

Domestic credit growth slackened to \$98.4 million (1.1%) during the third quarter from \$160.1 million (1.9%) last year, as accretions to the dominant Bahamian dollar component (91.4% of the total) tapered by over 50% to \$50.8 million (0.6%). In contrast, increased borrowing by a public corporation buoyed the \$47.6 million (6.7%) hike in foreign currency credit, after a \$0.1 million decline in 2011.

Banks' net claims on the Government firmed by \$53.1 million (3.3%), although below the \$141.9 million (11.3%) surge of last year, as the Government utilized the more widely held bonds rather than short-term credit to finance its operations. With consumers continuing to face challenges in servicing their debt obligations, accretions to private sector credit were sharply lower by \$49.3 million at \$5.7 million (0.1%). Claims on the rest of the public sector, however, rose by \$39.6 million (9.5%), reversing 2011's decrease of \$36.8 million (8.2%), which was linked to debt repayments by an educational institution.

On a disaggregated basis, personal loans accounted for the majority (78.5%) of private sector credit, with the \$11.4 million (0.2%) quarterly gain, in line with the last year's expansion. The expansion in residential mortgages was higher at \$15.2 million (0.5%), vis-à-vis 2011's \$4.0 million (0.1%), while consumer credit advanced by \$4.8 million (0.2%), following an increase of \$8.6 million (0.4%) a year earlier. In contrast, overdrafts declined further by \$12.4 million (12.0%), compared to a \$6.5 million (6.7%) contraction in 2011.

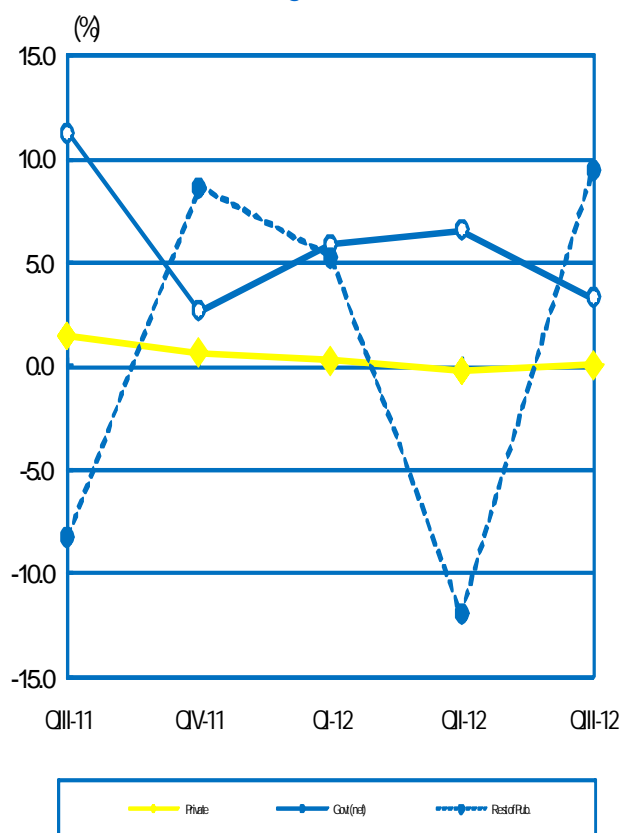
A further breakdown of consumer installment credit—which represents 41.8% of personal loans—showed modest gains for miscellaneous (\$9.0 million), education (\$3.0 million), travel (\$2.8 million), credit cards (\$2.6 million), private cars (\$2.1 million) and furnishing & domestic appliances (\$1.7 million) loans. However, net repayments were registered for debt consolidation (\$9.1 million), land purchase (\$4.7 million) and home improvement (\$2.6 million) lending.

The remaining private sector credit categories also recorded broad-based gains, with the most significant being registered for distribution, fisheries, and entertainment & catering, of \$4.6 million, \$4.3 million and \$3.0 million, respectively, while more modest increases were posted for construction (\$2.4 million) and transportation (\$1.7 million). In contrast, net repayments were noted for the “miscellaneous” and tourism segments, of \$21.5 million and \$1.3 million, respectively.

MORTGAGES

Mortgage lending activity by banks, insurance companies and the Bahamas Mortgage Corporation remained subdued over the quarter, amid the high level of mortgage arrears and consumer debt overhang. Based on preliminary data, total mortgages outstanding rose by \$15.5 million (0.5%) to \$3,275.2 million, following the prior year’s \$9.9 million (0.3%) gain. Residential mortgages—which comprised 93.7% of the total—advanced by \$14.0 million (0.5%) to \$3,067.5 million, after a comparable upturn in 2011, and the commercial component rose slightly, by \$1.5 million (0.7%), a turnaround from a \$6.2 million (3.0%) reduction in 2011. At end-September, the largest percentage of the mortgage stock was held by domestic banks (89.0%), followed by insurance companies (5.9%) and the Bahamas Mortgage Corporation (5.1%).

Changes in Credit



Distribution of Bank Credit By Sector

End-September

| | 2011 | | 2012 | |
|--------------------|---------|-------|---------|-------|
| | B\$M | % | B\$M | % |
| Agriculture | 13.3 | 0.2 | 14.5 | 0.2 |
| Fisheries | 11.5 | 0.2 | 10.8 | 0.2 |
| Mining & Quarry | 2.8 | 0.0 | 2.5 | 0.0 |
| Manufacturing | 33.4 | 0.5 | 41.6 | 0.6 |
| Distribution | 168.9 | 2.4 | 178.0 | 2.5 |
| Tourism | 71.9 | 1.0 | 65.5 | 0.9 |
| Enter. & Catering | 71.4 | 1.0 | 68.8 | 1.0 |
| Transport | 35.7 | 0.5 | 38.3 | 0.5 |
| Construction | 422.1 | 6.0 | 433.0 | 6.0 |
| Government | 143.4 | 2.0 | 207.3 | 2.9 |
| Public Corps. | 293.0 | 4.2 | 332.2 | 4.6 |
| Private Financial | 18.9 | 0.3 | 17.0 | 0.2 |
| Prof. & Other Ser. | 123.0 | 1.8 | 115.4 | 1.6 |
| Personal | 5,170.3 | 73.6 | 5,218.5 | 72.6 |
| Miscellaneous | 441.5 | 6.3 | 444.0 | 6.2 |
| TOTAL | 7,021.1 | 100.0 | 7,187.4 | 100.0 |

THE CENTRAL BANK

Reflecting commercial banks’ re-discounting of Treasury Bills in the latter part of the quarter, the Central Bank’s net claims on the Government grew by \$28.8 million (8.8%) to \$357.1 million, a slowdown from the \$69.0 million (32.3%) expansion registered a year ago. The Bank’s net liabilities to the rest of the public sector

fell by \$2.2 million (31.8%) to \$4.8 million, reversing the \$1.1 million (37.4%) rise in 2011; and the liability to commercial banks settled lower by \$241.5 million (32.3%) at \$505.4 million, after the prior year's \$55.6 million (7.0%) reduction.

As the demand for foreign currency to meet external payments exceeded the inflow from productive sector activities, external reserves fell sharply by \$182.1 million (19.6%) to \$745.9 million over the quarter, surpassing the \$120.5 million (11.2%) drop recorded in 2011. Underlying this outturn, the Bank's net sale to commercial banks increased by \$45.7 million to \$63.6 million, to fund the shortfall in their clients' demand for foreign currency. The net sale to public corporations, driven primarily by fuel purchases, expanded by \$14.3 million to \$124.2 million, while transactions with the Government were reversed to a net sale of \$1.2 million from a net intake of \$7.9 million in 2011.

At end-September, 2012, the stock of external reserves stood at \$745.9 million, compared to \$955.6 million in 2011 and, when adjusted for the statutory 50% of the Central Bank's demand liabilities, the resultant "useable reserves" declined by \$142.4 million to \$332.9 million.

DOMESTIC BANKS

Growth in credit to the private sector moderated to \$5.7 million (0.1%) in the third quarter, from \$55.0 million (0.8%) in the corresponding period of 2011. A build-up in bond holdings elevated the net claim on the Government by \$24.3 million (1.9%) relative to the prior year's \$72.9 million (7.0%) gain; whereas credit extended to the rest of the public sector was completely reversed to a \$39.5 million (9.6%) upturn. Reflecting increased foreign currency borrowings by the electrical utility operator, commercial banks' net foreign liabilities advanced by \$56.3 million (9.9%), although slowing from last year's \$68.9 million (13.8%) growth.

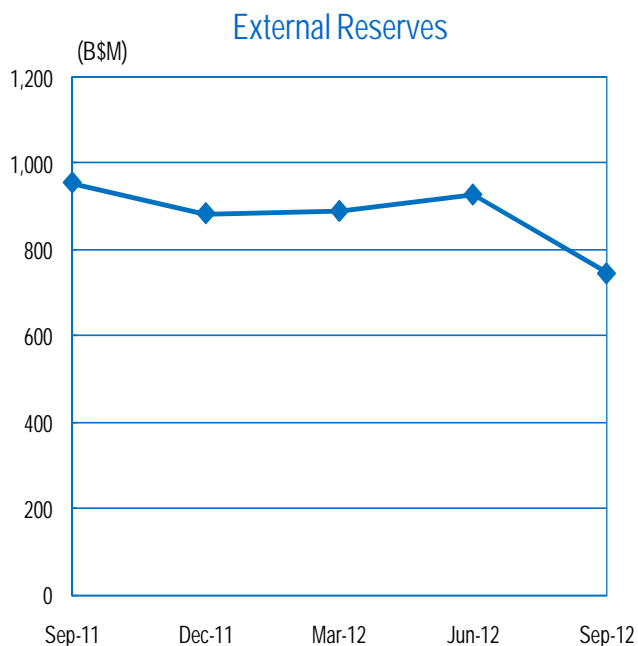
During the quarter, banks' deposit liabilities contracted sharply by \$163.8 million (2.6%) to \$6,121.2 million, after a modest \$8.7 million (0.1%) decrease a year earlier. Led by declines in the deposits of individuals, and to a lesser extent business firms, private sector balances fell by \$145.2 million (2.5%), to reverse the \$39.6 million (0.7%) gain a year earlier. Conversely, the decline in public sector's deposits narrowed to \$18.6 million (4.4%) from \$48.4 million (9.5%) in 2011.

Bahamian dollars, at \$6,015.1 million, comprised the dominant (96.3%) share of deposit liabilities. Broken down by depositor types, private individuals accounted for just over half of these liabilities, at 52.3%, followed by business firms with 31.5%. Much smaller shares were held by public corporations (5.6%), private financial institutions (4.4%), other entities (3.3%), the Government (2.0%) and public financial institutions (0.9%).

The majority of commercial banks' Bahamian dollar liabilities were held in fixed deposits (58.8%), followed by demand (22.7%) and savings (18.5%) balances. The largest number of deposits were held within the under \$10,000 category (89.4%); however, these balances comprised the smallest proportion of the total value, at 6.2%. Accounts with deposits between \$10,000 and \$50,000 represented 7.0% of the number and 10.9% of the value, while those in excess of \$50,000 were the least in number (3.6%) but held the highest value (82.9%).

CREDIT QUALITY

Reflecting the weakness in domestic business activity and high unemployment levels, banks' credit quality indicators remained elevated over the review quarter,



although slightly improved in a few institutions' portfolios. Total private sector arrears contracted, on a quarterly basis, by \$21.6 million (1.8%) to \$1,162.8 million, and by \$50.7 million (4.2%) over the year. The corresponding ratio of arrears to total loans softened by 35 basis points over the quarter, and by 91 basis points year-on-year to 18.6%.

With regard to the components, the largest reduction occurred in the commercial category, which fell by \$16.8 million (6.4%) to \$245.8 million over the quarter, and the relevant loan ratio decreased by 1.35 and 3.98 percentage points, on a quarterly and yearly basis, respectively, to 23.0%. In addition, consumer arrears contracted by \$4.0 million (1.5%) to \$257.1 million, and by 16 basis points from end-June and 81 basis points over the end-September 2011 level to 12.3% of total loans. Mortgages, which accounted for over half of the arrears, registered the smallest decline, of \$0.9 million (0.1%) to \$659.9 million or 21.3% of mortgage loans—a drop of 14 basis points from the previous quarter and 8 basis points relative to the corresponding 2011 period.

In terms of the average length of delinquencies, the short-term (31-90 day) category fell by \$26.5 million (7.5%) to \$325.8 million over the quarter and, relative to total loans, by 43 basis points on a quarterly basis and one percentage point year-on-year to 5.2%. In contrast, non-performing loans—which are over 90 days past due and on which banks have ceased accruing interest—firmed by \$5.0 million (0.6%) to \$837.0 million, for a relatively stable 13.4% of total loans, and mainly reflected the further deterioration in mortgage delinquencies.

Banks increased provisions against loan losses marginally, by \$0.9 million (0.3%) to \$344.6 million, which corresponded to an uptick in the ratio of provisions to loans and arrears, of 5 basis points and 62 basis points, to 5.3% and 29.6%, respectively. However, total provisions as a percentage of non-performing loans softened by 13 basis points to 41.2%.

BANK PROFITABILITY

During the second quarter of 2012—the latest bank performance indicators available—higher provisions for bad debt, alongside a reduction in revenue, led to a sharp contraction in banks' profitability, to \$37.7 million, in contrast to last year's 4.3% (\$2.7 million) improvement to \$65.0 million.

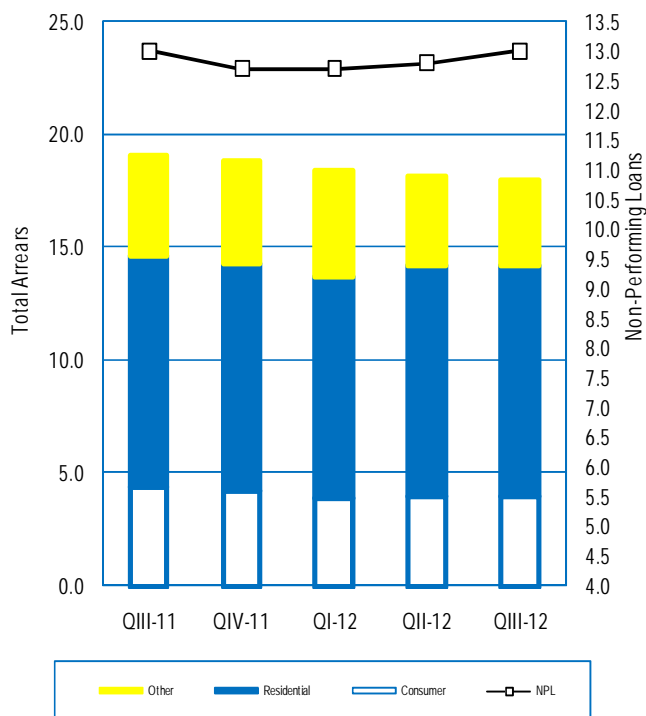
The interest margin narrowed by \$5.7 million (4.3%) to \$127.3 million, as lower rates contributed to a 9.4% (\$17.1 million) reduction in interest income, which outstripped the 23.1% (\$11.4 million) falloff in interest expenses. Similarly, commission & forex income narrowed by \$0.5 million to \$5.1 million, contributing to the \$6.3 million decline in the gross earnings margin to \$132.4 million.

Operating outlays firmed by \$1.1 million (1.5%) to \$76.1 million, reflecting higher occupancy (12.0%) and other operating "miscellaneous" (5.7%) expenses, which overshadowed declines in staffing costs by 2.7%. In addition, banks recorded a net loss of \$18.6 million on their non-core operations, vis-a-vis a profit of \$1.3 million last year, due to a \$15.1 million rise in bad debt provisions, alongside a \$4.9 million decline in other income, while depreciation costs steadied at \$3.5 million.

As a result of these developments, banks' profitability ratios—which are measured relative to average assets—registered broad-based contractions. The interest margin ratio fell by 41 basis points to 5.23% and with the

Loan Arrears & Non-Performing Balances

(% of Total Loans)

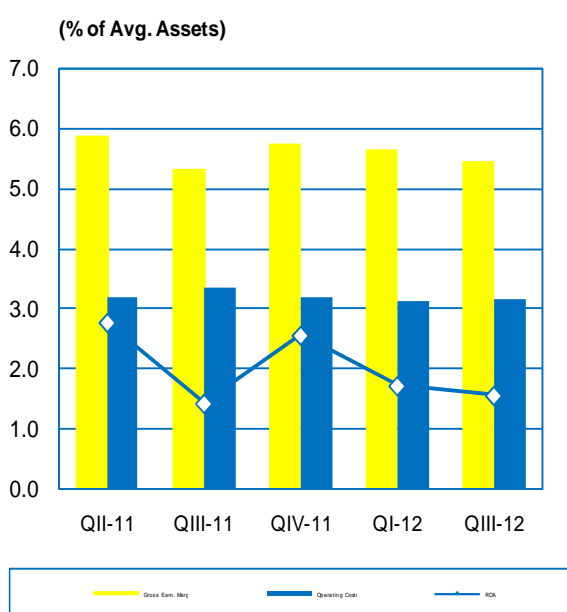


commission & forex income ratio decreasing by 3 basis points to 0.21%, the gross earning margin ratio declined by 43 basis points to 5.45%. Despite the softening in the operating costs ratio, by 5 basis points to 3.13%, the reduction in revenues led to the net earnings margin ratio moving 38 basis points lower to 2.32%. Similarly, the net income ratio narrowed by 1.2 percentage points to 1.55%, on account of increased provisioning.

other rates trending lower. Average rate reductions were posted for "miscellaneous" loans, by 32 basis points to 7.87%; for residential and commercial mortgage rates, by 18 and 2 basis points to 7.43% and 8.33%, respectively; and for overdraft facilities, by 70 basis points to 9.91%.

Among other key interest rates, the average Treasury bill rate moved lower by 22 basis points to 0.10%, while the Central Bank's Discount and the commercial banks' Prime rates were unchanged, at 4.50%, and 4.75%, respectively.

Domestic Banks' Profitability



INTEREST RATES

During the third quarter, commercial banks' weighted average interest rate spread widened by 33 basis points to 9.24 percentage points, as the average deposit rate decreased by 14 basis points to 1.94%, and the average loan rate moved upwards by 19 basis points to 11.18%.

Amid the persistently high levels of liquidity in the banking system, all deposit rates contracted. The average interest rate on demand and savings deposits fell by 14 and 36 basis points, to 0.33% and 1.31%, respectively. Similarly, average interest rates on fixed balances moved broadly lower, although the range widened to 1.56% - 2.52% from 1.71% - 2.53%

On the lending side, average interest rates on consumer loans firmed by 43 basis points to 13.84%, with all

Banking Sector Interest Rates

| | Period Average (%) | | |
|---------------------------|-------------------------|------------------------|-------------------------|
| | Qtr. III <u>2011</u> | Qtr. II <u>2012</u> | Qtr. III <u>2012</u> |
| Deposit Rates | | | |
| Demand Deposits | 1.16 | 0.47 | 0.33 |
| Savings Deposits | 1.63 | 1.67 | 1.31 |
| Fixed Deposits | | | |
| Up to 3 months | 1.97 | 1.71 | 1.56 |
| Up to 6 months | 2.56 | 2.09 | 1.89 |
| Up to 12 months | 2.77 | 2.68 | 2.49 |
| Over 12 months | 2.75 | 2.53 | 2.52 |
| Weighted Avg Deposit Rate | 2.27 | 2.08 | 1.93 |
| Lending Rates | | | |
| Residential mortgages | 7.57 | 7.61 | 7.43 |
| Commercial mortgages | 8.04 | 8.35 | 8.33 |
| Consumer loans | 13.29 | 13.41 | 13.84 |
| Other Local Loans | 7.61 | 8.19 | 7.87 |
| Overdrafts | 9.94 | 10.61 | 9.91 |
| Weighted Avg Loan Rate | 11.01 | 10.99 | 11.18 |

CAPITAL MARKETS DEVELOPMENTS

As investors remained relatively cautious, given the slow pace of the recovery, the volume of shares traded on the Bahamas International Securities Exchange (BISX) declined by 28.3% to 0.6 million, relative to last year. However, the corresponding value firmed by 6.6% to \$3.0 million. The Exchange's All Share Index fell by 0.3% over the three-month period to 1,308.01, extending

the 2.4% reduction registered last year. With the price of several securities declining over the three-months, market capitalization was reduced by 0.2% (\$5.7 million) to \$2.8 billion, following last year's 6.4% contraction. By end-September, the total number of securities listed on the Exchange rose by 3 to 27.

INTERNATIONAL TRADE AND PAYMENTS

Initial data for the third quarter of 2012 signalled a deterioration in the external current account deficit, by an estimated \$68.4 million (20.4%), to \$403.1 million, vis-à-vis the same period in 2011, due mainly to a narrowing of the services account surplus, which overshadowed an improvement in the merchandise trade deficit. The estimated capital and financial account surplus fell marginally by \$3.6 million (1.1%) to \$308.4 million, mainly on account of lower direct investment inflows, which eclipsed increased loan financing by both public and private entities.

The estimated merchandise trade deficit improved by \$62.8 million (11.0%) to \$506.9 million, buoyed by a 29.1% gain in exports to \$278.8 million, as imports steadied at \$785.7 million. Net non-oil imports contracted by \$58.5 million (13.8%) to \$364.0 million, while higher import volumes negated declines in average costs, and led to a \$52.7 million (23.8%) rise in fuel imports to \$274.4 million. Average fuel costs contracted for most of the oil categories, with the most significant recorded for propane (23.8% to \$59.56 per barrel) and jet fuel (6.2% to \$133.78 per barrel). Motor gas and gas oil also fell, by 4.3% and 2.5% to average \$124.91 and \$124.76 per barrel, respectively, whereas the cost of aviation gas advanced by 12.8% to \$176.75 per barrel.

The services account surplus narrowed by \$105.5 million (36.4%) to \$184.1 million, paced by an almost eight-fold rise in outlays for construction services to \$88.3 million, related to a major foreign investment project. In addition, net insurance service outlays and net payments for other "miscellaneous" services rose, by \$26.9 million and \$15.3 million, to \$71.1 million and \$68.6 million, respectively. Despite increases in the number of tourists, net travel receipts fell by an estimated \$10.8 million (2.4%) to \$438.5 million and net outflows for transportation services decreased by \$3.9 million (6.9%) to \$60.1

million. Offshore companies net local expenses, however, advanced by \$17.2 million to \$45.2 million; net inflows for Government services firmed by \$7.5 million to \$7.8 million, and royalty and license fees grew marginally by \$0.2 million to \$4.2 million.

The income account deficit widened by \$34.7 million (66.8%) to \$86.7 million, explained by a two-fold increase in net investment income outflows to \$76.5 million. This outcome was attributed to a \$38.1 million expansion in net interest and dividend payments by private companies, to \$79.6 million, as both commercial bank and non-bank entities' profit repatriations increased, by \$18.8 million and \$19.3 million, to \$28.5 million and \$51.1 million, respectively. In addition, net outflows from official transactions ebbed by \$0.4 million to \$3.1 million, while net labour income remittances decreased by \$3.8 million to \$10.2 million.

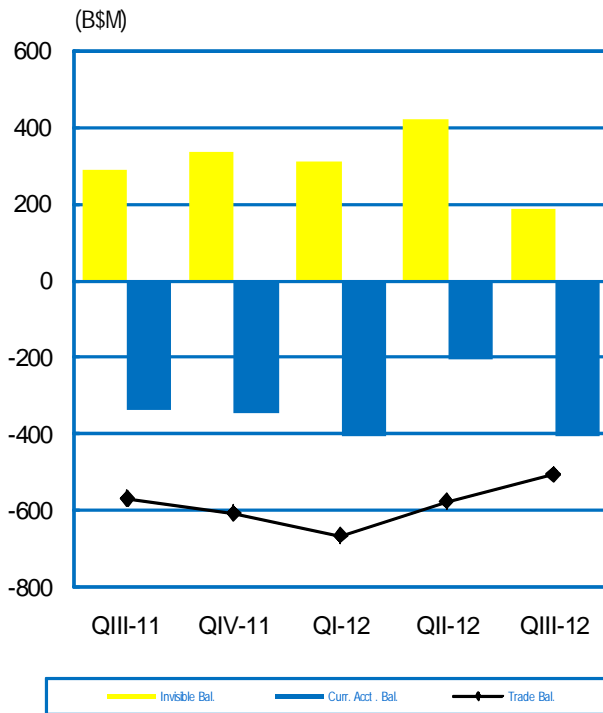
Net current transfer transactions were reversed to a \$4.6 million net inflow from a \$2.6 million net payment a year ago, due primarily to a \$10.0 million (44.4%) expansion in net Government receipts to \$32.6 million. In a modest offset, net "miscellaneous" outflows also increased by \$2.8 million (11.1%) to \$28.0 million, as worker remittances grew by \$4.5 million to \$24.1 million, outpacing the \$1.7 million falloff in other "miscellaneous" net transfers to \$3.9 million.

The reduction in the capital and financial account surplus was primarily linked to a \$79.7 million decrease in net direct investment inflows, to \$43.9 million, as the equity component was halved to \$51.5 million; and the \$7.7 million net outflow under real estate transactions contrasted with a net purchase of \$14.5 million in 2011. In a modest offset, other "miscellaneous" investments firmed by \$76.4 million to \$276.9 million, underpinned by a surge in other public sector capital, to \$85.7 million from \$8.9 million in 2011, as an aviation entity secured external financing for its ongoing expansion programme. Net borrowings by the private sector, associated with project financing, advanced by \$21.1 million (18.7%) to \$133.8 million. However, commercial banks' net short-term financing inflows narrowed by \$12.8 million to \$56.2 million, while net portfolio investment outflows steadied at \$9.9 million.

As a result of these developments, and after making the relevant adjustments for net errors and omissions, the

deficit on the overall balance, which corresponds to the change in the Central Bank's external reserves, increased by \$61.6 million over last year to \$182.1 million.

Balance of Payments



INTERNATIONAL ECONOMIC DEVELOPMENTS

Global economic developments were dominated by the ongoing euro-zone debt crisis, the subdued recovery in the United States economy and a slowdown in real GDP growth in several Asian markets. In this environment, high unemployment rates persisted in most developed markets, and faced with slow growth and weak job conditions, most major central banks expanded their "quantitative easing" programmes in the latter half of the quarter. This policy posture boosted both investors' confidence and their risk appetite, and led to higher equity prices and the appreciation of most major currencies against the US Dollar.

In the United States, real GDP growth advanced at an annual rate of 3.1%, following a revised 1.3% in the preceding quarter, attributed to gains in consumer and Government spending, as well as improvements in the housing market. Buoyed by increased spending for the

2012 Olympics, the United Kingdom emerged from recession during the third quarter, with increased output achieved in the production and services industries. In contrast, the euro area reverted into recession, as austerity-induced weakness in several member states led to real GDP contracting by 0.1% for the region. The expansion in China's economy continued to slow, with output growth lowered to 7.4% year-on-year, following gains of 7.6% and 8.1% in the previous quarters. In Japan, weakened domestic demand and a slowdown in export growth, mainly to Europe and China, contributed to a 0.9% contraction in real GDP in the third quarter, following an unchanged level in the prior period.

Amid the softness in the global economic recovery, employment conditions in most of the major economies remained relatively lackluster. In particular, the United States' unemployment rate narrowed marginally, by 0.4 of a percentage point over the second quarter, to 7.8%, reflecting gains in non-farm payrolls of 373,000 persons. Similarly, the jobless rate in the United Kingdom improved slightly by 0.2 of a percentage point to 7.8%, as hirings for the Olympics contributed to the number of unemployed persons declining by 49,000. In contrast, the unemployment rate in the euro area moved higher by 0.2 of a percentage point in the third quarter to 11.5%—its highest level since the formation of the currency union—as several southern economies recorded double digit rates. Asian economies continued to experience almost full employment, with the rate for China steady at 4.1%, while Japan's rate fell marginally by 0.1 of a percentage point to 4.3%.

Increased fuel and commodity costs led to heightened inflationary pressures among the major economies. In the United States, consumer price inflation firmed by 0.6 of a percentage point to an annualized 2.0%, owing to gains in energy-related costs; however, annual inflation in the United Kingdom softened by 0.2 of a percentage point to 2.2%, due principally to a technical adjustment in the components of the housing price index. Euro area inflation posted a slight uptick of 0.1 of a percentage point from the second quarter to 2.6%, owing mainly to higher transportation and housing costs. Deflation trends persisted in Japan, where average prices fell by 0.3% in September, following on a 0.2% contraction in June; and China's inflation rate slowed by 0.3 of a percentage point to 1.9% in September, year-on-year, reflecting contractions in transportation and communication costs.

The US dollar recorded broad-based declines against several major currencies over the review period, as the major central banks' moves to further loosen monetary policy, heightened investors' demand for more risky assets. Consequently, the dollar depreciated against the Canadian dollar and British pound, by 3.26% to CAD\$0.98 and 2.85% to £0.62, respectively. More muted decreases were recorded against the euro, by 1.5% to €0.78 and the Swiss Franc, by 0.94% to CHF0.91. For the Asian currencies, the dollar weakened against the Japanese Yen, by 2.32% to ¥77.94 and vis-à-vis the Chinese Yuan, by 1.09% to CNY6.29.

Central banks' stimulus measures also supported broad-based gains in major stock markets. In the United States, the S&P 500 and the Dow Jones Industrial Average (DJIA) rose by 5.8% and 4.3%, respectively. European exchanges posted similar gains, with German's DAX, France's CAC 40, and the United Kingdom's FTSE 100 advancing by 12.5%, 4.9%, and 3.1%, respectively. Among the major Asian bourses, the slowdown in China's economic growth contributed to the SE Composite weakening by 6.3%, while Japan's Nikkei 225 fell by 1.5%, amid concerns over the ongoing territorial disputes with other Asian countries.

Reflecting an increase in fuel demand during the summer months, combined with a modest reduction in OPEC's oil production, crude oil prices surged by 20.5% to \$111.53 per barrel over the quarter. Similarly, as investors increased their demand for relatively "safe assets" the average costs of silver and gold rose by 25.6% and 10.9% to \$34.54 and \$1,772.10 per troy ounce, respectively.

September marked a critical period for global central banks, as most major institutions increased the level of monetary accommodation, in an effort to spur economic activity and reduce uncertainty in the markets. The Federal Reserve in the United States implemented its third round of "quantitative easing", by purchasing additional mortgage-backed securities worth \$40.0 billion per month and signaling that additional purchases may be conducted in the coming months. Similarly, the Bank of England expanded its Government bond purchase programme, by £50 billion to £375 billion. Amid the deteriorating fiscal situation in several euro area countries and increasing debt service costs, the European Central Bank (ECB) introduced its "Outright Monetary Transactions"

programme, in an effort to lower interest rates. Under the plan, the ECB pledged to purchase an unlimited amount of Government bonds on the secondary sovereign bond market, from euro area economies which have undertaken structural adjustment programmes. The Bank also lowered its main interest rates, by 25 basis points each. Policy measures in Asia mirrored those implemented in other countries, as the Bank of Japan increased the size of its Asset Purchase Programme by ¥10 trillion to ¥80 trillion. The People's Bank of China also lowered both its benchmark lending and deposit rates, by 31 basis points and 25 basis points, to 6.0% and 3.0%, respectively.

External sector developments were mixed in most major economies during the third quarter. In the United States, the trade deficit narrowed to \$127.8 million from \$139.3 million in the previous quarter, as growth in capital goods and food exports outpaced imports. Similarly, the United Kingdom's trade deficit improved, quarter-on-quarter, by 16.3% to £8.5 billion, buoyed by a 1.0% increase in exports which outpaced a 0.4% decrease in imports, while robust growth in the exports of Germany and France supported an expansion in the euro area's trade surplus, by €4.5 billion to €29.4 billion. Japan's trade balance deteriorated by ¥0.35 billion to ¥1.85 billion, as geopolitical tensions with its neighbours and weak demand from Europe occasioned a 4.4% decrease in exports, which overshadowed the 1.4% falloff in imports. In contrast, China's trade surplus firmed by US\$10.62 billion to US\$79.52 billion, buttressed by a 3.2% increase in exports, which outpaced a 1.3% advance in imports.

STATISTICAL APPENDIX
(Tables 1-16)

STATISTICAL APPENDIX

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The following symbols and conventions are used throughout this report:

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

TABLE 14
BALANCE OF PAYMENTS SUMMARY*

| | (B\$ Millions) | | | | | | | | | | |
|---|------------------|------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2009p | 2010p | 2011p | 2010 | | 2011 | | 2012 | | | |
| | | | | Qtr.IVp | Qtr.IIp | Qtr.IIp | Qtr.IVp | Qtr.IIp | Qtr.IIp | | |
| A. Current Account Balance (I+II+III+IV) | (808.5) | (813.1) | (1,089.8) | (329.1) | (283.3) | (125.9) | (334.7) | (345.8) | (403.0) | (205.1) | (403.1) |
| I. Merchandise (Net) | (1,824.7) | (1,888.2) | (2,131.3) | (501.8) | (456.4) | (496.9) | (569.7) | (608.2) | (666.4) | (577.7) | (506.9) |
| Exports | 710.7 | 702.4 | 833.5 | 168.0 | 192.4 | 213.8 | 216.0 | 211.3 | 236.1 | 230.1 | 278.8 |
| Imports | 2,535.3 | 2,590.6 | 2,964.8 | 669.8 | 648.9 | 710.8 | 785.7 | 819.5 | 902.5 | 807.8 | 785.7 |
| II. Services (Net) | 1,154.8 | 1,312.5 | 1,313.7 | 253.7 | 277.1 | 409.6 | 289.6 | 337.5 | 308.5 | 421.7 | 185.9 |
| Transportation | (267.6) | (223.8) | (195.8) | (60.3) | (33.5) | (46.3) | (56.2) | (59.8) | (75.8) | (68.2) | (58.7) |
| Travel | 1,773.7 | 1,919.2 | 2,007.9 | 429.2 | 501.0 | 542.6 | 449.3 | 514.9 | 547.3 | 565.9 | 438.5 |
| Insurance Services | (92.5) | (43.1) | (185.9) | (55.0) | (64.7) | (44.0) | (44.3) | (32.9) | (42.5) | (31.3) | (71.1) |
| Offshore Companies Local Expenses | 182.0 | 157.8 | 138.9 | 44.4 | 38.0 | 46.0 | 28.0 | 26.8 | 40.2 | 48.1 | 45.7 |
| Other Government | (87.0) | (43.1) | 13.4 | (7.7) | (4.7) | 8.6 | 0.3 | 9.1 | 9.2 | 5.1 | 7.8 |
| Other Services | (353.8) | (332.4) | (464.7) | (97.0) | (159.0) | (97.4) | (87.7) | (120.7) | (169.9) | (98.0) | (176.3) |
| III. Income (Net) | (152.2) | (234.9) | (236.0) | (66.9) | (63.0) | (46.8) | (52.0) | (74.3) | (53.3) | (64.1) | (86.7) |
| 1. Compensation of Employees | (11.8) | (27.4) | (47.9) | (9.7) | (9.5) | (12.9) | (13.9) | (11.6) | (11.8) | (13.0) | (10.2) |
| 2. Investment Income | (140.3) | (207.5) | (188.1) | (57.2) | (53.4) | (33.9) | (38.1) | (62.7) | (41.5) | (51.1) | (76.5) |
| IV. Current Transfers (Net) | 13.5 | (2.6) | (36.2) | (14.2) | (41.0) | 8.2 | (2.6) | (0.8) | 8.3 | 15.1 | 4.6 |
| 1. General Government | 86.8 | 87.4 | 113.4 | 18.2 | 33.3 | 34.4 | 22.6 | 23.1 | 32.0 | 33.6 | 32.6 |
| 2. Private Sector | (73.3) | (89.9) | (149.6) | (32.4) | (74.3) | (26.2) | (25.2) | (23.9) | (23.8) | (18.5) | (28.0) |
| B. Capital and Financial Account (I+II) | 1,114.6 | 1,141.4 | 950.6 | 363.5 | 354.3 | 162.0 | 312.0 | 122.3 | 165.4 | 389.2 | 308.4 |
| (excl. Reserves) | | | | | | | | | | | |
| I. Capital Account (Net Transfers) | (7.2) | (3.6) | (5.5) | (1.1) | (0.6) | (1.4) | (2.2) | (1.4) | (1.6) | (1.2) | (2.5) |
| II. Financial Account (Net) | 1,121.8 | 1,144.9 | 956.1 | 364.5 | 354.9 | 163.3 | 314.2 | 123.7 | 167.1 | 390.4 | 310.9 |
| 1. Direct Investment | 664.0 | 872.0 | 666.6 | 320.5 | 259.8 | 229.7 | 123.6 | 53.5 | 49.6 | 256.2 | 43.9 |
| 2. Portfolio Investment | (16.7) | (25.4) | (44.2) | (9.4) | (5.8) | (9.4) | (9.9) | (19.2) | (6.3) | (12.5) | (9.9) |
| 3. Other Investments | 474.5 | 298.3 | 333.7 | 53.4 | 100.8 | (57.0) | 200.5 | 89.4 | 123.7 | 146.7 | 276.9 |
| Central Gov't Long Term Capital | 319.5 | 24.7 | 70.7 | 13.5 | 22.0 | 8.2 | 9.9 | 30.5 | 9.3 | 21.4 | 1.2 |
| Other Public Sector Capital | 184.0 | 123.7 | 21.9 | 99.5 | (0.8) | 3.8 | 8.9 | 10.0 | 10.2 | 73.0 | 85.7 |
| Banks | (21.9) | 23.6 | (101.4) | (87.9) | (42.4) | (158.6) | 69.0 | 30.5 | (23.0) | (9.3) | 56.2 |
| Other | (7.2) | 126.4 | 342.6 | 28.3 | 121.9 | 89.6 | 112.7 | 18.4 | 127.3 | 61.6 | 133.8 |
| C. Net Errors and Omissions | (53.1) | (283.7) | 163.6 | 60.7 | 43.7 | 64.9 | (97.8) | 152.8 | 242.1 | (145.6) | (87.4) |
| D. Overall Balance (A+B+C) | 253.0 | 44.5 | 24.5 | 95.0 | 114.7 | 101.0 | (120.5) | (70.7) | 4.6 | 38.5 | (182.1) |
| E. Financing (Net) | (253.0) | (44.5) | (24.5) | (95.0) | (114.7) | (101.0) | 120.5 | 70.7 | (4.6) | (38.5) | 182.1 |
| Change in SDR holdings | (178.9) | 3.1 | 0.7 | 1.8 | (5.1) | (1.7) | 4.5 | 3.0 | (0.9) | 3.0 | (2.8) |
| Change in Reserve Position with the IMF | (0.2) | 0.2 | 0.0 | 0.1 | (0.3) | (0.1) | 0.2 | 0.2 | (0.1) | 0.2 | (0.2) |
| Change in Ext. Foreign Assets () = Increase | (73.9) | (47.8) | (25.1) | (96.9) | (109.3) | (99.2) | 115.7 | 67.6 | (3.5) | (41.8) | 185.1 |

Source: The Central Bank of the Bahamas

* Figures may not sum to total due to rounding

TABLE 15
EXTERNAL TRADE

| | (B\$ '000) | | | | | | | | | | | | | | | |
|---|-------------|-------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------|--------|---------|---------------------|---------|
| | 2009 | | | 2010 | | | 2011 | | | 2010 | | | 2011 | | 2012 | |
| | 2009 | 2010 | 2011 | 2010 | 2011 | 2012 | 2010 | 2011 | 2012 | 2010 | 2011 | 2012 | Qtr. I | Qtr. II | Qtr. I ^R | Qtr. II |
| I. OIL TRADE | | | | | | | | | | | | | | | | |
| i) Exports | 112,077 | 159,706 | 216,129 | 30,702 | 43,540 | 61,039 | 64,338 | 42,222 | 48,530 | 59,996 | 71,162 | | | | | |
| ii) Imports | 557,132 | 687,073 | 930,047 | 191,175 | 156,377 | 206,992 | 267,666 | 251,101 | 204,288 | 233,012 | 215,571 | | | | | |
| II. OTHER MERCHANDISE | | | | | | | | | | | | | | | | |
| Domestic Exports | | | | | | | | | | | | | | | | |
| Crawfish | 57,668 | 68,371 | 64,337 | 14,818 | 37,223 | 16,262 | 8,129 | 10,387 | 29,559 | 18,812 | 8,598 | | | | | |
| Fish Conch & other Crustacea | 3,566 | 4,013 | 4,371 | 1,281 | 123 | 772 | 2,885 | 548 | 166 | 669 | 936 | | | | | |
| Other cordials & Similar Materials/Sponge | 784 | 546 | 842 | 68 | 130 | 168 | 522 | -- | 152 | 186 | 115 | | | | | |
| Fruits & Veggies. | 525 | 195 | 24 | 15 | 45 | 24 | -- | -- | -- | -- | -- | | | | | |
| Aragonite | 12,973 | 11,688 | 11,497 | 2,648 | 4,048 | 774 | 6,587 | 1,248 | 2,889 | 3,604 | 1,132 | | | | | |
| Other Natural Sands | 3,309 | 2,931 | 2,893 | 921 | 545 | 529 | 350 | 1,232 | 783 | 1,352 | 325 | | | | | |
| Rum/Beverages/Spirits & Vinegar | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | | | | |
| Crude Salt | 11,154 | 16,429 | 12,022 | 3,172 | 3,656 | 4,846 | 4,133 | 1,577 | 1,465 | 1,117 | 1,658 | | | | | |
| Polystrene Products | 122,429 | 104,076 | 135,846 | 24,868 | 29,021 | 30,431 | 34,070 | 35,826 | 35,519 | 38,467 | 39,281 | | | | | |
| Other | 121,300 | 96,570 | 94,611 | 27,171 | 22,692 | 16,642 | 27,537 | 32,280 | 18,151 | 20,726 | 26,325 | | | | | |
| i) Total Domestic Exports | 333,707 | 304,819 | 326,443 | 74,962 | 97,482 | 70,448 | 84,213 | 83,098 | 88,684 | 84,933 | 78,371 | | | | | |
| ii) Re-Exports | 164,824 | 156,969 | 184,371 | 30,450 | 43,783 | 34,715 | 55,328 | 52,302 | 42,026 | 58,476 | 40,841 | | | | | |
| iii) Total Exports (i+ii) | 498,531 | 461,788 | 510,814 | 105,412 | 141,265 | 105,163 | 139,541 | 135,400 | 130,710 | 143,408 | 119,213 | | | | | |
| iv) Imports | 2,239,333 | 2,175,688 | 2,480,809 | 567,005 | 620,261 | 519,926 | 594,742 | 645,961 | 720,180 | 788,696 | 652,039 | | | | | |
| v) Retained Imports (iv-ii) | 2,074,509 | 2,018,719 | 2,296,438 | 536,555 | 576,478 | 485,211 | 539,414 | 593,659 | 678,154 | 730,220 | 611,198 | | | | | |
| vi) Trade Balance (i-v) | (1,740,802) | (1,713,900) | (1,969,995) | (461,593) | (478,996) | (414,763) | (455,201) | (510,561) | (589,470) | (645,287) | (532,827) | | | | | |

Source: Department of Statistics Quarterly Statistical Summaries

