

The Central Bank of The Bahamas



Quarterly Economic Review

June, 2002

Vol. 11, No.2

The Quarterly Economic Review is a publication of The Central Bank of The Bahamas, prepared by The Research Department for issue in March, June, September and December. It replaces the former Quarterly Review which was last published for March 1992. All correspondence pertaining to the Economic Review should be addressed to:

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QUARTERLY ECONOMIC REVIEW

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REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

DOMESTIC ECONOMIC DEVELOPMENTS

Although the weakness in the Bahamian economy dissipated significantly since last year's adverse external shocks, provisional estimates for the second quarter of 2002 still suggest a comparative decline in activity relative to the same period of 2001, but in the continuing context of mild inflation. Ongoing sluggishness in consumer confidence in the United States constrained tourism output, as reduced hotel occupancy levels in the stopover market diluted the positive contribution from average industry pricing gains. Based on latest available indicators for the first quarter of 2002, falloffs in both new and planned future investments signaled some slowdown in construction activity. Meanwhile, the fiscal situation remained adversely affected by the sluggish economy, with reduced revenue collections contributing to a sizeable deficit during the first 11 months of FY2001/02. Monetary developments featured strong public sector net foreign currency loan inflows, which boosted bank liquidity and foreign reserves, in the context of otherwise muted private sector credit expansion. On the external side, reduced import demand facilitated some narrowing in the current account deficit during the second quarter, while expanded net private long-term investments inflows supported a widening of the surplus on the capital and financial account.

As a result of the increased public sector net foreign currency inflows and sharply reduced private sector credit expansion, the banking system's net free cash balances surged by more than a quarter to \$143.4 million during the review period. This was equivalent to an enlarged 3.9% of Bahamian dollar deposit liabilities, up from 1.5% in 2001. More broadly defined secondary liquidity—measured by surplus liquid assets—was also extended by nearly two-thirds to \$173.2 million, for a significantly boosted surplus ratio of 28.9% as compared to 8.9% in 2001. Although these developments influenced broad-base softening in commercial banks' weighted average deposit rate by 15 basis points to 4.22%, the corresponding lending rate firmed broadly by 51 basis points to 11.71%, consequently increasing the average loan-to-

deposit rate spread by 66 basis points to 7.49%. While benchmark rates, commercial banks' Prime and the Central Bank's Discount Rate, were unchanged at 6.00% and 5.75% respectively, the average 90-day Treasury bill rate rose further by 33 basis points to 2.96%.

In contrast to a 0.1% contraction last year, the overall money supply (M3) expanded by 2.3% to \$3.89 billion, mainly reflecting the recent net foreign currency inflows. As regard the various components, demand deposits recovered by 5.6% from a 1.8% drop in 2001, and savings expansion was more than doubled at 3.5% in contrast to nearly stable fixed deposits growth of 0.4%. Growth in currency in the hands of the public also accelerated to 5.0% from 1.0% last year.

Total domestic credit expansion firmed to 1.8% from 1.0% and was concentrated mainly in the public sector, where net claims rose by 8.6% relative to a 1.5% decline in the second quarter of 2001. In particular, the increase in net claims on Government—which was entirely in foreign currency—quickened to 11.1% from 0.1%, while credit to the public corporations grew marginally by 0.6% following a contraction of 7.1% last year. Conversely, private sector credit expansion tapered off to 0.4% from 1.5% in 2001, with the only significant uptrend of \$39.3 million (3.8%) registered for residential mortgages. Instead, banks recorded a reversal in consumer lending, to a decline of 0.3%, as well as reduced aggregate claims for other private sector activities.

Amid losses in customs and tourism-related taxes, an estimated budget deficit of \$99.0 million emerged in the fiscal sector during the first 11 months of the FY2001/02, eliminating the \$10.2 million surplus achieved in the year earlier period. Revenue collections were broadly reduced by 10.7% to \$784.8 million, including a 10.0% drop in tax receipts. Total expenditure grew by 1.7% to \$883.8 million, reflecting a more moderate 2.3% advance in recurrent outlays and a near halving in net lending to public corporations, which together countered the 19.0% acceleration in capital spending. Budgetary financing for the 11 month review period included net loans of \$59.1 million, alongside increases in short-term

liabilities to the banking system. Based on second quarter developments, the Direct Charge on Government rose significantly by \$107.9 million (6.8%) to \$1,682.9 million, buoyed by net foreign currency borrowings. However, a marginal net repayment of Government's contingent liabilities to \$407.5 million, contained the increase in the National Debt at \$105.3 million (5.3%), for an end-June 2002 stock of \$2,090.4 million compared to \$1,896.1 million at the close of FY2000/01.

Preliminary indications are that tourism output remained sluggish during the second quarter, although weakness in the volume of stopover business was softened by comparatively appreciated hotel room pricing. Total arrivals fell by 1.8% to 1.12 million visitors, as against a 2.6% increase in 2001. Losses in New Providence and the Family Islands led an 11.3% downturn in air traffic, whereas growth in sea arrivals nearly doubled to 4.1%, due entirely to augmented cruise traffic to the Family Islands. Estimated room revenues in the hotel sector, a key indicator of expenditure performance, declined further by 0.8%, despite a 7.5% appreciation in the average nightly room rate to \$162.89, as average occupancy levels decreased to 64.3% from 70.5% in 2001. This, nevertheless, was the first comparative rebound in pricing since the September 11 incident, although concentrated entirely in New Providence.

According to the latest available data for the first quarter of 2002, construction sector output contracted relative to the same period last year, as evidenced by a reduction in new investments as well as a softening in indicators of planned future activity, which were both concentrated in the commercial segment. Valuations on projects started during the period declined by 3.1% to \$48.4 million, encompassing the more than one-third reduction in commercial estimates to \$8.3 million, which overshadowed a 6.6% rise in appraised housing starts to \$38.5 million. Estimated building completions, however, advanced in value by 6.5% to \$61.1 million, comprising both residential and commercial gains. Based on permits granted, the value of planned future investments was more than halved to \$125.4 million, marked by reduced commercial valuations at \$52.6 million from \$191.8 million in 2001. Also, the value of residential approvals declined by 15.6% to \$72.7 million.

Consumer price inflation, as measured by quarterly changes in the average Retail Price Index, decelerated to

0.1% from 0.9% over the same period last year, following reductions in average costs on transportation & communication and medical & health care, and slower advances in average costs on food & beverages and furniture & household operations. Nevertheless, for the 12 months ended June 2002, the annual inflation rate advanced to 2.2% from 1.5%, paced by a re-accelerated uptrend in educational costs to 14.6% from 6.1%. Although less significant, average price increases also firmed for furniture & household operations (2.9%), transportation & communication (1.8%), recreation & entertainment services (2.5%) and "other" unclassified goods and services (3.4%), but stabilized for food & beverage (2.1%).

In the external sector, the estimated current account deficit narrowed to \$32.7 million from \$52.2 million last year. Despite an increase in the oil bill, the trade deficit improved by 7.5% to \$314.8 million, benefiting from restrained private sector credit conditions and reduced import demand. Combined with a 15.9% contraction in net factor income remittances to \$57.3 million, these developments overshadowed an otherwise reduced net invisible inflow of 4.4% to \$326.7 million, which included a 5.2% decrease in net tourism receipts and increased net outflows for most other foreign services, except transportation and insurance. Meanwhile, net transfer receipts were also slightly reduced to \$12.8 million.

In capital and financial transactions, the net surplus rose significantly to \$99.9 million from \$32.8 million last year. Net private direct foreign investments were higher at \$58.0 million from \$31.5 million, encompassing significant increases in both net equity and real estate inflows at \$36.2 million and \$21.8 million, respectively. The private sector also recorded net loan proceeds of \$22.7 million as opposed to a marginal net repayment in 2001, and domestic banks registered a more than three-fold expansion in net short-term inflows to \$51.5 million. Conversely, the public sector's net external debt repayment advanced to \$26.0 million from \$6.1 million in the corresponding period of 2001.

FISCAL OPERATIONS

Based on provisional estimates for the first 11 months of FY2001/02, the Government's operations resulted in an overall deficit of \$99.0 million, following

savings of \$10.2 million over the same period in FY2000/01. Extended weakness in the economy following the September 11 incident underpinned a 10.7% falloff in revenue collections, against a 1.7% increase in overall expenditures.

REVENUE

With a broad-based falloff in the major categories, total revenue and grants decreased to \$784.8 million from \$879.0 million in the cumulative review period of FY2000/01. In particular, tax collections contracted by \$80.0 million (10.0%) to \$716.1 million, and non-tax receipts by \$14.2 million (17.1%) to \$68.7 million.

export-related taxes. Depressed tourism activity influenced a 20.4% reduction in taxes on related services to \$30.0 million, including a \$2.6 million (16.3%) decrease in gaming taxes and a nearly one-fourth reduction in hotel occupancy taxes. Departure taxes also decreased by \$2.3 million (4.4%) to \$50.1 million. Declines were also evidenced in business and professional license fees, of \$6.3 million (12.9%); property taxes, of \$1.0 million (3.1%); motor vehicle taxes, of \$2.8 million (21.5%) and stamp taxes on financial and other transactions, of \$13.6 million (18.2%).

Non-tax collections featured a \$27.0 million (36.1%) drop in payments of fines, forfeitures and administrative fees, to \$47.7 million, and a two-thirds reduction in income from public enterprises to \$2.1 million. However, income from other sources contributed an additional \$4.1 million (28.9%) at \$18.3 million, while the sale of Government property generated a nearly stable \$0.6 million.

EXPENDITURE

Following moderate cutbacks in planned spending, total expenditures—inclusive of net lending to public corporations—rose by an estimated \$15.0 million (1.7%) to \$883.8 million, although remaining some 13.1% off the pace of average monthly budgeted spending for FY2001/02. While net lending to state owned enterprises was almost halved to \$24.3 million, both recurrent and capital spending expanded by 2.3% and 19.0% to \$776.8 million and \$82.7 million, respectively.

An analysis of current spending by economic classification revealed a \$12.9 million (3.9%) expansion in the wage bill (at 44.0% of the total) to \$341.9 million, partly influenced by salary increases to selective public service employee groups; and a more moderate hike in purchases of goods and services, of 2.3% to \$160.0 million. Transfer payments, however, were relatively stable, following almost offsetting shifts in the two major components. In particular, interest payment on the debt rose by 12.7% to \$96.1 million, largely corresponding to an expansion in the local currency stock, whereas subsidies and other transfers were lowered by 5.1% to \$178.8 million, owing mainly to timing-related reductions in transfers to non-profit institutions and in general subsidy payments.

Government Revenue By Source

YTD – May

	FY 00/01p		FY 01/02p	
	B\$M	%	B\$M	%
Property tax	31.9	3.6	30.9	3.9
Selective Services tax	37.7	4.3	30.0	3.8
Bus. & Prof. Lic. Fees	48.9	5.6	42.6	5.4
Motor Vehicle tax	13.0	1.5	10.2	1.3
Departure tax	52.4	6.0	50.1	6.4
Import duties	366.6	41.7	331.6	42.3
Stamp tax from imports	96.0	10.9	81.6	10.4
Export tax	12.9	1.5	13.2	1.7
Stamp tax from exports	--	--	--	--
Other stamp duty	74.7	8.5	61.1	7.8
Other Tax revenue	67.6	7.7	69.3	8.8
Fines, forfeits, etc.	61.3	7.0	47.7	6.1
Sale of Govt. Property	0.7	0.1	0.6	0.1
Income	20.9	2.4	20.4	2.6
Other non-tax rev.	--	--	--	--
Capital Revenue	0.1	--	--	--
Grants	--	--	--	--
Less: Refunds	5.7	0.6	4.5	0.6
Total	879.0	100.0	784.8	100.0

As regard taxes, constrained domestic consumption, resulting partly from sluggish private sector credit growth, contributed to a reduction in levies collected on international trade and transactions of \$49.2 million (10.3%) to \$426.4 million. This comprised a \$35.0 million (9.5%) deterioration in import duty collections and the \$14.4 million (15.0%) decline in stamp taxes on imports, which contrasted with a modest \$0.3 million (2.3%) gain in

On a functional basis, notable recurrent spending increases included a 10.0% hike in tourism-related outlays to \$58.1 million—attributable mainly to intensified promotional activities following September 11—and increases for defence (3.1%), health (5.6%), public works (4.2%) and various social benefits and services (3.3%)—together comprising 29.9% of the recurrent expenditure budget. Conversely, expenditure reductions were noted for general public administration (2.6%), education (2.1%) and housing (9.1%), which together absorbed one-third of recurrent expenses.

The bulk of the capital outlays increase was concentrated in public sector investments in infrastructural projects—at \$45.8 million vis-à-vis \$25.7 million last year. Moderately elevated investments were also recorded for education (\$16.6 million) and general administration (\$9.8 million), whereas outlays for health and defence decreased by more than 25.0%, on average, to \$5.4 million and \$1.5 million, respectively and for public order and safety, by nearly two-thirds to \$1.1 million.

FINANCING AND THE NATIONAL DEBT

Budgetary financing during the first eleven months of FY2001/02 included net Bahamian dollar borrowings of \$81.3 million, net foreign currency debt repayments of \$22.3 million, and increases in net short-term advances from the local banking sector.

The Direct Charge on Government rose by a sizeable \$107.9 million (6.8%) to \$1,682.9 million during the June quarter, as compared to \$13.0 million (0.9%) over the same period in 2001. Developments were led by drawdowns on a special US\$125 million loan facility provided by domestic commercial banks, which consequently boosted the foreign currency component by 56.0% to \$211.1 million. Meanwhile, the Bahamian dollar portion, which advanced by \$32.5 million (2.3%) to \$1,471.9 million, fell in share to 87.5% of the total, remained largely comprised of long-term bonds (\$1,217.1 million). The ownership pattern of local currency debt show the dominant share (39.6%) held by public corporations, mainly the National Insurance Board, followed by banks (28.7%), various private and institutional investors (21.6%), and the Central Bank (10.1%).

Following a marginal net repayment on Government's contingent liabilities of 0.6% to \$407.5 million, the

advance in the National Debt paced slightly below the increase in the Direct Charge, at \$105.3 million (5.3%), for an outstanding stock of \$2,090.4 million at end-June 2002. This also represented a \$160.4 million (10.5%) hike above the stock at end-FY2001/02.

PUBLIC SECTOR FOREIGN CURRENCY DEBT

Following a net repayment of \$6.2 million in 2001, the public sector's foreign currency debt increased by \$73.0 million (18.1%) to \$476.5 million during the review quarter. In particular, the Government's outstanding liabilities rose by more than half to \$211.1 million, for an enlarged 44.3% of the total. However, the public corporations recorded a mild contraction (0.9%) to \$265.5 million. Foreign currency debt servicing, at \$39.1 million, was more than doubled the comparative 2001 estimate of \$17.5 million, comprising \$32.3 million in amortisation—including a \$25.0 million maturity on the \$50 million development bond and \$6.8 million in interest charges. As a result, total debt service as a proportion of exports of goods and non-factor services more than doubled to 5.9% from 2.5% in the same period last year. Indications are that the Government's debt servicing as a proportion of revenues was also higher than the 2.5% ratio recorded in 2001.

By creditor profile, the largest share of the public sector's foreign currency debt was held by multilateral institutions (50.3%), followed by commercial banks (44.4%), private capital markets (5.2%) and other institutions (0.1%). Following recent maturities and new borrowings, the average term to maturity of the debt shifted slightly higher to an excess of 10 years, but the currency denomination remained almost entirely in US dollars.

2002/2003 BUDGET HIGHLIGHTS

Presented to Parliament on 30th May 2002 and approved in June, the Government's Budget for FY2002/03 proposed a more medium-term timetable for achieving a balanced position in the public finances, in light of the attenuated shortfalls brought on by recent externally driven weaknesses in the economy.

The Budget contained no new taxation proposals but instead focused on important initiatives to stimulate medium and long-term economic development. In particular, the Government proposed the creation of

Economic Enterprise Zones, to stimulate development within depressed areas in the Family Islands, by establishing a 5-year exemption from customs and stamp duty on imported investments goods. The Budget also foreshadowed the intent to grant during the course of the fiscal year, stamp tax relief for first time homebuyers, and a combination of exemptions and pro-rated reductions in real property taxes. Plans were also announced for a further review of the revenue structure, towards achieving greater administrative efficiency, and to take account of reforms that might be necessary under the obligations that The Bahamas might assume within the World Trade Organization (WTO) and the Free Trade Area of the Americas (FTAA).

Also noteworthy were the Government's expectations to complete the establishment of the legal framework to facilitate e-commerce-related development during the current fiscal year, and to conclude the privatization process for the state owned telecommunications company within the early months of 2003.

Against this backdrop and with the sluggishness in economic performance impeding revenue flows, the Budget envisioned an overall deficit of \$146.5 million for FY2002/03, as compared to the \$5.8 million surplus initially forecasted in the previous year, and the revised projection for a shortfall in excess of \$100.0 million in the final 2001/02 outcome.

The comparative changes in the budgetary estimates were most notable in the reduced revenue projections, which took account of realized shortfalls experienced during FY2001/02. Relative to last year's budget, revenues and grants are projected to decrease by 6.5% to \$962.8 million vis-à-vis an 8.3% hike in approved expenditures to \$1,109.3 million. However, on an average monthly basis, the revenue forecast amounted to a 12.5% improvement over actual collections in the first eleven months of FY2001/02. Expenditure allocations, meanwhile, were some 15.1% higher than the average monthly outlays during the same period.

Levies on international trade and transactions, the largest tax revenue component (65.3%), are projected to decrease by 6.3% from last year's initial expectations to \$574.2 million, with import duties contracting by 8.2% and stamp taxes on imports by 0.4%. Conversely, the Government anticipates an increase in export duties of 7.3%.

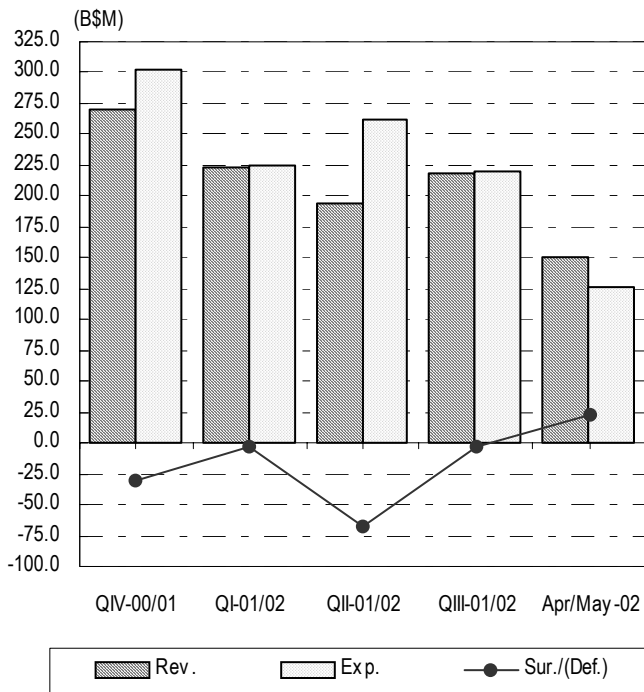
Among other tax categories, property tax collections are expected to decrease by 23.6% to \$40.2 million as a result of the proposed exemptions on owner-occupied properties valued at \$250,000 or less and prorated reduction in tax rates for higher property values. Departure taxes are projected to yield 8.6% less at \$63.7 million; motor vehicle taxes, a reduced 2.2% to \$18.1 million and stamp taxes on financial and other transactions, 13.6% less at \$67.5 million, given an abated level of transactions in the banking sector. Conversely, selective taxes on tourism services are set to increase by 8.5% to \$48.5 million, premised on growth in visitor activity during the second half of the fiscal year. Given the milder than expected falloff in International Business Companies (IBC) registration during FY2001/02, business and professional license fees are now budgeted to grow by 17.7% to \$59.9 million over last year's forecast.

Regarding non-tax revenue, although the Budget forecasts an increase of 0.6% to \$77.8 million over last year's projections, this still incorporates more restrained expectations vis-a-vis realized collections in the first eleven months of FY2001/02. The outlook comprised a 2.0% gain in anticipated fines, forfeitures & administrative fees to \$55.8 million, a category which posted average annual growth of approximately 12.6% over the past 5 years. However, capital revenue from the sale of assets is expected to yield a reduced \$3.0 million as opposed to the \$5.0 million anticipated last year, and grants of \$2.2 million compared to an expected \$7.3 million in FY2001/02.

On the expenditure side, the \$78.7 million increase in allocations included expanded recurrent provisions of 6.7% to \$953.9 million, which accounted for 88.2% of the total, and a 17.1% boost in capital allocations to \$127.4 million. In addition, appropriations for net lending to the public corporations were raised by 31.5% to \$28.0 million, nevertheless remaining below average annual lending of \$35.4 million in the four fiscal periods through FY2000/01.

By economic classification, recurrent expenditures included a planned hike in Government consumption of 7.7% to \$624.9 million, with the salary component higher by 5.5% at \$413.0 million, partly to cover pay increases granted during the last fiscal year. In addition, allocations for purchases of goods and services rose by 12.1% to \$211.9 million, to partly facilitate the implementation of policies outlined by the new administration.

Fiscal Operations



Under transfer payments, budgeted interest payments grew by 7.0% to \$104.2 million, consistent with an increasing debt stock. Allocations for subsidies and other transfers were hiked by 4.0% to \$224.8 million, comprising an advance in direct provisions for quasi-government agencies, including the College of The Bahamas and the Public Hospitals Authority, of 3.4% to \$125.9 million; increased allotments for households, covering old age pensions and disability assistance, of 6.5% to \$55.9 million, and in planned assistance to non-financial public enterprises of 12.5% to \$8.1 million. Also, provisions for current transfers to other public corporations were higher at \$5.2 million from \$3.3 million last year.

On a functional basis, approved outlays reflected continued priority for general public services, with allocations higher by 15.0% at \$282.3 million (29.6% of the total). Also, the budget for defense rose by 8.4% to \$28.3 million; health, by 4.7% to \$155.3 million; social benefits and services, by 4.5% to \$65.3 million; housing, by 26.9% to \$3.3 million and other community and social services, by 0.1% to \$5.6 million. Conversely, constituting 19.3% of the total, the education budget was reduced by 2.8% to \$183.7 million.

The capital budget rose by \$18.6 million (17.1%) to \$127.4 million, inclusive of a \$5.8 million (10.5%) increase in provisions for public works and water supply projects to \$60.9 million. Larger allocations were also earmarked for transportation projects at \$5.5 million; for defense and health, at \$3.0 million and \$12.7 million respectively, and for general public services at \$16.6 million.

Meanwhile, budgetary financing for FY2002/03 envisaged borrowings of \$215.8 million as against projected debt amortization of \$66.9 million, of which some 19.0% was scheduled in foreign currency. Given these, the Direct Charge on Government is likely to grow by \$148.9 million to approximately \$1,831.8 million by June 2003, raising the National Debt by almost the same amount, to within the region of \$2.24 billion.

REAL SECTOR

TOURISM

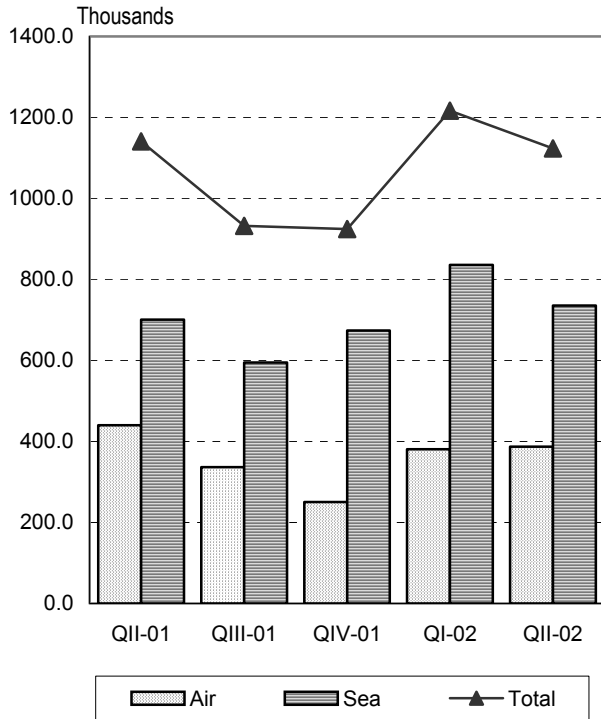
Amid signs of a relapse in the US economic recovery, preliminary estimates for the review quarter indicate continued weakness in the tourism sector, confined mainly to reduced visitor volumes. A positive feature was the marginally rebounded average pricing levels in the hotel sector, although solely in New Providence, as price discounting continued in both Grand Bahama and the Family Islands.

Total visitor arrivals fell by 1.8% to 1,123,377, reversing the 2.6% increase realized in 2001. Notably, arrivals to New Providence and Grand Bahama, which together accounted for over 70% of visitors, declined by 12.2% and 5.5% respectively, fully eclipsing the 35.1% cruise based growth in the Family Islands.

With the US slowdown adding to lingering concerns about the security of airline travel, air arrivals, which track stopover visitors, declined by 11.3% to 387,468, contrasting with last year's increase of 3.3%. Most of the contraction was concentrated in the performances for New Providence (12.6%) and the Family Islands (16.1%), and to a lesser extent in Grand Bahama (3.2%). Conversely, sea visitor growth strengthened to 4.1% for 735,909 passengers, vis-à-vis a gain of 2.2% last year,

and resulted entirely from the sizeable upsurge in Family Island traffic (55.9%). The latter, which represented approximately one-third of the sea component, outweighed both the downturn in sea arrivals to New Providence (12.0%) and the more moderated loss for Grand Bahama (7.4%).

Arrivals



As regard the expenditure outcome, available stop-over indicators suggest some decline in total inflows, based on an estimated 0.8% decrease in total room revenues in the hotel sector, which were also incrementally reduced in 2001. In this regard, depressed average room occupancy rates of 64.3% relative to 70.5% last year, were nearly offset by a 7.5% appreciation in the average nightly room rate to \$162.89, bringing an end to broad-based discounting in pricing which followed September 11, 2001. New Providence, which underpinned this result, recorded a reduced average hotel occupancy level of 71.5% as compared to 2001's 77.1%, but an 11.2% increase in average room rates to \$187.72 per night, for a 1.0% gain in estimated room revenues. However, Grand Bahama and the Family Islands experienced

revenue declines of 4.5% and 17.0%, with occupancy levels reduced to 53.1% and 43.9%, respectively, and lower average nightly room rates of 4.2% and 0.5% to \$84.90 and \$161.34, respectively.

CONSTRUCTION

Based on the latest available data for the first quarter of 2002, construction output was comparatively weaker than in the same period last year, marked by a reduction in new investments and softening indications of planned future activity, which were both more entrenched in the commercial segment.

Construction Activity (Jan-Mar)			
	2001	2002	% Δ
Building Permits			
Number	744	720	-3.2
Value (B\$M)	278.3	125.4	-54.9
Building Starts			
Number	263	340	29.3
Value (B\$M)	49.9	48.4	-3.1
of which: Residential	36.1	38.5	6.6
Commercial	13.8	8.3	39.7
Public	--	1.6	100.0
Building Completions			
Number	373	343	-8.0
Value (B\$M)	57.4	61.1	6.5

Although the number of building units started during the period rose by 29.3% to 340, the corresponding value declined by 3.1% to \$48.4 million. This reflected a more than one-third reduction in commercial estimates to \$8.3 million, despite a significant rise in the number of projects involved to 34. Conversely, housing starts were respectively higher in number and value by 23.1% and 6.6%, representing 304 units appraised at \$38.5 million. In addition, the public sector recorded two new projects, estimated at \$1.6 million, as compared to no reported activity in 2001.

Estimated building completions, although reduced in number by 8.0% to 343, appreciated in value by 6.5% to \$61.1 million. In particular, the value of residential completions rose incrementally by 1.0% to \$41.4 million,

despite a corresponding decrease in number by 18 to 314 units. Commercial completions increased more significantly in value by 20.2% to \$19.7 million, although also reduced in number by 12 to 41 projects.

Building permits granted, an indication of planned future activity, decreased by 3.2% to 720 projects, with the corresponding value more than halved to \$125.4 million. Most of this falloff occurred in commercial valuations, which contracted to \$52.6 million from \$191.8 million in 2001, although only associated with 6 fewer projects at 122. Residential approvals also declined by 18 to 597, but with a more sizeable decrease in value of 15.6% to \$72.7 million.

PRICES

Based on quarterly variations in the average Retail Price Index, consumer price inflation moderated broadly to 0.1% from 0.9% in the corresponding quarter in 2001. Developments were led by a reduction in the average cost indices for transportation & communications (2.3%)

and medical & health care (0.1%). Also noteworthy were unchanged positions in the average indices for housing, food & beverages and education; with more abated cost increases in food & beverages (0.9%) and furniture & household operations (0.2%).

For the 12-month period through June 2002, average inflation firmed to 2.2% from 1.5%, with tuition hikes influencing a resumed advance in average educational costs of 14.6% vis-à-vis 6.1% last year. Notable firming was also measured in furniture & household operations (2.9%), transportation & communication (1.8%), recreation & entertainment services (2.5%) and "other" goods and services (3.4%). Conversely, a more slowed advance was posted for average costs on medical care & health (1.3%), while average food & beverage costs recorded a stabilized increase (2.1%).

MONEY, CREDIT AND INTEREST RATES

OVERVIEW

For the quarter ended June 2002, money growth—boosted by public sector foreign currency borrowing—outpaced domestic credit expansion, which featured ongoing restraint in private sector lending activity. These conditions supported continued buoyancy in liquidity, some easing in average deposit rates and sizeable gains in external reserves. However, the financial systems' net foreign liabilities were only modestly reduced, as domestic banks largely funded the public sector's net foreign currency borrowing through a counterpart increase in their net external exposure. Meanwhile, the latest available data for the first quarter of 2002 indicated a marked deterioration in bank profitability, associated with the weakness in the economy and sluggish private sector credit conditions.

LIQUIDITY

Compared to the previous quarter, net free cash reserves of the banking system increased by more than one-fourth to \$143.4 million, representing an enlarged 3.9% of banks' total Bahamian dollar deposit liabilities, versus 1.5% for the same period a year ago. Similarly, the broader secondary liquidity, as measured by surplus liquid assets, advanced by nearly two-thirds to \$173.2 million. This exceeded the statutory minimum by 28.9%,

Average Retail Price Index

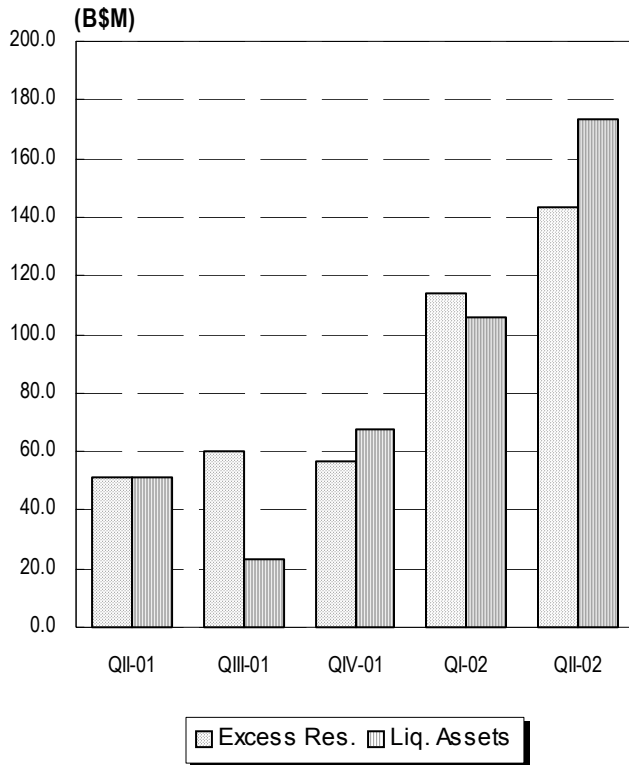
(Annual % Changes)

June

Items	Weight	2001		2002	
		Index	%	Index	%
Food & Beverages	138.3	109.5	2.1	111.8	2.1
Clothing & Footwear	58.9	106.7	0.5	107.5	0.7
Housing	328.2	102.7	0.2	102.9	0.2
Furn. & Household	88.7	107.4	2.2	110.4	2.9
Med. Care & Health	44.1	109.9	2.1	111.4	1.3
Trans. & Comm.	148.4	102.9	1.2	104.8	1.8
Rec., Enter. & Svcs.	48.7	110.3	1.0	113.1	2.5
Education	53.1	134.8	6.1	154.5	14.6
Other Goods & Svcs.	91.6	104.5	1.8	108.1	3.4
ALL ITEMS	1000.0	106.9	1.5	109.2	2.2

and contrasted with last year's 9.2% contraction in balances which placed the surplus ratio at 8.9% of the required minimum.

Liquidity



DEPOSITS AND MONEY

During the second quarter of 2002, growth in narrow money (M1) of 5.5% strongly reversed the 1.3% reduction recorded a year ago. Demand deposits recovered by 5.6% from last year's 1.8% falloff, largely concentrated in increases in private sector balances. Also, growth in currency in active circulation accelerated to 5.0% from 1.0%.

Broad money (M2) expansion firmed to 2.0% from 0.2% in 2001, with public corporations' deposit draw-downs offset by a strengthened accumulation of private sector deposits. In particular, accretions to savings deposit more than doubled to 3.5%, due entirely to private sector activities. Nearly stable fixed deposit growth of 0.4%, mainly reflected increases in business and private financial institution placements, in excess of the falloff in public corporations' balances.

After a 16.6% upturn in residents' foreign currency deposits, overall money (M3) rebounded by \$88.1 million (2.3%), to an outstanding stock of \$3,889.8 million vis-à-vis a marginal reduction of 0.1% last year. Of this total, Bahamian dollar fixed deposits represented the largest share (59.2%), followed by demand (17.5%), savings (16.7%), currency in active circulation (4.0%) and foreign currency deposits (2.6%).

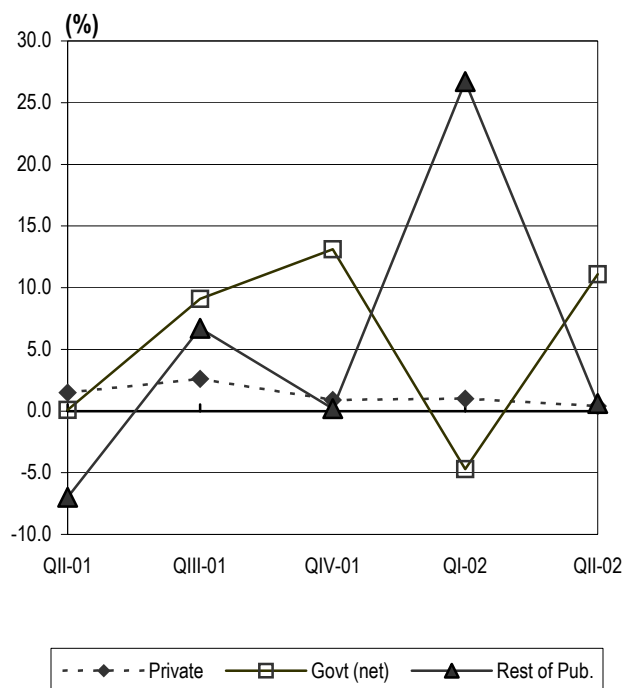
For the quarter ended June 2002, banks' total Bahamian dollar deposit liabilities, inclusive of amounts owed to the public sector, stood at \$3,687.7 million, with the largest share (55.9%) due to private individuals. A breakdown based on deposit values indicated that 90.5% of all such accounts were valued at \$10,000 or less, though corresponding to only 9.8% of the aggregate value. In contrast, deposits valued at over \$50,000 represented only 2.8% of all accounts but a disproportionately greater 75.2% of the total value; and balances ranging in value between \$10,000 to \$50,000, comprised 6.7% of all accounts and 15.0% of value.

DOMESTIC CREDIT

Growth in total domestic credit advanced to \$83.7 million (1.8%) from \$43.8 million (1.0%) in 2001, mainly reflecting the 8.6% upturn in net claims on the public sector. In particular, growth in net credit to Government quickened to \$66.2 million (11.1%) from a nearly flat position in 2001. In this regard, the Government undertook net foreign currency borrowings of \$95.8 million, which partly financed a \$29.6 million reduction in its net Bahamian dollar liabilities. Meanwhile, a marginal \$1.1 million (0.6%) rise in credit to public corporations contrasted with last year's \$10.6 million (7.1%) net repayment.

In private sector developments, credit growth slowed to \$16.4 million (0.4%) from \$53.9 million (1.5%) in 2001. The Bahamian dollar portion, nevertheless, remained the only growth component at \$33.1 million (1.0%), as institutions retained significant room for expansion within the Central Bank's imposed ceiling. However, the continued contraction in private sector foreign currency credit was more than doubled at \$16.7 million (3.5%).

Changes in Credit



On a sectoral basis, personal lending remained the largest component of private credit (66.1%), with growth reduced by more than three-quarters to \$18.7 million (0.7%). This included a notable net repayment on consumer credit of \$4.7 million (0.3%), which contrasted with last year's advance of \$14.4 million (1.0%), alongside a more marginal reduction in personal overdrafts of \$0.2 million (0.6%). The only contribution to the overall uptrend was moderately strengthened net lending for residential mortgages of \$39.3 million (3.8%).

On a sectoral basis, other private credit categories also contracted, led by declines for construction (\$24.0 million), distribution (\$8.5 million), transportation (\$7.8 million), manufacturing (\$1.3 million), fisheries (\$1.1 million) and mining & quarrying (\$0.8 million). By contrast, net increases were recorded for miscellaneous (\$34.2 million), private financial institutions (\$4.0 million), professional & other services (\$2.5 million) and tourism (\$0.4 million) loans.

A breakdown of the net repayment for consumer loans included decreases for home improvement (\$10.2 million), private cars (\$6.6 million) and debt consolidation (\$1.1 million); vis-à-vis less than fully offsetting advances

Distribution of Bank Credit By Sector

	2001		2002	
	B\$M	%	B\$M	%
Agriculture	7.5	0.2	6.9	0.2
Fisheries	6.5	0.2	6.5	0.2
Mining & Quarry	23.3	0.6	22.4	0.5
Manufacturing	65.5	1.7	66.4	1.5
Distribution	222.8	5.6	215.3	5.0
Tourism	219.9	5.5	226.3	5.3
Enter. & Catering	27.1	0.7	30.8	0.7
Transport	68.5	1.7	72.3	1.7
Public Corps.	124.4	3.1	172.6	4.0
Construction	310.4	7.9	335.0	7.8
Government	79.2	2.0	179.8	4.2
Private Financial	26.1	0.7	33.2	0.8
Prof. & Other Ser.	126.1	3.2	125.4	2.9
Personal	2,463.0	62.3	2,607.4	60.6
Miscellaneous	181.3	4.6	199.4	4.6
TOTAL	3,951.6	100.0	4,299.7	100.0

for miscellaneous balances (\$10.8 million), credit cards (\$2.1 million) and travel (\$1.9 million).

COMMERCIAL BANKS

Commercial banks' total credit expansion accelerated by \$97.3 million (2.2%), outpacing deposit growth of \$71.7 million (2.0%). This primarily reflected the \$85.9 million (19.9%) advance in net claims on government, following a 1.5% contraction in 2001.

Conversely, the \$67.2 million (2.1%) rebound in deposits liabilities to the private sector contrasted with a significantly abated increase in credit to this sector of \$10.1 million (0.3%), in the context of weak economic conditions. In addition, the upturn in public corporations deposits of \$4.5 million (1.3%) surpassed this grouping's incremental credit gain of \$1.3 million (0.7%). Credit expansion activities were also facilitated through the \$51.4 million (8.8%) increase in commercial banks' net foreign liabilities.

Comparative statistics showed that commercial banks managed the majority of Bahamian dollar deposits in the system (97.5%), of which 88.2% were owed to the

private sector, and held mainly in balances valued in excess of \$50,000 (75.0%). On a contractual basis, 62.7% of all balances represented fixed deposit placements, with the remainder comprising demand (19.2%) and savings deposits (18.1%).

OTHER LOCAL FINANCIAL INSTITUTIONS

The Other Local Financial Institutions' (OLFIs) credit growth to the private sector was fairly stable at \$6.3 million (5.0%). In this regard, mortgages, which represented 92.0% of the credit portfolio, grew at a firmer pace of \$5.7 million (4.9%). With growth in private sector deposits incrementally strengthened at \$13.4 million (17.2%), the OLFIs maintained a stable net foreign liabilities position over the end points of the quarter.

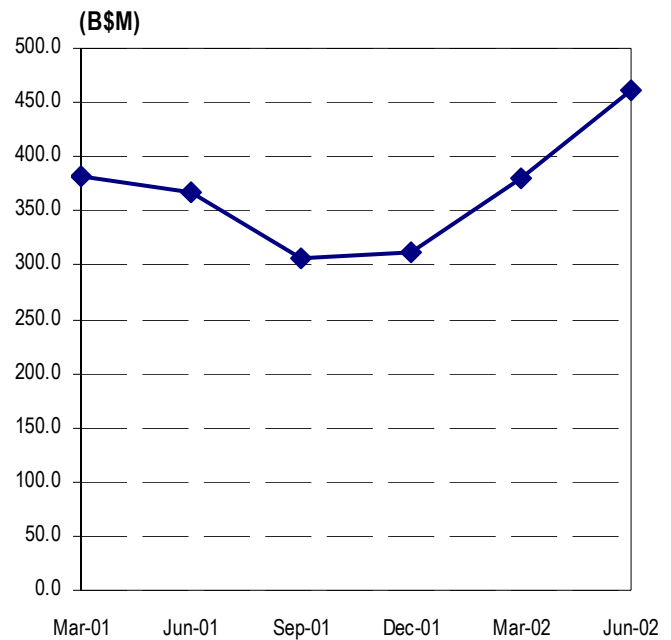
Broader analysis of OLFIs deposit liabilities indicated that the largest share of balances was in accounts valued in excess of \$50,000 (86.7%), followed by those up to \$10,000 (7.4%) and the remainder in deposit balances ranging from \$10,001 - \$50,000 (5.9%). A breakdown of these deposits by contractual categories showed a majority concentration in fixed deposit balances (88.7%), followed by demand (11.1%) and savings accounts (0.2%).

THE CENTRAL BANK

Following a \$6.3 million (5.9%) increase in 2001, the Central Bank's net claims on Government fell by \$19.7 million (12.3%) during the second quarter, mainly reflecting a reduction in holdings of Treasury bills.

As a result of the Government's net foreign currency borrowings, foreign reserves stood at \$460.7 million, some \$93.3 million (25.4%) higher than the comparative period a year ago and \$80.6 million above the previous quarter. The Bank's underlying foreign currency transactions resulted in an overall net purchase of \$74.0 million during the review quarter, of which \$50.7 million was largely from the government and \$46.7 million from commercial banks. This contrasted with a net foreign currency sale of \$17.6 million in 2001, inclusive of \$47.7 million to the public sector and a net purchase of \$30.1 million from commercial banks. On an aggregated basis, total foreign currency purchases were nearly doubled at \$217.6 million, while total sales increased more gradually to \$143.6 million from \$134.8 million.

External Reserves



INTEREST RATES

Consistent with the improved liquidity conditions, commercial banks' average deposit rates trended lower during the second quarter, with the weighted average falling by 15 basis points to 4.22%. However, with broad based firming on the lending side, the weighted average loan rate rose by 51 basis points to 11.71%, widening the average loan-to-deposit rate spread by 66 basis points to 7.49%. Benchmark rates, commercial banks' Prime and the Central Bank's Discount Rate, remained unchanged at 6.00% and 5.75%, respectively, but the average 90-day Treasury bill rate advanced further by 33 basis points to 2.96%.

On the deposit side, the average rate on fixed deposits of over one year declined by the largest margin of 72 basis points to 4.56%. Meanwhile, the average rate on placements in the 6-12 month category fell by 35 basis points to 4.48%, contrasting with the 5 basis points gain in the average savings rate to 2.78%.

The increase in average lending rates was led by the 1.47 percentage point firming in the average consumer loan rate to 13.78%, and a 42 basis point rise in the aver-

age overdraft rate to 10.60%. In addition, the average commercial and residential mortgage rates firmed by 23 and 9 basis points, to 9.30% and 8.97%, respectively.

BANK PROFITABILITY

The latest available data on profitability for the first quarter of 2002 indicate that banks' net income declined vis-à-vis the comparative 2001 period by \$10.0 million (21.7%) to \$36.1 million. In particular, the net interest margin contracted by 11.5%, after interest income decreased by 2.0% alongside a 19.4% increase in interest expenses. Receipts for commission and foreign exchange income were also lower by 24.7%. After a marginal decline in operating expenses (1.1%), mainly on staff costs, the combined result translated into a nearly one-fourth decrease in the net earnings margin to \$31.7 million. Other income, net of depreciation and bad debt expenses, rose incrementally to \$4.4 million.

Reflecting these trends, the comparative profitability ratios relative to average assets were considerably lower. Banks' gross earnings margin declined by 1.44 percentage points to 5.64%, as the corresponding ratios for both the net interest margin and commission and foreign exchange income softened. Owing to some slackening in the ratio on staff and other operating costs, by 36 basis points to 3.25%, versus a nearly stable ratio for the "other" income components of 0.34%, the deterioration in the net income (return on assets) ratio was less pronounced, to 2.73% from 3.82% in 2001.

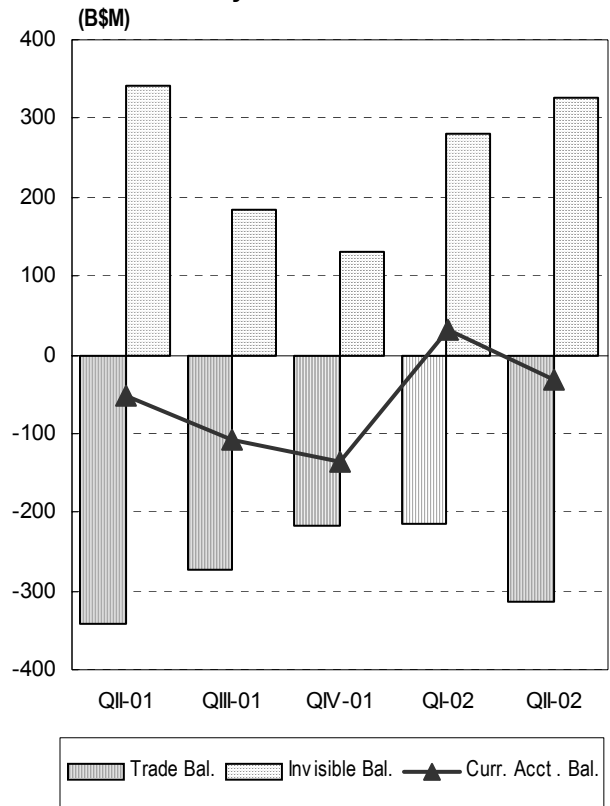
INTERNATIONAL TRADE AND PAYMENTS

Preliminary estimates for the second quarter indicate that the current account deficit narrowed to \$32.7 million from \$52.3 million in the same period last year. This was principally explained by weaker import demand, which caused a 7.5% reduction in the merchandise trade deficit, as by as lower net income outflows. These more than countered weaker net travel receipts that contributed to a contracted surplus on the services account and modestly decreased net transfer payments.

The estimated trade deficit narrowed by 7.5% to \$314.8 million as a modest decline in export receipts of 4.5% to \$124.7 million was more than offset by the 6.4%

contraction in imports to \$439.5 million. Reflecting weaker economic conditions and tight private sector credit conditions, non-oil imports fell by \$33.6 million (11.3%) to \$264.1 million. For oil imports, however, increased consumption trends mitigated the impact of lower average prices, for a \$10.0 million (13.6%) boost in outflows to \$83.7 million.

Balance of Payments



Regarding average oil prices, the per barrel cost of motor gas fell by 15.1% to \$44.15; jet fuel, by 9.7% to \$32.86; gas oil, by 7.6% to \$28.67 and aviation-gas, by 6.7% to \$83.60. In contrast, the per barrel cost of bunker 'c' fuel nearly doubled to \$41.55, while the cost of propane was unchanged at \$29.46 per barrel.

The estimated net surplus on the services account narrowed by \$14.9 million (4.4%) to \$326.7 million, resulting almost entirely from the \$25.5 million (5.2%) decline in net travel receipts, which highlighted the continued weakness in tourism. The surplus was also compressed owing to higher net outflows for construction services of 45.4% to \$12.0 million; royalty and license fees of 18.2% to \$4.1 million; government services of

10.1% to \$25.3 million and “other services” of 2.5% to \$60.2 million. Conversely, net receipts of offshore companies’ local expenses were incrementally increased to \$11.9 million, while net outflows for foreign insurance services decreased by approximately one-third to \$19.6 million and for foreign transportation services, by 12.1% to \$29.6 million.

Under the income account, net external remittances were reduced by 15.9% to \$57.3 million, with the \$3.3 million (30.5%) increase in net labour outflows to \$14.0 million more than offset by the \$14.1 million (24.6%) decline in net repatriation of investment income, primarily among banks and other private entities.

Net current transfer receipts fell by 14.1% to \$12.8 million, with net government inflows decreased by 10.7% to \$14.6 million, relative to a marginal rise in net private outflows to \$1.8 million.

On the capital and financial account, the overall surplus was extended to \$99.9 million from \$32.8 million in 2001. In particular, migrant workers’ net capital transfers eased slightly to \$6.3 million, with the more significant component, net financial inflows, widening to \$106.2 million from \$40.5 million in 2001.

Within financial flows, net foreign direct investments advanced to \$58.0 million from \$31.5 million in 2001, with net equity and real estate investments nearly doubled to \$36.2 million and \$21.8 million, respectively. Under other investments, net private sector loan inflows of \$22.7 million contrasted with a marginal net repayment in the previous year, while banks recorded significantly increased net short-term inflows at \$51.5 million from \$15.9 million last year. These overshadowed the larger net reduction in the public sector’s external liabilities of \$26.0 million vis-à-vis \$6.0 million last year.

Consequent to these developments and after adjusting for possible errors and omissions, the overall balance recorded a surplus of \$80.6 million as against a deficit of \$14.6 million in the year-earlier period.

INTERNATIONAL ECONOMIC DEVELOPMENTS

The pace of output expansion among the major industrial economies was mixed during the second quarter,

with slowed gains in the United States and the euro area contrasting with moderate strengthening in the United Kingdom and Japan. Uncertainty, however, was more pervasive over the medium-term growth prospects, underscored by significant turbulence in international equity markets. These conditions contributed to marginally increased unemployment, on average, but in the context of appreciated exchange rates and mildly decelerated inflation trends in most economies. Within this environment, most major central banks kept key interest rates unchanged for the third consecutive quarter. On the external side, sluggish global demand conditions contributed to deteriorated positions in most major countries trade balances.

Growth in the United States’ economy slowed to an annualized rate of 1.1% during the second quarter of 2002, relative to the 5.0% momentum experienced in the previous quarter. This outcome reflected intensified weakness in the export sector, alongside a more abated contribution from government and consumer spending, and reduced outlays on business inventories. In the euro area, indications are that Germany’s output growth also slackened from the first quarter’s estimate of 0.7%, with industrial production rising at an incrementally slower pace of 0.4% as compared to 0.5% in the first quarter. For the United Kingdom, however, the pace of estimated GDP expansion firmed to 3.6% from 0.6% in the previous quarter, owing to stronger growth in the manufacturing sector and household and public spending gains, which countered weaker trends in business investments. Stronger evidence of a recovery emerged in Japan, where firmer export expansion supported accelerated growth in industrial output of 5.5% as compared to 1.8% in the first quarter.

Employment conditions in the major economies deteriorated further during the second quarter of 2002. The average jobless rate in the United States rose slightly to 5.9%, from the first quarter’s estimate of 5.6%. In the euro area, average unemployment was also modestly higher at 8.3%, with Germany’s rate firming to 9.8% from 9.6%. Marginal deterioration was also noted in the United Kingdom’s jobless rate, to 5.3% during April and May from 5.1% in first quarter; while the Japanese average unemployment rate remained at 5.3%.

With the exception of some firming in the United States, average consumer price inflation trends deceler-

ated somewhat for most major economies during the second quarter of 2002. The United States' average inflation rate advanced to 2.7% on an annualized basis, from 1.4% in the first quarter, while the euro area recorded easing to 2.1% from 2.6%, underpinned by declining import prices on account of the appreciating currency. For Germany, this amounted to an average increase of 0.9% compared to 1.7% in the first quarter. In the United Kingdom, average quarterly consumer price inflation also receded to 1.9% on an annualized basis from nearly 2.5% in the first quarter, owing to a seasonal falloff in food prices and reduced energy costs. Meanwhile, in Japan, where deflationary trends have persisted since 1996, the core consumer price index declined further by 0.9%, on an annualized basis, as compared to a 0.8% softening during the first quarter, partly due to cheaper imports resulting from the appreciated currency.

In currency markets, the United States' dollar was broadly depreciated against other major currencies, given increased uncertainty over the country's economic outlook and more turbulent equity markets. The largest decline was recorded against the euro, by 8.3% to €1.05, followed by an 8.0% loss against the Swiss Franc to SF1.54. The dollar also weakened 5.9% against the Japanese yen to ¥123.29; 4.1% against the pound sterling to £0.67 and 3.5% against the Canadian dollar to C\$1.53.

Commodities market developments during the quarter featured a continued uptrend in the price of precious metals. Both gold and silver prices rose by 3.9% to \$314.45 and \$4.84 per ounce, respectively. On the energy front, however, the per barrel price of North Sea Brent Crude fell slightly by 0.6% to \$25.45, amid heightened uncertainties over the outlook for the global economy and fuel demand. In view of these conditions, OPEC decided on June 26 to hold current production levels steady until end-September 2002.

On the major bourses, equity valuations declined sharply during the second quarter, plagued particularly by

corporate accounting scandals in the United States, alongside concerns over the global economic outlook. In the United States, the Dow Jones Industrial Average (DJIA) fell by 11.2% to 9,243 points, and the broader S&P 500 by 13.7% to 990 points. Both indices however, retained some gain from their post-September 11 lows, at 12.2% and 2.5% respectively. Nearly parallel declines were also recorded on European markets, with Germany's DAX share price index decreasing by 18.8% to 4,383 points; France's CAC 40 index, by 20.3% to 3898 points and the United Kingdom's FTSE 100 index by 11.7% to 4,656 points. Japan's Nikkei 225 index experienced a more moderate decline of 3.7% to 10,622 points at quarter's end.

On the monetary policy front, major central banks continued to hold key interest rates unchanged during the second quarter of 2002. The United States' Federal Reserve maintained its discount rate at 1.25% for the sixth consecutive month, and the federal funds rate at 1.75%. Amid uncertainty over the impact of more turbulent financial markets and a stronger currency on the euro area's recovery, the European Central Bank kept its key refinancing rate at 3.25% for the third consecutive quarter. The Bank of England also left its repurchase rate at 4.0% for the third quarter in a row, and the Bank of Japan's official discount rate was unchanged at the unprecedented low of 0.1%.

In the external sector, most major countries experienced deteriorated trade balances, in the wake of weakness in global demand. Despite the weak dollar, the United States' trade deficit grew to \$37.2 billion from \$32.5 billion, on a seasonally adjusted basis. Owing to weaker exports, the quarterly trade deficit for the United Kingdom also expanded by 14.8% to \$3.3 billion, while Germany experienced a reduced trade surplus of \$7.8 billion, on an annual basis, due to the appreciation of the euro. Conversely, the Japanese trade surplus grew by 10.4% to \$11.7 billion, bolstered by rising shipments of technology goods in net exports.

STATISTICAL APPENDIX

(Tables 1-16)

STATISTICAL APPENDIX

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The following symbols and conventions are used throughout this report:

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

TABLE 1
FINANCIAL SURVEY

End of Period	1998	1999	2000	2001				2002	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
(B\$ Millions)									
Net foreign assets	(23.9)	(50.5)	(86.6)	(40.8)	(77.0)	(155.2)	(234.5)	(207.7)	(178.6)
Central Bank	338.8	404.0	342.6	382.1	367.4	306.2	312.4	380.1	460.7
Commercial banks	(376.8)	(456.6)	(449.5)	(450.5)	(454.1)	(466.5)	(548.4)	(583.2)	(634.6)
Other local fin. institutions	14.1	2.1	20.3	27.6	9.7	5.1	1.5	(4.6)	(4.7)
Net domestic assets	2,928.1	3,298.1	3,645.6	3,703.7	3,737.6	3,863.8	3,951.6	4,009.4	4,068.4
Domestic credit	3,425.7	3,823.5	4,278.6	4,371.1	4,414.9	4,570.2	4,677.3	4,725.5	4,809.2
Public sector	589.0	668.3	649.8	656.9	646.8	702.3	775.2	785.5	852.8
Government (net)	452.6	495.4	508.5	506.8	507.2	553.4	626.0	596.4	662.6
Rest of public sector	136.4	172.9	141.3	150.1	139.6	148.9	149.2	189.1	190.2
Private sector	2,836.7	3,155.2	3,628.8	3,714.2	3,768.1	3,867.9	3,902.1	3,940.0	3,956.4
Other items (net)	(497.6)	(525.4)	(633.0)	(667.4)	(677.3)	(706.4)	(725.7)	(716.1)	(740.8)
Monetary liabilities	2,904.2	3,247.6	3,559.0	3,662.9	3,660.6	3,708.6	3,717.1	3,801.7	3,889.8
Money	596.4	758.2	807.8	806.5	795.6	786.9	776.7	792.1	835.3
Currency	125.6	148.4	151.4	148.0	149.5	149.9	153.5	147.3	154.6
Demand deposits	470.8	609.8	656.4	658.5	646.1	637.0	623.2	644.8	680.7
Quasi-money	2,307.8	2,489.4	2,751.2	2,856.4	2,865.0	2,921.7	2,940.4	3,009.6	3,054.5
Fixed deposits	1,809.2	1,888.4	2,068.8	2,144.2	2,156.2	2,215.0	2,244.0	2,292.9	2,301.2
Savings deposits	437.9	548.0	596.1	611.6	618.9	620.2	604.6	629.2	651.3
Foreign currency	60.7	53.0	86.3	100.6	89.9	86.5	91.8	87.5	102.0
(percentage changes)									
Total domestic credit	12.0	11.6	11.9	2.2	1.0	3.5	2.3	1.0	1.8
Public sector	15.9	13.5	(2.8)	1.1	(1.5)	8.6	10.4	1.3	8.6
Government (net)	7.8	9.5	2.6	(0.3)	0.1	9.1	13.1	(4.7)	11.1
Rest of public sector	54.1	26.8	(18.3)	6.2	(7.0)	6.7	0.2	26.7	0.6
Private sector	11.2	11.2	15.0	2.4	1.5	2.6	0.9	1.0	0.4
Monetary liabilities	15.8	11.8	9.6	2.9	(0.1)	1.3	0.2	2.3	2.3
Money	15.0	27.1	6.5	(0.2)	(1.4)	(1.1)	(1.3)	2.0	5.5
Currency	14.5	18.2	2.0	(2.2)	1.0	0.3	2.4	(4.0)	5.0
Demand deposits	15.1	29.5	7.6	0.3	(1.9)	(1.4)	(2.2)	3.5	5.6
Quasi-money	16.0	7.9	10.5	3.8	0.3	2.0	0.6	2.4	1.5

Source: The Central Bank of The Bahamas

TABLE 2
MONETARY SURVEY

End of Period	1998	1999	2000	2001				2002	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
(B\$ Millions)									
Net foreign assets	(38.0)	(52.6)	(106.9)	(68.4)	(86.7)	(160.3)	(236.0)	(203.1)	(173.9)
Central Bank	338.8	404.0	342.6	382.1	367.4	306.2	312.4	380.1	460.7
Commercial banks	(376.8)	(456.6)	(449.5)	(450.5)	(454.1)	(466.5)	(548.4)	(583.2)	(634.6)
Net domestic assets	2,896.9	3,230.2	3,572.2	3,635.1	3,653.1	3,769.7	3,874.7	3,926.8	3,972.3
Domestic credit	3,353.1	3,735.7	4,158.5	4,243.4	4,280.8	4,432.5	4,553.8	4,722.3	4,674.4
Public sector	585.8	664.3	645.4	652.5	642.3	698.0	771.9	782.3	849.7
Government (net)	449.4	491.5	504.2	502.5	502.9	549.2	622.8	593.3	659.5
Rest of public sector	136.4	172.8	141.2	150.0	139.4	148.8	149.1	189.0	190.2
Private sector	2,767.3	3,071.4	3,513.1	3,590.9	3,638.5	3,734.5	3,781.9	3,940.0	3,824.7
Other items (net)	(456.2)	(505.5)	(586.3)	(608.3)	(627.7)	(662.8)	(679.1)	(795.5)	(702.1)
Monetary liabilities	2,858.9	3,177.6	3,465.3	3,566.7	3,566.4	3,609.4	3,638.7	3,723.7	3,798.4
Money	592.3	754.1	796.6	790.5	783.3	774.6	769.2	784.7	825.3
Currency	126.0	148.9	151.9	148.4	150.3	150.5	153.5	147.3	154.6
Demand deposits	466.3	605.2	644.7	642.1	633.0	624.1	615.7	637.4	670.7
Quasi-money	2,266.6	2,423.5	2,668.7	2,776.2	2,783.1	2,834.8	2,869.5	2,939.0	2,973.1
Savings deposits	436.2	545.5	593.4	608.8	616.0	617.3	604.3	628.9	651.0
Fixed deposits	1,769.7	1,825.1	1,989.0	2,066.8	2,077.2	2,131.0	2,173.4	2,222.6	2,220.1
Foreign currency deposits	60.7	52.9	86.3	100.6	89.9	86.5	91.8	87.5	102.0
(percentage change)									
Total domestic credit	12.0	11.4	11.3	2.0	0.9	3.5	2.7	3.7	(1.0)
Public sector	15.9	13.4	(2.8)	1.1	(1.6)	8.7	10.6	1.3	8.6
Government (net)	7.8	9.4	2.6	(0.3)	0.1	9.2	13.4	(4.7)	11.2
Rest of public sector	54.1	26.7	(18.3)	6.2	(7.1)	6.7	0.2	26.8	0.6
Private sector	11.2	11.0	14.4	2.2	1.3	2.6	1.3	4.2	(2.9)
Monetary liabilities	15.9	11.1	9.1	2.9	(0.0)	1.2	0.8	2.3	2.0
Money	14.9	27.3	5.6	(0.8)	(0.9)	(1.1)	(0.7)	2.0	5.2
Currency	14.6	18.2	2.0	(2.3)	1.3	0.1	2.0	(4.0)	5.0
Demand deposits	15.0	29.8	6.5	(0.4)	(1.4)	(1.4)	(1.3)	3.5	5.2
Quasi-money	16.2	6.9	10.1	4.0	0.2	1.9	1.2	2.4	1.2

Source: The Central Bank of The Bahamas

TABLE 3
CENTRAL BANK BALANCE SHEET

(B\$ Millions)

End of Period	1998	1999	2000	2001				2002	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
Net foreign assets	338.8	404.0	342.6	382.1	367.4	306.2	312.4	380.1	460.7
Balances with banks abroad	243.5	180.6	119.3	159.4	143.6	75.3	44.5	100.5	180.8
Foreign securities	86.7	214.8	215.1	214.7	215.9	222.8	260.0	271.8	271.5
Reserve position in the Fund	8.6	8.6	8.1	7.9	7.8	8.0	7.8	7.8	8.3
SDR holdings	--	--	0.1	0.1	0.1	0.1	0.1	--	0.1
Net domestic assets	(14.2)	(16.6)	31.4	18.7	36.0	100.3	107.5	66.5	52.1
Net claims on government	59.3	69.8	120.7	107.4	113.6	178.4	187.4	160.7	141.0
Claims	61.9	73.0	128.5	110.0	121.2	185.1	189.7	162.7	148.2
Treasury bills	--	13.9	66.2	44.3	59.3	109.5	98.8	57.7	38.7
Bahamas registered stock	8.4	5.6	8.8	12.2	8.4	8.2	34.0	38.8	42.1
Loans and advances	53.5	53.5	53.5	53.5	53.5	67.4	56.9	66.2	67.4
Deposits	(2.6)	(3.2)	(7.8)	(2.6)	(7.6)	(6.7)	(2.3)	(2.0)	(7.2)
In local currency	(2.6)	(3.2)	(7.8)	(2.6)	(7.6)	(6.7)	(2.3)	(2.0)	(7.2)
In foreign currency	--	--	--	--	--	--	--	--	--
Deposits of rest of public sector	(6.4)	(17.4)	(14.8)	(12.3)	(8.5)	(7.9)	(10.3)	(25.9)	(21.6)
Credit to commercial banks	0.3	0.2	--	--	--	--	--	--	--
Official capital and surplus	(86.9)	(90.7)	(98.0)	(99.4)	(92.9)	(94.5)	(94.4)	(96.6)	(95.1)
Net unclassified assets	14.5	13.6	15.1	14.7	15.6	16.2	16.8	20.4	20.1
Loans to rest of public sector	4.7	6.5	7.6	7.5	7.4	7.3	7.2	7.1	6.9
Public Corp Bonds/Securities	0.3	1.4	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Liabs. to Commercial Banks & OLF	(184.6)	(225.0)	(209.3)	(239.9)	(241.2)	(243.5)	(253.6)	(286.5)	(344.6)
Notes and coins	(47.7)	(74.7)	(64.4)	(36.6)	(38.2)	(39.0)	(64.9)	(45.3)	(40.2)
Deposits	(136.9)	(150.3)	(144.9)	(203.3)	(203.0)	(204.5)	(188.7)	(241.2)	(304.4)
SDR allocation	(14.4)	(14.0)	(13.3)	(12.9)	(12.7)	(13.1)	(12.8)	(12.8)	(13.6)
Currency held by the private sector	(125.6)	(148.4)	(151.4)	(148.0)	(149.5)	(149.9)	(153.5)	(147.3)	(154.6)

Source: The Central Bank of The Bahamas

TABLE 4
COMMERCIAL BANKS BALANCE SHEET

(B\$ Millions)

End of Period	1998	1999	2000	2001				2002	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
Net foreign assets	(376.8)	(456.6)	(449.5)	(450.5)	(454.1)	(466.5)	(548.4)	(583.2)	(634.6)
Net claims on Central Bank	182.0	225.4	207.1	235.0	226.1	230.6	248.7	279.4	339.2
Notes and Coins	47.4	74.2	63.9	36.2	37.4	38.4	64.9	45.3	40.2
Balances	135.4	152.0	144.0	199.6	189.5	193.0	184.6	234.9	299.8
Less Central Bank credit	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Net domestic assets	2,751.6	3,026.5	3,244.3	3,319.6	3,321.9	3,345.9	3,421.3	3,509.5	3,568.3
Net claims on government	390.1	421.7	383.4	395.1	389.3	370.7	435.4	432.6	518.5
Treasury bills	95.5	93.4	49.9	71.8	74.6	35.4	63.5	93.8	106.8
Other securities	290.2	327.4	315.3	309.1	312.2	313.7	314.2	302.5	312.7
Loans and advances	72.7	68.4	89.0	91.5	79.2	88.2	115.4	98.2	179.8
Less: deposits	68.3	67.5	70.8	77.3	76.7	66.6	57.7	61.9	80.8
Net claims on rest of public sec	(38.4)	(50.0)	(163.8)	(160.1)	(182.5)	(200.3)	(212.1)	(163.6)	(166.9)
Securities	3.7	8.5	6.9	6.9	6.9	6.9	8.0	9.8	9.8
Loans and advances	127.6	157.6	125.9	134.8	124.4	133.8	133.2	171.3	172.6
Less: deposits	169.7	216.1	296.6	301.8	313.8	341.0	353.3	344.7	349.3
Net claims on OLFIs.	(17.8)	(19.4)	(10.1)	5.7	(12.7)	(12.0)	(0.8)	(2.7)	(7.4)
Credit to the private sector	2,767.3	3,071.4	3,513.1	3,590.9	3,638.5	3,734.5	3,781.9	3,814.6	3,824.7
Securities	0.8	5.3	6.9	6.9	6.9	7.1	6.3	6.7	6.7
Loans and advances	2,766.5	3,066.1	3,506.2	3,584.0	3,631.6	3,727.4	3,775.6	3,807.9	3,818.0
Private capital and surplus	(328.5)	(415.3)	(509.9)	(538.8)	(560.1)	(575.0)	(592.8)	(591.6)	(612.1)
Net unclassified assets	(21.1)	18.1	31.6	26.8	49.4	28.0	9.7	20.2	11.5
Liabilities to private sector	2,556.8	2,795.3	3,001.9	3,104.1	3,093.9	3,110.0	3,121.6	3,205.7	3,272.9
Demand deposits	476.6	601.8	669.6	686.3	678.0	670.2	661.9	658.0	703.3
Savings deposits	435.7	544.5	596.9	609.7	617.0	618.7	606.2	630.9	653.4
Fixed deposits	1,644.5	1,649.0	1,735.4	1,808.1	1,798.9	1,821.1	1,853.5	1,916.8	1,916.2

Source: The Central Bank of The Bahamas

TABLE 5
OTHER LOCAL FINANCIAL INSTITUTIONS BALANCE SHEET

(B\$ Millions)

End of Period	1998	1999	2000	2001				2002	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
Net foreign assets	14.1	2.1	20.3	27.6	9.7	5.1	1.5	(4.6)	(4.7)
Net claims on Central Bank	(12.5)	4.1	(4.8)	(10.0)	(4.5)	0.6	4.0	4.2	4.3
Notes and Coins	0.3	0.5	0.5	0.4	0.7	0.6	--	--	--
Balances	2.2	3.6	4.7	4.6	4.8	5.0	4.0	4.2	4.3
Less Central Bank credit	15.0	--	10.0	15.0	10.0	5.0	--	--	--
Net domestic assets	43.6	63.3	77.7	78.2	88.9	93.3	72.8	78.4	91.8
Net claims on government	3.2	3.9	4.4	4.3	4.3	4.3	3.2	3.1	3.1
Treasury bills	--	--	--	--	--	--	--	--	--
Other securities	3.2	3.9	4.4	4.3	4.3	4.3	3.2	3.1	3.1
Loans and advances	--	--	--	--	--	--	--	--	--
Less: deposits	--	--	--	--	--	--	--	--	--
Net claims on rest of public secto	(0.5)	(0.9)	(0.9)	(0.7)	(0.7)	(0.7)	0.1	0.1	0.1
Securities	--	--	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Loans and advances	--	--	--	--	--	--	--	--	--
Less: deposits	0.5	0.9	1.0	0.8	0.8	0.8	--	--	--
Net claims on commercial banks	16.8	17.5	12.4	5.6	15.1	6.6	1.6	(0.3)	5.5
Credit to the private sector	69.4	83.7	115.7	123.2	129.7	133.4	120.2	125.3	131.7
Securities	0.2	0.4	4.2	7.1	7.8	7.3	2.7	2.9	3.1
Mortgages	56.6	67.0	90.5	95.3	99.7	104.6	110.4	115.5	121.2
Loans and advances	12.6	16.3	21.0	20.8	22.2	21.5	7.1	6.9	7.4
Private capital and surplus	(60.2)	(56.1)	(66.9)	(69.9)	(66.1)	(66.4)	(68.4)	(67.8)	(64.0)
Net unclassified assets	14.9	15.2	13.0	15.7	6.6	16.1	16.1	18.0	15.4
Liabilities to private sector	45.2	69.5	93.2	95.8	94.1	99.0	78.3	78.0	91.4
Demand deposits	4.5	4.6	11.7	16.4	13.0	12.9	7.5	7.5	10.1
Savings deposits	1.8	2.5	2.7	2.8	2.9	2.8	0.2	0.2	0.2
Fixed deposits	38.9	62.4	78.8	76.6	78.2	83.3	70.6	70.3	81.1

Source: The Central Bank of The Bahamas

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

(B\$'000s)

	1998	1999	2000				2001				2002
			Qtr. I	Qtr. II	Qtr.III	Qtr.IV	Qtr. I	Qtr. II	Qtr.III	Qtr.IV	Qtr. I
1. Interest Income	339,446	362,402	95,121	98,719	108,454	111,237	111,642	112,627	112,653	110,650	109,442
2. Interest Expense	134,297	144,698	32,737	33,452	34,591	33,070	33,954	35,571	36,842	40,321	40,630
3. Interest Margin (1-2)	205,149	217,704	62,384	65,267	73,863	78,167	77,688	77,056	75,811	70,329	68,812
4. Commission & Forex Income	20,546	22,779	4,968	6,088	5,510	6,995	7,713	5,746	5,481	5,461	5,844
5. Gross Earnings Margin (3+4)	225,695	240,483	67,352	71,355	79,373	85,162	85,401	82,802	81,292	75,790	74,656
6. Staff Costs	86,581	93,338	23,117	24,455	27,064	27,135	27,663	25,551	27,753	24,551	24,376
7. Occupancy Costs	13,184	14,892	3,873	4,191	4,901	4,215	4,274	4,687	5,288	4,163	3,693
8. Other Operating Costs	38,321	45,282	12,368	10,614	10,210	12,542	11,561	12,249	14,741	13,241	14,936
9. Operating Costs (6+7+8)	138,086	153,512	39,358	39,260	42,175	43,892	43,498	42,487	47,782	41,955	43,005
10. Net Earnings Margin (5-9)	87,609	86,971	27,994	32,095	37,198	41,270	41,903	40,315	33,510	33,835	31,651
11. Depreciation Costs	8,719	11,676	3,308	2,471	2,637	2,480	2,502	2,517	2,614	3,215	3,195
12. Provisions for Bad Debt	14,678	18,416	5,635	5,818	5,425	10,553	7,993	6,953	10,018	8,132	7,723
13. Other Income	46,081	47,985	13,576	14,710	14,204	15,894	14,654	14,801	15,553	13,413	15,373
14. Other Income (Net) (13-11-12)	22,684	17,893	4,633	6,421	6,142	2,861	4,159	5,331	2,921	2,066	4,455
15. Net Income (10+14)	110,293	104,864	32,627	38,516	43,340	44,131	46,062	45,646	36,431	35,901	36,106
16. Effective Interest Rate Spread (%)	6.52	6.45	6.24	5.56	5.20	5.96	5.96	6.56	6.48	6.24	6.12

(Ratios To Average Assets)

Interest Margin	5.31	5.18	5.59	5.67	6.37	6.66	6.44	6.25	6.07	5.51	5.20
Commission & Forex Income	0.53	0.54	0.45	0.53	0.48	0.60	0.64	0.47	0.44	0.43	0.44
Gross Earnings Margin	5.85	5.72	6.03	6.20	6.85	7.26	7.08	6.72	6.51	5.94	5.64
Operating Costs	3.58	3.65	3.53	3.41	3.64	3.74	3.61	3.45	3.83	3.29	3.25
Net Earnings Margin	2.27	2.07	2.51	2.79	3.21	3.52	3.47	3.27	2.68	2.65	2.39
Net Income	2.86	2.50	2.92	3.35	3.74	3.76	3.82	3.70	2.92	2.81	2.73

*Commercial Banks and OLFIs with domestic operations

Source: The Central Bank of The Bahamas

TABLE 7
MONEY SUPPLY

(B\$ Millions)

End of Period	1998	1999	2000	2001				2002	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
Money supply (M1)	596.4	758.2	807.8	806.5	795.6	786.9	776.7	792.1	835.3
1) Currency in active circulation	125.6	148.4	151.4	148.0	149.5	149.9	153.5	147.3	154.6
2) Demand deposits	470.8	609.8	656.4	658.5	646.1	637.0	623.2	644.8	680.7
Central Bank	6.4	17.4	14.8	12.3	8.5	7.9	10.3	25.9	21.6
Commercial banks	459.9	587.8	629.9	629.8	624.6	616.2	605.3	611.4	649.0
OLFIs	4.5	4.6	11.7	16.4	13.0	12.9	7.6	7.5	10.1
Factors affecting changes in money (M1)									
1) Net credit to government	452.6	495.4	508.5	506.8	507.2	553.4	626.0	596.4	662.6
Central Bank	59.3	69.8	120.7	107.4	113.6	178.4	187.4	160.7	141.0
Commercial banks	390.1	421.7	383.4	395.1	389.3	370.7	435.4	432.6	518.5
OLFIs	3.2	3.9	4.4	4.3	4.3	4.3	3.2	3.1	3.1
2) Other credit	2,973.1	3,328.1	3,770.1	3,864.3	3,907.7	4,016.8	4,051.3	4,129.1	4,146.6
Rest of public sector	136.4	172.9	141.3	150.1	139.6	148.9	149.2	189.1	190.2
Private sector	2,836.7	3,155.2	3,628.8	3,714.2	3,768.1	3,867.9	3,902.1	3,940.0	3,956.4
3) External reserves	338.8	404.0	342.6	382.1	367.4	306.2	312.4	380.1	460.7
4) Other external liabilities (net)	(362.7)	(454.5)	(429.2)	(422.9)	(444.4)	(461.4)	(546.9)	(587.8)	(639.3)
5) Quasi money	2,307.8	2,489.4	2,751.2	2,856.4	2,865.0	2,921.7	2,940.4	3,009.6	3,054.5
6) Other items (net)	(497.6)	(525.4)	(633.0)	(667.4)	(677.3)	(706.4)	(725.7)	(716.1)	(740.8)

Source: The Central Bank of The Bahamas

TABLE 8
CONSUMER INSTALMENT CREDIT

(B\$' 000)

End of Period	1998		1999		2001						2002			
					Jun.		Sept.		Dec.		Mar.		Jun.	
	Add-on	Demand*	Add-on	Demand*	Add-on	Demand*	Add-on	Demand*	Add-on	Demand*	Add-on	Demand*	Add-on	Demand*
CREDIT OUTSTANDING														
Private cars	2,178	230,311	922	264,969	477	286,695	416	281,772	405	270,662	325	266,945	265	260,444
Taxis & rented cars	--	1,356	--	1,674	--	2,296	--	2,289	--	2,251	--	2,422	--	2,012
Commercial vehicles	22	5,013	10	5,316	8	4,515	8	4,431	8	4,385	8	4,366	8	4,228
Furnishings & domestic appliances	418	13,268	101	16,746	36	16,646	8	17,711	7	17,514	3	16,954	2	16,393
Travel	145	31,282	88	38,100	30	43,736	28	46,537	25	43,391	22	40,619	15	42,476
Education	101	27,045	50	28,646	24	35,799	18	47,215	16	49,569	15	56,412	9	55,717
Medical	119	12,386	47	11,649	27	13,509	23	13,570	22	13,304	21	13,151	20	13,423
Home Improvements	932	105,710	522	119,070	219	124,215	199	128,466	180	126,542	173	118,103	145	107,942
Land Purchases	682	67,753	450	72,186	76	95,596	72	96,579	61	95,251	56	95,595	55	95,462
Consolidation of debt	1,992	318,722	1,174	346,272	615	360,409	540	359,757	501	356,914	444	352,066	385	351,027
Miscellaneous	1,233	206,851	696	251,550	293	328,579	252	336,835	237	340,739	168	350,991	150	361,857
Credit Cards	...	116,674	...	128,500	...	129,521	..	134,284	...	137,768	...	138,379		140,494
TOTAL	7,822	#####	4,060	1,284,678	1,805	#####	####	1,469,446	1,462	1,458,290	1,235	1,456,003	1,054	1,451,475
NET CREDIT EXTENDED														
Private cars	(3,102)	35,538	#####	34,658	(72)	(3,639)	(61)	(4,923)	(11)	(11,110)	(80)	(3,717)	(60)	(6,501)
Taxis & rented cars	(28)	(158)	0	318	--	205	--	(7)	--	(38)	--	171	--	(410)
Commercial vehicles	(72)	824	(12)	303	(1)	(128)	--	(84)	--	(46)	--	(19)	--	(138)
Furnishings & domestic appliances	(162)	(698)	(317)	3,478	(2)	(531)	(28)	1,065	(1)	(197)	(4)	(560)	(1)	(561)
Travel	(118)	1,128	(57)	6,818	(16)	1,721	(2)	2,801	(3)	(3,146)	(3)	(2,772)	(7)	1,857
Education	(244)	1,819	(51)	1,601	(3)	(469)	(6)	11,416	(2)	2,354	(1)	6,843	(6)	(695)
Medical	(214)	1,931	(72)	(737)	(1)	259	(4)	61	(1)	(266)	(1)	(153)	(1)	272
Home Improvements	(1,259)	4,585	(410)	13,360	(23)	1,770	(20)	4,251	(19)	(1,924)	(7)	(8,439)	(28)	(10,161)
Land Purchases	(474)	8,986	(232)	4,433	(3)	2,294	(4)	983	(11)	(1,328)	(5)	344	(1)	(133)
Consolidation of debt	(1,866)	37,710	(818)	27,550	(57)	1,523	(75)	(652)	(39)	(2,843)	(57)	(4,848)	(59)	(1,039)
Miscellaneous	(1,039)	36,586	(537)	44,699	(60)	9,348	(41)	8,256	(15)	3,904	(69)	10,252	(18)	10,866
Credit Cards	...	26,921	...	11,826	...	2,346	..	4,763	...	3,484	...	611	...	2,115
TOTAL	(8,578)	155,172	#####	148,307	(238)	14,699	(241)	27,930	(102)	(11,156)	(227)	(2,287)	(181)	(4,528)

Source: The Central Bank of The Bahamas

* Includes Consumer Credit previously reported under Personal Loans

TABLE 9
SELECTED AVERAGE INTEREST RATES

Period	%								
	1998	1999	2000	2001				2002	
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II
COMMERCIAL BANKS									
Deposit rates									
Savings deposits	3.11	2.88	2.71	2.70	2.68	2.66	2.70	2.73	2.78
Fixed deposits									
Up to 3 months	5.53	4.50	3.93	4.12	4.20	4.24	4.20	4.27	4.15
Up to 6 months	6.05	4.83	4.31	4.40	4.63	4.70	4.75	4.70	4.51
Up to 12 months	5.90	4.88	4.50	4.67	4.81	4.57	4.83	4.83	4.48
Over 12 months	5.94	4.90	4.31	4.53	5.03	5.73	4.65	5.28	4.56
Weighted average rate	5.58	4.50	3.97	4.16	4.25	4.25	4.29	4.37	4.22
Lending rates									
Residential mortgages	9.86	9.57	8.96	8.94	9.09	8.93	8.84	8.88	8.97
Commercial mortgages	10.12	9.67	9.46	8.59	9.15	8.80	8.94	9.07	9.30
Consumer loans	14.55	13.88	13.58	13.64	13.69	13.40	12.90	12.31	13.78
Overdrafts	11.00	10.65	10.56	10.42	10.85	9.80	10.64	10.18	10.60
Weighted average rate	12.33	11.84	11.74	11.87	11.74	11.14	11.12	11.20	11.71
OLFI									
Deposit rates									
Savings deposits	4.20	3.74	3.43	3.90	3.50	3.55	3.25	--	--
Fixed deposits									
Up to 3 months	4.41	4.08	3.57	4.04	4.16	4.01	4.30	4.25	4.39
Up to 6 months	4.81	4.35	4.08	4.17	4.47	4.25	3.75	3.92	4.27
Up to 12 months	5.03	4.63	4.30	4.28	4.17	4.09	3.68	4.46	4.12
Over 12 months	4.48	4.42	4.06	4.41	4.00	4.02	4.25	--	--
Weighted average rate	5.16	4.65	4.21	4.36	4.14	4.45	4.04	4.55	4.63
Lending rates									
Residential mortgages	9.90	9.75	8.97	8.53	8.85	9.10	9.08	8.91	9.14
Commercial mortgages	--	10.00	--	--	--	--	--	--	9.77
Consumer loans	15.14	15.34	15.01	14.24	14.60	15.28	15.75	--	--
Other loans	--	6.75	9.03	9.10	9.46	9.42	9.46	8.01	8.97
Weighted average rate	13.21	12.72	12.11	11.60	11.76	12.60	9.04	8.86	9.07
Other rates									
Prime rate	6.75	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Treasury bill (90 days)	3.84	1.97	0.99	1.42	1.80	2.00	2.55	2.63	2.96
Treasury bill re-discount rate	4.34	2.47	1.49	1.92	2.34	2.50	3.05	3.13	3.46
Bank rate (discount rate)	6.50	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75

Source: The Central Bank of The Bahamas

TABLE 10
SUMMARY OF BANK LIQUIDITY

End of Period	(B\$ Millions)								
	1998	1999	2000	2001				2002	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
I. Statutory Reserves									
Required reserves	135.5	153.9	166.6	170.2	174.6	175.8	176.1	178.6	181.9
Average Till Cash	41.4	61.0	59.6	43.6	39.2	41.7	51.2	47.3	41.4
Average balance with central bank	136.1	174.7	149.4	189.3	187.5	194.8	182.2	246.2	284.7
Free cash reserves (period ended)	41.2	81.0	41.6	61.9	51.3	59.9	56.5	114.1	143.4
II. Liquid Assets (period)									
A. Minimum required Liquid assets	452.8	507.9	539.1	563.8	573.8	573.4	569.3	585.2	599.2
B. Net Eligible Liquid Assets	559.7	656.6	579.2	620.3	625.1	596.2	636.7	691.1	772.4
i) Balance with Central Bank	137.7	155.5	148.2	203.7	193.5	198.0	188.6	239.1	304.1
ii) Notes and Coins	48.2	75.1	64.9	37.1	38.7	39.5	65.4	45.8	40.7
iii) Treasury Bills	95.5	93.4	49.9	71.8	74.6	35.4	63.5	93.8	106.8
iv) Government registered stocks	264.1	311.4	303.7	297.3	300.5	302.0	306.4	294.6	305.8
v) Specified assets	17.4	20.8	20.2	17.3	16.7	15.8	16.9	18.9	18.7
vi) Net Inter-bank dem/call depo:	-2.4	1.2	(6.9)	(6.1)	1.9	6.3	(3.3)	(0.3)	(2.9)
vii) Less: borrowings from central	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
C. Surplus/(Deficit)	106.9	148.7	40.1	56.5	51.3	22.8	67.4	105.9	173.2

Source: The Central Bank of The Bahamas

TABLE 11
GOVERNMENT OPERATIONS AND FINANCING

Period	(B\$ Millions)										
	1998/99p	1999/00p	2000/01p	Budget		2000/01p	2001/02p			2000/01p	2001/02p
				2001/02	2002/03	QTR. IV	QTR. I	QTR. II	QTR. III	Ytd May	Ytd May
Total Revenue & Grants	803.8	918.5	957.5	1,029.7	962.8	270.7	222.9	193.7	218.1	879.0	784.8
Current expenditure	746.8	817.4	846.1	893.8	953.9	243.7	204.3	204.2	223.5	759.1	776.8
Current balance	57.0	101.1	111.4	135.9	8.9	27.0	18.6	(10.5)	(5.4)	119.9	8.0
Capital expenditure	94.9	106.7	90.7	108.8	127.4	44.6	20.0	19.2	22.1	69.5	82.7
Net lending	32.3	32.1	42.5	21.3	28.0	13.5	1.0	37.8	(25.0)	40.2	24.3
Overall balance	(70.2)	(37.7)	(21.7)	5.8	(146.5)	(31.1)	(2.4)	(67.5)	(2.5)	10.2	(99.0)
FINANCING (I+II-III+IV+V)	70.2	37.7	21.7	(5.8)	146.5	31.1	2.4	67.5	2.5	(10.2)	99.0
I. Foreign currency loans	18.5	22.4	3.0	48.9	29.7	0.5	1.1	37.5	0.2	3.1	40.5
External	18.5	22.4	3.0	48.9	29.7	0.5	1.1	12.5	0.2	3.1	15.5
Domestic	--	--	--	...	...	--	--	25.0	--	--	25.0
II. Bahamian dollar borrowing	126.7	78.0	75.8	34.3	186.2	20.0	64.3	40.9	20.0	55.8	157.7
i) Treasury bills	--	--	20.0	...	...	20.0	16.1	--	--	--	26.9
Central Bank	--	--	20.0	...	...	20.0	16.1	--	--	--	16.1
Commercial banks & OLFIs	--	--	--	...	...	--	--	--	--	--	10.8
Public corporations	--	--	--	...	...	--	--	--	--	--	--
Other	--	--	--	...	...	--	--	--	--	--	--
ii) Long-term securities	126.7	78.0	55.8	...	...	--	34.3	40.9	--	55.8	95.7
Central Bank	17.0	8.0	6.5	...	...	--	5.0	40.9	--	55.8	66.4
Commercial banks & OLFIs	53.3	33.1	8.9	...	...	--	10.1	--	--	--	10.1
Public corporations	33.9	18.2	14.4	...	...	--	4.8	--	--	--	4.8
Other	22.5	18.7	26.0	...	...	--	14.4	--	--	--	14.4
iii) Loans and Advances	--	--	--	...	...	--	13.9	--	20.0	--	35.1
Central Bank	--	--	--	...	...	--	13.9	--	20.0	--	35.1
Commercial banks	--	--	--	...	...	--	--	--	--	--	--
III Debt repayment	74.3	20.6	74.8	87.3	66.8	7.6	29.2	29.4	54.0	72.9	139.2
Domestic	64.7	12.7	67.1	54.0	59.1	5.0	28.3	28.5	53.1	67.1	110.9
Bahamian dollars	55.0	1.0	60.4	47.7	54.1	5.0	25.2	23.5	27.7	60.4	76.4
Internal foreign currency	9.7	11.8	6.7	6.2	5.0	0.0	3.1	5.0	25.4	6.7	34.5
External	9.6	7.9	7.7	33.3	7.7	2.6	0.9	0.9	0.9	5.8	28.3
IV Cash balance change	(3.1)	(19.4)	10.3	...	...	(1.3)	11.4	13.3	(1.9)	11.8	21.7
V. Other Financing	2.4	(22.7)	7.4	(1.7)	(2.6)	19.5	(45.2)	5.2	38.2	(8.0)	18.3

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

TABLE 12
NATIONAL DEBT

(B\$' 000s)

End of Period	1999p	2000p	2001p	2001p			2002p	
				June	Sept.	Dec.	Mar.	June
TOTAL EXTERNAL DEBT	105,716	115,044	124,888	112,171	112,500	124,888	124,360	100,771
By Instrument								
Government Securities	50,500	50,500	50,500	50,500	50,500	50,500	50,500	25,000
Loans	55,216	64,544	74,388	61,671	62,000	74,388	73,860	75,771
By Holder								
Commercial banks	25,602	25,919	23,611	24,269	24,269	23,611	23,611	21,961
Offshore financial institutions	980	500	500	500	500	500	500	--
Multilateral institutions	29,134	38,625	50,777	37,402	37,731	50,777	50,249	53,810
Bilateral Institutions	--	--	--	--	--	--	--	--
Private Capital Markets	50,000	50,000	50,000	50,000	50,000	50,000	50,000	25,000
TOTAL INTERNAL DEBT	1,405,656	1,401,831	1,483,765	1,410,349	1,446,356	1,483,765	1,450,665	1,582,140
By Instrument								
Foreign Currency	29,706	21,057	36,677	19,767	16,677	36,677	11,287	110,287
Government securities	21,000	16,000	11,000	16,000	16,000	11,000	11,000	10,000
Loans	8,706	5,057	25,677	3,767	677	25,677	287	100,287
Bahamian Dollars	1,375,950	1,380,774	1,447,088	1,390,582	1,429,679	1,447,088	1,439,378	1,471,853
Advances	53,519	53,519	56,945	53,518	67,445	56,945	66,235	67,445
Treasury bills	132,500	132,500	168,600	152,500	168,600	168,600	168,600	179,400
Government securities	1,180,586	1,186,386	1,213,633	1,176,424	1,185,724	1,213,633	1,196,633	1,217,098
Loans	9,345	8,369	7,910	8,140	7,910	7,910	7,910	7,910
By Holder								
Foreign Currency	29,706	21,057	36,677	19,767	16,677	36,677	11,287	110,287
Commercial banks	29,706	21,057	36,677	19,767	16,677	36,677	11,287	110,287
Other local financial institutions		--	--	--	--	--	--	--
Bahamian Dollars	1,375,950	1,380,774	1,447,088	1,390,582	1,429,679	1,447,088	1,439,378	1,471,853
The Central Bank	73,101	128,895	190,554	121,422	185,735	190,554	163,136	148,606
Commercial banks	407,481	354,899	373,205	376,550	338,595	373,205	394,805	418,764
Other local financial institutions	6,399	4,287	3,128	4,187	4,187	3,128	3,127	3,127
Public corporations	607,744	590,485	562,309	586,602	584,859	562,309	565,329	582,924
Other	281,225	302,208	317,892	301,821	316,303	317,892	312,981	318,432
TOTAL FOREIGN CURRENCY DEBT	135,422	136,101	161,565	131,938	129,177	161,565	135,647	211,058
TOTAL DIRECT CHARGE	1,511,372	1,516,875	1,608,653	1,522,520	1,558,856	1,608,653	1,575,025	1,682,911
TOTAL CONTINGENT LIABILITIES	376,288	369,921	364,200	373,578	383,952	364,200	410,101	407,526
TOTAL NATIONAL DEBT	1,887,660	1,886,796	1,972,853	1,896,098	1,942,808	1,972,853	1,985,126	2,090,437

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

TABLE 13
PUBLIC SECTOR FOREIGN CURRENCY DEBT OPERATIONS

(B\$' 000)

	1999p	2000p	2001p	2001p				2002p	
				Mar.	June	Sept.	Dec.	Mar.	June.
Outstanding debt at beginning of period	403,451	404,049	393,094	393,094	390,669	384,426	379,541	392,716	403,557
Government	137,790	135,422	136,101	136,101	133,962	131,938	129,177	161,565	135,647
Public Corporations	265,661	268,627	256,993	256,993	256,707	252,488	250,364	231,151	267,910
Plus new drawings	47,954	27,375	53,187	4,043	2,245	3,684	43,214	42,479	105,235
Government	24,611	16,421	40,459	308	566	1,255	38,330	374	103,840
Public corporations	23,343	10,954	12,728	3,735	1,679	2,429	4,884	42,105	1,395
Less Amortization	47,356	38,330	53,565	6,468	8,488	8,569	30,039	31,638	32,255
Government	26,979	15,742	14,995	2,447	2,590	4,016	5,942	26,292	28,429
Public corporations	20,377	22,588	38,570	4,021	5,898	4,553	24,097	5,346	3,826
Outstanding debt at end of period	404,049	393,094	392,716	390,669	384,426	379,541	392,716	403,557	476,537
Government	135,422	136,101	161,565	133,962	131,938	129,177	161,565	135,647	211,058
Public corporations	268,627	256,993	231,151	256,707	252,488	250,364	231,151	267,910	265,479
Interest Charges	24,684	26,207	27,471	3,968	9,030	4,499	9,974	4,304	6,801
Government	8,671	8,395	10,190	661	4,158	567	4,804	1,291	3,470
Public corporations	16,013	17,812	17,281	3,307	4,872	3,932	5,170	3,013	3,331
Debt Service	72,040	64,537	81,036	10,436	17,518	13,068	40,013	35,942	39,056
Government	35,650	24,137	25,185	3,108	6,748	4,583	10,746	27,583	31,899
Public corporations	36,390	40,400	55,851	7,328	10,770	8,485	29,267	8,359	7,157
Debt Service ratio	3.0	2.3	3.1	1.5	2.5	1.7	6.4	6.2	5.9
Government debt Service/ Government revenue (%)	4.1	2.6	2.7	1.3	2.5	2.1	5.5	12.6	n.a
MEMORANDUM									
Holder distribution (B\$ Mil):									
Commercial banks	100.0	85.8	98.7	84.5	81.7	80.0	98.7	114.4	211.4
Offshore Financial Institutions	1.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.0
Multilateral Institutions	226.1	233.9	242.7	233.0	231.4	228.2	242.7	238.0	239.6
Bilateral Institutions	25.4	21.8	0.0	21.8	20.0	20.0	0.0	0.0	0.0
Other	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	25.0
Private Capital Markets	1.5	1.1	0.8	0.9	0.9	0.9	0.8	0.7	0.5

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

TABLE 14
BALANCE OF PAYMENTS SUMMARY

(B\$ Millions)

	1999p	2000p	2001p	2001			2002	
				Qtr.IIp	Qtr.IIIp	Qtr.IVp	Qtr.Ip	Qtr.IIp
A. Current Account Balance (I+II+III+IV)	(409.3)	(471.3)	(346.8)	(52.2)	(108.2)	(135.8)	32.4	(32.6)
I. Merchandise (Net)	(1,249.2)	(1,370.6)	(1,149.7)	(340.5)	(273.2)	(217.1)	(214.7)	(314.8)
Exports	523.2	805.3	614.1	130.5	162.5	170.2	142.5	124.7
Imports	1,772.4	2,175.9	1,763.8	471.0	435.7	387.3	357.2	439.5
II. Services (Net)	933.2	1,029.1	951.0	341.6	184.3	131.3	280.5	326.7
Transportation	(112.3)	(133.6)	(133.8)	(33.7)	(24.7)	(44.2)	(24.1)	(29.6)
Travel	1,272.5	1,521.0	1,453.6	491.1	302.7	243.1	393.0	465.6
Insurance Services	75.0	(60.9)	(81.4)	(31.0)	(18.7)	(14.8)	(16.1)	(19.6)
Offshore Companies Local Expenses	84.7	115.5	50.7	8.7	3.1	29.5	24.5	11.9
Other Government	(26.8)	(29.4)	(48.0)	(23.0)	(4.6)	(13.4)	(10.7)	(25.3)
Other Services	(359.9)	(383.5)	(290.2)	(70.5)	(73.5)	(68.9)	(86.1)	(76.3)
III. Income (Net)	(129.7)	(173.1)	(189.8)	(68.1)	(28.5)	(56.0)	(44.8)	(57.3)
1. Compensation of Employees	(40.9)	(51.1)	(46.8)	(10.7)	(11.6)	(14.0)	(10.9)	(14.0)
2. Investment Income	(88.6)	(122.0)	(143.0)	(57.4)	(16.9)	(42.0)	(33.9)	(43.3)
IV. Current Transfers (Net)	36.4	43.4	41.7	14.8	9.2	6.0	11.4	12.8
1. General Government	41.5	47.4	45.8	16.3	10.3	7.0	11.9	14.6
2. Private Sector	(5.1)	(4.0)	(4.0)	(1.5)	(1.1)	(1.0)	(0.5)	(1.8)
B. Capital and Financial Account (I+II) (excl. Reserves)	583.8	413.1	258.7	32.9	57.8	114.4	67.2	99.9
I. Capital Account (Transfers)	(13.6)	(16.4)	(20.2)	(7.7)	(3.1)	(3.8)	(9.0)	(6.3)
II. Financial Account	597.4	429.5	278.9	40.6	60.9	118.2	76.2	106.2
1. Direct Investment	149.1	249.8	100.9	31.5	23.3	17.4	40.7	58.0
2. Other Investments	448.3	179.7	178.1	9.1	37.6	100.8	35.5	48.2
Central Gov't Long Term Capital flow (net)	2.5	0.4	24.6	(2.0)	(2.9)	31.6	(0.5)	(23.6)
Other Public Sector Capital	(7.3)	(11.6)	(28.2)	(4.2)	(3.0)	(20.7)	(4.2)	(2.4)
Banks	91.8	(28.0)	120.5	15.9	20.2	85.5	40.9	51.5
Other	361.3	218.9	61.2	(0.6)	23.3	4.4	(0.6)	22.7
C. Net Errors and Omissions	(109.6)	(3.1)	57.9	4.7	(10.8)	27.5	(32.0)	13.3
D. Overall Balance (A+B+C)	65.2	(61.5)	(30.2)	(14.6)	(61.2)	6.1	67.6	80.6
E. Financing	(65.2)	61.5	30.0	14.6	61.2	(6.2)	(67.6)	(80.6)
Change in SDR holdings	--	(0.1)	0.0	--	--	--	0.1	(0.1)
Change in Reserve Position with the Fund	--	0.5	0.3	0.1	(0.3)	0.2	0.1	(0.5)
Change in External Foreign Assets () = Increase	(65.2)	61.1	29.8	14.5	61.5	(6.4)	(67.8)	(80.0)

Source: The Central Bank of the Bahamas

Figures may not sum to total due to rounding

TABLE 15
EXTERNAL TRADE

	(B\$ '000)										
	1998	1999	2000	1999				2000			
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
I. OIL TRADE											
i) Exports	1	36,941	88,303	8,017	9,936	13,721	5,267	18,124	17,512	23,907	23,493
ii) Imports	112,689	172,477	281,354	40,456	19,645	62,315	50,061	51,068	36,329	77,005	66,891
II. OTHER MERCHANDISE											
i) Domestic Exports											
Crawfish	57,473	71,857	120,641	17,301	5,457	13,305	35,794	20,584	12,299	15,729	36,235
Fish & other Crustacea	12,907	4,783	3,472	1,154	1,638	606	1,385	499	644	314	630
Fruits & Veggies.	1,173	10,394	15,600	495	147	8,828	924	10,038	1,624	148	2,866
Aragonite	602	388	26,146	109	186	33	60	17,359	161	1,927	6,639
Rum	12,244	30,957	25,852	5,424	12,015	6,522	6,996	6,472	12,344	28	12
Other Cordials & Liqueurs	51	70	198	6	12	--	52	3	21	99	23
Crude Salt	12,878	13,580	15,382	5,736	2,709	2,200	2,935	5,490	1,757	2,302	2,898
Hormones	4,850	1,325	8,777	1,325	--	--	--	--	3,476	2,393	2,908
Chemicals	21,689	10,778	44,632	3,165	3,307	2,461	1,845	3,365	11,397	11,854	16,171
Other Pharmaceuticals	--	330	1	311	18	--	1	--	--	--	--
Fragrances	1	247	0	76	--	171	--	--	--	--	--
Other	14,352	54,395	125,835	14,730	12,735	10,980	15,950	50,850	17,971	19,919	21,145
TOTAL	138,220	199,104	386,536	49,832	38,224	45,106	65,942	114,660	61,694	54,713	89,527
ii) Re-Exports	162,101	192,094	273,157	21,480	40,501	60,080	70,033	46,888	31,915	93,263	31,058
iii) Total Exports (i+ii)	300,321	391,198	659,693	71,312	78,725	105,186	135,975	161,548	93,609	147,976	120,585
iv) Imports	1,703,674	1,264,859	1,323,231	478,530	382,606	370,942	502,582	446,050	452,458	576,302	569,869
v) Retained Imports (iv-ii)	1,541,573	1,072,765	1,050,074	457,050	342,105	310,862	432,549	399,162	420,543	483,039	538,811
vi) Trade Balance (i-v)	(1,403,353)	(873,661)	(663,538)	(407,218)	(303,881)	(265,756)	(366,607)	(284,502)	(358,849)	(428,326)	(449,284)

Source: Department of Statistics Quarterly Statistical Summaries

TABLE 16
SELECTED TOURISM STATISTICS

Period	1998	1999	2000	2001p	2001p			2002p	
					Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II
Visitor Arrivals	3,347,665	3,648,291	4,203,831	4,184,884	1,140,850	932,034	924,544	1,216,381	#####
Air	1,304,851	1,438,887	1,481,545	1,439,030	439,949	336,884	250,564	380,480	387,468
Sea	2,042,814	2,209,404	2,722,286	2,745,854	700,901	595,150	673,980	835,901	735,909
Visitor Type									
Stopover	1,527,707	1,577,066	1,596,159	n.a	n.a	n.a	n.a	n.a	n.a
U.S.A.	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Canada	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Europe	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Other	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Cruise	1,729,894	1,981,481	2,512,626	2,551,673	632,519	536,098	649,062	516,106	441,015
Day/Transit	68,228	77,707	66,587	n.a	n.a	n.a	n.a	n.a	n.a
Tourist Expenditure(B\$ 000's)	1,354,057	1,582,926	1,814,011	n.a	n.a	n.a	n.a	n.a	n.a
Stopover	1,244,433	1,463,577	1,662,036	n.a	n.a	n.a	n.a	n.a	n.a
Cruise	105,530	114,909	147,980	n.a	n.a	n.a	n.a	n.a	n.a
Day	4,094	4,440	3,995	n.a	n.a	n.a	n.a	n.a	n.a
Number of Tourist Days*	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Average Length of Stay	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Average Hotel Occupancy Rates (%)									
New Providence	75.9	76.0	73.3	66.7	77.1	63.4	51.9	73.4	71.5
Grand Bahama	66.3	53.6	58.2	49.7	59.0	51.6	30.6	59.3	53.1
Other Family Islands	40.4	44.3	41.0	37.2	51.5	34.8	21.4	36.9	43.9

Source: The Ministry of Tourism

* Calculated as the sum of stopovers times average length of stay and total cruise and day visitors.