

The Central Bank of The Bahamas



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QUARTERLY ECONOMIC REVIEW

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REVIEW OF DOMESTIC ECONOMIC AND FINANCIAL DEVELOPMENTS

DOMESTIC ECONOMIC DEVELOPMENTS

Preliminary indicators point to continued sluggishness in the domestic economy during the third quarter of 2002, with the modest improvement in tourism output associated with a narrow based recovery in average pricing, as opposed to increased stopover volumes. In the construction sector, bank lending supported moderately expanded housing investments, but commercial activity was stagnant in the absence of any sizeable support from foreign investments. On the fiscal side, decreased revenue flows, alongside a hike in outlays, caused a significant widening in the budget deficit for the first quarter of FY2002/03. Financial sector trends featured a marginal contraction in the monetary aggregates and more moderated credit growth. Despite some falloff, bank liquidity remained buoyant and contributed to a further softening in average interest rates, while consumer price inflation firmed but continued to be in line with international trends. On the external side, the estimated deficit on the current account registered further improvement arising from contracted import demand, whereas a modest resurgence in private and banking sector inflows boosted the surplus on the capital and financial account.

Bank liquidity, as measured by surplus liquid assets, declined by 25.7% to \$128.7 million during the quarter, as institutions liquidated holdings of Government securities and balances held at the Central Bank to accommodate the private sector's net seasonal demand for foreign currency. However, the surplus was in excess of the required statutory minimum by 21.7% relative to 4.0% last year, and contributed to a softening in both the average loan and deposit rates at commercial banks, by 50 and 27 basis points to 11.21% and 3.95% respectively. The corresponding interest rate spread also narrowed by 23 basis points to 7.26%. The 90-day Treasury bill rate fell by 59 basis points to 2.37%, while commercial banks' prime lending rate and the Central Bank's Discount Rate were unchanged at 6.00% and 5.75%, respectively.

Reflecting a net withdrawal of funds held by private individuals and private financial institutions, the money supply (M3) contracted marginally by 0.6% to \$3.87

billion. This contrasted with the year-earlier slowed advance of 1.8% to \$3.71 billion. Although demand deposits recovered marginally (0.5%) from last year's 0.2% fall-off, both savings and fixed deposits declined by 1.7% and 0.1%, following respective year-earlier advances of 0.2% and 3.1%. A 3.2% contraction was also posted for the currency component, and residents' foreign currency deposits decreased further by 9.3%.

Growth in domestic credit was nearly halved to 1.7% from 3.5%, placing outstanding claims at \$4.89 billion. The 4.0% slowdown in credit to the public sector included a slackening in the advance in net claims on Government to 3.3% from 9.1%, and a slight reduction in credit growth to the public corporations to 6.5%. Given a cautious lending stance and some restraint due to the Central Bank's maintained ceiling on outstanding local currency advances, private sector credit expansion narrowed to 1.2% from 2.6% in 2001. The nearly flat net position for consumer credit and most business and non-personal lending, contrasted with strengthened gains in residential mortgages of \$36.6 million (3.5%). Growth was solely in the Bahamian dollar component, although slowed by more than half, to \$50.1 million (1.4%), while a further net repayment was registered for private sector foreign currency credit.

On the fiscal front, the estimated deficit in the first quarter of FY2002/03 expanded to \$34.2 million from \$2.4 million last year. Reductions in import duties and other taxes contributed to an 8.6% decline in tax revenues to \$188.7 million, and non-tax revenues decreased by one-fourth to \$12.3 million. Expenditures grew by 4.4% to \$235.2 million, occasioned by a 2.1% increase in current outlays and elevated net lending to the public corporations, which together overshadowed a 10.4% curtailment in capital expenditures. Budgetary financing during the quarter included borrowings of some \$70.4 million in domestic currency and \$25.1 million in foreign currency; and total debt amortization of \$26.1 million was almost entirely in Bahamian dollars. As a result, the Direct Charge on Government rose by 4.1% to \$1,746.3 million and, after a marginal decrease in the guaranteed borrowings of the public corporations to \$409.4 million,

the National Debt grew by an estimated \$68.5 million (3.3%) to \$2,155.6 million.

In the tourism sector, cruise led growth in visitor volumes dominated the more marginal improvement in stopover indicators, to result in a less than proportionate increase in industry expenditures. Reversing the 1.7% decrease posted in the third quarter of 2001, total visitor arrivals rebounded by 11.3% to 1.04 million. A key factor was the 17.9% upturn in sea arrivals, which was heavily concentrated in the Family Islands and reflected some diversion in traffic from New Providence—the first port of call. The decline in air arrivals was less severe at 0.3% from 3.1% last year, as still heavily discounted prices supported a resurgence of growth in the Grand Bahama market and offset further losses recorded for New Providence and the Family Islands. The extensive stopover pricing gains in New Providence, nevertheless, underpinned comparatively increased industry revenues during the quarter. In particular, data for the first two months of the quarter revealed an estimated appreciation in hotel sector average nightly room rates for The Bahamas by 9.2% to \$149.33, which countered the slightly reduced room night sales in July and August, for an estimated 7.6% increase in room revenues. Based on the anticipated rebound in September from last year's decline, overall room night sales are expected to register a modest gain for the quarter and support a comparatively stronger growth in industry earnings overall for the review period.

In the construction sector, indications are that expenditures were upheld by slightly firmer net mortgage lending. According to the Central Bank's survey, mortgages outstanding at banks, insurance companies and the Bahamas Mortgage Corporation, rose by a combined \$46.4 million (4.1%) to \$1,169.5 million during the third quarter, building on the year-earlier net increase of \$39.6 million (3.9%) to \$1,071.8 million. Most of this was due to the nearly doubled gain in residential mortgages of \$43.8 million (4.7%), with net commercial lending sharply curtailed at \$2.6 million (1.3%). New activity in both segments, however, benefited from correspondingly reduced interest rates of 8.8% and 9.4%, respectively.

Although fisheries data for the first six months of the year indicate a decline in landings of 12.3% to 4.3 million pounds, the average pricing gain of 10.7% produced a

smaller falloff in overall value of 3.0% to \$20.9 million. On a more positive note, fisheries export earnings during the more extensive first nine months of 2002 rose by 13.2% to \$49.8 million. Crawfish exports, which accounted for 93.9% of total sales, generated higher receipts of 15.0% to \$46.7 million, based on an appreciation in average prices.

Consumer price inflation, measured by changes in the average Retail Price Index, firmed to 0.8% during the third quarter from 0.2% in the comparable 2001 period. The acceleration was particularly notable in the increase in average costs on furniture & household operations, medical care & health and "other" goods & services. Firming also occurred during the 12 months through September 2002, as inflation advanced to 2.3% from 1.6% in 2002, paced by a tuition-based re-accelerated boost in education expenses to 17.9% from 4.1% last year. Average price gains were also recorded for furniture & household operations, transport & communications, food & beverage and "other" goods & services, with more moderate advances posted for the remaining components of the Index.

On the external side, the estimated current account deficit narrowed to \$84.2 million from \$110.2 million in the third quarter of 2001. Sluggish economic activity restrained import demand, thereby reducing the estimated trade deficit by 21.3% to \$215.1 million. Developments in goods trade outweighed the expansionary influence on the deficit arising from the reduced net surplus on invisible transactions to \$177.4 million from \$182.0 million, despite a 3.3% boost in net tourism receipts and the twofold hike in net income outflows to \$57.2 million.

On the capital and financial account, the overall surplus widened to \$116.0 million from \$59.7 million in 2001. Private direct foreign investments strengthened to \$42.3 million from \$23.3 million, paced by a doubling in net equity inflows to \$33.3 million and fairly stable net real estate inflows of \$9.0 million. Together, these more than offset the \$5.2 million moderation in net private loan inflows to \$20.5 million. The surplus was also supported by a nearly three-fold hike in short-term inflows through the banking system to \$58.6 million, mainly associated with the provision of foreign currency credit to the public sector, while the external liabilities of the public sector

increased by \$5.2 million, in contrast to a \$6.4 million net reduction last year.

FISCAL OPERATIONS

Amid persistent weakness in economic conditions, Government's budgetary operations for the opening quarter of FY2002/03 showed an increase in the overall deficit, to an estimated \$34.2 million from \$2.4 million in the year-earlier period. Apart from a 9.8% decrease in revenue collections to \$201.0 million, expenditures grew by 4.4% to \$235.2 million, inclusive of a significant hike in net lending to the public corporations.

REVENUE

Leading the revenue fall-off, total tax collections contracted by 8.6% to \$188.7 million (93.9% of the total). Levies on international trade and transactions, which represented some 62.2% of all taxes, declined by 3.2% to \$117.3 million, mainly due to a 2.5% reduction in import duty collections. Also, revenues in the category "other taxes," which represent amounts yet undistributed among the standard categories, were reduced by more than half to \$14.4 million and selective taxes on tourism services decreased by 19.0% to \$6.8 million, although the hotel occupancy portion gained 11.1% suggesting some improved hotel night sales through September. Reflecting tightened credit and real estate market conditions, stamp taxes on financial and other transactions fell by 4.2% to \$17.1 million, while real property taxes were marginally higher at \$4.5 million. By contrast, business and professional license fees grew by 63.5% to \$12.0 million, with collections from International Business Companies registrations up by a quarter to \$2.7 million; and higher tourist volumes supported a 21.4% gain in departure taxes to \$15.0 million.

Revenue from non-tax sources, at 6.1% of the total, declined by 25.2% to \$12.3 million. A principal factor was a more than one-third contraction in receipts from fines, forfeitures and administration fees to \$9.2 million. In a marginal offset, there was a modest gain in the combined income from public enterprises and other sources to \$2.5 million, and increased proceeds from the sale of Government property at \$0.6 million.

Government Revenue By Source July – September

	FY 01/02p		FY 02/03p	
	B\$M	%	B\$M	%
Property tax	4.4	2.0	4.5	2.2
Selective services tax	8.5	3.8	6.9	3.4
Bus. & Prof. lic. fees	7.3	3.3	12.0	6.0
Motor vehicle tax	2.2	1.0	2.5	1.2
Departure tax	12.4	5.6	15.0	7.5
Import duties	93.7	42.0	91.3	45.4
Stamp tax from imports	22.8	10.2	22.5	11.2
Export tax	4.6	2.1	3.4	1.7
Stamp tax from exports	--	--	--	--
Other stamp duty	17.9	8.0	17.1	8.5
Other tax revenue	33.1	14.8	14.5	7.2
Fines, forfeits. etc.	14.8	6.6	9.2	4.6
Sale of Gov't Property	0.1	0.0	0.6	0.3
Income	1.6	0.7	2.5	1.2
Other non-tax rev.	--	--	--	--
Capital revenue	--	--	--	--
Grants	--	--	--	--
Less: Refunds	0.5	0.2	1.0	0.5
Total	222.9	100.0	201.0	100.0

EXPENDITURE

The expansion in total outlays comprised a hike in budgetary assistance to public corporations to \$8.6 million from approximately \$1.0 million last year, alongside a \$2.3 million (1.0%) rise in Central Government outlays. The latter included a 2.1% increase in current spending to \$208.7 million, which countered a 10.4% reduction in capital expenditures to \$17.9 million. On a proportional basis, recurrent spending comprised 88.7% of total expenditure; capital spending, 7.6% and net lending to public corporations, 3.7%.

By economic classification, current expenditure growth included a 9.0% accretion in payments for goods and services to \$30.8 million, and a 5.4% rise in personal emoluments to \$98.6 million, following salary increases implemented towards the end of the last fiscal period. In addition, transfer payments rose by 3.1%, in the wake of a 9.0% boost in interest payments on debt obligations to \$26.7 million, which contrasted with a more stabilized \$52.6 million outlay for subsidies & other transfers. The

latter, nevertheless, reflected increased general subsidies to entities such as the College of The Bahamas and the Public Hospitals Authority, and slightly higher payments to households, which counterbalanced lower transfers to non-profit institutions and non-financial public enterprises.

FINANCING AND THE NATIONAL DEBT

Budgetary financing during the first quarter of the fiscal year comprised \$70.4 million in domestic currency borrowing and a \$25.1 million drawdown on foreign currency debt. Of the \$26.1 million in debt amortization, \$25.0 million was earmarked for Bahamian dollar obligations and \$1.1 million for foreign currency loan repayments. As a result, the Direct Charge on Government rose by \$69.4 million (4.1%) to \$1,746.3 million. For the Bahamian dollar portion, which represented 86.7% of the total, a stable majority was held by public corporations (39.4%), with a slightly reduced amount for banks (23.4%), and boosted shares for private and institutional investors (22.5%) and the Central Bank (11.1%).

After accounting for a marginal reduction in the guaranteed liabilities of the public corporations to \$409.4 million, the National Debt grew by 3.3% to \$2,155.6 million and was higher by 10.3% relative to September 2001.

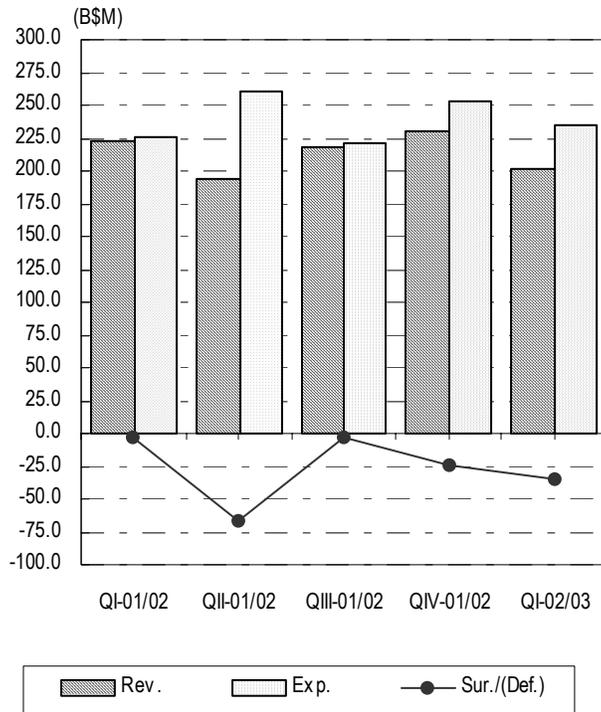
PUBLIC SECTOR FOREIGN CURRENCY DEBT

Public sector foreign currency debt grew by \$31.0 million (6.4%) to \$519.1 million during the review quarter, as drawings of \$38.6 million were netted against principal repayments of \$7.6 million. Government's obligations expanded to \$231.7 million, for 44.6% of the outstanding total, while the public corporations' liabilities, although increased to \$287.4 million, represented a reduced share at 55.4%.

Compared to the third quarter of 2001, foreign currency debt servicing rose by \$1.1 million (8.7%) to \$14.1 million. Although amortization payments were lower by \$1.0 million at \$7.6 million, interest charges advanced by \$2.1 million to \$6.6 million. Debt service, as a proportion of estimated exports of goods and non-factor services, firmed marginally to 2.4% from 2.2%, and the ratio of the Government's foreign currency debt service to total revenue, to 2.1% from 2.0% in 2001.

By creditor profile, the largest share of the foreign currency debt was held by commercial banks (49.7%), followed by multilateral institutions (45.4%), private capital markets (4.8%) and other institutions (0.1%). The average term to maturity of the debt was slightly in excess

Fiscal Operations



On a functional basis, general public services accounted for 29.2% of recurrent spending, gaining 8.2% from the comparative FY2001/02 quarter. Outlays for education (at 19.1% of the total), grew incrementally by 0.5% and were 4.2% higher for health, which absorbed 18.1%. Spending for economic services, which constituted 9.6% of the total, decreased by 11.7%, largely due to moderated tourism expenditures.

The reduction in capital spending reflected almost a two-third decline in investments under education to \$3.2 million, after an intensified focus on school construction last year, and a halving in spending under general public services to \$1.0 million. However, these softening trends were partly offset by the nearly 50% increase in outlays on public works and water supply infrastructure projects to \$12.6 million.

of 10 years, and denominated nearly entirely in US dollars.

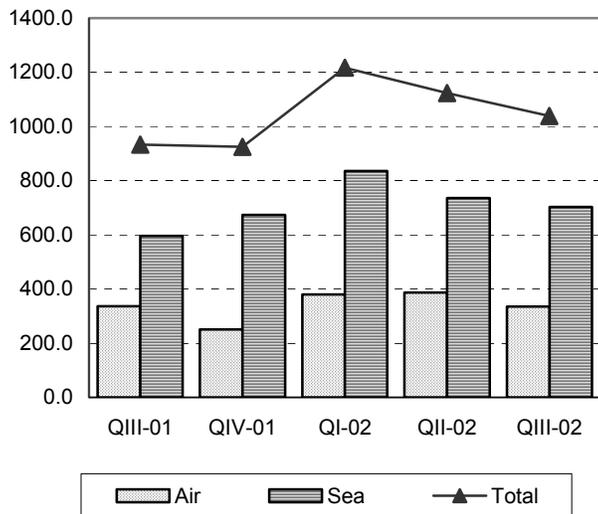
REAL SECTOR DEVELOPMENTS

TOURISM

Preliminary estimates suggested that tourism output strengthened during the third quarter despite the sluggish state of the United States' economy, and the heightened prospects of war in the Middle East. The performance was supported by continued growth in cruise visitors and some rebound in the average pricing levels in the hotel sector.

Arrivals

Thousands



Strong growth in Grand Bahama and Family Island volumes underpinned a 11.3% revival in total visitor arrivals to 1,038,208, reversing the 1.7% decrease realized in 2001. In particular, while arrivals to New Providence, which accounted for 58.3% of visitors, declined further by 2.1%, traffic to Grand Bahama and the Family Islands strengthened by 9.4% and 66.3%, respectively.

Amid the slowdown in the United States' economy, the primary stopover market, air arrivals declined slightly by 0.3% to 335,829, nevertheless moderating last year's decrease of 3.1%, and with notable gains during Sep-

tember offset by weaker trends in July and August. On a destination basis, the recovery in air arrivals to Grand Bahama (11.9%), associated with significantly discounted prices, was outweighed by further contractions in both New Providence (2.0%) and the Family Islands (11.0%).

Conversely, sea visitor growth rebounded strongly by 17.9% to 702,379 passengers, from a slight decline of 0.9% last year, led by nearly doubled Family Island traffic, which captured significant cruise activity that previously called first at New Providence. The latter, which represented approximately 31.8% of the sea component, was reinforced by gains in Grand Bahama of 7.5% and therefore offsetted the mildly accelerated decline in sea visitors to New Providence (2.1%).

Given the strong uptrend in cruise visitors and firmer prices in the stay-over market, indications are that visitor expenditures rebounded moderately from the third quarter 2001 contraction. In particular, available stopover data for the first two months of the quarter revealed an estimated 7.6% increase in total room revenues among larger hotel sector properties. Although revenues were also strengthened (3.0%) in July and August last year, they were reduced overall for the third quarter of 2001 by 4.0% following the September losses. In the 2002 quarter, the marginally increased average hotel occupancy rate, at 72.1%, was supported by a significant appreciation in the average nightly room rate (9.2%) to \$149.33. This brought an end to the broad-based discounting which followed September 11, 2001.

New Providence, recorded an 18.8% increase in average nightly room rates to \$174.78, for an 11.9% gain in estimated room revenues, despite moderately reduced occupancy levels. However, Grand Bahama experienced a revenue decline of 12.7%, as the extensive discounting of average nightly rates (26.0%) to \$68.68, did not fully compensate for the significantly increased hotel room sales. For the Family Islands, average nightly room rates appreciated by 5.0% to \$158.23, but the reduction in room sales resulted in an estimated revenue loss of 7.8%.

FISHERIES

According to the latest available data from the Department of Fisheries, fisheries output declined by 3.0% to \$20.9 million during the first six months of 2002, as the

12.3% drop in volume of products landed to 4.3 million pounds was cushioned by a 10.7% average pricing gain. The main reason was a 20.4% falloff in scale fish catch to 2.1 million pounds (47.6% of landings), and an 11.7% contraction in value to \$3.8 million. Landed conch meat was also lower in weight, by 18.8% to 0.8 million pounds and in value, by a third to \$2.0 million. By contrast, crawfish tails, which accounted for nearly one-third of landings and more than two-thirds of the estimated value, increased by 9.9% to 1.3 million pounds, valued 6.4% higher at \$14.6 million. However, the average price per pound of crawfish tails was incrementally lower at \$10.91, as compared to \$11.28 in the first half of 2001.

As regard fisheries exports, data for the first nine months of 2002 indicate that earnings increased by an estimated 13.2% to \$49.8 million. Crawfish shipments (85.8% of volume and 93.9% of value) generated boosted receipts of 5.0% to \$46.7 million, mainly because of the higher average price per pound of \$15.57. Foreign sales of scale fish and other fisheries products also increased, to a combined \$0.6 million, but aggregated inflows from sponges, stone crabs and conch meat were reduced to \$2.4 million.

PRICES

Based on quarterly variations in the average Retail Price Index, consumer price inflation during the third quarter firmed to 0.8% from 0.2% in 2001. Developments were led by accelerated average cost advances for furniture & household operations (4.3%), medical care & health (1.6%) and "other" non-categorized goods & services (3.0%). Also noteworthy was the upturn in average prices for food & beverages (0.3%), relative to unchanged positions in the average indices for housing and education, a more subdued increase for transport & communication and a marginal decrease for clothing & footwear.

For the 12-month period through September 2002, average retail price inflation trended higher to 2.3% from 1.6% in 2001, with tuition hikes influencing a strengthened advance in educational costs of 17.9% from 4.0% last year. More significant average cost increases were registered for furniture & household operations (3.6%), transport & communication (1.3%) and clothing & footwear (0.7%). However, slowed gains were posted for average costs on medical care & health (1.3%), recrea-

tion entertainment & services (1.2%), housing (0.1%), food & beverages (2.1%) and "other" goods & services (2.7%).

Average Retail Price Index (Annual % Change) SEPTEMBER					
Items	Weight	2001		2002	
		Index	%	Index	%
Food & Beverages	138.3	110.1	2.2	112.4	2.1
Clothing & Footwear	58.9	106.9	0.4	107.6	0.7
Housing	328.2	102.8	0.2	102.9	0.1
Furn. & Household	88.7	108.2	2.4	112.0	3.6
Med. Care & Health	44.1	110.4	1.8	111.9	1.3
Trans. & Comm.	148.4	103.4	1.1	104.7	1.3
Rec., Enter. & Svcs.	48.7	111.7	2.8	113.0	1.2
Education	53.1	136.2	4.0	160.6	17.9
Other Goods & Svcs.	91.6	106.0	3.6	108.9	2.7
ALL ITEMS	1000.0	107.4	1.6	109.9	2.3

MONEY, CREDIT AND INTEREST RATES

OVERVIEW

Both money and credit aggregates exhibited comparatively decelerated trends during the third quarter, although there was a moderate expansion in domestic credit expansion relative to a fall-off in money supply. Linked mainly to foreign currency credit provided to the public sector, the financial system's net foreign liabilities were increased, providing some buffer support to bank liquidity and the Central Bank's external reserves. Although reduced, bank liquidity was therefore more buoyant than last year, allowing for some easing in both deposit and lending rates, and a narrowing in the average interest rate spread on new transactions engaged by commercial banks.

Meanwhile, banks' earnings indicators for the second quarter of 2002, the latest period for which data

are available, show a decrease in profitability ratios. This was chiefly explained by a narrowing in the net interest income margin, despite an improvement in the average operating efficiency ratio.

LIQUIDITY

During the review quarter, net free cash reserves of the banking system rose incrementally by \$2.7 million (1.9%) to \$146.0 million and represented an enlarged 4.0% of Bahamian dollar deposit liabilities compared with 1.7% in September 2001, when excess reserves totaled a lesser \$59.9 million. However, this outcome reflected stable average Central Bank balances, as institutions recorded a significant net liquidation of Government securities and month-end deposit balances held at the Central Bank, to accommodate the private sector’s net foreign currency needs. As a result, the broader surplus liquid assets receded by \$44.5 million (25.7%) to \$128.7 million, but remained in excess of the statutory minimum by 21.7% as against a lesser 4.0% in September 2001.

DEPOSITS AND MONEY

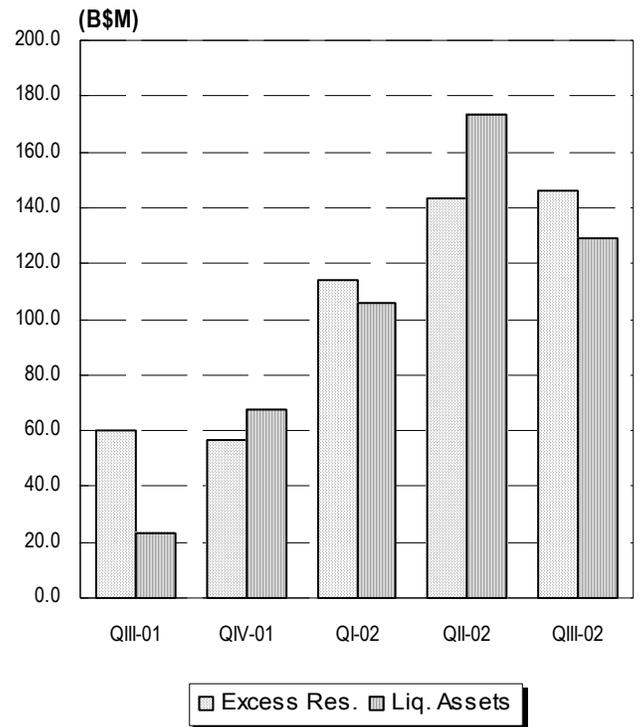
The third quarter contraction in money was due mainly to drawdowns on local currency balances held by private individuals and private financial institutions, which masked a stronger buildup in fixed deposits of businesses. The narrow money (M1) component declined further by 0.2% vis-à-vis 0.1% a year ago, with a 3.2% drop in currency in active circulation reversing a year-earlier gain of 0.3%. In a partial offset, demand deposits recovered marginally by 0.5%, relative to a 0.2% fall-off in 2001, aided by a rebuilding of personal and private financial institutions’ balances.

Similarly, broad money (M2) registered a 0.4% downturn, in contrast to a marginal 1.9% growth in 2001. Both savings and fixed deposits posted losses of 1.7% and 0.1%, relative to respective gains of 0.2% and 3.1% a year ago. Given net withdrawals by businesses, the decrease in residents’ foreign currency deposits was extended to 9.3% from 3.8% in 2001. As a result, overall money (M3) fell by \$24.7 million (0.6%) to \$3,865.1 million, sharply contrasting with the year-earlier advance of \$64.6 million (1.8%).

Bahamian dollar fixed deposits represented the largest component (59.5%) in the money supply, followed

by local currency demand (17.7%) and savings deposits (16.5%), with smaller shares accounted for by currency in active circulation (3.9%) and resident’s foreign currency deposits (2.4%).

Liquidity



An analysis of Bahamian dollar deposits by range of values and number of accounts revealed that the largest concentration of depositors (90.4%) were those with average account balances of less than \$10,000, which combined for a much smaller share (9.1%) of the total. In contrast, approximately 76.1% of resources were amassed by the 2.9% of depositors with balances in excess of \$50,000. The next largest accumulation of deposits (9.2%) was among account holders with balances in the \$10,000 - \$30,000 range (5.3%) and the remainder (1.4%), among depositors with balances in the \$30,000 - \$50,000 range (5.6%).

By depositor classification, private individuals held the majority of Bahamian dollar balances (55.7%), followed by business firms (22.2%), the government and other public sector entities (11.7%), “others” represented

largely by institutional investors (6.1 %), and private financial institutions (4.3%).

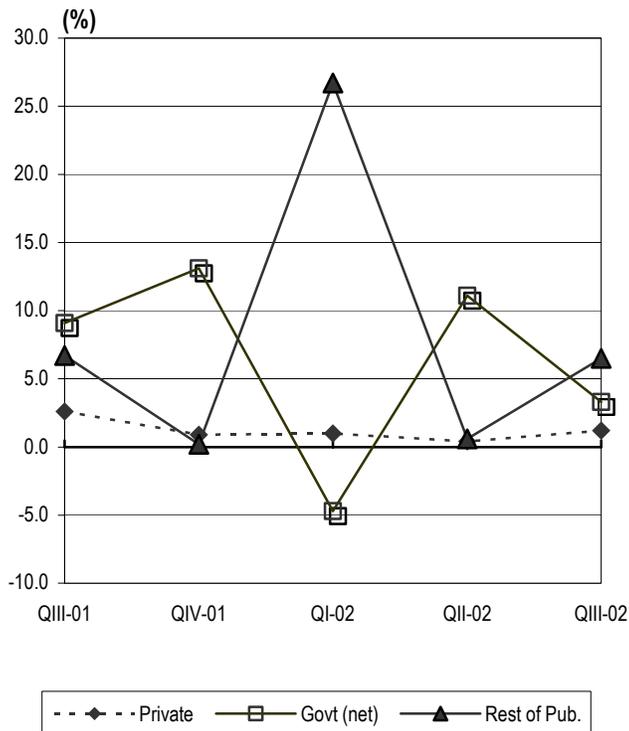
DOMESTIC CREDIT

With slowing in both public and private sector trends, growth in total domestic credit was approximately halved to \$82.7 million (1.7%) from \$155.3 million (3.5%) in the third quarter of 2001. For the public sector, the increase in net liabilities to the banking sector narrowed to \$34.3 million (4.0%) from \$55.5 million (8.6%) last year. In this regard, the tapered advance in net credit to Government, at 3.3% from 9.1%, outweighed a larger absolute increase in claims on the public corporations, which was paced however at a slightly reduced rate of 6.5%.

dollar claims, to 1.4% from 3.2% last year, while the net repayment on foreign currency credit eased to 0.4% from 1.4% in 2001.

Personal loans still approximated two-thirds of outstanding private sector credit, with the advance tempered to \$45.7 million (1.8%) from \$60.3 million (2.5%) last year. The dominant growth component, net residential mortgage lending, expanded at a moderately increased pace of \$36.6 million (3.5%), while the more heavily weighted consumer credit component declined marginally to \$1,451.4 million, relative to a narrowed increase of \$27.8 million (1.9%) last year.

Changes in Credit



	2001		2002	
	B\$M	%	B\$M	%
Agriculture	9.8	0.2	7.0	0.2
Fisheries	9.3	0.2	6.2	0.1
Mining & Quarry	22.2	0.6	21.8	0.5
Manufacturing	67.3	1.7	68.3	1.6
Distribution	229.3	5.6	212.8	4.9
Tourism	221.2	5.4	232.9	5.3
Enter. & Catering	33.8	0.8	29.7	0.7
Transport	74.4	1.8	65.7	1.5
Public Corps.	133.8	3.3	184.9	4.2
Construction	354.7	8.7	344.8	7.9
Government	88.2	2.2	201.6	4.6
Private Financial	28.1	0.7	32.2	0.7
Prof. & Other Ser.	120.5	3.0	134.2	3.0
Personal	2523.3	61.9	2653.2	60.6
Miscellaneous	160.3	3.9	185.8	4.2
TOTAL	4076.2	100.0	4381.1	100.0

Given a cautious lending stance by banks and the Central Bank ceiling on outstanding domestic currency advances, private sector credit expansion was more than halved to \$48.4 million (1.2%) from \$99.8 million (2.6%) in 2001. Contracted credit for most business activities and consumer purposes, contrasted with accelerated net lending for residential mortgages. This moderation was evident principally in the reduced growth in Bahamian

Consumer credit developments reflected net repayments under most loan classifications, including commercial vehicles (6.0%), furnishings and appliances (2.9%), private cars (2.9%), home improvement (2.2%), miscellaneous activities (1.9%), taxis and rented cars (1.1%) and debt consolidation (0.5%). Although lower on a combined basis, notable growth was recorded for education (8.7%), travel (6.6%), credit cards (6.1%), medical expenses (2.6%) and land purchases (1.6%).

Credit expansion for other private sector activities tapered to \$1.6 million from a weakened position of \$46.0 million (3.5%) in 2001. Movements included a strongly reduced net advance for construction (2.9%), albeit net lending was increased for manufacturing (2.9%) and tourism (2.9%) and rebounded for professional and other services (7.1%). Moreover, trends were reversed to net repayments for distribution (1.1%), transport (9.1%), catering and entertainment (3.6%) private financial institutions (3.2%) and fisheries (3.9%); and a further reduction was recorded in miscellaneous credit (6.9%).

COMMERCIAL BANKS

During the review period, commercial banks' deposit liabilities to the private sector contracted by 0.5%, in contrast to a slowed 1.1% increase in private sector credit. A mismatch was also noted between the increased deposit liabilities to the public corporations of 2.2%, which trailed the advance in claims on these entities of 6.7%, while net credit to Government rebounded by 1.0%. As a result, commercial banks' net foreign liabilities were increased by 8.7% during the quarter, largely associated with foreign currency credit provided to Government.

On a proportional basis, commercial banks commanded 97.7% of total banking sector deposits, with the bulk (88.2%) owing to the private sector, and approximately 61.8% of deposits held as fixed balances, 20.8% as demand and 17.4% as savings. Given this importance, both the distribution of commercial banks' deposits by range of values and number of accounts were closely linked to the overall industry pattern.

OTHER LOCAL FINANCIAL INSTITUTIONS

During the quarter, OLFIs' deposit liabilities to the private sector fell by 5.4%, to contrast with a 3.6% growth in credit to the sector. The latter was explained by the \$4.8 million expansion in mortgages, which comprised 92.4% of the private sector loan portfolio. The OLFIs' net foreign liabilities were approximately doubled over the quarter.

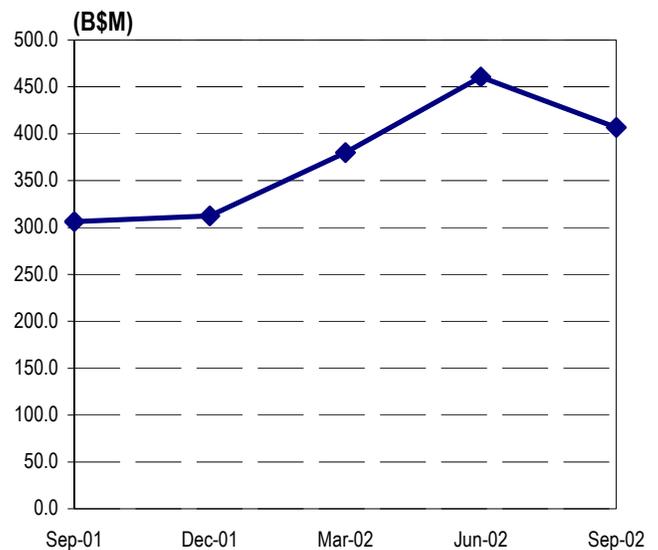
On a proportional basis, OLFIs' share of total banking sector deposits, at 2.3%, was held entirely by the private sector and mainly in fixed balances (90.6%). Analyzed by range of value and number of accounts, the

largest concentration of deposit holders (38.8%) represented 88.1% of the corresponding deposit values.

THE CENTRAL BANK

During the review quarter, the Central Bank's net claims on Government rose by 11.7% to \$157.5 million, reflecting increased holdings of Treasury bills. Reduced net seasonal demand from the public sector moderated the contraction in external reserves to \$53.9 million (11.7%) from \$61.2 million (16.7%) last year, for an outstanding stock of \$406.8 million.

External Reserves



On an annual comparative basis, the Bank's total foreign currency sales decreased by 9.1% to \$145.9 million, while total purchases fell by only 6.3% to \$89.6 million. Public sector net outflow was \$13.8 million vis-à-vis \$50.3 million last year, reflecting some net proceeds from foreign currency borrowings. However, increased private sector demand for foreign currency was evident from the higher net sale to commercial banks of \$42.5 million compared with \$14.6 million last year.

INTEREST RATES

Despite a considerable falloff, bank liquidity remained comparatively buoyant and, alongside dampened credit conditions, contributed to some softening in aver-

age interest rates on new transactions engaged by commercial banks during the quarter. In particular, the weighted average interest rate on new deposits fell by 27 basis points to 3.95%, while the corresponding lending rate decreased by 50 basis points to 11.21%. As a consequence, the estimated loan-to-deposit interest rate spread on new activity was reduced to 7.26% from 7.49% in the previous quarter.

The easing in deposit rates was primarily explained by the lower average band on fixed maturities of 3.89% - 4.22%, as compared to 4.15% - 4.56% in the previous quarter. However, the average rate on new savings deposits firmed by 4 basis points to 2.82%. On the lending side, the 71 basis points easing for consumer loans to 13.07%, represented the largest reduction in average loan rates, followed by a 45 basis-point drop in the rate on commercial mortgages to 8.85%. Although less influential, the average residential mortgage rate also decreased by 9 basis points to 8.88%, in contrast to incremental firming in the average overdraft rate to 10.61%.

Official rates—the Central Bank Discount Rate and commercial banks' Prime—were unchanged at 5.75% and 6.00%, respectively. However, movements in the average 90-day Treasury bill rate followed deposit trends, for a 59 basis points reduction to 2.37%. Primary activity in long-term Government securities during the quarter featured a \$60.0 million bond issue, with variable interest yields above Prime between 0.250% to 0.406% on maturities evenly spread between 15 - 20 years, respectively. The yields on 19 and 20-year issues in this mix were 18.75 basis points lower than on similar maturities issued during the second quarter.

BANK PROFITABILITY

The most recent data on bank profitability for the quarter ended June 2002 indicated a \$6.6 million (14.4%) decrease in domestic banks' net income over the corresponding 2001 period. In particular, the net interest margin narrowed by 1.22%, overshadowing slightly increased commission and foreign exchange income and a marginal decrease in operating costs. Banks also recorded moderately lower expenses, linked to reduced provisions for bad debt.

In the context of incremental growth in balance sheet aggregates, profitability ratios also deteriorated relative to

average assets. The ratio for net interest margin narrowed to 5.03% from 6.25%, and the contribution from commissions and foreign exchange income was reduced to 0.44% from 0.47%. Although the operating costs ratio decreased to 3.07% from 3.45%, overall profitability, as measured by the return on assets ratio, therefore weakened to 2.90% from 3.70% in the second quarter of 2001.

INTERNATIONAL TRADE AND PAYMENTS

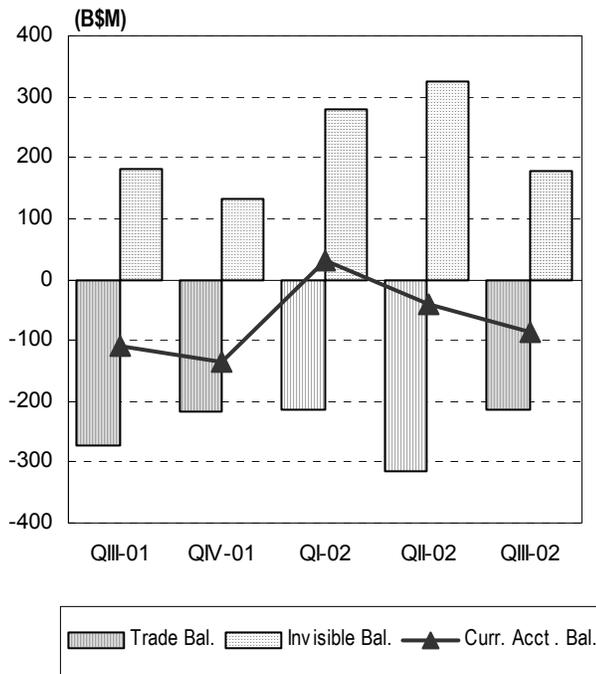
Preliminary estimates for the third quarter indicate that the current account deficit contracted to \$85.0 million from \$110.2 million in the same period last year. Weaker import demand, associated with the generally sluggish economic conditions, supported a reduction in the merchandise trade deficit by 18.8%. This mitigated the significance of the reduced surplus on the services account, where modestly stronger net tourism receipts were offset by increased net payments for other foreign services, as well as more than doubled net income outflows.

The estimated merchandise trade deficit improved to \$215.1 million from \$273.2 million in 2002. Despite a 2.5% decline in export receipts to \$161.0 million, the leading influence was the 2.5% reduction in non-oil imports to \$167.8 million. Conversely, higher average prices underpinned a \$6.2 million (8.3%) hike in the oil import bill to \$79.3 million. By product categories, the per barrel cost of gas oil rose by 11.4% to \$32.45; aviation gas, by 7.8% to \$84.09 and motor gas, by 4.7% to \$36.93. In contrast, the per barrel cost of jet fuel fell by 10.1% to \$31.93; bunker 'c' fuel, by 9.0% to \$25.30 and propane, by 2.5% to \$24.40.

Despite a 3.3% strengthening in net tourism receipts, the estimated net surplus on the services account narrowed to \$177.4 million from \$182.0 million last year, amid an increased net outflows for the remaining services. These included a doubling in the net payment for government services to \$10.8 million and a 57.4% hike in net insurance remittances to \$29.5 million, which incorporated increased international risk assessments for hurricanes. Net payments for "other" foreign services were also higher by 12.6% at \$85.3 million, albeit having an incrementally reduced component for foreign construction services. A positive contribution was provided by the 14.6% drop in net outflows for foreign transportation ser-

vices to \$21.1 million, and increased net receipts from offshore companies' local expenses to \$10.8 million from \$3.1 last year.

Balance of Payments



Under the income account, net outflows doubled to \$57.6 million, led by the nearly three-fold increase in net repatriation of profits and interest income by both banks and other private companies to \$44.8 million. There was also a moderate expansion in net labour income remittances to \$12.8 million.

Net current transfer receipts rose by 12.8% to \$10.4 million. Notably, general government net inflows increased by 14.3% to \$11.7 million, offsetting slightly higher net private sector outflows of \$1.4 million.

On the capital and financial account, the overall surplus widened to \$116.0 million from \$59.7 million in 2001. Migrant workers' outward net capital transfers rose to \$10.5 million from \$3.1 million in 2001, and net financial inflows were approximately doubled at \$126.5 million.

A breakdown of net financial inflows indicated a strong boost in net foreign direct investment to \$42.3 million from \$23.3 million, which included a more than two-fold hike in net equity investments to \$33.3 million

and fairly stable net real estate inflows of \$9.0 million. However, funding for private sector activities through net loan inflows decreased to \$20.5 million from \$25.7 million last year. The financial surplus was also supported by boosted short-term inflows through the banking sector, at \$58.6 million from \$20.2 million last year, mainly associated with the provision of foreign currency credit to the public sector. Meanwhile, the public sector also recorded a net increase in external liabilities of \$5.2 million, as opposed to a net reduction of \$6.4 million in 2001.

Taking account of these developments and after adjustments for possible errors and omissions, the overall balance recorded a reduced deficit of \$53.9 million, as against \$61.2 million in the year-earlier period.

INTERNATIONAL ECONOMIC DEVELOPMENTS

The pace of output expansion accelerated during the third quarter for most major industrial countries, following a notable slowing in the momentum during the early months of 2002. However, employment conditions were not significantly changed, given the tentative nature of economic trends and lingering uncertainty in the outlook. Inflation conditions were also relatively mild, as weak demand pressures offsetted higher energy prices and supported a continuation of an accommodative monetary policy bias among major central banks. Equity market developments, nevertheless manifested the uncertainty over near-term growth prospects, with significant valuation declines recorded on the major bourses, and currency market valuations leaned more in favor of the United States' dollar against most major currencies. On the external side, the major economies experienced mixed movements in their respective trade balances.

In output trends, growth in the United States' economy accelerated to an annualized rate of 4.0% in the third quarter of 2002, from 1.3% in the second quarter. This was due, in combination, to increased personal spending, linked to cheaper automobile financing and the aggressive refinancing of residential mortgages to take advantage of low interest rates; and an upturn in state and local government spending. Conversely, mixed signals emanated from the euro area, where the third quarter expansion was not significantly changed from the previous quarter's annual pace of 1.6%, given the dete-

rioration in consumer and business confidence during the summer months. Nevertheless, indications are that Germany's output was on a firmer uptrend, with increasing domestic demand softening the 12-month decline in industrial production, to 1.2% in August from 2.0% in June. In the United Kingdom, a gradual slowing in consumption was offset by elevated government spending, which strengthened estimated GDP growth to an annualized 2.8% from 2.4% in the second quarter. Prospects for Japan remained subdued, as estimated output growth slowed to 0.7% from 1.0% last quarter, under weakness in domestic demand owing to employment uncertainties, declining wages and accumulated business inventories.

Employment trends in the major economies showed marginal shifts during the review quarter. The average unemployment rate in the United States eased to 5.6% from 5.9%, but the average jobless rate firmed slightly to 8.3% from 8.2% in the euro area. Germany and the United Kingdom experienced stable average unemployment rates at 9.8% and 5.2%, respectively, as was also the case for Japan at 5.4% in an extremely weak job market, owing to continued restructuring in the corporate sector.

Average consumer price inflation in the major economies was also mild but mixed, owing to the influence of rising energy prices. In the United States, the seasonally adjusted inflation rate remained at 2.4% on an annualized basis, as a less aggressive increase in energy costs was offset against a rebound in average food prices. The euro area recorded easing to 2.2% from 2.1%, with the appreciated position of the currency still influencing lower prices in imports. For Germany, this amounted to a flat outturn for the quarter, as compared to a 0.7% firming in the second quarter. Deflationary trends persisted in Japan, with downward domestic pressures overshadowing influences from rising import prices, for a 0.9% annualized decline in the core consumer price index. Conversely, average consumer price inflation rose slightly in the United Kingdom, to 2.0% on an annualized basis from 1.9% in the second quarter, owing to seasonal influences from higher food prices and rising energy costs.

In currency markets, the United States' dollar strengthened against most major currencies during the

September quarter, partly reflecting the comparatively stronger economic performance. The dollar rose against the Canadian currency by 4.6% to C\$1.59; by 2.2% against the Japanese yen to ¥121.81 and by an incremental 0.5% against the euro to €1.01. Conversely, some depreciation was recorded against the pound sterling, of 2.2% to £0.64 and against the Swiss Franc, of 0.4% to SF1.48.

Commodities market featured continued upward movements in the price of gold and energy. Gold's attractiveness as a hedge against weak equity valuations was reinforced, with the closing price moving higher by 1.0% to \$322.40 per ounce. However, silver declined in value by 6.2% to \$4.54 per ounce. In the case of crude oil, the price per barrel of North Sea Brent rose by 15.0% to \$28.46, continuing to reflect the unsettled political state of the Middle East.

Despite strong indications of a rebounding trend by October, equity valuations on the major bourses declined sharply during the third quarter, continuing to be plagued by corporate accounting scandals and nervousness over possible military action in Iraq. The United States' Dow Jones Industrial Average (DJIA) fell by 17.9% to 7,592 points and the broader S&P 500 index, by 17.6% to 815 points. Declines were also recorded on European markets, with Germany's DAX share price index off by 36.8% to 2,769 points; France's CAC 40 index, by 28.8% to 2,777 points and the United Kingdom's FTSE 100 index, by 20.1% to 3,722 points. The average valuation decline on Japan's Nikkei 225 index was more moderate, at 11.7% to 9,383 points.

On the monetary policy front, major central banks continued to hold key interest rates unchanged, reflecting assessments that the supply and demand risks to price stability remained balanced over the medium term. Although maintaining some leaning towards further moderate easing during the remainder of the year, the United States Federal Reserve kept the discount and federal funds rates at 1.25% and 1.75%, respectively, for the ninth consecutive month. The European Central Bank also held its key refinancing rate at 3.25% for the fourth consecutive month; the Bank of England maintained its repurchase rate at 4.0% for the fourth quarter in a row, and the Bank of Japan's official discount rate was unchanged at an historic low of 0.1%.

In the external sector, the major countries experienced divergent movements in their respective trade balances. The United States' trade deficit grew to \$38.0 billion from \$36.8 billion, on a seasonally adjusted basis, with export weakness contrasted against growing imports. Indications are that the quarterly trade deficit for the United Kingdom also expanded due to a stronger

falloff in exports relative to the decline in imports. By contrast, Germany's trade surplus widened on a seasonally adjusted basis during the first two months of the quarter, on account of more vigorous export growth; and the Japanese trade surplus expanded owing to rising exports and weak import demand.



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.	Sept.
(B\$ Millions)										
Net foreign assets	(23.9)	(50.5)	(86.6)	(40.8)	(77.0)	(155.2)	(234.5)	(207.7)	(178.6)	(291.1)
Central Bank	338.8	404.0	342.6	382.1	367.4	306.2	312.4	380.1	460.7	406.8
Commercial banks	(376.8)	(456.6)	(449.5)	(450.5)	(454.1)	(466.5)	(548.4)	(583.2)	(634.6)	(689.6)
Other local fin. institutions	14.1	2.1	20.3	27.6	9.7	5.1	1.5	(4.6)	(4.7)	(8.3)
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	4,156.2
Domestic credit	3,425.6	3,824.6	4,278.6	4,371.0	4,414.9	4,570.2	4,677.3	4,725.5	4,809.2	4,891.9
Public sector	588.9	669.4	649.8	656.9	646.8	702.3	775.2	785.5	852.8	887.1
Government (net)	452.6	495.4	508.5	506.8	507.2	553.4	626.0	596.4	662.6	684.6
Rest of public sector	136.3	174.0	141.3	150.1	139.6	148.9	149.2	189.1	190.2	202.5
Private sector	2,836.7	3,155.2	3,628.8	3,714.1	3,768.1	3,867.9	3,902.1	3,940.0	3,956.4	4,004.8
Other items (net)	(497.5)	(526.5)	(633.0)	(667.3)	(677.3)	(706.4)	(725.7)	(716.1)	(740.8)	(735.7)
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	3,865.1
Money	596.4	758.2	807.8	806.5	795.6	786.9	776.7	792.1	835.3	833.6
Currency	125.6	148.4	151.4	148.0	149.5	149.9	153.5	147.3	154.6	149.5
Demand deposits	470.8	609.8	656.4	658.5	646.1	637.0	623.2	644.8	680.7	684.1
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	3,031.5
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	2,298.8
Savings deposits	437.9	548.0	596.1	611.6	618.9	620.2	604.6	629.2	651.3	640.2
Foreign currency	60.7	53.0	86.3	100.6	89.9	86.5	91.8	87.5	102.0	92.5
(percentage changes)										
Total domestic credit	12.0	11.6	11.9	2.2	1.0	3.5	2.3	1.0	1.8	1.7
Public sector	15.9	13.7	(2.9)	1.1	(1.5)	8.6	10.4	1.3	8.6	4.0
Government (net)	7.8	9.5	2.6	(0.3)	0.1	9.1	13.1	(4.7)	11.1	3.3
Rest of public sector	54.0	27.7	(18.8)	6.2	(7.0)	6.7	0.2	26.7	0.6	6.5
Private sector	11.2	11.2	15.0	2.4	1.5	2.6	0.9	1.0	0.4	1.2
Monetary liabilities	15.8	11.8	9.6	2.9	(0.1)	1.3	0.2	2.3	2.3	(0.6)
Money	15.0	27.1	6.5	(0.2)	(1.4)	(1.1)	(1.3)	2.0	5.5	(0.2)
Currency	14.5	18.2	2.0	(2.2)	1.0	0.3	2.4	(4.0)	5.0	(3.3)
Demand deposits	15.1	29.5	7.6	0.3	(1.9)	(1.4)	(2.2)	3.5	5.6	0.5
Quasi-money	16.0	7.9	10.5	3.8	0.3	2.0	0.6	2.4	1.5	(0.8)

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.	Sept.
(B\$ Millions)										
Net foreign assets	(38.0)	(52.6)	(106.9)	(68.4)	(86.7)	(160.3)	(236.0)	(203.1)	(173.9)	(282.8)
Central Bank	338.8	404.0	342.6	382.1	367.4	306.2	312.4	380.1	460.7	406.8
Commercial banks	(376.8)	(456.6)	(449.5)	(450.5)	(454.1)	(466.5)	(548.4)	(583.2)	(634.6)	(689.6)
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	4,061.4
Domestic credit	3,353.0	3,736.8	4,158.4	4,243.4	4,280.8	4,432.4	4,553.8	4,596.9	4,674.3	4,752.1
Public sector	585.7	665.4	645.3	652.5	642.4	697.9	771.9	782.3	849.6	883.8
Government (net)	449.4	491.5	504.1	502.5	502.9	549.1	622.8	593.3	659.5	681.4
Rest of public sector	136.3	173.9	141.2	150.0	139.5	148.8	149.1	189.0	190.1	202.4
Private sector	2,767.3	3,071.4	3,513.1	3,590.9	3,638.4	3,734.5	3,781.9	3,814.6	3,824.7	3,868.3
Other items (net)	(456.1)	(506.6)	(586.2)	(608.3)	(627.7)	(662.7)	(679.1)	(670.1)	(702.0)	(690.7)
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	3,778.6
Money	592.3	754.1	796.6	790.5	783.3	774.6	769.2	784.7	825.3	825.8
Currency	126.0	148.9	151.9	148.4	150.3	150.5	153.5	147.3	154.6	149.6
Demand deposits	466.3	605.2	644.7	642.1	633.0	624.1	615.7	637.4	670.7	676.2
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	2,952.8
Savings deposits	436.2	545.5	593.4	608.8	616.0	617.3	604.3	628.9	651.0	639.9
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	2,220.5
Foreign currency deposits	60.7	52.9	86.3	100.6	89.9	86.5	91.8	87.5	102.0	92.4
(percentage change)										
Total domestic credit	12.0	11.4	11.3	2.0	0.9	3.5	2.7	0.9	1.7	1.7
Public sector	15.9	13.6	(3.0)	1.1	(1.5)	8.6	10.6	1.3	8.6	4.0
Government (net)	7.8	9.4	2.6	(0.3)	0.1	9.2	13.4	(4.7)	11.2	3.3
Rest of public sector	54.0	27.6	(18.8)	6.2	(7.0)	6.7	0.2	26.8	0.6	6.5
Private sector	11.2	11.0	14.4	2.2	1.3	2.6	1.3	0.9	0.3	1.1
Monetary liabilities	15.9	11.1	9.1	2.9	(0.0)	1.2	0.8	2.3	2.0	(0.5)
Money	14.9	27.3	5.6	(0.8)	(0.9)	(1.1)	(0.7)	2.0	5.2	0.1
Currency	14.6	18.2	2.0	(2.3)	1.3	0.1	2.0	(4.0)	5.0	(3.2)
Demand deposits	15.0	29.8	6.5	(0.4)	(1.4)	(1.4)	(1.3)	3.5	5.2	0.8
Quasi-money	16.2	6.9	10.1	4.0	0.2	1.9	1.2	2.4	1.2	(0.7)

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.	Sept.
Net foreign assets	338.8	404.0	342.6	382.1	367.4	306.2	312.4	380.1	460.7	406.8
Balances with banks abroad	243.5	180.6	119.3	159.4	143.6	75.3	44.5	100.5	180.8	147.7
Foreign securities	86.7	214.8	215.1	214.7	215.9	222.8	260.0	271.8	271.5	250.8
Reserve position in the Fund	8.6	8.6	8.1	7.9	7.8	8.0	7.8	7.8	8.3	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	71.8
Net claims on government	59.3	69.8	120.7	107.4	113.6	178.4	187.4	160.7	141.0	157.5
Claims	61.9	73.0	128.5	110.0	121.2	185.1	189.7	162.7	148.2	167.5
Treasury bills	--	13.9	66.2	44.3	59.3	109.5	98.8	57.7	38.7	60.6
Bahamas registered stock	8.4	5.6	8.8	12.2	8.4	8.2	34.0	38.8	42.1	39.5
Loans and advances	53.5	53.5	53.5	53.5	53.5	67.4	56.9	66.2	67.4	67.4
Deposits	(2.6)	(3.2)	(7.8)	(2.6)	(7.6)	(6.7)	(2.3)	(2.0)	(7.2)	(10.0)
In local currency	(2.6)	(3.2)	(7.8)	(2.6)	(7.6)	(6.7)	(2.3)	(2.0)	(7.2)	(10.0)
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)	(16.2)
Credit to commercial banks	0.3	0.2	--	--	--	--	--	--	--	--
Official capital and surplus	(86.9)	(90.7)	(98.0)	(99.4)	(92.9)	(94.5)	(94.3)	(96.6)	(95.1)	(97.6)
Net unclassified assets	14.5	13.6	15.1	14.7	15.6	16.2	16.8	20.4	20.1	20.4
Loans to rest of public sector	4.7	6.5	7.6	7.5	7.4	7.3	7.1	7.1	6.9	6.9
Public Corp Bonds/Securities	0.3	1.4	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Liabs. to Commercial Banks & OLFIs	(184.6)	(225.0)	(209.3)	(239.9)	(241.2)	(243.5)	(253.6)	(286.5)	(344.6)	(315.5)
Notes and coins	(47.7)	(74.7)	(64.4)	(36.6)	(38.2)	(39.0)	(64.9)	(45.3)	(40.2)	(43.2)
Deposits	(136.9)	(150.3)	(144.9)	(203.3)	(203.0)	(204.5)	(188.7)	(241.2)	(304.4)	(272.3)
SDR allocation	(14.4)	(14.0)	(13.3)	(12.9)	(12.7)	(13.1)	(12.8)	(12.8)	(13.6)	(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)	(149.5)

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.	Sept.
Net foreign assets	(376.8)	(456.6)	(449.5)	(450.5)	(454.1)	(466.5)	(548.4)	(583.2)	(634.6)	(689.6)
Net claims on Central Bank	182.0	225.4	207.1	235.0	226.1	230.6	248.7	279.4	339.2	310.1
Notes and Coins	47.4	74.2	63.9	36.2	37.4	38.4	64.9	45.3	40.2	43.2
Balances	135.4	152.0	144.0	199.6	189.5	193.0	184.6	234.9	299.8	267.7
Less Central Bank credit	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
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	3,635.4
Net claims on government	390.1	421.7	383.4	395.1	389.3	370.7	435.4	432.6	518.5	523.9
Treasury bills	95.5	93.4	49.9	71.8	74.6	35.4	63.5	93.8	106.8	72.9
Other securities	290.2	327.4	315.3	309.1	312.2	313.7	314.2	302.5	312.7	326.5
Loans and advances	72.7	68.4	89.0	91.5	79.2	88.2	115.4	98.2	179.8	201.6
Less: deposits	68.3	67.5	70.8	77.3	76.7	66.6	57.7	61.9	80.8	77.1
Net claims on rest of public sector	(38.4)	(50.0)	(163.8)	(160.1)	(182.5)	(200.3)	(212.1)	(163.6)	(166.9)	(162.3)
Securities	3.7	8.5	6.9	6.9	6.9	6.9	8.0	9.8	9.8	9.8
Loans and advances	127.6	157.5	125.9	134.8	124.4	133.8	133.2	171.3	172.6	184.9
Less: deposits	169.7	216.0	296.6	301.8	313.8	341.0	353.3	344.7	349.3	357.0
Net claims on OLFIs.	(17.8)	(19.4)	(10.1)	5.7	(12.7)	(12.0)	(0.8)	(2.7)	(7.4)	15.7
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	3,868.3
Securities	0.8	5.3	6.9	6.9	6.9	7.1	6.3	6.7	6.7	7.9
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	3,860.4
Private capital and surplus	(328.5)	(415.3)	(509.9)	(538.8)	(560.1)	(575.0)	(592.8)	(591.6)	(612.1)	(626.4)
Net unclassified assets	(21.1)	18.1	31.6	26.8	49.4	28.0	9.7	20.2	11.5	16.2
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	3,255.9
Demand deposits	476.6	601.8	669.6	686.3	678.0	670.2	661.9	658.0	703.3	695.0
Savings deposits	435.7	544.5	596.9	609.7	617.0	618.7	606.2	630.9	653.4	643.6
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	1,917.3

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.	Sept.
Net foreign assets	14.1	2.1	20.3	27.6	9.7	5.1	1.5	(4.6)	(4.7)	(8.3)
Net claims on Central Bank	(12.5)	4.1	(4.8)	(10.0)	(4.5)	0.6	4.0	4.2	4.3	(0.5)
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	4.5
Less Central Bank credit	15.0	--	10.0	15.0	10.0	5.0	--	--	--	5.0
Net domestic assets	43.6	63.3	77.7	78.2	88.9	93.3	72.8	78.4	91.8	95.3
Net claims on government	3.2	3.9	4.4	4.3	4.3	4.3	3.2	3.1	3.1	3.2
Treasury bills	--	--	--	--	--	--	--	--	--	--
Other securities	3.2	3.9	4.4	4.3	4.3	4.3	3.2	3.1	3.1	3.2
Loans and advances	--	--	--	--	--	--	--	--	--	--
Less: deposits	--	--	--	--	--	--	--	--	--	--
Net claims on rest of public sector	(0.5)	(0.9)	(0.9)	(0.7)	(0.7)	(0.7)	0.1	0.1	0.1	0.1
Securities	--	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Loans and advances	--	--	--	--	--	--	--	--	--	--
Less: deposits	0.5	1.0	1.0	0.8	0.8	0.8	--	--	--	--
Net claims on commercial banks	16.8	17.4	12.4	5.6	15.1	6.6	1.6	(0.4)	5.5	(9.0)
Credit to the private sector	69.4	83.8	115.7	123.2	129.7	133.4	120.2	125.4	131.7	136.5
Securities	0.2	0.4	4.2	7.1	7.8	7.3	2.7	3.0	3.1	2.9
Mortgages	56.6	67.0	90.5	95.3	99.7	104.6	110.4	115.5	121.2	126.0
Loans and advances	12.6	16.4	21.0	20.8	22.2	21.5	7.1	6.9	7.4	7.6
Private capital and surplus	(60.2)	(56.1)	(66.9)	(69.9)	(66.1)	(66.4)	(68.4)	(67.8)	(64.0)	(60.2)
Net unclassified assets	14.9	15.2	13.0	15.7	6.6	16.1	16.1	18.0	15.4	24.7
Liabilities to private sector	45.2	69.5	93.2	95.8	94.1	99.0	78.3	78.0	91.4	86.5
Demand deposits	4.5	4.6	11.7	16.4	13.0	12.9	7.5	7.5	10.1	7.8
Savings deposits	1.8	2.5	2.7	2.8	2.9	2.8	0.2	0.2	0.2	0.4
Fixed deposits	38.9	62.4	78.8	76.6	78.2	83.3	70.6	70.3	81.1	78.3

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	Qtr. II
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	109,521
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	41,602
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	67,919
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	5,946
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	73,865
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	26,643
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	3,866
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	10,893
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	41,402
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	32,463
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	2,170
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	5,315
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	14,106
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	6,621
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	39,084
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	6.00

(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	5.03
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	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	5.47
Operating Costs	3.58	3.65	3.53	3.41	3.64	3.74	3.61	3.45	3.83	3.29	3.25	3.07
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	2.41
Net Income	2.86	2.50	2.92	3.35	3.74	3.76	3.82	3.70	2.92	2.81	2.73	2.90

*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.	Sept.
Money supply (M1)	596.4	758.2	807.8	806.5	795.6	786.9	776.7	792.1	835.3	833.6
1) Currency in active circulation	125.6	148.4	151.4	148.0	149.5	149.9	153.5	147.3	154.6	149.5
2) Demand deposits	470.8	609.8	656.4	658.5	646.1	637.0	623.2	644.8	680.7	684.1
Central Bank	6.4	17.4	14.8	12.3	8.5	7.9	10.3	25.9	21.6	16.2
Commercial banks	459.9	587.8	629.9	629.8	624.6	616.2	605.3	611.4	649.0	660.1
OLFIs	4.5	4.6	11.7	16.4	13.0	12.9	7.6	7.5	10.1	7.8
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	684.6
Central Bank	59.3	69.8	120.7	107.4	113.6	178.4	187.4	160.7	141.0	157.5
Commercial banks	390.1	421.7	383.4	395.1	389.3	370.7	435.4	432.6	518.5	523.9
OLFIs	3.2	3.9	4.4	4.3	4.3	4.3	3.2	3.1	3.1	3.2
2) Other credit	2,973.0	3,329.2	3,770.1	3,864.2	3,907.7	4,016.8	4,051.3	4,129.1	4,146.6	4,207.3
Rest of public sector	136.3	174.0	141.3	150.1	139.6	148.9	149.2	189.1	190.2	202.5
Private sector	2,836.7	3,155.2	3,628.8	3,714.1	3,768.1	3,867.9	3,902.1	3,940.0	3,956.4	4,004.8
3) External reserves	338.8	404.0	342.6	382.1	367.4	306.2	312.4	380.1	460.7	406.8
4) Other external liabilities (net)	(362.7)	(454.5)	(429.2)	(422.9)	(444.4)	(461.4)	(546.9)	(587.8)	(639.3)	(697.9)
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	3,031.5
6) Other items (net)	(497.5)	(526.5)	(633.0)	(667.3)	(677.3)	(706.4)	(725.7)	(716.1)	(740.8)	(735.7)

Source: The Central Bank of The Bahamas

TABLE 8
CONSUMER INSTALMENT CREDIT

(B\$' 000)

End of Period	1999		2000		2001						2002					
					Jun.		Sept.		Dec.		Mar.		Jun.		Sept.	
	Add-on	Demand*	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	922	264,969	603	284,366	477	286,695	416	281,772	405	270,662	325	266,945	265	260,444	218	253,052
Taxis & rented cars	--	1,674	--	2,122	--	2,296	--	2,289	--	2,251	--	2,422	--	2,012	--	1,990
Commercial vehicles	10	5,316	9	4,912	8	4,515	8	4,431	8	4,385	8	4,366	8	4,228	3	3,978
Furnishings & domestic appliances	101	16,746	40	17,554	36	16,646	8	17,711	7	17,514	3	16,954	2	16,393	2	15,913
Travel	88	38,100	52	44,677	30	43,736	28	46,537	25	43,391	22	40,619	15	42,476	14	45,299
Education	50	28,646	30	32,968	24	35,799	18	47,215	16	49,569	15	56,412	9	55,717	8	60,590
Medical	47	11,649	30	12,775	27	13,509	23	13,570	22	13,304	21	13,151	20	13,423	10	13,787
Home Improvements	522	119,070	297	121,566	219	124,215	199	128,466	180	126,542	173	118,103	145	107,942	116	105,631
Land Purchases	450	72,186	107	91,561	76	95,596	72	96,579	61	95,251	56	95,595	55	95,462	54	96,994
Consolidation of debt	1,174	346,272	713	353,470	615	360,409	540	359,757	501	356,914	444	352,066	385	351,027	295	349,324
Miscellaneous	696	251,550	420	313,465	293	328,579	252	336,835	237	340,739	168	350,991	150	361,857	138	354,931
Credit Cards	...	128,500	...	131,301	...	129,521	...	134,284	...	137,768	...	138,379	...	140,494	...	149,078
TOTAL	4,060	1,284,678	2,301	1,410,737	1,805	1,441,516	1,564	1,469,446	1,462	1,458,290	1,235	1,456,003	1,054	1,451,475	858	1,450,567
NET CREDIT EXTENDED																
Private cars	(1,256)	34,658	(319)	19,397	(72)	(3,639)	(61)	(4,923)	(11)	(11,110)	(80)	(3,717)	(60)	(6,501)	(47)	(7,392)
Taxis & rented cars	0	318	0	448	--	205	--	(7)	--	(38)	--	171	--	(410)	0	(22)
Commercial vehicles	(12)	303	(1)	(404)	(1)	(128)	--	(84)	--	(46)	--	(19)	--	(138)	(5)	(250)
Furnishings & domestic appliances	(317)	3,478	(61)	808	(2)	(531)	(28)	1,065	(1)	(197)	(4)	(560)	(1)	(561)	0	(480)
Travel	(57)	6,818	(36)	6,577	(16)	1,721	(2)	2,801	(3)	(3,146)	(3)	(2,772)	(7)	1,857	(1)	2,823
Education	(51)	1,601	(20)	4,322	(3)	(469)	(6)	11,416	(2)	2,354	(1)	6,843	(6)	(695)	(1)	4,873
Medical	(72)	(737)	(17)	1,126	(1)	259	(4)	61	(1)	(266)	(1)	(153)	(1)	272	(10)	364
Home Improvements	(410)	13,360	(225)	2,496	(23)	1,770	(20)	4,251	(19)	(1,924)	(7)	(8,439)	(28)	(10,161)	(29)	(2,311)
Land Purchases	(232)	4,433	(343)	19,375	(3)	2,294	(4)	983	(11)	(1,328)	(5)	344	(1)	(133)	(1)	1,532
Consolidation of debt	(818)	27,550	(461)	7,198	(57)	1,523	(75)	(652)	(39)	(2,843)	(57)	(4,848)	(59)	(1,039)	(90)	(1,703)
Miscellaneous	(537)	44,699	(276)	61,915	(60)	9,348	(41)	8,256	(15)	3,904	(69)	10,252	(18)	10,866	(12)	(6,926)
Credit Cards	...	11,826	0	2,801	...	2,346	...	4,763	...	3,484	...	611	...	2,115	0	8,584
TOTAL	(3,762)	148,307	(1,759)	126,059	(238)	14,699	(241)	27,930	(102)	(11,156)	(227)	(2,287)	(181)	(4,528)	(196)	(908)

Source: The Central Bank of The Bahamas

TABLE 9
SELECTED AVERAGE INTEREST RATES

Period	1998	1999	2000	2001				2002			%
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	
COMMERCIAL BANKS											
Deposit rates											
Savings deposits	3.11	2.88	2.71	2.70	2.68	2.66	2.70	2.73	2.78	2.82	
Fixed deposits											
Up to 3 months	5.53	4.50	3.93	4.12	4.20	4.24	4.20	4.27	4.15	3.89	
Up to 6 months	6.05	4.83	4.31	4.40	4.63	4.70	4.75	4.70	4.51	4.05	
Up to 12 months	5.90	4.88	4.50	4.67	4.81	4.57	4.83	4.83	4.48	4.21	
Over 12 months	5.94	4.90	4.31	4.53	5.03	5.73	4.65	5.28	4.56	4.22	
Weighted average rate	5.58	4.50	3.97	4.16	4.25	4.25	4.29	4.37	4.22	3.95	
Lending rates											
Residential mortgages	9.86	9.57	8.96	8.94	9.09	8.93	8.84	8.88	8.97	8.88	
Commercial mortgages	10.12	9.67	9.46	8.59	9.15	8.80	8.94	9.07	9.30	8.85	
Consumer loans	14.55	13.88	13.58	13.64	13.69	13.40	12.90	12.31	13.78	13.07	
Overdrafts	11.00	10.65	10.56	10.42	10.85	9.80	10.64	10.18	10.60	10.61	
Weighted average rate	12.33	11.84	11.74	11.87	11.74	11.14	11.12	11.20	11.71	11.21	
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	4.27	
Up to 6 months	4.81	4.35	4.08	4.17	4.47	4.25	3.75	3.92	4.27	3.50	
Up to 12 months	5.03	4.63	4.30	4.28	4.17	4.09	3.68	4.46	4.12	4.22	
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	4.37	
Lending rates											
Residential mortgages	9.90	9.75	8.97	8.53	8.85	9.10	9.08	8.91	9.14	8.23	
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	8.34	
Weighted average rate	13.21	12.72	12.11	11.60	11.76	12.60	9.04	8.86	9.07	8.12	
Other rates											
Prime rate	6.75	6.00	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	2.37	
Treasury bill re-discount rate	4.34	2.47	1.49	1.92	2.34	2.50	3.05	3.13	3.46	2.87	
Bank rate (discount rate)	6.50	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	

Source: The Central Bank of The Bahamas

TABLE 10
SUMMARY OF BANK LIQUIDITY

End of Period	(B\$ Millions)									
	1998	1999	2000	2001				2002		
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.
I. Statutory Reserves										
Required reserves	135.5	153.9	166.6	170.2	174.6	175.8	176.1	178.6	181.9	184.3
Average Till Cash	41.4	61.0	59.6	43.6	39.2	41.7	51.2	47.3	41.4	44.4
Average balance with central bank	136.1	174.7	149.4	189.3	187.5	194.8	182.2	246.2	284.7	286.7
Free cash reserves (period ended)	41.2	81.0	41.6	61.9	51.3	59.9	56.5	114.1	143.4	146.0
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	593.4
B. Net Eligible Liquid Assets	559.7	656.6	579.2	620.3	625.1	596.6	636.7	691.1	772.4	722.1
i) Balance with Central Bank	137.7	155.5	148.2	203.7	193.5	198.0	188.6	239.1	304.1	272.3
ii) Notes and Coins	48.2	75.1	64.9	37.1	38.7	39.5	65.4	45.8	40.7	43.7
iii) Treasury Bills	95.5	93.4	49.9	71.8	74.6	35.4	63.5	93.8	106.8	72.9
iv) Government registered stocks	264.1	311.4	303.7	297.3	300.5	302.0	306.4	294.6	305.8	320.7
v) Specified assets	17.4	20.8	20.2	17.3	16.7	16.2	16.9	18.9	18.7	18.3
vi) Net Inter-bank dem/call deposits	-2.4	1.2	(6.9)	(6.1)	1.9	6.3	(3.3)	(0.3)	(2.9)	(5.0)
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)
C. Surplus/(Deficit)	106.9	148.7	40.1	56.5	51.3	23.2	67.4	105.9	173.2	128.7

Source: The Central Bank of The Bahamas

TABLE 11
GOVERNMENT OPERATIONS AND FINANCING

Period	1999/00p	2000/01p	2001/02p	Budget		2001/02p				2002/03p
				2001/02	2002/03	QTR. I	QTR. II	QTR. III	QTR. IV	QTR. I
Total Revenue & Grants	918.5	957.5	864.4	1,029.7	962.8	222.9	193.7	218.1	229.8	201.0
Current expenditure	817.4	846.5	836.0	893.8	953.9	204.3	203.2	223.5	205.0	208.7
Current balance	101.1	111.0	28.4	135.9	8.9	18.6	(9.5)	(5.4)	24.8	(7.7)
Capital expenditure	106.7	85.0	97.3	108.8	127.4	20.0	19.2	22.1	36.0	17.9
Net lending	32.1	42.4	26.4	21.3	28.0	1.0	37.8	(25.0)	12.7	8.6
Overall balance	(37.7)	(16.4)	(95.3)	5.8	(146.5)	(2.4)	(66.5)	(2.5)	(23.9)	(34.2)
FINANCING (I+II-III+IV+V)	37.7	16.4	95.3	(5.8)	146.5	2.4	66.5	2.5	23.9	34.2
I. Foreign currency loans	22.4	4.1	143.8	48.9	29.7	1.3	38.3	0.4	103.8	25.1
External	22.4	4.1	18.8	48.9	29.7	1.3	13.3	0.4	3.8	0.1
Domestic	--	--	125.0	...	...	--	25.0	--	100.0	25.0
II. Bahamian dollar borrowing	78.0	75.8	157.7	34.3	186.2	64.3	40.9	20.0	32.5	70.4
i) Treasury bills	--	20.0	26.9	...	...	16.1	--	--	10.8	--
Central Bank	--	20.0	16.1	...	...	16.1	--	--	--	--
Commercial banks & OLFIs	--	--	10.8	...	...	--	--	--	10.8	--
Public corporations	--	--	--	...	...	--	--	--	--	--
Other	--	--	--	...	...	--	--	--	--	--
ii) Long-term securities	78.0	55.8	95.7	...	...	34.3	40.9	--	20.5	60.0
Central Bank	8.0	6.5	66.4	...	...	5.0	40.9	--	20.5	5.0
Commercial banks & OLFIs	33.1	8.9	10.1	...	...	10.1	--	--	--	18.8
Public corporations	18.2	14.4	4.8	...	...	4.8	--	--	--	10.7
Other	18.7	26.0	14.4	...	...	14.4	--	--	--	25.5
iii) Loans and Advances	--	--	35.1	...	...	13.9	--	20.0	1.2	10.4
Central Bank	--	--	33.9	...	...	13.9	--	20.0	--	--
Commercial banks	--	--	1.2	...	...	--	--	--	1.2	10.4
III. Debt repayment	20.6	75.7	144.3	87.3	66.8	29.2	31.7	54.0	29.4	26.1
Domestic	12.7	67.1	110.9	54.0	59.1	28.3	28.5	53.1	1.0	25.0
Bahamian dollars	1.0	60.4	76.4	47.7	54.1	25.2	23.5	27.7	0.0	25.0
Internal foreign currency	11.8	6.7	34.5	6.2	5.0	3.1	5.0	25.4	1.0	--
External	7.9	8.6	33.4	33.3	7.7	0.9	3.2	0.9	28.4	1.1
IV. Cash balance change	(19.4)	10.3	(3.4)	...	...	11.4	13.3	(4.0)	(24.0)	0.9
V. Other Financing	(22.7)	1.9	(58.5)	(1.7)	(2.6)	(45.4)	5.7	40.1	(59.0)	(36.1)

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	1998p	1999p	2000p	2001p		2002p		
				Sept.	Dec.	Mar.	June	Sept.
TOTAL EXTERNAL DEBT	93,428	106,079	115,486	112,083	122,202	121,711	97,195	96,197
By Instrument								
Government Securities	56,000	50,500	50,500	50,500	50,500	50,500	25,000	25,000
Loans	37,428	55,579	64,986	61,583	71,702	71,211	72,195	71,197
By Holder								
Commercial banks	6,334	25,602	25,919	23,343	20,409	20,409	17,833	17,833
Offshore financial institutions	6,900	980	500	500	500	500	--	--
Multilateral institutions	30,194	29,497	39,067	38,241	51,293	50,802	54,362	53,364
Bilateral Institutions	--	--	--	--	--	--	--	--
Private Capital Markets	50,000	50,000	50,000	50,000	50,000	50,000	25,000	25,000
TOTAL INTERNAL DEBT	1,338,417	1,403,452	1,399,628	1,444,152	1,481,560	1,448,230	1,579,705	1,650,071
By Instrument								
Foreign Currency	44,655	29,936	21,287	16,907	36,906	11,516	110,516	135,516
Government securities	29,200	21,000	16,000	16,000	11,000	11,000	10,000	10,000
Loans	15,455	8,936	5,287	907	25,906	516	100,516	125,516
Bahamian Dollars	1,293,762	1,373,516	1,378,341	1,427,245	1,444,654	1,436,714	1,469,189	1,514,555
Advances	53,519	53,519	53,519	67,445	56,945	66,235	67,445	67,445
Treasury bills	132,500	132,500	132,500	168,600	168,600	168,600	179,400	179,400
Government securities	1,099,856	1,180,586	1,186,386	1,185,724	1,213,633	1,196,633	1,217,098	1,252,098
Loans	7,887	6,911	5,936	5,476	5,476	5,246	5,246	15,612
By Holder								
Foreign Currency	44,665	29,936	21,287	16,677	36,906	11,517	110,517	135,517
Commercial banks	44,665	29,936	21,287	16,677	36,906	11,517	110,517	135,517
Other local financial institutions	--	--	--	--	--	--	--	--
Bahamian Dollars	1,293,762	1,373,516	1,378,341	1,427,245	1,444,654	1,436,714	1,469,189	1,514,555
The Central Bank	61,926	73,101	128,895	185,735	190,554	163,136	148,606	168,005
Commercial banks	357,851	405,047	352,466	336,161	370,771	392,141	416,100	405,200
Other local financial institutions	3,618	6,399	4,287	4,187	3,128	3,127	3,127	3,127
Public corporations	623,817	607,744	590,485	584,859	562,309	565,329	582,924	596,728
Other	246,550	281,225	302,208	316,303	317,892	312,981	318,432	341,495
TOTAL FOREIGN CURRENCY DEBT	138,083	136,015	136,773	128,990	159,108	133,227	207,711	231,713
TOTAL DIRECT CHARGE	1,431,845	1,509,531	1,515,114	1,556,235	1,603,762	1,569,941	1,676,900	1,746,268
TOTAL CONTINGENT LIABILITIES	349,045	376,288	369,942	383,973	364,113	410,015	410,246	409,373
TOTAL NATIONAL DEBT	1,780,890	1,885,819	1,885,056	1,940,208	1,967,875	1,979,956	2,087,146	2,155,641

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)							
	1998p	1999p	2000p	2001p		2002p		
				Sept.	Dec.	Mar.	June	Sept.
Outstanding debt at beginning of period	401,069	403,744	404,642	384,254	379,503	390,156	402,730	488,127
Government	148,142	138,083	136,015	131,746	128,990	159,108	133,227	207,711
Public Corporations	252,927	265,661	268,627	252,508	250,513	231,048	269,503	280,416
Plus new drawings	43,752	47,955	27,375	3,813	43,219	44,074	116,792	38,566
Government	6,431	24,612	16,421	1,255	38,335	374	103,840	25,120
Public corporations	37,321	23,343	10,954	2,558	4,884	43,700	12,952	13,446
Less Amortization	41,077	47,057	38,231	8,564	32,566	31,500	31,395	7,553
Government	16,490	26,680	15,663	4,011	8,217	26,255	29,356	1,118
Public corporations	24,587	20,377	22,568	4,553	24,349	5,245	2,039	6,435
Outstanding debt at end of period	403,744	404,642	393,786	379,503	390,156	402,730	488,127	519,140
Government	138,083	136,015	136,773	128,990	159,108	133,227	207,711	231,713
Public corporations	265,661	268,627	257,013	250,513	231,048	269,503	280,416	287,427
Interest Charges	30,978	24,724	26,063	4,436	8,678	3,333	7,072	6,584
Government	12,364	8,711	8,251	504	3,455	321	3,470	3,040
Public corporations	18,614	16,013	17,812	3,932	5,223	3,012	3,602	3,544
Debt Service	72,055	71,781	64,294	13,000	41,244	34,833	38,467	14,137
Government	28,854	35,391	23,914	4,515	11,672	26,576	32,826	4,158
Public corporations	43,201	36,390	40,380	8,485	29,572	8,257	5,641	9,979
Debt Service ratio	3.8	3.0	2.3	2.2	7.7	5.4	5.7	2.4
Government debt Service/ Government revenue (%)	3.8	4.1	2.6	2.0	6.0	12.2	14.3	2.1
MEMORANDUM								
Holder distribution (B\$ Mil):								
Commercial banks	100.7	100.3	86.0	79.3	95.8	113.0	220.7	258.1
Offshore Financial Institutions	6.9	1.0	0.5	0.5	0.5	0.5	0.0	0.0
Multilateral Institutions	217.1	226.5	234.3	228.7	243.1	238.5	241.8	235.7
Bilateral Institutions	29.1	25.4	21.8	20.0	0.0	0.0	0.0	0.0
Other	50.0	50.0	50.0	50.0	50.0	50.0	25.0	25.0
Private Capital Markets	0.0	1.5	1.1	1.0	0.7	0.7	0.6	0.3

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.IIIp	Qtr.IVp	Qtr.Ip	Qtr.IIp	Qtr.IIIp
A. Current Account Balance (I+II+III+IV)	(409.3)	(471.3)	(345.6)	(110.2)	(130.1)	30.0	(53.2)	(84.3)
I. Merchandise (Net)	(1,249.2)	(1,370.6)	(1,149.7)	(273.2)	(217.1)	(214.7)	(314.3)	(215.1)
Exports	523.2	805.3	614.1	162.5	170.2	142.5	125.2	161.0
Imports	1,772.4	2,175.9	1,763.8	435.7	387.3	357.2	439.5	376.1
II. Services (Net)	933.2	1,029.1	945.0	182.0	130.2	278.1	312.5	177.4
Transportation	(112.3)	(133.6)	(133.8)	(24.7)	(44.2)	(24.1)	(29.6)	(21.1)
Travel	1,272.5	1,521.0	1,453.6	302.7	243.1	393.0	465.6	312.8
Insurance Services	75.0	(60.9)	(81.4)	(18.7)	(14.8)	(16.1)	(19.6)	(29.5)
Offshore Companies Local Expenses	84.7	115.5	50.9	3.1	29.7	24.5	13.9	10.8
Other Government	(26.8)	(29.4)	(48.0)	(4.6)	(13.4)	(10.7)	(25.2)	(10.3)
Other Services	(359.9)	(383.5)	(296.4)	(75.8)	(70.2)	(88.5)	(92.6)	(85.3)
III. Income (Net)	(129.7)	(173.1)	(182.6)	(28.2)	(49.2)	(44.8)	(67.1)	(56.9)
1. Compensation of Employees	(40.9)	(51.1)	(46.8)	(11.6)	(14.0)	(10.9)	(14.0)	(12.8)
2. Investment Income	(88.6)	(122.0)	(135.8)	(16.6)	(35.2)	(33.9)	(53.1)	(44.1)
IV. Current Transfers (Net)	36.4	43.4	41.7	9.2	6.0	11.4	15.7	10.3
1. General Government	41.5	47.4	45.8	10.3	7.0	11.9	17.5	11.7
2. Private Sector	(5.1)	(4.0)	(4.0)	(1.1)	(1.0)	(0.5)	(1.8)	(1.4)
B. Capital and Financial Account (I+II) (excl. Reserves)	583.8	413.1	260.4	59.7	114.4	111.4	108.7	116.0
I. Capital Account (Transfers)	(13.6)	(16.4)	(20.2)	(3.1)	(3.8)	(9.0)	(6.3)	(10.5)
II. Financial Account	597.4	429.5	280.6	62.8	118.2	120.4	115.0	126.5
1. Direct Investment	149.1	249.8	100.8	23.3	17.3	42.5	59.4	42.3
2. Other Investments	448.3	179.7	180.1	39.5	100.9	77.9	53.6	84.2
Central Gov't Long Term Capital flow (ne	2.5	0.4	24.6	(2.9)	31.6	(0.5)	(24.5)	(1.0)
Other Public Sector Capital	(7.3)	(11.6)	(28.6)	(3.5)	(20.6)	36.9	0.9	6.2
Banks	91.8	(28.0)	120.5	20.2	85.5	40.9	51.5	58.6
Other	361.3	218.9	63.6	25.7	4.5	(0.6)	25.8	20.5
C. Net Errors and Omissions	(109.6)	(3.1)	55.0	(10.7)	21.8	(73.8)	25.1	(85.6)
D. Overall Balance (A+B+C)	65.2	(61.5)	(30.2)	(61.2)	6.1	67.6	80.6	(53.9)
E. Financing	(65.2)	61.5	30.0	61.2	(6.2)	(67.6)	(80.6)	53.9
Change in SDR holdings	--	(0.1)	0.0	--	--	0.1	(0.1)	0.1
Change in Reserve Position with the Fund	--	0.5	0.3	(0.3)	0.2	0.1	(0.5)	0.0
Change in External Foreign Assets () = Inceas	(65.2)	61.1	29.8	61.5	(6.4)	(67.8)	(80.0)	53.8

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 & Liguers	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. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III
Visitor Arrivals	3,347,665	3,648,291	4,203,831	4,184,884	932,034	924,544	1,216,381	1,123,377	1,038,208
Air	1,304,851	1,438,887	1,481,545	1,439,030	336,884	250,564	380,480	387,468	335,829
Sea	2,042,814	2,209,404	2,722,286	2,745,854	595,150	673,980	835,901	735,909	702,379
Visitor Type									
Stopover	1,527,707	1,577,066	1,596,159	1,563,310	388,167	259,719	n.a	n.a	n.a
Cruise	1,729,894	1,981,481	2,512,626	2,551,673	536,098	649,062	516,106	441,015	n.a
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 Hotel Nights	2,630,623	3,018,531	3,277,657	3,495,931	873,796	845,339	839,052	897,179	855,131
Average Hotel Occupancy Rates (%)*									
New Providence	75.9	76.0	73.3	66.7	63.4	51.9	73.4	71.5	77.0
Grand Bahama	66.3	53.6	58.2	49.7	51.6	30.6	59.3	53.1	70.0
Other Family Islands	40.4	44.3	41.0	37.2	34.8	21.4	36.9	43.9	38.0
Average Nightly Room Rates (\$)									
New Providence	155.2	180.6	171.7	163.0	148.1	137.4	186.7	187.8	164.1
Grand Bahama	51.3	65.0	63.9	86.4	80.6	64.3	93.8	85.4	71.3
Other Family Islands	141.3	168.9	155.5	162.1	148.1	137.4	186.4	161.3	144.5

Source: The Ministry of Tourism

* Figures in *bold italics* represents July & August only.