



Quarterly Economic Review

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QUARTERLY ECONOMIC REVIEW

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CONTENTS

	PAGE
1. REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS	
DOMESTIC ECONOMIC DEVELOPMENTS	1
FISCAL OPERATIONS	3
REAL SECTOR	5
<i>TOURISM</i>	5
<i>CONSTRUCTION</i>	5
<i>PRICES</i>	6
MONEY, CREDIT & INTEREST RATES	6
CAPITAL MARKETS DEVELOPMENTS	10
INTERNATIONAL TRADE & PAYMENTS	10
INTERNATIONAL ECONOMIC DEVELOPMENTS	11
2. STATISTICAL APPENDIX (TABLES 1-15)	15

REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

DOMESTIC ECONOMIC DEVELOPMENTS

Indications are that the growth momentum was maintained during the fourth quarter of 2005, amid a moderate inflationary environment, as tourism activity benefited from an upswing in both room revenues and visitor arrivals and construction output improved. In the fiscal sector, the preliminary budget deficit widened in comparison to the same quarter of the previous fiscal year, as import tax led gains in revenue receipts were offset by rising expenditures. Monetary developments featured robust growth in domestic credit which outstripped the expansion in the monetary aggregates, leading to contractions in both liquidity and external reserves. Apart from the generally improved economic conditions, credit trends were influenced by some softening in lending rates. On the external side, higher oil prices combined with elevated domestic demand resulted in an expansion in the estimated external current account deficit, while net capital and financial inflows weakened in the context of a significant reduction in other private inflows.

Owing to strengthened private sector credit, net free cash reserves of the banking system contracted by 32.5% to \$191.5 million during the fourth quarter, accounting for a smaller 4.2% share of Bahamian dollar deposit liabilities compared to 6.5% last year. Reflecting higher minimum requirements, due to increases in deposits, the broader surplus liquid assets narrowed by 40.8% to \$143.4 million, resulting in a reduction in the excess over the statutory minimum to 19.1% from 34.3% in the previous year. Given continued buoyant liquidity conditions, domestic banks' weighted average interest rates softened on loans, by 70 basis points to 9.99%, but firmed moderately for deposits, by 13 basis points to 3.24%, for an 83 basis point reduction in the average spread to 6.75%. The average 90-day Treasury bill rate decreased by 8 basis points to 0.17%, while benchmark interest rates—Central Bank's Discount Rate and com-

mercial banks' Prime Rate—were unchanged at 5.25% and 5.50%, respectively.

Growth in business and private individuals' deposits reinforced a strengthened 3.4% expansion in the money supply (M3), placing the overall stock at \$4.83 billion. Demand deposits firmed by 5.7%, after contracting by 0.3% last year, while fixed deposits grew further by 1.7%. Gains in currency in active circulation were approximately halved at 3.4%, but were maintained for savings deposits at 3.4%.

Domestic credit expanded by \$275.3 million (4.9%), in contrast to the year-earlier contraction of \$29.7 million (0.6%). Contributing to this outcome was an 11.7% (\$67.4 million) increase in net credit to Government. Further, private sector credit registered growth of 4.3%, following an advance of 1.2% in the previous year. The Bahamian dollar component firmed by 4.4%, up from 1.5% in 2004 and foreign currency grew by 3.3% in contrast to a 1.5% decline a year earlier. Residential mortgage and consumer credit rose by 4.5% and 4.6%, respectively, while personal overdrafts contracted further by 8.4%. Moreover, claims on the public corporations, which fell by 0.9% in 2004, expanded by 0.7% in 2005.

On the fiscal side, preliminary estimates indicated that the deficit on Government's budgetary operations widened to \$50.9 million for the second quarter of FY2005/06 from \$36.6 million in the year-earlier period. Total revenue rose by 8.3% to \$273.0 million, comprising a 4.5% growth in tax receipts to \$250.9 million, a \$9.1million rise in non-tax revenue to \$21.1 million and grants totaling \$1.0 million. However, total expenditure also expanded by 12.2% to \$323.9 million, with a 17.0% hike in current outlays to \$286.1 million, and a 44.1% increase in capital investments to \$23.6 million. In contrast, net lending to public enterprises contracted by almost 50% to \$14.3 million. On the financing side, Government borrowed mainly from local sources in the form of short-term advances from commercial banks. A much smaller portion was derived from external creditors, while repayments, which went mainly towards retiring

Bahamian dollar debt, totaled \$11.1 million. Consequently, the Direct Charge on Government declined by 0.4% to \$2,234.5 million over the previous quarter. With Government's contingent liabilities lower by 0.5%, the National Debt decreased by 0.4% to \$2,731.9 million compared to the previous quarter, but registered an increase of \$194.2 million (7.7%) over 2004.

Tourism activities were underpinned by an upsurge in available room nights and hotel occupancy levels. Following a contraction of 1.5% in the fourth quarter of 2004, total arrivals to The Bahamas advanced by 15.0% to 1.3 million during the review quarter. Air traffic rose by 15.5% to 329,142 visitors, to reverse last year's fall-off of 9.6%, and sea arrivals growth strengthened to 14.8% from 1.7%. New Providence, which received 56.6% of the quarter's arrivals, recorded a contraction in traffic of 3.2%, primarily due to an 8.9% decrease in the more dominant sea component which offset the 10.7% growth in air arrivals. However, Grand Bahama experienced a 36.2% rebound in visitors, based on equally strong performance of both categories of visitors. A similar pattern was observed for arrivals to the Family Islands, where a marked expansion in cruise traffic supported a 59.5% upturn in visitors. With regards to earning indicators, estimated hotel room revenue rebounded by 17.4% from a 9.1% downturn in 2004, and the average hotel occupancy rate firmed to 62.0% from 59.0% in the comparative 2004 period. Room night sales were correspondingly higher by 24.5%, recovering from the 15.5% decline a year ago. However, the overall average nightly room rates contracted by 5.7% to \$138.60, based on price softening in New Providence.

Indications are that output in the construction sector continued to benefit from foreign investment in tourism related projects and strong domestic commercial and residential mortgage lending activity. The value of mortgage disbursements for the fourth quarter rose by a combined 51.9% to \$136.7 million, the majority of which was earmarked for residential developments. Similarly, commitments for new construction and repairs increased by 43.3% to \$61.6 million, with residential loan approvals representing 90.4% of the total. Based on these developments, outstanding mortgages grew by 15.9% to \$2,159.4 million over the comparative quarter in 2004, with the residential component higher by 16.1% at

\$1,975.0 million and the commercial component by 13.9% at \$184.4 million. Meanwhile, both segments benefited from reduced interest rates to 8.5% and 8.8% from 8.8% and 9.6%, respectively.

Measured by quarterly changes in the average Retail Price Index, consumer price inflation firmed to 1.85% in the fourth quarter from 1.27% in the comparable 2004 period, as broad based cost increases offset decreases for recreation & entertainment and clothing & footwear. For 2005, average inflation firmed to 2.2% from 1.0% in the previous year, led by price gains in the medical care & health, food & beverages, education and housing categories.

On the external sector, the estimated current account deficit widened to \$218.1 million from \$32.1 million in the fourth quarter of 2004, which had included sizeable insurance settlements associated with the September 2004 hurricanes. In particular, higher oil prices and strengthened domestic demand caused a deterioration in the merchandise trade deficit by 25.2% to \$471.1 million. More buoyant tourism activities supported an improvement in the estimated services account surplus which expanded to \$222.7 million from \$171.8 million. Buoyed by banking sector income receipts, net income transactions resulted in a net inflow of \$21.6 million in contrast to a \$37.3 million net outflow in the year-earlier period. Net current transfer receipts, which increased to \$208.1 million last year owing to insurance inflows, tapered off to \$8.7 million.

The estimated surplus on the capital and financial account narrowed to \$83.3 million from \$112.6 million in 2004, led by a 53.5% reduction in other investment inflows to \$29.8 million. Net direct investment inflows steadied at \$66.7 million, while the banking system's transactions were reversed to a net inflow of \$16.9 million. Other private net loan inflows decreased to \$12.6 million from \$71.3 million, and there was a modest \$0.3 million rise in the external liabilities of the public sector in contrast to a net external debt repayment of \$2.9 million in 2004.

FISCAL OPERATIONS

OVERVIEW

Preliminary estimates on the Government's budgetary operations for the second quarter of FY2005/06 indicated a widening of the overall deficit to \$50.9 million from \$36.6 million in the year-earlier period. Strengthened revenue growth of 8.3% to \$273.0 million was offset by a 12.2% increase in total expenditure to \$323.9 million. However, for the first six months of the fiscal year through December, the budget deficit narrowed by 15.0% to approximately \$71.3 million, as the 17.1% hike in revenue collections overshadowed the 12.2% rise in outlays. For this period, revenue represented 48.1% and expenditure, 47.0% of budgeted amounts.

REVENUE

Tax collections, which comprised the majority of total receipts (91.9%), grew by 4.5% to \$250.9 million. Underlying this outcome was a 40.0% increase in taxes collected on international trade and transactions to \$140.5 million, derived largely from gains in import duty receipts (35.2%) and associated stamp tax (50.0%). In addition, export taxes more than doubled to \$4.1 million, and stamp taxes on local financial and other transactions registered growth of 17.0% to \$43.7 million. The 22.8% hike in selected taxes on tourism to \$5.2 million, comprised a 27.4% increase in hotel occupancy taxes to \$3.9 million and a 10.3% rise in gaming taxes to \$1.3 million. Revenue gains were also recorded for business and professional license fees (21.6%) and motor vehicle taxes (2.4%), whereas other non-disaggregated taxes declined by more than half to \$22.5 million.

Revenue from non-tax sources, which constituted 7.7% of total receipts, increased by \$9.1 million to \$21.1 million. Receipts from fines, forfeits and other administrative fees rose by \$7.1 million to \$17.6 million, while income from public enterprises grew by \$1.8 million to \$2.3 million. Approximately \$0.4 million was derived from the sale of government property, and a capital grant of \$1.0 million was used for the Airport Rehabilitation project.

Government Revenue By Source (July -December)

	FY04/05		FY05/06	
	B\$M	%	B\$M	%
Property Tax	33.1	7.1	24.5	4.5
Selective Services Tax	9.5	2.0	10.4	1.9
Busines. & Prof Lic. Fees	16.0	3.4	17.9	3.3
Motor Vehicle Tax	6.2	1.3	6.9	1.3
Departure Tax	24.2	5.2	28.7	5.3
Import Duties	158.6	34.1	210.1	38.6
Stamp Tax from Imports	42.3	9.1	57.8	10.6
Export Tax	4.9	1.1	7.8	1.4
Stamp Tax from Exports	0.5	0.1	--	--
Other Stamp Tax	53.9	11.6	80.1	14.7
Other Tax Revenue	99.5	21.4	60.4	11.1
Fines, Forfeits, etc.	18.8	4.0	33.4	6.1
Sales of Govt. Property	0.1	--	0.6	0.1
Income	2.0	0.4	5.0	0.9
Other Non-Tax Rev.	--	--	--	--
Capital Revenue	0.2	--	2.2	0.4
Grants	--	--	1.0	0.2
Less:Refunds	4.8	1.0	2.1	0.4
Total	465.1	100.0	544.8	100.0

EXPENDITURE

In expenditure trends, preliminary indications are that recurrent spending, which accounted for 88.3% of the total, rose by 17.0% to \$286.1 million. Similarly, capital outlays, at 7.3% of the total, rose by 44.1% to \$23.6 million, while net lending to public corporations (4.4% of the total) declined by 48.9% to \$14.3 million.

By economic classification, the growth in current expenditure comprised a 12.9% hike in government consumption to \$174.4 million, in the wake of a 16.1% rise in purchases of goods and services, and an 11.7% increase in personal emoluments. Transfer payments grew by 24.1% to \$111.7 million, as a result of a 9.1% rise in interest payments on debt obligations and a 32.2% increase in subsidies & other transfers. The expansion in the latter was occasioned by a 6.6% growth in outlays to quasi-autonomous agencies, an 18.3% rise in transfers to households and a more than threefold gain in transfers to non-profit institutions to \$21.1 million associated in part with hurricane-related assistance.

On a functional basis, expenditure on general public services, which accounted for 27.4% of recurrent spending, increased by 18.2% to \$78.5 million. Outlays on defense rose by 9.3% to \$8.6 million; education, by 7.6% to \$51.3 million and health, by 7.8% to \$46.6 million. Disbursements for social benefits, housing and other community services grew by a combined 13.3% to \$21.5 million, and expenditure on economic services advanced by 56.9% to \$45.4 million, on account of increased spending on air transportation services.

The expansion in capital investments was mainly associated with significant growth in outlays on education, by \$3.2 million to \$6.7 million, and for health, by \$1.5 million to \$4.2 million. Spending increases were also recorded for economic services, by \$3.1 million to \$9.7 million and for defense, by \$0.4 million to \$0.8 million.

FINANCING AND NATIONAL DEBT

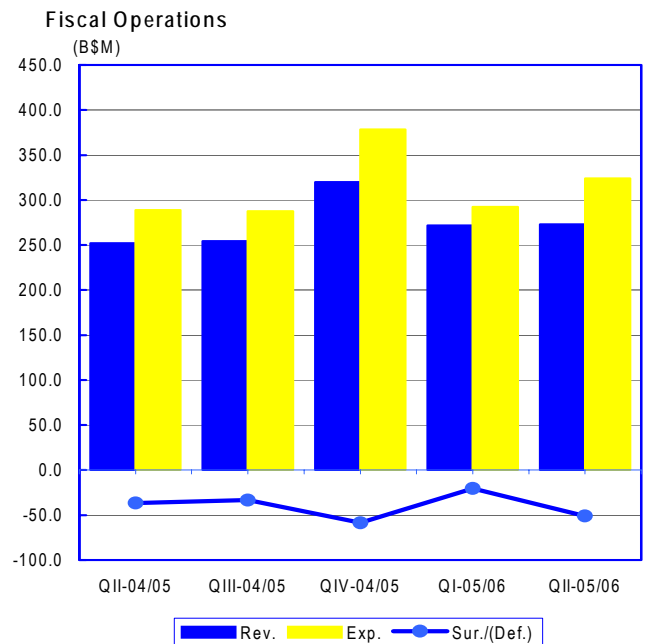
Budgetary financing during the second quarter of FY2005/06 consisted of \$66.6 million in short-term advances from commercial banks and \$3.1 million in external loans. Debt amortization totaled \$11.2 million, of which \$10.0 million went towards retiring Bahamian dollar obligations and the balance, was used for external debt. Further, the Direct Charge on Government declined by 0.4% (\$8.0 million) to \$2,234.5 million, compared to an increase of 3.7% (\$75.7 million) in the second quarter of the previous fiscal year. Bahamian dollar denominated debt, which represented 86.4% of the Direct Charge, was held predominantly by public corporations, (31.3%)—mainly the National Insurance Board, followed by other private and institutional investors (23.8%), the commercial banks (23.8%), the Central Bank (7.5%) and Other Local Financial Institutions (0.2%).

Government's contingent liabilities decreased during the quarter by 0.5% to \$497.5 million, but increased on a calendar year basis by \$57.6 million (13.1%). The National Debt narrowed by 0.4% to \$2,731.9 million when compared with the previous quarter, but exceeded the December 2004 level by \$194.2 million (7.7%).

PUBLIC SECTOR FOREIGN CURRENCY DEBT

Based on provisional estimates for the fourth quarter of 2005, public sector foreign currency debt increased by

0.2% to \$550.5 million, as new drawings of \$12.0 million offset principal repayments of \$11.2 million.



The Government's transactions resulted in a net drawing of \$2.0 million and the public corporations, a net repayment of \$1.2 million. Of the outstanding stock, the Government was directly responsible for \$285.8 million (51.9%) and public corporations the remaining \$264.7 million (48.1%).

By creditor profile, private capital markets held the largest share of outstanding foreign currency debt (40.9%), followed by commercial banks (39.2%), while multilateral institutions and other entities accounted for the remainder (19.9%). In terms of currency composition, more than 95% of the foreign currency debt was denominated in United States dollars, with an average maturity in excess of 14 years.

Compared to the fourth quarter of 2004, foreign currency debt servicing rose by \$0.8 million (3.5%) to \$23.7 million, comprising growth in interest charges of \$1.6 million (15.2%) to \$12.5 million, and a \$0.9 million (7.1%) decline in amortization payments to \$11.2 million. As a result, debt service as a proportion of estimated exports of goods and non-factor services was reduced to 3.1%

from 3.5% a year-earlier. The ratio of Government's foreign currency debt service to total revenue also declined marginally to 3.6%.

supported by gains in all major ports. The average room rate fell by 5.7% to \$138.60, with the decline in New Providence by 4.6% contrasting with hikes in Grand Bahama (5.6%) and the Family Islands (1.7%).

REAL SECTOR

TOURISM

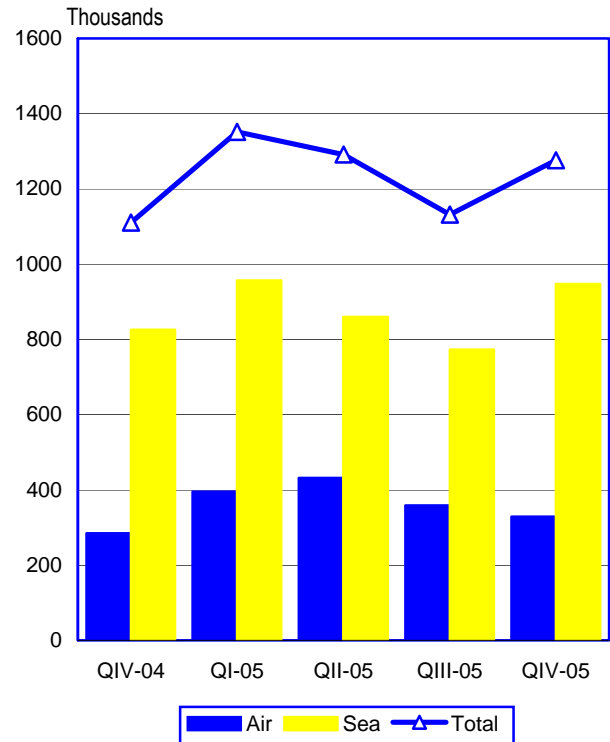
Preliminary data for the fourth quarter indicated a strengthened tourism outcome, following the hurricanes in the latter half of 2004. Arrivals outpaced the previous year's figures, particularly in the Grand Bahamian market, which experienced significant improvements in both air and sea visitors. Total tourist arrivals expanded by 15.0% to 1.27 million in contrast to a 1.5% decline in 2004. Growth in sea tourists improved significantly to 14.8% from 1.7% in 2004, and air arrivals, in a recovery from the previous year's 9.6% downturn, surged by 15.5% to 0.33 million.

For 2005, total visitors rose by 0.9% following an advance of 8.9% in the previous year. Although air arrivals increased by 4.4% to 1.51 million, sea visitors, which constitute the majority (70.0%) of arrivals, fell by 0.5% to 3.54 million, compared to a 12.3% gain in 2004.

Port of entry data indicated a 3.2% fall off in tourist arrivals to New Providence, as the 8.9% contraction in the more dominant sea visitor category to 0.48 million eclipsed the 10.7% improvement in air arrivals to 0.24 million. Visitors to Grand Bahama, which captured 11.8% of the market, strengthened markedly by 36.2% to 0.15 million, to completely mitigate the 26.7% downturn posted in 2004. The recovery reflected double digit gains in both sea and air visitors, of 29.3% and 54.8%, respectively. A similar outcome was evidenced in the Family Islands, where arrivals rebounded by 59.5%, after a 21.9% loss the previous year. Sea arrivals led with a 67.5% recovery, strongly supported by the 12.3% revival in air arrivals.

Based on these positive trends, earnings indicators were sharply improved for the quarter. Total room revenue firmed by 17.4% vis-à-vis a 9.1% decline a year earlier, as an expansion in the average hotel occupancy rate compensated for a fall-off in the average room rate. The hotel occupancy rate was 3.5% higher at 62%,

Visitor Arrivals



CONSTRUCTION

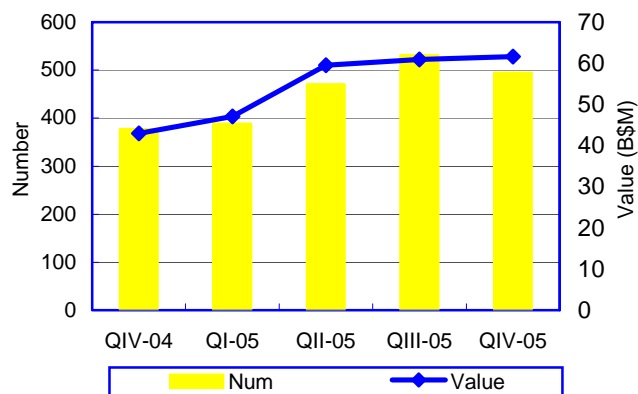
Construction activity remained upbeat during the year, surpassing 2004's levels—reinforced by hurricane rehabilitation and repairs as well as residential and commercial investments.

As an indicator of construction activity, fourth quarter mortgage lending, as reported by banks, insurance companies and the Bahamas Mortgage Corporation, suggested an increase in residential disbursements by 43.7% to \$123.0 million, while commercial disbursements rose more than three-fold to \$13.7 million

Quarterly mortgage commitments for new construction and repair projects rose by 31.0% to 494, valued at \$61.6 million, for a gain of 43.3%. In particular, residential commitments were higher by 30.1% at 480, and

valued at \$55.7 million; whereas commercial commitments nearly doubled to 14 valued at \$5.9 million. Interest rate conditions remained favourable, with rates for commercial and residential mortgages narrowing by 8 and 3 basis points to 8.8% and 8.5%, respectively.

Mortgage Comittments: New Construction and Repairs



At end-2005, mortgages outstanding were valued at \$2,159.4 million, a 15.9% increase over the previous year, with a 16.1% hike in residential mortgages to \$1,975.0 million and a 13.9% increase in commercial mortgages to \$184.4 million. As a share of the loan market, domestic banks accounted for the largest segment (87.1%), followed by insurance companies (8.6%) and the Bahamas Mortgage Corporation (4.3%).

PRICES

Consumer price inflation, as represented by average changes in the Retail Price Index, expanded to 1.9% compared to 1.3% in the same period last year. Price increases were recorded for food & beverages (3.5%), housing (3.4%), other goods & services (2.8%), education (2.5%), furniture & household operation (2.2%) and medical & health care (0.5%). These developments overshadowed price declines for recreation & entertainment services (3.8%), clothing & footwear (2.0%) and transportation & communication (0.2%).

Average Retail Price Index

(Annual % Changes)
December

Items	Weight	2004		2005	
		Index	%	Index	%
Food & Beverages	138.3	116.8	3.0%	120.5	3.1%
Clothing & Footwear	58.9	107.9	0.3%	105.5	-2.2%
Housing	328.2	103.7	0.0%	106.4	2.6%
Furn. & Household	88.7	119.2	0.4%	120.7	1.3%
Med. Care & Health	44.1	131.6	6.7%	136.1	3.4%
Trans. & Comm.	148.4	108.1	2.0%	110.9	2.5%
Rec., Enter. & Svcs.	48.7	122.3	-3.4%	122.6	0.3%
Education	53.1	165.4	1.8%	170.6	3.2%
Other Goods & Svcs.	91.6	122.3	-0.5%	124.6	1.9%
ALL ITEMS	1000	114.9	1.0%	117.4	2.2%

For 2005, domestic inflation firmed to 2.2% from 1.0% in the previous year, mainly attributed to higher prices for medical care & health (3.4%), food & beverages (3.1%) education (3.2%), housing (2.6%)—the most heavily weighted category—other goods & services (1.9%), furniture & household operation (1.3%) and recreation & entertainment services (0.3%). These increases were partly offset by reductions in average costs for clothing & footwear (2.2%).

MONEY, CREDIT AND INTEREST RATES

OVERVIEW

During the review quarter, money and credit aggregates featured robust expansion in domestic credit which surpassed growth in bank deposits, and resulted in tighter liquidity and a contraction in external reserves. Following the removal of the credit restraint policy and favourable interest rate conditions, private sector credit growth remained strong.

With respect to earnings indicators, data revealed that bank profitability continued to improve, linked to higher levels of lending, commissions and income from foreign exchange transactions. Asset quality indicators

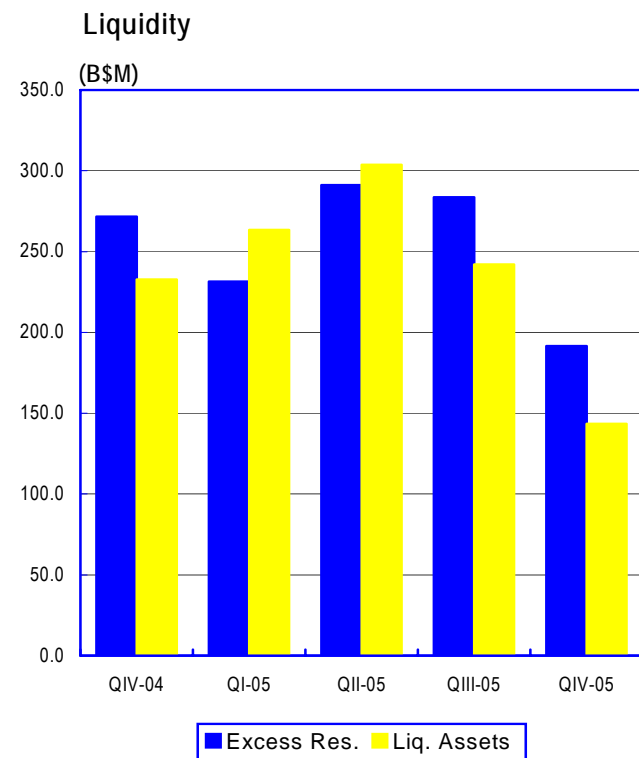
marginally deteriorated vis-à-vis the third quarter, but were comfortably improved compared to the 12-month earlier period.

LIQUIDITY

Net free cash reserves of the banking system contracted by \$92.2 million (32.5%) to \$191.5 million, in contrast to the previous year's \$115.0 million (73.5%) expansion to \$271.6 million. As a result, the share of banks' free cash balances to Bahamian dollar deposits fell to 4.2%, from 6.5% in the same period of 2004. Correspondingly, the surplus on the broader liquid assets declined by \$98.7 million (40.8%) to \$143.4 million, which represented a lower surplus over the statutory minimum of 19.1% compared to 34.3% last year.

Broad money (M2) growth also doubled to 3.0%, supported by a 3.4% rise in savings deposits and a 1.7% expansion in fixed deposits. As residents' foreign currency deposits rebounded by 18.8% following the previous year's 29.0% contraction, overall money (M3) expanded by \$157.9 million (3.4%) to an end-December stock of \$4,830.2 million. This extended the relatively moderate growth of \$23.2 million (0.5%) registered in the comparable period of 2004.

Bahamian dollar fixed deposits represented the largest component (52.9%) of the money supply, followed by demand (21.8%) and savings deposits (18.3%), with smaller shares accounted for by currency in active circulation (4.0%) and residents' foreign currency deposits (3.0%).



DOMESTIC CREDIT

Amid favourable economic interest rate conditions and a more liberalized credit environment, total domestic credit surged by \$275.3 million (4.9%), reversing the \$29.7 million (0.6%) contraction posted during the same period last year.

The banking system's net claims on the public sector grew by 7.9%, mainly reversing 2004's decline of 8.4%. While public corporations' liabilities posted a moderate 0.7% increase vis-à-vis last year's 0.9% contraction, net credit to Government expanded by 11.7%, a reversal from the 12.6% decline registered in 2004.

As observed throughout 2005, growth was particularly strong for private sector credit, which rose fourfold to \$205.7 million (4.3%) vis-à-vis \$52.2 million (1.2%) in 2004. Bahamian dollar denominated debt accounted for 92.6% of this amount, while the foreign currency portion registered growth of \$15.4 million (3.3%) in contrast to last year's net debt repayment of \$5.9 million (1.5%).

DEPOSITS AND MONEY

The expansion in the money supply (M3) accelerated to 3.4% from 0.5% in 2004. Narrow money (M1) rose by 5.4%, reflecting growth of 3.4% in currency in active circulation and a 5.7% private sector led hike in demand deposits.

A review of the sectoral breakdown of private sector credit revealed that personal lending, at 71.6% of the total, recorded growth of \$141.3 million (4.2%), more than doubling the previous year's \$65.4 million (2.2%) expansion. Similarly, residential mortgages, which include some equity loans, advanced by \$76.2 million (4.5%), extending 2004's increase of \$50.8 million (3.5%). Growth in consumer credit was significantly higher at \$73.8 million (4.6%), while the decline in personal over-

drafts slowed to \$4.9 million (8.4%) from \$14.7 million (20.7%) last year.

A further disaggregation of consumer credit show increases for debt consolidation (\$21.9 million), miscellaneous (\$19.6 million), credit cards (\$15.7 million), land purchases (\$8.9 million), home improvement (\$5.5 million, and private cars (\$2.1 million). Conversely, a decline was posted for education (\$1.2 million).

Among the remaining private sector credit categories, net gains were registered for miscellaneous (\$42.3 million), tourism (\$18.2 million), construction (\$8.4 million), entertainment & catering (\$4.8 million), and transport (\$2.3 million) loans. Categories recording net repayments included distribution (\$9.0 million), agriculture & fisheries (\$5.2 million), manufacturing (\$4.8 million), professional & other services (\$1.8 million) and mining & quarrying (\$1.4 million).

THE CENTRAL BANK

The Central Bank's net claims on Government decreased by \$12.8 million (9.5%) to \$122.0 million, mostly explained by maturing registered stock and a \$9.6 million (53.2%) increase in deposit liabilities. Net deposit liabilities to the rest of the public sector fell to \$17.8 million from \$25.6 million at end-September.

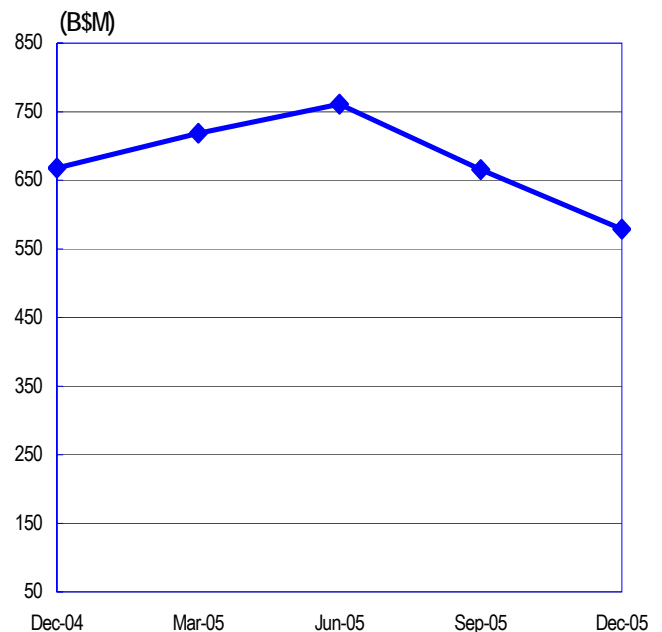
Amid heightened domestic demand, external reserves declined by \$86.4 million (13.0%) to \$578.8 million as opposed to a \$58.7 million (9.6%) expansion to \$667.8 million in 2004. The end-December stock of reserves was equivalent to an estimated 19.5 weeks of non-oil merchandise imports, down from 23.3 weeks in the previous year. Adjusted for the statutory foreign balance requirement—equivalent to at least 50% of the Bank's Bahamian dollar liabilities—usable reserves fell to \$257.8 million, 14.2% below the end-December 2004 level.

Distribution of Bank Credit By Sector

End-December

	2004		2005	
	B\$M	%	B\$M	%
Agriculture	9.1	0.2	10.3	0.2
Fisheries	12.3	0.3	14.7	0.3
Mining & Quarry	17.7	0.4	15.3	0.3
Manufacturing	55.0	1.2	47.4	0.9
Distribution	205.9	4.4	178.7	3.3
Tourism	189.0	4.0	258.6	4.8
Enter. & Catering	44.3	0.9	63.6	1.2
Transport	33.7	0.7	20.9	0.4
Public Corps.	313.6	6.7	265.8	5.0
Construction	248.8	5.3	312.8	5.9
Government	78.2	1.7	150.7	2.8
Private Financial	20.2	0.4	20.0	0.4
Prof. & Other Ser.	115.8	2.5	125.5	2.3
Personal	3094.6	65.9	3525.8	66.0
Miscellaneous	259.9	5.5	332.6	6.2
TOTAL	4698.1	100.0	5342.7	100.0

External Reserves



In foreign currency transactions, the Central Bank recorded a net sale of \$104.0 million, compared to a net purchase of \$48.0 million in 2004. Transactions with commercial banks switched to a net sale of \$43.5 million from a net intake of \$94.7 million in 2004, while outflows

through the public sector rose by \$13.7 million (29.3%) to \$60.5 million. Reflecting the impact of high oil prices and accelerated domestic credit, which increased the demand for foreign exchange by the public, total sales grew by \$64.3 million (33.5%) to \$256.1 million, while total purchases of foreign currency contracted by \$87.7 million (36.6%) to \$152.0 million.

DOMESTIC BANKS

Growth in domestic banks' deposit liabilities to the private sector was slightly elevated at \$135.4 million (3.3%) but below the 4.3% gain in credit to the sector. Banks' net claims on Government also expanded by \$80.2 million (18.4%), reflecting increased holdings of treasury bills and overdrafts. Of the \$4,697.2 million in deposit liabilities, the majority (96.9%) was denominated in Bahamian dollars. The largest share of these placements was held by private individuals (56.1%), followed by business firms (28.7%), the public sector (8.5%), other depositors (3.2%) and private financial institutions (3.5%). By contractual obligations, the bulk of these liabilities was held in fixed (55.9%), followed by demand (25.3%) and savings (18.8%) deposits.

An analysis of Bahamian dollar deposits by range of value and number of accounts showed that the majority of the accounts (90.1%) was concentrated in the up to \$10,000 range, which corresponded to only 8.2% of the aggregate value. Deposits over \$50,000 comprised substantially fewer accounts (3.1%), but captured 78.1% of the total value. In addition, 6.8% of the accounts had balances in the \$10,000 to \$50,000 range, which constituted an estimated 13.7% of the total value of deposits.

With net deposit liability growth pacing behind the expansion in lending, banks' liquid resources in the form of currency and deposit claims on the Central Bank declined by \$99.0 million (20.3%). Further, capital and surplus resources increased by \$37.3 million (3.2%), mainly attributed to gains in profits and retained earnings.

Despite some sign of deterioration in the fourth quarter of 2005, banks' asset quality was relatively improved over the 12 month period. At end-December, the arrears rate for loans with payments at least 30 days past due moved higher to 8.3% from 7.9% in the previous quarter—but represented an improvement over the 9.4% rate

registered a year earlier. Although increasing slightly to 8.8%, the residential mortgage arrears rate registered a full 100 basis point reduction over the 9.8% recorded at end-December 2004. Commercial loans' delinquency rate receded to 7.5% from 8.6% in September and 10.9% a year earlier. Non-performing loans, and balances with past-due payments of at least 3 months on which banks stopped accruing interest, declined marginally to 4.5% of outstanding claims, from 4.7% in the previous quarter, and 4.9% in the year earlier period, largely due to improvements in commercial and mortgage loan arrears.

Compared to the previous quarter, banks' average provisioning level for Bahamian dollar loans fell marginally to 2.0% of the total private sector portfolio at end-December. Provisions corresponded to 44.9% of non-performing loans, compared to 46.0% last quarter and 45.0% at December 2004.

BANK PROFITABILITY

For the third quarter of 2005, the latest quarter for which data are available, domestic banks' net income growth slowed by \$11.7 million (26.7%) to \$55.6 million, compared to the same period in 2004 when net income nearly doubled to \$43.9 million amid reduced depreciation costs. Increased interest income (15.8%) outpaced growth in interest expense (11.4%), to boost the net interest margin by 18.2% to \$92.7 million. The contribution from commission and foreign exchange income expanded by more than a third to \$9.2 million, and operating costs also rose by 6.2% to \$54.1 million. Income from other sources, net of depreciation and bad debt expenses, fell by 23.0% to \$7.9 million.

An analysis of the profitability ratios relative to average domestic assets showed that the net income (return on assets) ratio improved to 3.27% from 2.79% in 2004. Moreover, the ratio for the net interest margin was higher by 46 basis points at 5.45%, and commission and foreign exchange income by 15 basis points at 0.54%. The operating cost ratio, on the other hand, fell by 7 basis points to 3.18% and after netting out of higher depreciation and bad debt expenses, the corresponding ratio for other net sources of income fell by 18 basis points to 0.47%.

INTEREST RATES

During the final quarter, domestic banks' average interest rate spread narrowed by 83 basis points to 6.75%, reflecting an increase in the weighted average deposit rate by 13 basis points to 3.24% alongside a fall in the weighted average loan rate by 70 basis points to 9.99%.

On the deposits side, while the average savings rate remained unchanged at 2.10%, the tightening in liquidity was translated into some firming in average fixed deposit rates to 3.03%-3.78% from 3.04%-3.53% in the previous quarter. Demand deposits carried, on average, a 2.45% return during the quarter, a 7 basis point increase over the level in September.

Average lending rates were generally lower with the exception of the residential mortgage rate, which firmed by 14 basis points to 7.96%. For commercial mortgages, the average rate fell by 20 basis points to 7.95%; for consumer loans, by 52 basis points to 12.07%; for overdrafts, by 39 basis points to 10.45% and for other local loans, by 33 basis points to 7.54%.

The average 90-day Treasury bill and re-discount rates both softened by 11 basis points to 0.17% and 0.67%, respectively, while benchmark rates such as the Central Bank's Discount rate and the commercial banks' Prime rate, were unchanged at 5.25% and 5.50%, respectively.

CAPITAL MARKETS DEVELOPMENTS

During the review quarter, capital market developments in The Bahamas featured sustained activity on the Bahamas International Securities Exchange (BISX). The BISX All Share Price Index rose by 8.6% to 1,350.71 points at end-December, while the broader Findex by Fidelity Capital Markets Limited, which also captures over-the-counter trading, appreciated by 10.2% to close the year at 551.9 points. Approximately 2.9 million shares with a corresponding value of \$12.7 million traded during the fourth quarter, up from 2.5 million shares at \$19.0 million in the previous quarter. Market capitalization on BISX rose by an estimated 12.6% to \$2.6 billion, mostly reflecting share price appreciation. On the fixed

income side, there were no new Bahamas Government Registered Stock issues during the review quarter.

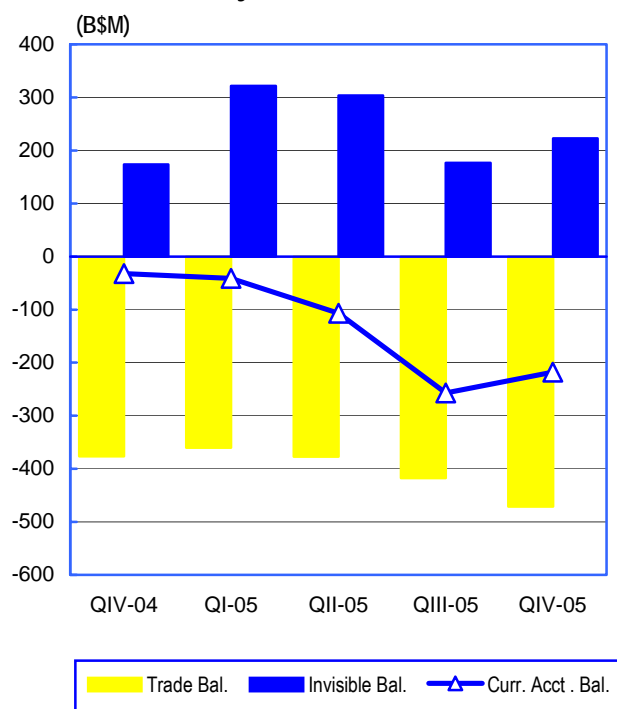
INTERNATIONAL TRADE AND PAYMENTS

Preliminary estimates for the fourth quarter indicated a substantial widening in the current account deficit to \$218.1 million, reversing the \$32.1 million improvement posted in 2004. Higher oil prices combined with increased domestic demand, amid strengthened consumer spending and foreign investment financed construction activity, boosted the merchandise trade deficit. There was also a significant reduction in current transfer inflows following receipts of hurricane insurance claims in 2004. The surplus on the services account improved as a result of increases in net travel receipts.

The merchandise trade deficit widened by an estimated 25.2% to \$471.1 million, owing to a 20.7% increase in imports as the oil and non-oil categories rose by 53.6% and 14.5%, respectively. Merchandise exports (inclusive of goods procured in ports by foreign carriers) expanded by 14.1% to \$162.1 million, and continued firming in international oil prices led to cost appreciation for most fuel products. The per barrel cost of propane gas increased by 34.6% to \$58.25; motor gas prices, by 54.2% to \$83.66; aviation gas, by 21.6% to \$122.33; jet fuel, by 46.6% to \$93.09 and gas oil, by 51.6% to \$81.66. Conversely, bunker 'C' fuel fell by 6.4% to \$23.46 per barrel.

The services account surplus improved vis-à-vis the corresponding quarter of 2004 by 28.3% to \$222.7 million. Net travel inflows expanded by 23.8% to \$349.7 million in contrast to the previous year's 5.4% decline to \$282.3 million; the net inflow for offshore companies' local expenses rose by 4.8% to \$56.9 million and the net outflow for other services was reduced by 26.0% to \$51.0 million. However, increased net outflows were registered for transportation services (7.5% to \$68.7 million) and government services (\$4.0 million to \$12.9 million), and net payments for insurance services almost doubled to \$30.7 million.

Balance of Payments



Net income transactions were reversed to an inflow of \$21.6 million from a net outflow of \$37.3 million in the previous year—attributed primarily to a change in investment income to a net receipt of \$40.1 million from a net outflow of \$10.5 million. In particular, other private interest and dividend net inflows to domestic banks improved by \$54.3 million to \$56.0 million and net labour income remittances declined marginally by \$2.5 million to \$18.5 million.

The marked decline in net current transfer receipts, to \$8.7 million from \$208.1 million last year, reflected the levelling off in hurricane insurance claim settlements following the strong receipts registered a year earlier. Further, net government receipts were reduced by \$1.1 million to \$11.2 million.

The capital and financial account contracted by 26.0% to \$83.3 million, as a consequence of lower investment inflows for the 'other investment' category. Reduced net remittances associated with migrant workers resulted in a 29.2% decline in capital transfers to \$13.1 million. Financial account transactions also posted a 26.5% reduction in inflows to \$96.5 million. Underlying

this was a more than halving in net inflows under other investments to \$29.8 million—largely on account of a rise in domestic banks' short-term liabilities to \$16.9 million, amid increased funding provided to several foreign investment projects. Further, private sector inflows receded by 82.4% to \$12.6 million and public sector loan repayments were reduced to \$0.3 million from \$2.9 million in 2004. Meanwhile, direct investments were relatively stable at \$66.7 million, as a reversal in real estate transactions, from a net sale of \$2.4 million to a net inflow of \$20.7 million, negated a 33.8% fall in direct equity inflows to \$46.0 million.

As a result of these developments, and adjusting for possible errors and omissions, the overall balance—measured by changes in external reserves—recorded a deficit of \$86.4 million. This was a reversal of the \$58.7 million surplus registered in the same period of 2004.

INTERNATIONAL ECONOMIC DEVELOPMENTS

During the fourth quarter of 2005, global trends featured subdued economic expansion in major developed countries, amid a more benign inflationary environment as oil prices eased from a nominal record high of \$66.93 registered in the beginning of the third quarter. In this context, unemployment conditions remained relatively stable. Supported by the US Federal Reserve's continued interest rate tightening policy, the United States dollar appreciated against most major currencies. However, renewed interest in US dollar denominated assets was not fully reflected on equity markets, as European bourses outperformed their US counterparts and Japan's Nikkei 225 index rose significantly during the final quarter of 2005. With the exception of the oil exporting countries, generally higher energy costs contributed to the deterioration of the current account balances in several major developed countries.

Economic expansion in the major developed countries was relatively restrained in the final quarter of 2005, in the context of a slowdown in consumer demand and further global energy concerns. In the United States, real GDP growth decelerated to 1.6% on an annualized basis, its slowest rate in three years, from 4.1% in the previous

quarter, owing to a moderation in private consumption, increased expenditure on imports and contracted federal government expenditures. Underpinned by a strong service sector, annualized real output growth in the United Kingdom stabilized at 1.8% and Euro zone growth slackened to 0.3% from 0.7% in the third quarter, constrained by a relapse in household spending—although business investment and exports were sustained. In Germany, real output growth was flat in the fourth quarter, following the 0.6% expansion in the previous quarter and the expansion for France moderated to 0.2% from 0.7%. Fueled by strong private consumption and exports, the Japanese economy strengthened by 1.4%, up from 0.3% in the September quarter, and marking the fourth consecutive quarter of growth.

Unemployment conditions generally maintained their seasonal levels registered in the third quarter, with the jobless rate for the United States falling to 4.9% from 5.1%. The euro zone's unemployment rate was unchanged at 8.3% for a second consecutive quarter, supported by a moderate easing in rates for Germany and France, to 11.2% and 9.6%, respectively. On the other hand, the unemployment rate rose steadily in the United Kingdom, to 5.1% from 4.7% in the previous quarter and, edged upwards in Japan to 4.4% from a 12-month low of 4.3%.

Average consumer price inflation in the developed world eased from elevated levels registered in the third quarter of 2005, as energy prices receded somewhat. The United States' consumer price index grew by a more tempered 3.4%, following a 4.7% increase in the previous quarter. Similarly, the rate of expansion in retail prices for the United Kingdom subsided to 2.0% from a 12-month high of 2.5% in the third quarter. For Germany and France, quarterly consumer price inflation slowed to 2.1% and 1.5% from 2.5% and 2.2%, respectively. Euro zone inflation also improved to 2.2% from 2.6%, whereas average prices in Japan contracted by 0.1% relative to 0.3% last quarter.

In foreign exchange markets, the United States dollar appreciated against the major currencies in Europe and Asia. The value of the US dollar rose by 3.7% against the Japanese yen to ¥117.8; by 2.4% against the pound sterling to £0.6; by 1.5% to CHF1.3; and by 1.5% vis-à-vis the Euro to €0.84. On the other hand, the US

dollar depreciated relative to the Canadian dollar by 0.1% to C\$1.2.

Equity markets were upbeat during the fourth quarter of 2005, as major bourses advanced in value. In the United States, the Dow Jones Industrial Average (DJIA) rose by 1.4% to 10,717.5 points and the broader S&P 500 Index, by 1.7% to 1,254.8 points. In Europe, Germany's DAX Index had the largest percentage gain of 7.2% to 5,408.3 points, followed by the United Kingdom's FTSE 100 Index which advanced by 2.6% to 5,618.8 points and by a 2.5% rise in France's CAC-40 Index to 4,715.2 points. Japan's Nikkei 225 Index continued its year long appreciation, posting a double digit gain of 18.7% to 16,111.4 points.

Commodity markets closed the year on a high note, amid stronger precious metal prices and volatile energy prices. Responding to stable oil supply by OPEC, which maintained a daily supply of 30.3 million barrels, coupled with favorable seasonal conditions, oil prices fell by 9.6% to \$57.63 per barrel during the fourth quarter. Conversely, gold and silver prices grew by 10.2% and 18.4%, to \$517.0 and \$8.8 per troy ounce, respectively.

On the monetary policy front, major central banks ended the year with mixed trends in terms of interest rates. In the United States, the Federal Reserve Bank raised the key primary credit and target funds rates twice during the fourth quarter, for a total of 50 basis points each, to 5.25% and 4.25%, respectively. Similarly, for the first time in over two years, the European Central Bank hiked its benchmark refinancing rate to 2.25% from 2.00%, signaling its intent to contain European inflation beneath the 2.0% threshold. The Bank of England's repo rate was unchanged at 4.50%, and the Bank of Japan continued its zero interest rate policy.

With regards to fiscal sector developments, the deficit in the United States softened to 3.5% of GDP in fiscal year 04/05 compared to the previous period. In contrast, the United Kingdom's fiscal deficit for 2005 rose to 3.6% of GDP from 3.4% a year earlier, while the latest data available for Canada revealed that the federal government was again able to balance its budget in 2005.

In external sector developments, trends in world trade were dominated by persistently high energy costs. Rising oil prices and heightened consumer demand

combined to widen the United States' current account deficit, to \$224.9 billion which exceeded 7% of GDP. As the economy benefited from more exports of higher priced energy, Canada, one of the world's largest producers of oil and natural gas, registered a substantial C\$5.5 billion quarterly growth in its current account surplus to C\$13.3 billion. Reflecting a strong currency and a higher oil bill, the current account deficit for the euro zone is estimated to have tripled to €15.1 billion

during the fourth quarter. Among the members, France's deficit was almost doubled to €4.5 billion, and Germany's current account surplus was trimmed to €6.0 billion from €7.1 billion, owing to weakness in the export oriented manufacturing sector. The United Kingdom's current account deficit narrowed slightly to £10.9 billion and Japan's current account surplus fell marginally to ¥1,748.4 billion from ¥1,850.7 billion in the third quarter.

STATISTICAL APPENDIX

(Tables 1-15)

STATISTICAL APPENDIX

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

The following symbols and conventions are used throughout this report:

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

TABLE 1
FINANCIAL SURVEY

End of Period	2001			2002			2003			2004			2005																				
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.																		
	(B\$ Millions)																																
Net foreign assets	(234.5)	(357.3)	(144.0)	(34.0)	65.4	41.2	104.3	180.4	154.4	72.1	(32.2)	312.4	373.2	484.1	593.2	652.5	609.1	667.8	718.6	761.1	665.2	578.8	(546.9)	(730.5)	(628.1)	(627.2)	(587.1)	(567.9)	(563.5)	(538.2)	(606.7)	(593.1)	(611.0)
Central Bank	3,951.6	4,193.5	4,147.3	4,219.6	4,290.2	4,357.1	4,317.2	4,435.4	4,620.1	4,601.9	4,862.4	4,677.3	4,940.4	4,974.0	5,044.8	5,144.6	5,256.9	5,227.2	5,359.8	5,581.4	5,624.0	5,899.5	775.2	870.8	879.4	908.9	924.6	969.7	887.8	981.0	953.8	876.2	945.8
Domestic Banks	626.0	651.3	506.5	543.9	578.2	626.0	547.1	639.1	619.7	575.1	651.0	149.2	219.5	372.9	365.0	346.4	343.7	340.7	341.9	334.1	301.1	294.8	3,902.1	4,069.6	4,094.6	4,135.9	4,220.0	4,287.2	4,339.4	4,378.8	4,627.6	4,747.8	4,953.7
Net domestic assets	(725.7)	(746.9)	(826.7)	(825.2)	(854.4)	(899.8)	(910.0)	(924.4)	(961.3)	(1022.1)	(1037.1)	3,717.1	3,836.2	4,003.3	4,185.6	4,355.6	4,398.3	4,421.5	4,615.8	4,774.5	4,672.3	4,830.2	776.7	817.7	907.4	1,006.1	1,109.4	1,125.9	1,134.4	1,244.3	1,291.0	1,184.0	1,247.6
Domestic credit	153.5	154.8	160.1	153.4	160.8	165.2	176.6	175.6	169.8	188.8	195.3	623.2	662.9	747.3	852.7	948.6	960.7	957.8	1068.7	1121.2	995.2	1052.3	2,940.4	3,018.5	3,095.9	3,179.5	3,246.2	3,272.4	3,287.1	3,371.5	3,483.5	3,488.3	3,582.6
Public sector	2,244.0	2,296.2	2,315.9	2,366.9	2,397.2	2,381.6	2,410.3	2,426.4	2,463.3	2,514.3	2,556.6	2,244.0	2,296.2	2,315.9	2,366.9	2,397.2	2,381.6	2,410.3	2,426.4	2,463.3	2,514.3	2,556.6	604.6	630.7	678.8	710.6	741.2	754.3	779.9	814.6	852.4	881.8	
Government (net)	91.8	91.6	101.2	102.0	107.8	136.5	96.9	130.5	167.8	121.4	144.2	91.8	91.6	101.2	102.0	107.8	136.5	96.9	130.5	167.8	121.4	144.2	91.8	91.6	101.2	102.0	107.8	136.5	96.9	130.5	167.8	121.4	144.2
Rest of public sector	9.3	5.6	0.7	1.4	2.0	2.2	(0.6)	2.5	4.1	0.8	4.9	9.3	5.6	0.7	1.4	2.0	2.2	(0.6)	2.5	4.1	0.8	4.9	9.3	5.6	0.7	1.4	2.0	2.2	(0.6)	2.5	4.1	0.8	4.9
Private sector	19.3	12.3	1.0	3.4	1.7	4.9	(8.4)	10.5	(2.8)	(8.1)	7.9	19.3	12.3	1.0	3.4	1.7	4.9	(8.4)	10.5	(2.8)	(8.1)	7.9	19.3	12.3	1.0	3.4	1.7	4.9	(8.4)	10.5	(2.8)	(8.1)	7.9
Monetary liabilities	23.1	4.0	(22.2)	7.4	6.3	8.3	(12.6)	16.8	(3.0)	(7.2)	13.2	23.1	4.0	(22.2)	7.4	6.3	8.3	(12.6)	16.8	(3.0)	(7.2)	13.2	23.1	4.0	(22.2)	7.4	6.3	8.3	(12.6)	16.8	(3.0)	(7.2)	13.2
Money	5.6	47.1	69.9	(2.1)	(5.1)	(0.8)	(0.9)	0.4	(2.3)	(9.9)	(2.1)	5.6	47.1	69.9	(2.1)	(5.1)	(0.8)	(0.9)	0.4	(2.3)	(9.9)	(2.1)	5.6	47.1	69.9	(2.1)	(5.1)	(0.8)	(0.9)	0.4	(2.3)	(9.9)	(2.1)
Currency	7.5	4.3	0.6	1.0	2.0	1.6	1.2	0.9	5.7	2.6	4.3	7.5	4.3	0.6	1.0	2.0	1.6	1.2	0.9	5.7	2.6	4.3	7.5	4.3	0.6	1.0	2.0	1.6	1.2	0.9	5.7	2.6	4.3
Demand deposits	4.4	3.2	10.7	4.6	3.5	5.3	1.1	1.6	4.0	6.3	1.5	4.4	3.2	10.7	4.6	3.5	5.3	1.1	1.6	4.0	6.3	1.5	4.4	3.2	10.7	4.6	3.5	5.3	1.1	1.6	4.0	6.3	1.5
Savings deposits	(3.8)	5.3	4.4	10.9	4.1	1.0	0.5	4.4	3.4	(2.1)	3.4	(3.8)	5.3	4.4	10.9	4.1	1.0	0.5	4.4	3.4	(2.1)	3.4	(3.8)	5.3	4.4	10.9	4.1	1.0	0.5	4.4	3.4	(2.1)	3.4
Foreign currency	1.4	0.8	11.0	(4.2)	10.3	1.5	0.8	9.7	3.8	(8.3)	5.4	1.4	0.8	11.0	(4.2)	10.3	1.5	0.8	9.7	3.8	(8.3)	5.4	1.4	0.8	11.0	(4.2)	10.3	1.5	0.8	9.7	3.8	(8.3)	5.4
Quasi-money	(5.1)	6.4	3.4	14.1	4.8	2.7	6.9	(0.6)	(3.3)	11.2	3.4	(5.1)	6.4	3.4	14.1	4.8	2.7	6.9	(0.6)	(3.3)	11.2	3.4	(5.1)	6.4	3.4	14.1	4.8	2.7	6.9	(0.6)	(3.3)	11.2	3.4
Total domestic credit	6.9	2.7	12.7	2.7	11.2	1.3	(0.3)	11.6	4.9	(11.2)	5.7	6.9	2.7	12.7	2.7	11.2	1.3	(0.3)	11.6	4.9	(11.2)	5.7	6.9	2.7	12.7	2.7	11.2	1.3	(0.3)	11.6	4.9	(11.2)	5.7

Source: The Central Bank of The Bahamas

TABLE 2
MONETARY SURVEY

End of Period	2001			2002			2003			2004			2005		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.
	(B\$ Millions)														
Net foreign assets	(236.0)	(349.7)	(130.7)	(17.4)	80.5	10.9	70.9	161.4	121.6	35.5	(65.9)				
Central Bank	312.4	373.2	484.3	593.2	652.5	609.1	667.8	718.6	761.1	665.2	578.8				
Commercial banks	(548.4)	(722.9)	(615.0)	(610.6)	(572.0)	(598.2)	(596.9)	(557.2)	(639.5)	(629.7)	(644.7)				
Net domestic assets	3,874.7	4,092.4	4,025.1	4,092.9	4,173.8	4,285.1	4,247.2	4,348.0	4,546.6	4,534.6	4,782.0				
Domestic credit	4,553.8	4,793.2	4,822.8	4,896.8	5,001.6	5,114.5	5,083.1	5,218.9	5,438.3	5,482.6	5,747.8				
Public sector	771.9	867.6	874.9	904.5	920.2	965.4	883.4	976.7	949.0	871.4	940.9				
Government (net)	622.8	648.2	502.1	539.5	573.8	621.7	542.7	634.8	614.9	570.3	646.2				
Rest of public sector	149.1	219.4	372.8	365.0	346.4	343.7	340.7	341.9	334.1	301.1	294.7				
Private sector	3,781.9	3,925.6	3,947.9	3,992.3	4,081.4	4,149.1	4,199.7	4,242.2	4,489.3	4,611.2	4,806.9				
Other items (net)	(679.1)	(700.8)	(797.7)	(803.9)	(827.8)	(829.4)	(835.9)	(870.9)	(891.7)	(948.0)	(965.8)				
Monetary liabilities	3,638.7	3,742.7	3,894.4	4,075.5	4,254.3	4,296.0	4,318.1	4,509.4	4,668.2	4,570.1	4,716.1				
Money	769.2	808.5	895.8	994.1	1,096.6	1,114.7	1,124.7	1,231.2	1,275.1	1,169.6	1,223.0				
Currency	153.5	154.8	160.1	153.4	160.8	165.2	176.6	175.6	169.8	188.8	195.3				
Demand deposits	615.7	653.7	735.7	840.7	935.8	949.5	948.1	1,055.6	1,105.3	980.8	1,027.7				
Quasi-money	2,869.5	2,934.2	2,998.6	3,081.4	3,157.7	3,181.3	3,193.4	3,278.2	3,393.1	3,400.5	3,493.1				
Savings deposits	604.3	630.4	678.5	710.3	741.0	754.1	779.7	814.3	852.2	852.4	881.6				
Fixed deposits	2,173.4	2,212.2	2,218.8	2,269.1	2,308.9	2,290.7	2,316.8	2,333.4	2,373.1	2,426.8	2,467.4				
Foreign currency deposits	91.8	91.6	101.3	102.0	107.8	136.5	96.9	130.5	167.8	121.3	144.1				
	(percentage change)														
Total domestic credit	9.5	5.3	0.6	1.5	2.1	2.3	(0.6)	2.7	4.2	0.8	4.8				
Public sector	19.6	12.4	0.8	3.4	1.7	4.9	(8.5)	10.6	(2.8)	(8.2)	8.0				
Government (net)	23.5	4.1	(22.5)	7.4	6.4	8.3	(12.7)	17.0	(3.1)	(7.3)	13.3				
Rest of public sector	5.6	47.1	69.9	(2.1)	(5.1)	(0.8)	(0.9)	0.4	(2.3)	(9.9)	(2.1)				
Private sector	7.7	3.8	0.6	1.1	2.2	1.7	1.2	1.0	5.8	2.7	4.2				
Monetary liabilities	5.0	2.9	4.1	4.7	3.0	0.2	0.8	4.4	2.4	6.3	1.9				
Money	(3.4)	5.1	10.8	11.0	4.4	1.0	0.5	9.5	3.5	(2.1)	3.2				
Currency	1.1	0.8	3.4	(4.2)	10.3	1.6	0.9	(0.6)	3.6	(8.3)	4.6				
Demand deposits	(4.5)	6.2	12.5	14.3	4.8	2.7	6.9	11.3	(3.3)	11.2	3.4				
Quasi-money	7.5	2.3	2.2	2.8	11.3	1.5	(0.2)	2.7	4.7	(11.3)	4.8				

Source: The Central Bank of The Bahamas

TABLE 3
CENTRAL BANK BALANCE SHEET

(B\$ Millions)

End of Period	2001			2002			2003			2004			2005		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.
Net foreign assets															
Balances with banks abroad	312.4	373.2	484.3	484.3	593.2	652.5	609.1	667.8	718.6	761.1	665.2	578.8			
Foreign securities	44.5	126.3	183.7	183.7	279.6	318.7	253.3	311.1	344.9	309.3	230.0	145.4			
Reserve position in the Fund	260.0	238.3	291.3	291.3	304.3	324.6	346.6	347.0	364.2	442.7	426.1	424.4			
SDR holdings	7.8	8.5	9.3	9.3	9.3	9.2	9.2	9.7	9.5	9.1	9.1	9.0			
	0.1	0.1	--	--	--	--	--	--	--	--	--	--			
Net domestic assets															
Net claims on government	107.5	92.0	15.2	15.2	(24.1)	(90.4)	(101.6)	(13.1)	(90.8)	(62.4)	27.9	23.1			
Claims	187.4	172.9	108.4	108.4	118.0	106.0	123.3	141.9	141.4	167.5	134.7	122.0			
Treasury bills	189.7	182.4	114.8	114.8	122.1	116.6	131.0	149.5	153.4	215.9	152.8	149.7			
Bahamas registered stock	98.8	72.0	--	--	--	--	--	--	--	--	--	--			
Loans and advances	34.0	38.6	43.8	43.8	51.1	45.6	60.0	78.5	76.4	138.9	75.8	72.7			
Deposits	56.9	71.8	71.0	71.0	71.0	71.0	71.0	71.0	77.0	77.0	77.0	77.0			
In local currency	(2.3)	(9.5)	(6.4)	(6.4)	(4.1)	(10.6)	(7.7)	(7.6)	(12.0)	(48.4)	(18.1)	(27.7)			
In foreign currency	(2.3)	(9.5)	(6.4)	(6.4)	(4.1)	(10.6)	(7.7)	(7.6)	(12.0)	(48.4)	(18.1)	(27.7)			
	--	--	--	--	--	--	--	--	--	--	--	--			
Deposits of rest of public sector	(10.3)	(10.1)	(21.6)	(21.6)	(73.9)	(128.9)	(154.4)	(87.7)	(164.1)	(153.3)	(34.0)	(26.1)			
Credit to commercial banks	--	--	--	--	--	--	--	--	--	--	--	--			
Official capital and surplus	(94.3)	(98.3)	(97.3)	(97.3)	(98.8)	(97.2)	(97.5)	(98.2)	(100.0)	(102.7)	(105.2)	(105.5)			
Net unclassified assets	16.8	19.9	18.4	18.4	23.4	22.5	19.8	22.3	23.4	17.7	24.0	24.4			
Loans to rest of public sector	7.1	6.7	6.4	6.4	6.3	6.2	6.2	7.6	7.5	7.4	7.4	7.3			
Public Corp Bonds/Securities	0.8	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0			
Liabs. to Commercial Banks & OLFIs	(253.6)	(296.5)	(324.2)	(324.2)	(400.6)	(386.2)	(327.3)	(462.2)	(436.7)	(514.0)	(489.5)	(392.0)			
Notes and coins	(64.9)	(66.3)	(79.6)	(79.6)	(62.5)	(63.2)	(60.3)	(78.5)	(62.1)	(69.5)	(54.9)	(105.8)			
Deposits	(188.7)	(230.2)	(244.6)	(244.6)	(338.1)	(323.0)	(267.0)	(383.7)	(374.6)	(444.5)	(434.6)	(286.2)			
SDR allocation	(12.8)	(13.9)	(15.2)	(15.2)	(15.1)	(15.1)	(15.0)	(15.9)	(15.5)	(14.9)	(14.8)	(14.6)			
Currency held by the private sector	(153.5)	(154.8)	(160.1)	(160.1)	(153.4)	(160.8)	(165.2)	(176.6)	(175.6)	(169.8)	(188.8)	(195.3)			

Source: The Central Bank of The Bahamas

TABLE 4
DOMESTIC BANKS BALANCE SHEET

(B\$ Millions)

End of Period	2001	2002	2003	2004			2005				
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.
Net foreign assets	(546.9)	(730.5)	(628.1)	(627.2)	(587.1)	(567.8)	(563.5)	(538.2)	(606.7)	(593.1)	(611.0)
Net claims on Central Bank	252.7	295.8	322.4	399.7	385.0	326.4	461.4	435.8	513.2	488.7	389.7
Notes and Coins	64.9	66.3	79.6	62.5	63.2	60.3	78.5	62.1	69.5	54.9	105.8
Balances	188.6	230.3	243.6	338.0	322.6	266.9	383.7	374.5	444.5	434.6	284.7
Less Central Bank credit	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Net domestic assets	3,494.1	3,750.3	3,814.7	3,879.6	3,991.0	4,043.7	4,018.7	4,129.4	4,265.7	4,266.8	4,518.4
Net claims on government	438.6	478.4	398.1	425.9	472.2	502.8	405.2	497.7	452.2	440.4	528.9
Treasury bills	63.5	38.8	47.6	73.0	88.8	96.2	26.7	85.4	86.5	48.5	66.1
Other securities	317.4	341.2	369.6	368.6	369.3	396.7	393.3	398.0	385.6	414.3	400.5
Loans and advances	115.4	170.0	74.5	81.3	111.2	115.6	78.2	115.5	85.3	77.0	150.7
Less: deposits	57.7	71.6	93.6	97.0	97.1	105.7	93.0	101.2	105.2	99.4	88.4
Net claims on rest of public sector	(212.0)	(143.8)	53.0	51.6	62.2	60.0	91.5	84.3	46.4	5.0	(25.3)
Securities	8.1	9.4	18.6	21.3	21.3	21.3	18.6	21.6	23.6	20.6	20.6
Loans and advances	133.2	202.5	347.0	336.4	317.9	315.2	313.5	311.8	302.0	272.1	265.8
Less: deposits	353.3	355.7	312.6	306.1	277.0	276.5	240.6	249.1	279.2	287.7	311.7
Credit to the private sector	3,902.1	4,069.6	4,094.6	4,135.9	4,220.0	4,287.2	4,339.4	4,378.8	4,627.6	4,747.8	4,953.8
Securities	9.0	10.2	20.4	17.3	17.1	18.8	14.7	15.6	28.4	18.1	28.2
Mortgages	1,151.4	1,309.2	1,438.4	1,488.6	1,537.6	1,574.4	1,631.1	1,680.5	1,762.2	1,836.3	1,919.1
Loans and advances	2,741.7	2,750.2	2,635.8	2,630.0	2,665.3	2,694.0	2,693.6	2,682.7	2,837.0	2,893.4	3,006.5
Private capital and surplus	(661.2)	(722.9)	(1,032.5)	(1,038.4)	(1,070.0)	(1,083.2)	(1,121.4)	(1,130.8)	(1,141.8)	(1,160.2)	(1,197.5)
Net unclassified assets	26.6	69.0	301.5	304.6	306.6	276.9	304.0	299.4	281.3	233.8	258.5
Liabilities to private sector	3,199.8	3,315.3	3,508.9	3,652.1	3,788.9	3,802.2	3,916.6	4,026.9	4,172.2	4,162.4	4,297.1
Demand deposits	669.5	690.5	766.2	821.2	871.7	878.3	921.0	974.8	1,044.6	999.6	1,092.2
Savings deposits	606.2	634.3	682.1	714.0	745.6	761.7	783.7	818.5	856.9	854.9	885.3
Fixed deposits	1,924.1	1,990.5	2,060.6	2,116.9	2,171.6	2,162.2	2,211.9	2,233.6	2,270.7	2,307.9	2,319.6

Source: The Central Bank of The Bahamas

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

Period	(B\$'000s)														
	2001			2002			2003			2004			2005		
	Qtr. I	Qtr. II	Qtr. III	Qtr. I	Qtr. II	Qtr. III	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III		
1. Interest Income	447,572	431,664	435,099	474,049	112,236	116,611	120,303	124,899	120,307	128,618	139,321				
2. Interest Expense	146,688	159,892	164,071	168,412	41,140	43,376	41,885	42,011	43,723	44,494	46,658				
3. Interest Margin (1-2)	300,884	271,772	271,028	305,637	71,096	73,235	78,418	82,888	76,584	84,124	92,663				
4. Commission & Forex Income	24,401	23,368	23,451	26,425	7,417	6,463	6,151	6,394	5,787	6,880	9,167				
5. Gross Earnings Margin (3+4)	325,285	295,140	294,479	332,062	78,513	79,698	84,569	89,282	82,371	91,004	101,830				
6. Staff Costs	105,518	111,068	114,818	116,033	27,251	27,796	30,494	30,492	29,918	31,140	33,840				
7. Occupancy Costs	18,412	16,049	18,585	16,284	5,025	3,918	3,969	3,372	3,623	5,496	4,545				
8. Other Operating Costs	51,792	48,370	52,182	60,051	12,888	13,107	16,520	17,536	10,443	15,750	15,747				
9. Operating Costs (6+7+8)	175,722	175,487	185,585	192,368	45,164	44,821	50,983	51,400	43,984	52,386	54,132				
10. Net Earnings Margin (5-9)	149,563	119,653	108,894	139,694	33,349	34,877	33,586	37,882	38,387	38,618	47,698				
11. Depreciation Costs	10,848	10,460	22,803	9,739	5,286	5,180	(3,704)	2,977	3,119	2,917	3,194				
12. Provisions for Bad Debt	33,096	29,557	38,562	35,806	7,323	10,270	10,740	7,473	5,015	6,885	6,493				
13. Other Income	58,421	63,855	75,669	74,197	17,960	19,047	17,343	19,847	19,701	22,092	17,620				
14. Other Income (Net) (13-11-12)	14,477	23,838	14,304	28,652	5,351	3,597	10,307	9,397	11,567	12,290	7,933				
15. Net Income (10+14)	164,040	143,491	123,198	168,346	38,700	38,474	43,893	47,279	49,954	50,908	55,631				
16. Effective Interest Rate Spread (%)	6.31	6.12	5.99	6.48	6.20	6.64	6.40	6.68	6.12	6.32	6.84				
	(Ratios To Average Assets)														
Interest Margin	6.07	4.99	4.71	4.91	4.71	4.73	4.99	5.21	4.73	5.02	5.45				
Commission & Forex Income	0.50	0.43	0.41	0.43	0.49	0.42	0.39	0.40	0.36	0.41	0.54				
Gross Earnings Margin	6.56	5.42	5.11	5.34	5.20	5.15	5.38	5.61	5.08	5.43	5.98				
Operating Costs	3.55	3.22	3.22	3.09	2.99	2.90	3.25	3.23	2.71	3.12	3.18				
Net Earnings Margin	3.02	2.20	1.89	2.25	2.21	2.25	2.14	2.38	2.37	2.30	2.80				
Net Income	3.31	2.64	2.14	2.70	2.56	2.49	2.79	2.97	3.08	3.04	3.27				

*Commercial Banks and OLFs with domestic operations

Source: The Central Bank of The Bahamas

TABLE 6
MONEY SUPPLY

End of Period	(B\$ Millions)														
	2001			2002			2003			2004			2005		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.
Money supply (M1)															
1) Currency in active circulation	776.7	817.7	907.4	1,006.1	1,109.4	1,125.9	1,134.4	1,244.3	1,291.0	1,184.3	1,247.6	1,184.3	1,291.0	1,184.3	1,247.6
2) Demand deposits	153.5	154.8	160.1	153.4	160.8	165.2	176.6	175.6	169.8	188.8	195.3	188.8	169.8	188.8	195.3
Central Bank	623.2	662.9	747.3	852.7	948.6	960.7	957.8	1068.7	1121.2	995.5	1052.3	995.5	1121.2	995.5	1052.3
Domestic Banks	10.3	10.1	21.7	73.9	128.9	154.4	87.7	164.1	153.3	34.0	26.1	34.0	153.3	34.0	26.1
Domestic Banks	612.9	652.8	725.6	778.8	819.7	806.3	870.1	904.6	967.9	961.5	1026.2	961.5	967.9	961.5	1026.2
Factors affecting changes in money (M1)															
1) Net credit to government	626.0	651.3	506.5	543.9	578.2	626.0	547.1	639.1	619.7	575.1	651.0	575.1	619.7	575.1	651.0
Central Bank	187.4	172.9	108.4	118.0	106.0	123.2	141.9	141.4	167.5	134.7	122.0	134.7	167.5	134.7	122.0
Domestic Banks	438.6	478.4	398.1	425.9	472.2	502.8	405.2	497.7	452.2	440.4	529.0	440.4	452.2	440.4	529.0
2) Other credit	4,051.3	4,289.1	4,467.5	4,500.9	4,566.4	4,630.9	4,680.1	4,720.7	4,961.7	5,049.1	5,248.5	5,049.1	4,961.7	5,049.1	5,248.5
Rest of public sector	149.2	219.5	372.9	365.0	346.4	343.7	340.7	341.9	334.1	301.1	294.8	301.1	334.1	301.1	294.8
Private sector	3,902.1	4,069.6	4,094.6	4,135.9	4,220.0	4,287.2	4,339.4	4,378.8	4,627.6	4,748.0	4,953.7	4,748.0	4,627.6	4,748.0	4,953.7
3) External reserves	312.4	373.2	484.3	593.2	652.5	609.1	667.8	718.6	761.1	665.2	578.8	665.2	761.1	665.2	578.8
4) Other external liabilities (net)	(546.9)	(730.5)	(628.1)	(627.2)	(587.1)	(567.8)	(563.5)	(538.2)	(606.7)	(594.2)	(611.0)	(594.2)	(606.7)	(594.2)	(611.0)
5) Quasi money	2,940.4	3,018.5	3,095.9	3,179.5	3,246.2	3,272.4	3,287.1	3,371.5	3,483.5	3,488.2	3,582.6	3,488.2	3,483.5	3,488.2	3,582.6
6) Other items (net)	(725.7)	(746.9)	(826.9)	(825.2)	(854.4)	(899.8)	(910.0)	(924.4)	(961.3)	(1022.1)	(1037.1)	(1022.1)	(961.3)	(1022.1)	(1037.1)

Source: The Central Bank of The Bahamas

TABLE 8
SELECTED AVERAGE INTEREST RATES

Period	2003	2004	2005	2004			2005				
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
DOMESTIC BANKS											
Deposit rates											
Savings deposits	2.65	2.57	2.26	2.77	2.55	2.49	2.46	2.59	2.26	2.10	2.10
Fixed deposits											
Up to 3 months	3.81	3.69	3.13	3.80	3.73	3.61	3.61	3.39	3.06	3.04	3.03
Up to 6 months	4.31	4.46	3.41	4.74	4.97	4.12	3.99	3.62	3.19	3.28	3.56
Up to 12 months	4.44	4.26	3.58	4.44	4.21	4.12	4.25	3.70	3.25	3.53	3.85
Over 12 months	4.58	4.30	3.62	4.84	4.14	3.87	4.35	3.71	3.47	3.53	3.78
Weighted average rate	3.95	3.83	3.22	4.02	3.85	3.69	3.75	3.44	3.09	3.11	3.24
Lending rates											
Residential mortgages	8.97	8.81	8.08	8.91	8.84	8.81	8.69	8.50	8.02	7.82	7.96
Commercial mortgages	9.61	9.17	8.10	9.23	8.86	9.35	9.22	8.18	8.13	8.15	7.95
Consumer loans	13.78	12.96	12.22	13.39	13.08	12.95	12.40	12.42	11.81	12.59	12.07
Overdrafts	11.57	11.67	10.86	11.78	11.40	11.77	11.71	11.00	11.14	10.84	10.45
Weighted average rate	11.97	11.27	10.34	11.56	11.28	11.40	10.84	10.64	10.03	10.69	9.99
Other rates											
Prime rate	6.00	6.00	5.50	6.00	6.00	6.00	6.00	5.50	5.50	5.50	5.50
Treasury bill (90 days)	1.78	0.55	0.14	0.94	0.71	0.29	0.25	0.18	0.15	0.06	0.17
Treasury bill re-discount rate	2.28	1.05	0.64	1.44	1.21	0.79	0.75	0.68	0.65	0.56	0.67
Bank rate (discount rate)	5.75	5.75	5.25	5.75	5.75	5.75	5.75	5.25	5.25	5.25	5.25

Source: The Central Bank of The Bahamas

TABLE 9
SUMMARY OF BANK LIQUIDITY

End of Period	(B\$ Millions)														
	2001			2002			2003			2004			2005		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.
I. Statutory Reserves															
Required reserves	176.1	183.4	187.2	192.7	200.9	204.8	205.3	211.5	217.0	222.4	226.3				
Average Till Cash	51.2	55.3	66.7	57.1	56.0	57.9	70.2	57.8	64.9	60.8	86.5				
Average balance with central bank	182.2	217.8	250.2	326.9	335.3	304.3	407.5	385.9	444.1	446.1	332.2				
Free cash reserves (period ended)	56.5	88.9	128.9	190.5	189.6	156.6	271.6	231.4	291.2	283.7	191.5				
II. Liquid Assets (period)															
A. Minimum required Liquid assets	569.3	589.9	615.6	637.1	656.7	660.7	677.2	691.9	717.8	731.1	752.2				
B. Net Eligible Liquid Assets	636.7	687.6	772.3	874.8	883.6	855.2	909.7	955.3	1021.5	973.2	895.6				
i) Balance with Central Bank	188.6	230.3	243.5	338.0	322.6	267.0	383.7	374.5	444.6	434.6	284.7				
ii) Notes and Coins	65.4	66.8	80.1	63.0	63.7	60.8	79.0	62.6	70.0	55.4	106.3				
iii) Treasury Bills	63.5	38.8	47.6	73.0	88.9	96.1	26.7	85.4	86.4	48.5	66.1				
iv) Government registered stocks	306.4	335.3	369.5	368.6	369.3	396.7	393.3	402.3	390.4	419.1	400.4				
v) Specified assets	16.9	17.9	26.8	29.1	28.2	27.9	24.9	27.8	27.5	26.3	26.0				
vi) Net Inter-bank dem/call deposits	(3.3)	(0.7)	5.6	3.9	11.7	7.5	2.9	3.5	3.4	(9.9)	12.9				
vii) Less: borrowings from central bank	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)				
C. Surplus/(Deficit)	67.4	97.7	156.7	237.7	226.9	194.5	232.5	263.4	303.7	242.1	143.4				

Source: The Central Bank of The Bahamas

TABLE 10
GOVERNMENT OPERATIONS AND FINANCING

Period	(B\$ Millions)													
	2002/03p		2003/04p		2004/05p		Budget		2004/05p			2005/06p		
							2004/05	2005/06	QTR. I	QTR. II	QTR. III	QTR. IV	QTR. I	QTR. II
Total Revenue & Grants	901.8	943.8	1039.4	1051.6	1132.8				213.0	252.1	254.3	319.9	271.8	273.0
Current expenditure	962.5	994.0	1053.1	1067.3	1145.7				240.8	244.4	260.7	307.2	261.0	286.4
Capital expenditure	83.8	80.9	90.4	117.3	132.9				10.4	16.3	15.3	48.3	26.4	23.6
Net lending	43.1	35.3	71.4	30.4	31.6				9.0	27.9	11.6	23.0	4.8	14.3
Overall balance	(187.6)	(166.4)	(175.5)	(163.4)	(177.4)				(47.2)	(36.5)	(33.3)	(58.5)	(20.4)	(51.2)
FINANCING (I+II-III+IV+V)	187.6	166.4	175.5	163.4	177.4				47.2	36.6	33.2	58.5	20.4	51.2
I. Foreign currency borrowing	34.4	206.7	2.9	29.0	30.6				--	1.8	--	1.1	--	--
External	9.4	206.7	2.9	29.0	30.6				--	1.8	--	1.1	--	--
Domestic	25.0	--	--	...	...				--	--	--	--	--	--
II. Bahamian dollar borrowing	205.9	132.3	325.1	231.3	201.6				100.0	100.0	18.8	106.4	75.0	--
i) Treasury bills	--	--	13.1	...	...				--	--	13.1	--	--	--
Central Bank	--	--	13.1	...	...				--	--	13.1	--	--	--
Commercial banks & OLFIs	--	--	--	...	...				--	--	--	--	--	--
Public corporations	--	--	--	...	...				--	--	--	--	--	--
Other	--	--	--	...	...				--	--	--	--	--	--
ii) Long-term securities	186.1	98.3	306.3	...	...				100.0	100.0	--	106.4	75.0	--
Central Bank	20.0	33.3	55.9	...	...				15.0	15.0	--	25.9	5.0	--
Commercial banks & OLFIs	56.4	20.1	46.3	...	...				28.7	3.7	--	13.9	11.4	--
Public corporations	33.2	21.7	125.6	...	...				22.5	43.1	--	60.0	15.5	--
Other	76.5	23.2	78.5	...	...				33.8	38.2	--	6.6	43.1	--
iii) Loans and Advances	19.8	34.0	5.7	...	...				--	--	5.7	--	--	--
Central Bank	4.3	34.0	5.7	...	...				--	--	5.7	--	--	--
Commercial banks	15.5	--	--	...	...				--	--	--	--	--	--
III Debt repayment	62.4	251.4	98.4	94.4	54.9				15.8	26.1	20.4	36.1	0.9	1.2
Domestic	54.4	242.0	92.6	84.6	50.8				12.6	25.0	20.0	35.0	--	--
Bahamian dollars	49.4	112.0	92.6	84.6	50.8				12.6	25.0	20.0	35.0	--	--
Internal foreign currency	5.0	130.0	--	...	...				--	--	--	--	--	--
External	8.0	9.4	5.8	9.8	4.1				3.2	1.1	0.4	1.1	0.9	1.2
IV. Cash balance change	15.3	(33.7)	(45.8)	...	...				(5.8)	12.8	(12.6)	(40.3)	36.1	(8.7)
V. Other Financing	(5.6)	112.5	(8.3)	(2.5)	0.1				(31.2)	(51.9)	47.4	27.4	(89.8)	61.1

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

TABLE II
NATIONAL DEBT

End of Period	2003p	2004p	2005p	2004p			2005p			(B\$' 000s)
				Dec.	Mar.	Jun.	Sept.	Dec.		
TOTAL EXTERNAL DEBT										
By Instrument										
Government Securities	288,542	284,606	285,770	284,606	284,402	284,447	283,765	285,770		
Loans	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000
	63,542	59,606	60,770	59,606	59,402	59,447	58,765	60,770	60,770	60,770
By Holder										
Commercial banks	5,153	--	--	--	--	--	--	--	--	--
Offshore financial institutions	--	--	--	--	--	--	--	--	--	--
Multilateral institutions	58,389	59,606	60,770	59,606	59,402	59,447	58,765	60,770	60,770	60,770
Bilateral Institutions	--	--	--	--	--	--	--	--	--	--
Private Capital Markets	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000
TOTAL INTERNAL DEBT	1,647,607	1,813,297	1,948,696	1,813,297	1,812,335	1,883,697	1,958,696	1,948,696	1,948,696	1,948,696
By Instrument										
Foreign Currency	--	--	--	--	--	--	--	--	--	--
Government securities	--	--	--	--	--	--	--	--	--	--
Loans	--	--	--	--	--	--	--	--	--	--
Bahamian Dollars	1,647,607	1,813,297	1,948,696	1,813,297	1,812,335	1,883,697	1,958,696	1,948,696	1,948,696	1,948,696
Advances	71,019	71,019	76,988	71,019	76,988	76,988	76,988	76,988	76,988	76,988
Treasury bills	179,400	179,400	192,469	179,400	192,469	192,469	192,469	192,469	192,469	192,469
Government securities	1,386,943	1,552,633	1,668,993	1,552,633	1,532,633	1,603,994	1,678,993	1,668,993	1,668,993	1,668,993
Loans	10,245	10,245	10,246	10,245	10,245	10,246	10,246	10,246	10,246	10,246
By Holder										
Foreign Currency	--	--	--	--	--	--	--	--	--	--
Commercial banks	--	--	--	--	--	--	--	--	--	--
Other local financial institutions	--	--	--	--	--	--	--	--	--	--
Bahamian Dollars	1,647,607	1,813,297	1,948,696	1,813,297	1,812,335	1,883,697	1,958,696	1,948,696	1,948,696	1,948,696
The Central Bank	114,800	149,535	144,681	149,535	156,445	215,932	152,817	144,681	144,681	144,681
Commercial banks	423,997	427,858	463,385	427,858	498,258	482,610	469,970	463,385	463,385	463,385
Other local financial institutions	4,344	4,321	4,811	4,321	4,321	4,319	4,816	4,811	4,811	4,811
Public corporations	673,345	717,098	763,092	717,098	655,243	680,808	780,134	763,092	763,092	763,092
Other	431,121	514,485	572,727	514,485	498,068	500,028	550,959	572,727	572,727	572,727
TOTAL FOREIGN CURRENCY DEBT	288,542	284,606	285,770	284,606	284,402	284,447	283,765	285,770	285,770	285,770
TOTAL DIRECT CHARGE	1,936,149	2,097,903	2,234,466	2,097,903	2,096,737	2,168,144	2,242,461	2,234,466	2,234,466	2,234,466
TOTAL CONTINGENT LIABILITIES	467,522	439,852	497,483	439,852	453,625	473,797	500,105	497,483	497,483	497,483
TOTAL NATIONAL DEBT	2,403,671	2,537,755	2,731,949	2,537,755	2,550,362	2,641,941	2,742,566	2,731,949	2,731,949	2,731,949

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

TABLE 12
PUBLIC SECTOR FOREIGN CURRENCY DEBT OPERATIONS

	2003p*	2004p		2005p		2005p			Dec.
		2004p	2005p	2004p	2005p	Mar.	Jun.	Sept.	
Outstanding debt at beginning of period	547,538	598,964	561,265	566,237	561,265	561,265	556,939	553,821	549,718
Government	220,986	288,542	284,606	283,921	284,606	284,606	284,402	284,447	283,765
Public Corporations	326,552	310,422	276,659	282,316	276,659	276,659	272,537	269,374	265,953
Plus new drawings	362,945	28,303	42,097	7,121	42,097	12,302	9,763	--	12,046
Government	206,000	4,239	4,210	1,767	4,210	--	1,112	--	3,098
Public corporations	156,945	24,064	37,887	5,354	37,887	12,302	8,651	7,986	8,948
Less Amortization	311,519	66,002	52,838	12,093	52,838	16,628	12,881	12,089	11,240
Government	138,444	8,175	3,046	1,082	3,046	204	1,067	682	1,093
Public corporations	173,075	57,827	49,792	11,011	49,792	16,424	11,814	11,407	10,147
Outstanding debt at end of period	598,964	561,265	550,524	561,265	550,524	556,939	553,821	549,718	550,524
Government	288,542	284,606	285,770	284,606	285,770	284,402	284,447	283,765	285,770
Public corporations	310,422	276,659	264,754	276,659	264,754	272,537	269,374	265,953	264,754
Interest Charges	26,471	27,340	30,283	10,827	30,283	3,331	11,325	3,151	12,476
Government	12,927	18,204	18,142	8,632	18,142	428	8,611	497	8,605
Public corporations	13,544	9,136	12,141	2,195	12,141	2,903	2,714	2,654	3,871
Debt Service	337,990	93,342	83,121	22,920	83,121	19,959	24,206	15,240	23,716
Government	151,371	26,379	21,188	9,714	21,188	632	9,678	1,179	9,698
Public corporations	186,619	66,963	61,933	13,206	61,933	19,327	14,528	14,061	14,018
Debt Service ratio	13.6	3.4	2.9	3.5	2.9	2.6	3.3	2.4	3.1
Government debt Service/ Government revenue (%)	16.8	2.7	1.9	3.9	1.9	0.2	3.0	0.4	3.6
MEMORANDUM									
Holder distribution (B\$ Mil):									
Commercial banks	243.2	218.7	215.9	218.7	215.9	217.3	216.1	215.5	215.9
Offshore Financial Institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral Institutions	118.5	113.1	109.1	113.1	109.1	112.2	110.4	108.6	109.1
Bilateral Institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	12.3	4.4	0.5	4.4	0.5	2.4	2.3	0.6	0.5
Private Capital Markets	225.0	225.0	225.0	225.0	225.0	225.0	225.0	225.0	225.0

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

Note: *Debt servicing during 2003 include the respective re-financing of \$125M and \$123M in Government (internal) and public corporations (external) debt. Net of these payments, the adjusted service/exports ratio was 3.7% and the Government's debt service/revenue ratio was 3.0%.

TABLE 13
BALANCE OF PAYMENTS SUMMARY

	(B\$ Millions)														
	2003p			2004p			2005p			2004			2005		
	Qtr.Ip	Qtr.IIip	Qtr.IVip	Qtr.Ip	Qtr.IIip	Qtr.IVip	Qtr.Ip	Qtr.IIip	Qtr.IVip	Qtr.Ip	Qtr.IIip	Qtr.IVip	Qtr.Ip	Qtr.IIip	Qtr.IVip
A. Current Account Balance (I+II+III+IV)	(472.4)	(299.8)	(622.5)	(15.3)	(7.2)	(249.7)	(41.0)	(106.7)	(256.8)	(218.0)	(360.3)	(377.2)	(417.6)	(471.0)	
I. Merchandise (Net)	(1,330.7)	(1,427.3)	(1,626.1)	(353.7)	(328.6)	(368.6)	(376.4)	(376.4)	(417.6)	(471.0)	(360.3)	(377.2)	(417.6)	(471.0)	
Exports	426.5	477.4	522.8	107.2	123.4	98.6	148.2	148.2	115.2	162.1	122.7	122.8	115.2	162.1	
Imports	1,757.2	1,904.7	2,148.9	460.9	452.0	467.2	524.6	524.6	532.8	633.1	483.0	500.0	532.8	633.1	
II. Services (Net)	962.1	1,011.1	1,024.9	353.8	327.4	158.1	171.8	171.8	176.5	222.7	321.9	303.8	176.5	222.7	
Transportation	(187.5)	(249.4)	(290.2)	(50.9)	(73.6)	(61.0)	(63.9)	(63.9)	(71.7)	(68.7)	(72.6)	(77.2)	(71.7)	(68.7)	
Travel	1,452.7	1,568.9	1,621.6	477.9	508.2	300.5	282.3	282.3	332.4	349.7	480.1	459.4	332.4	349.7	
Insurance Services	(105.8)	(80.9)	(94.7)	(18.3)	(26.1)	(15.1)	(15.1)	(15.1)	(21.8)	(30.7)	(21.9)	(20.3)	(21.8)	(30.7)	
Offshore Companies Local Expenses	105.9	133.9	143.5	36.5	23.3	22.0	52.1	52.1	39.4	56.9	23.3	23.9	39.4	56.9	
Other Government	(57.3)	(29.2)	(50.4)	(5.0)	(7.5)	(4.0)	(4.0)	(4.0)	(7.8)	(12.9)	(8.5)	(21.2)	(7.8)	(12.9)	
Other Services	(245.9)	(332.2)	(304.9)	(86.4)	(96.9)	(69.3)	(79.6)	(79.6)	(94.0)	(71.6)	(78.5)	(60.8)	(94.0)	(71.6)	
III. Income (Net)	(152.4)	(134.4)	(106.6)	(24.3)	(32.1)	(46.9)	(31.1)	(31.1)	(24.8)	21.6	(50.9)	(52.5)	(24.8)	21.6	
1. Compensation of Employees	(56.3)	(63.2)	(73.2)	(13.2)	(17.0)	(12.1)	(20.9)	(20.9)	(15.8)	(18.5)	(20.0)	(18.9)	(15.8)	(18.5)	
2. Investment Income	(96.1)	(71.2)	(33.4)	(11.1)	(15.1)	(34.8)	(10.2)	(10.2)	(9.0)	40.1	(30.9)	(33.6)	(9.0)	40.1	
IV. Current Transfers (Net)	48.6	250.8	85.3	8.9	26.1	7.7	208.1	208.1	9.1	8.7	48.3	19.2	9.1	8.7	
1. General Government	53.9	59.7	59.1	11.7	27.0	8.7	12.3	12.3	12.0	11.2	14.6	21.3	12.0	11.2	
2. Private Sector	(5.3)	191.1	26.2	(2.8)	(0.9)	(1.0)	195.8	195.8	(2.9)	(2.5)	33.7	(2.1)	(2.9)	(2.5)	
B. Capital and Financial Account (I+II) (excl. Reserves)	498.0	311.2	262.2	49.0	24.2	125.4	112.6	112.6	95.8	83.4	128.5	122.0	95.8	83.4	
I. Capital Account (Net Transfers)	(37.4)	(47.9)	(39.2)	(8.7)	(9.7)	(10.9)	(18.6)	(18.6)	(22.3)	(13.1)	(11.4)	(13.6)	(22.3)	(13.1)	
II. Financial Account (Net)	535.4	359.1	301.4	57.7	33.9	136.3	131.2	131.2	118.1	96.5	139.9	135.6	118.1	96.5	
1. Direct Investment	190.3	273.7	360.4	38.8	62.4	105.4	67.1	67.1	139.7	66.7	96.3	57.7	139.7	66.7	
2. Other Investments	345.1	85.4	129.7	18.9	(28.5)	30.9	64.1	64.1	(21.6)	29.8	43.6	77.9	(21.6)	29.8	
Central Gov't Long Term Capital	196.0	(4.4)	0.9	(3.3)	1.4	(3.2)	0.7	0.7	(0.7)	2.0	(0.4)	--	(0.7)	2.0	
Other Public Sector Capital	(143.5)	(15.7)	(9.4)	(4.5)	(2.9)	(4.7)	(3.6)	(3.6)	(3.2)	(1.7)	(2.3)	(2.2)	(3.2)	(1.7)	
Banks	(102.4)	(64.5)	47.6	(0.9)	(40.0)	(19.3)	(4.3)	(4.3)	(12.5)	16.9	(25.3)	68.5	(12.5)	16.9	
Other	395.1	170.1	90.6	27.6	13.0	58.2	71.3	71.3	(5.2)	12.6	71.6	11.6	(5.2)	12.6	
C. Net Errors and Omissions	85.5	172.3	103.7	75.4	42.2	81.0	(26.3)	(26.3)	65.0	48.2	(36.8)	27.3	65.0	48.2	
D. Overall Balance (A+B+C)	111.1	183.7	(256.6)	109.1	59.2	(43.3)	58.7	58.7	(96.0)	(86.4)	50.7	42.6	(96.0)	(86.4)	
E. Financing (Net)	(111.1)	(183.7)	89.1	(109.1)	(59.2)	43.3	(58.7)	(58.7)	96.0	86.4	(50.7)	(42.6)	96.0	86.4	
Change in SDR holdings	--	--	0.2	--	--	--	--	--	0.1	0.1	--	--	0.1	0.1	
Change in Reserve Position with the IMF	(0.9)	(0.4)	0.7	--	0.1	--	(0.5)	(0.5)	--	0.1	0.3	0.3	--	0.1	
Change in Ext. Foreign Assets () = Increase	(110.2)	(183.3)	88.2	(109.1)	(59.3)	43.3	(58.2)	(58.2)	95.9	86.2	(51.0)	(42.9)	95.9	86.2	

Source: The Central Bank of the Bahamas

Figures may not sum to total due to rounding

TABLE 14
EXTERNAL TRADE

	(B\$ '000)													
	2001			2002			2003			2004				
	Qtr. I	Qtr. II	Qtr. III	Qtr. I	Qtr. II	Qtr. III	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
I. OIL TRADE														
i) Exports	68,844	90,579	24,477	37,745	10,309	3	14,165	--	7,836	9,375	9,552	10,982		
ii) Imports	292,807	237,630	257,263	286,374	67,329	72,191	55,038	62,705	70,256	75,242	78,175	62,701		
II. OTHER MERCHANDISE														
Domestic Exports														
Crawfish	67,696	89,809	106,381	86,107	36,422	529	19,275	50,155	19,432	3,399	18,409	44,867		
Fish & other Crustacea	4,211	1,712	1,773	1,285	843	--	538	392	426	389	378	92		
Fruits & Veggies.	7,514	2,013	2,000	1,369	542	239	34	1,185	853	--	281	235		
Aragonite	278	291	478	80	--	84	394	--	6	74	--	--		
Rum	38,190	37,760	22,024	31,344	19,094	2,622	93	215	8,632	7,319	8,235	7,158		
Other Cordials & Liqueurs	195	110	48	35	--	23	22	3	3	26	6	--		
Crude Salt	13,507	8,389	13,636	12,457	7,392	--	6,244	--	4,016	3,456	2,156	2,829		
Hormones	--	--	--	--	--	--	--	--	--	--	--	--		
Chemicals	13,124	433	49	--	2	47	--	--	--	--	--	--		
Other Pharmaceuticals	81	2,313	--	--	--	--	--	--	--	--	--	--		
Fragrances	64	423	--	--	--	--	--	--	--	--	--	--		
Other	83,115	65,733	117,726	107,550	27,127	21,017	46,996	22,586	28,408	27,516	21,028	30,598		
i) Total Domestic Exports	227,975	228,995	186,681	219,874	91,422	24,561	73,596	74,536	61,776	42,179	50,493	85,779		
ii) Re-Exports	78,490	69,203	76,235	123,338	16,059	23,246	19,520	17,410	21,426	55,156	17,585	29,171		
iii) Total Exports (i+ii)	306,465	298,198	262,916	343,212	107,481	47,807	93,116	91,946	83,202	97,335	68,078	114,950		
iv) Imports	1,635,942	1,600,835	1,616,895	1,690,140	394,326	378,858	413,980	429,731	425,444	401,637	397,509	465,550		
v) Retained Imports (iv-ii)	1,557,452	1,531,632	1,540,660	1,566,802	378,267	355,612	394,460	412,321	404,018	346,481	379,924	436,379		
vi) Trade Balance (i-v)	(1,329,477)	(1,302,637)	(1,353,979)	(1,346,928)	(286,845)	(331,051)	(320,864)	(337,785)	(342,242)	(304,302)	(329,431)	(350,600)		

Source: Department of Statistics Quarterly Statistical Summaries

TABLE 15
SELECTED TOURISM STATISTICS

Period	2003p			2004p			2005p			2005p					
	2003p	2004p	2005p	2004p	2005p	2005p	2005p	2005p	2005p	2005p	2005p	2005p	2005p		
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
Visitor Arrivals															
Air	4,594,042	5,003,967	5,050,730	1,392,826	1,406,943	1,094,044	1,110,154	1,351,742	1,291,087	1,131,611	1,276,290	1,351,742	1,291,087	1,131,611	1,276,290
Sea	1,428,973	1,450,313	1,514,532	411,990	435,422	318,012	284,889	394,922	431,804	358,664	329,142	394,922	431,804	358,664	329,142
	3,165,069	3,553,654	3,536,198	980,836	971,521	776,032	825,265	956,820	859,283	772,947	947,148	956,820	859,283	772,947	947,148
Visitor Type															
Stopover	1,510,169	1,561,312	n.a	449,911	492,207	336,519	282,675	426,435	465,332	288,786	n.a	426,435	465,332	288,786	n.a
Cruise	2,970,174	3,360,012	3,349,998	931,362	901,573	723,054	804,023	908,976	795,288	719,118	926,616	908,976	795,288	719,118	926,616
Day/Transit	113,699	82,643	n.a	11,553	13,163	34,471	23,456	16,331	30,467	123,707	n.a	16,331	30,467	123,707	n.a
Tourist Expenditure(B\$ 000's)															
Stopover	1,758,911	1,884,482	n.a	544,638	575,281	386,288	378,275	558,750	n.a	n.a	n.a	558,750	n.a	n.a	n.a
Cruise	1,596,870	1,693,487	n.a	493,077	524,033	346,891	329,486	405,386	n.a	n.a	n.a	405,386	n.a	n.a	n.a
Day	157,006	185,818	n.a	50,376	49,968	37,675	47,799	66,495	n.a	n.a	n.a	66,495	n.a	n.a	n.a
	5,035	5,177	n.a	1,185	1,280	1,722	990	86,869	n.a	n.a	n.a	86,869	n.a	n.a	n.a
Number of Hotel Nights	3,554,856	3,269,602	3,224,883	909,790	893,364	780,436	686,012	798,213	809,061	811,541	806,068	798,213	809,061	811,541	806,068
Average Length of Stay	5.9	6.3	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Average Hotel Occupancy Rates (%)															
New Providence	66.4	70.9	75.4	76.7	76.1	69.1	61.7	80.7	81.1	74.1	65.8	80.7	81.1	74.1	65.8
Grand Bahama	48.4	59.8	63.7	65.8	62.4	58.0	53.0	68.0	68.5	58.7	59.6	68.0	68.5	58.7	59.6
Other Family Islands	34.8	37.1	39.4	38.6	44.5	34.8	30.4	44.0	50.6	33.4	29.7	44.0	50.6	33.4	29.7
Average Nightly Room Rates (\$)															
New Providence	165.8	164.9	164.8	184.7	174.8	148.7	151.4	190.1	175.08	149.7	144.4	190.1	175.08	149.7	144.4
Grand Bahama	83.5	92.3	109.8	95.0	88.2	82.6	103.6	123.3	108.78	97.9	109.4	123.3	108.78	97.9	109.4
Other Family Islands	160.5	169.8	190.1	174.7	177.2	154.6	172.8	196.0	187.31	201.3	175.7	196.0	187.31	201.3	175.7

Source: The Ministry of Tourism