



Monthly Economic and Financial Developments May 2018

In an effort to provide the public with more frequent information on its economic surveillance activities, the Central Bank has decided to release monthly reports on economic and financial sector developments in The Bahamas. The Bank monitors these conditions as part of its monetary policy mandate, to assess whether money and credit trends are sustainable relative to levels of external reserves required to protect the value of the Bahamian dollar and, if not, the degree to which credit policies ought to be adjusted. The main data source for this surveillance is financial institutions' daily reports on foreign exchange transactions and weekly balance sheet statements. Therefore, monthly approximations may not coincide with calendar estimates reported in the Central Bank's quarterly reports. The Central Bank will release its "Monthly Economic and Financial Developments" report on the Monday following its monthly Monetary Policy Committee Meeting.

Future Release Dates:

2018: July 30, September 3, October 1, October 29, December 3, December 17.



Monthly Economic and Financial Developments

(MEFD) May 2018

1. Domestic Economic Developments

Overview

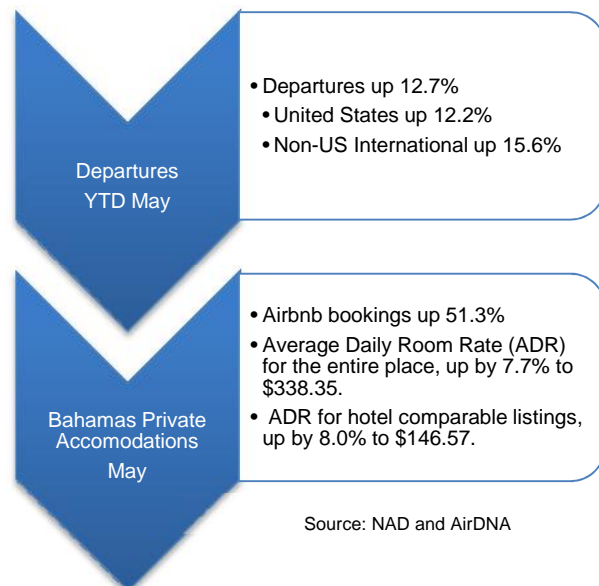
Developments within the domestic economy remained largely positive during the review period of May 2018, as tourism indicators continued to trend upwards, while foreign investment projects supported construction-related activity. Reflecting the increase in global oil prices, domestic energy costs rose during the period, while on the fiscal front, the cumulative deficit contracted over the ten months of FY2017/2018, due to a decline in capital expenditure and an increase in revenue. In monetary developments, broad liquidity expanded, owing to increased short-term financing to the Government; however, external reserves contracted, attributed in part to the seasonal uptick in foreign currency demand during the holiday period, combined with public sector net foreign currency debt payments.

Real Sector

Tourism

Preliminary tourism sector indicators suggest that the sector continued to exhibit signs of strengthening during the review period. In particular, data from the Nassau Airport Development Company Ltd. (NAD), showed that total visitor departures—net of domestic departures—grew by 15.3% in May, a reversal from a 2.4% decline a year earlier. This was supported by gains in both the U.S and non-U.S components, by 15.9% and 11.8%, compared to declines of 2.6% and 1.0%, respectively, in the prior year. Similar trends were noted over the five-month period, as total visitor traffic advanced by 12.7%, vis-à-vis a 3.4% contraction a year earlier. This corresponded to a 12.2% increase in the U.S. segment, reversing 2017's 4.1% reduction; and accelerated gains in the non-U.S. segment of 15.6%, from 0.8% in 2017.

Chart 1: Selected Tourism Indicators at a Glance



Provisional indicators of stopover activity, suggest that the increase in air arrivals translated into higher occupancy levels in the private vacation rental market. Specifically, information from AirDNA¹, showed a 51.3% increase in overall bookings through the global Airbnb website during the month of May, relative to the same period last year, as the total number of available listings on the platform firmed by 34.3%. This

¹ AirDNA is an analytics company that collects and compiles data from Airbnb listings.

development reflected higher bookings in four of the largest markets, Exuma, Abaco, New Providence and Grand Bahama, which rose by 68.3%, 47.6%, 47.4% and 42.9%, respectively. Similarly, the number of room nights sold advanced by 50.6% for hotel comparable bookings—which include studio and one bedroom entire dwelling rentals—and by 52.1% for listings of entire homes. In addition, estimates of the average daily room rate (ADR) for the entire Bahamas market, firmed by 7.7% to \$338.40 for entire homes and by 8.0% to \$146.57 per night for hotel comparable listings, over the prior year.

Prices

Buoyed by the persistent supply-led increase in global oil prices, domestic energy costs continued to firm during the review period. In April, gasoline and diesel retail prices rose by 0.7% and 3.8%, to \$4.52 and \$4.37 per gallon, respectively, relative to the prior month. Similarly, on a year-on-year basis, gasoline prices increased by 7.4% and diesel prices firmed by 13.8%.

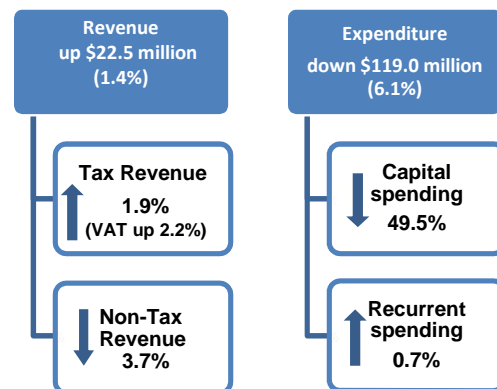
Fiscal Sector

Data on the Government's budgetary operations for the ten months of FY2017/18, revealed a \$141.5 million (46.8%) reduction in the deficit to \$160.6 million, when compared to a year earlier, amid a \$119.0 million (6.1%) contraction in expenditure to \$1,836.9 million and a \$22.5 million (1.4%) increase in revenue to \$1,676.3 million.

The contraction in total Government expenditure was due primarily to a halving in capital outlays, by \$130.2 million (49.5%) to \$132.7 million, as the winding-down of hurricane rebuilding work led to a \$92.6 million (45.6%) reduction in infrastructure spending. In addition, asset acquisitions declined by \$37.5 million (63.0%), owing mainly to a \$25.0 million (74.8%) decrease in the purchase of other "miscellaneous" assets. In contrast, current expenditure firmed by \$11.4 million (0.7%) to \$1,704.3 million, with consumption spending up by \$13.1 million (1.5%), driven by a the \$22.5 million (3.9%) increase in personal emoluments, which overshadowed the \$9.4 million (3.0%) decline in purchases of goods and services. Meanwhile, transfer payments fell marginally, by \$1.8 million (0.2%), with the \$13.0 million decrease in subsidies and other transfers, outpacing an \$11.2 million (5.0%) rise in interest payments.

Revenue gains were underpinned by a \$28.5 million (1.9%) increase in tax inflows. Specifically, value added tax (VAT) receipts firmed by \$12.1 million (2.2%), while departure taxes and motor vehicle collections grew by \$8.5 million (8.2%) and \$6.8 million (32.8%), respectively. Several of the other categories recorded increases, as evidenced by the over ten-fold (\$44.0 million) rise in the "unclassified" taxes category, while selective taxes on services firmed by \$5.8 million (26.3%). In contrast, international trade tax receipts decreased by \$17.9 million (4.0%), owing mainly to a \$19.0 million (8.1%) decline in import taxes. Similarly, business and professional fees recorded a reduction of \$16.5 million (12.4%). Non-tax revenue also contracted, by \$6.1 million (3.7%) to \$157.5 million, due to a timing-associated decline in

Chart 2: Budgetary Operations at a Glance



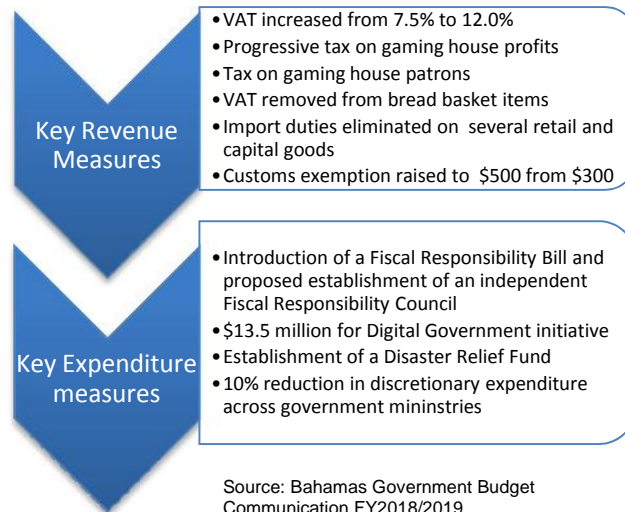
Source: Central Bank of the Bahamas

income by \$15.3 million (37.1%), which overshadowed the \$8.3 million (6.8%) increase in receipts from fines, forfeits & administrative fees.

Analysis of the Budget Communication

The FY2018/2019 Budget Communication was presented in parliament on May 30, 2018 and approved in the final week of June. The budget outlined several key objectives, including the creation of a legislative framework to ensure more prudent fiscal management, under a forthcoming Fiscal Responsibility Act. The Government signaled plans to reduce the fiscal deficit to no more than 0.5% of GDP within a 3-year period, and over the medium-term, reduce the National Debt/GDP ratio to 50%. In addition, the Budget outlined the Government's intention to settle the approximately \$360.0 million in outstanding expenditure arrears over a 3-year period, and to target significantly reduced subsidy support for public corporations. In terms of revenue, the measures announced were aimed at

Chart 3: FY2018/2019 Budget Highlights



Source: Bahamas Government Budget Communication FY2018/2019

increasing overall receipts in order to payoff outstanding arrears, fund various social and public sector initiatives and compensate for potential trade tariff reductions associated with the WTO ascension process. The most significant of these initiatives was the increase in the value added tax (VAT) rate from 7.5% to 12.0% on 1st July. To offset the increase in the tax for vulnerable groups, the VAT on certain "bread basket" items and for medicine was eliminated (zero-rated), while other exemptions were approved for low-level consumption of electricity and water and for residential property insurance.

In light of the expenditure measures proposed, and the expected yield of the revenue enhancement plan, the Government projects that the fiscal deficit will decline by \$73.0 million in FY2018/9 to \$237.0 million, in comparison to the prior year's budget. The deficit is expected to represent 1.8% of FY2018/2019's GDP. This framework imports a projected decrease in the debt-to-GDP ratio by 1.1 percentage points to 56.1% in FY2018/2019.

2. Domestic Monetary Trends

May 2018 vs. 2017

Liquidity

Given the proceeds from the Government's temporary financing of short-term debt through the Central Bank, liquidity in the banking system expanded during May². Reflecting this development, excess liquid

² These debt securities were subsequently sold-off to commercial banks.

assets—a broad measure of liquidity—firmed by \$14.6 million to \$2,020.1 million, a reversal from a \$23.3 million contraction in the previous year. In contrast, excess reserves, a narrow measure of liquidity, contracted by \$44.4 million to \$1,079.8 million, after a \$32.2 million reduction in 2017, as entities shifted a portion of their funds into short-term debt instruments.

External Reserves

External reserves fell by \$30.1 million to \$1,661.8 million in May, in contrast to a slight \$1.6 million uptick a year-earlier. Underlying this development, the Bank sold a net of \$34.2 million to the public sector—related mainly to external debt service payments and to a lesser extent, fuel imports—following a \$25.0 million net outflow in the prior year. In addition, the Bank’s net purchase from commercial banks narrowed by \$17.9 million to \$4.9 million, as commercial banks’ net sales to customers more than doubled to \$37.2 million.

Exchange Control Sales

Based on provisional exchange control data, gross foreign currency sales for current account transactions declined by \$35.9 million to \$439.9 million, in comparison to the corresponding period of 2017. In the underlying developments, reductions were noted for oil import associated outflows (6.8% of the total), by \$25.5 million, non-oil imports (32.6% of the total), by \$16.1 million, factor income-related transactions (3.5% of the total), by \$15.9 million, transfers (3.8%), by \$10.4 million and travel (4.8%), by \$4.4 million. In contrast, exchange control sales for “other miscellaneous” current items (48.5% of the total) grew by \$36.4 million.

Domestic Credit

Bahamian Dollar Credit

During the review period, total Bahamian dollar credit grew by \$53.6 million in May, outpacing the \$16.5 million expansion in the previous year. In particular, the growth in net credit to the Government accelerated to \$68.4 million from \$28.6 million in the prior year, amid an increase in short-term borrowing. In addition, credit to the rest of the public sector edged-up by \$0.3 million, a turnaround from a \$1.2 million easing last year. In contrast, private sector credit contracted by \$15.0 million, following a \$10.9 million decrease a year earlier, with mortgages and consumer credit falling by \$8.0 million each, compared to the prior year, when mortgages rose slightly, and the latter decreased by \$10.9 million. In a partial offset, commercial and other loans increased by \$1.0 million, after a marginal decrease in 2017.

Chart 4: Private Sector Credit



Source: Central Bank of the Bahamas

Foreign Currency Credit

Domestic foreign currency credit fell by \$6.7 million, a reversal from a slight increase last year, as net claims on the Government decreased by \$6.0 million, after being virtually unchanged a year ago. Further, credit to rest of the public sector eased by \$0.7 million, relative to a \$1.4 million reduction in the prior

period. Meanwhile, claims on the private sector softened by \$0.2 million, a turnaround from a \$0.8 million gain the previous year, as commercial and other loans were incrementally reduced.

Credit Quality

Reflecting in part banks' intensified efforts to resolve credit delinquencies, total private sector arrears decreased by \$10.0 million (1.2%) to \$844.9 million, while the corresponding ratio of arrears to total private sector loans fell by 14 basis points to 14.8%. In particular, non-performing loans (NPLs)—arrears over 90 days—contracted by \$8.2 million (1.4%) to \$551.5 million, resulting in the attendant ratio declining by 12 basis points to 9.7%. Similarly, short-term (31-90 day) delinquencies, declined by \$1.8 million (0.6%) to \$293.3 million, with the relevant ratio slightly lower, by 2 basis points, to 5.1%.

A breakdown by loan type, revealed a \$12.5 million (2.4%) contraction in mortgage delinquencies to \$497.6 million, owing to a \$7.4 million (4.3%) decline in the short-term segment, while NPLs fell by \$5.0 million (1.5%). Similarly, consumer arrears tapered by \$1.5 million (0.6%) to \$256.1 million, as the \$2.5 million (1.5%) reduction in non-accrual loans, overshadowed the \$0.9 million (1.0%) increase in 31-90 day delinquencies. In contrast, commercial loan arrears rose by \$4.0 million (4.1%) to \$91.2 million, due to a \$4.7 million (16.0%) increase in short-term arrears, which eclipsed the \$0.7 million (1.1%) softening in NPLs.

During the review month, banks reduced their total provisions for loan losses by \$3.5 million (0.8%) to \$424.7 million. Nonetheless, amid the falloff in arrears, the ratio of provisions to total arrears firmed by 17 basis points to 50.3%, while the provisions to non-performing loans ratio expanded by 49 basis points to 77.0%. Further, during the month, banks recovered \$0.7 million of previously written-off loans.

On a yearly basis, the arrears ratio stood 2.7 percentage point lower, as the dominant impact of asset sales was still evident in a similar 2.7 percentage point decline in the NPL rate. A breakdown by loan type, showed that the commercial arrears rate fell sharply by 17.0 percentage points, due mainly to asset sales to the Bahamas Resolve Corporation, while mortgage and consumer arrears eased by 73 and 20 basis points, respectively.

Deposits

Total Bahamian dollar deposits firmed by \$13.1 million during May, a reversal from a \$45.4 million reduction in the previous year. In terms of the components, saving deposits rose by \$25.5 million, outpacing the prior year's \$8.0 million expansion. Similarly, fixed balances expanded by \$1.5 million, in contrast to a \$28.7 million decline in the prior year; however, the fall in demand deposits was nearly halved to \$13.9 million.

Interest Rates

In interest rate developments, the weighted average loan rate expanded by 133 basis points on a monthly basis to 11.66%. In contrast, the weighted average deposit rate at banks declined by 29 basis points to 0.71%, with the highest rate of 4.50% offered on fixed balances of over 12 months.

3. Domestic Outlook

Expectations are that the domestic economy will continue to grow moderately over the near-term, as the increase in high-end room capacity and the opening of new markets support the improvement in tourism sector activity, while foreign direct investment is likely to remain the predominant driver of construction output. In this environment, labour market conditions are poised to continue to gradually improve. Given the context of elevated energy prices, along with potential price gains following the increase in the VAT rate in July, domestic inflation should accelerate over the near-term; albeit from a low base.

The measures announced in the May 2018 Budget Communication to restrain central Government expenditure growth, reduce transfers to public corporations and increase revenues, if successfully implemented, should lead to a significant improvement in the fiscal and debt indicators over time. Nonetheless, unexpected shocks, such as weather-related events, remain as near-term risks to the fiscal accounts.

The high level of liquidity in the banking sector is expected to be sustained over an extended period, amid the ongoing weakness in private sector credit, as banks maintain their conservative lending stance and households continue to deleverage. Meanwhile, banks should stay well capitalized, with the relevant indicators exceeding the Bank's target and trigger ratios, thereby mitigating any financial stability concerns. External reserves should also maintain their comparative improvement, although some seasonal reduction is projected over the remainder of 2018, in line with the pattern of higher domestic spending in the second half of each year.

4. Monetary Policy Implications

In light of the prevailing domestic economic conditions and near-term outlook, the Bank believes that its current monetary policy stance remains prudent, as the balance between foreign currency demand and supply remains sustainable. This policy stance reflects a number of important factors, such as: the high level of external reserve buffers, which protect the fixed exchange rate regime, signs of improvement in the high value-added stopover segment of the tourism sector, and subdued levels of private sector credit demand.

Nevertheless, the risks to the economy remain tilted to the downside, as the unfolding international trade disputes could negatively impact global growth, with spillover effects to the local market.

On the domestic front, the adverse effects of a significant weather-related event, could lead to a reassessment of the policy stance over the near-term, while the potential for an increase in credit supply, fueled by the high level of liquidity, will need to be managed effectively via measures such as the implementation of a credit bureau. Although the tourism industry continues to benefit from decentralized residential rentals, this could pose heightened downside risks to the foreign exchange earnings potential of the sector, unless coordinated mechanisms assure product quality and safety.

Against this backdrop, the Bank will sustain its ongoing monitoring of important economic developments, and where prudent, adjust its policy stance to maintain stability.

APPENDIX

International Developments

During the review period, most of the major economies sustained their upward growth trajectory, supported by domestic demand and investments; although the ongoing trade disputes caused some uncertainty in the equity markets. Amid these developments, the major central banks—with the exception of the Federal Reserve—sustained their accommodative monetary policy stances.

Economic conditions in the United States improved modestly, as total non-farm payrolls increased by 223,000 in May, supported by gains in the retail trade, healthcare and construction sectors. As a result, the unemployment rate fell by 10 basis points to 3.8%—the lowest rate recorded since April 2000. Further, retail sales growth accelerated by 40 basis points to 0.8%, driven by purchases of motor vehicles and building supplies, although a disruption to truck assemblies aided in a 0.1% reduction in industrial production, vis-à-vis 0.9% growth in April. In addition, higher energy and housing prices underpinned a 0.2% increase in the consumer price index, unchanged from the prior month. In April, the trade deficit declined by \$2.8 billion (5.7%), backed by a 1.3% increase in exports, while imports were virtually unchanged. Given the persistent economic growth, and improving labour market conditions, the Federal Reserve sustained its programme of gradually raising interest rates to more “normal” levels, by adjusting the target range for the federal funds rate upwards by 25 basis points to 1.75%-2.0%.

Economic developments in Europe varied during the review period. In the United Kingdom (UK), retail sales rose by 1.3% in May, following a 1.9% gain in the prior month, as warm weather conditions and Royal Wedding celebrations buoyed gains in consumer spending. In addition, the rate of inflation edged-up slightly by 10 basis points to 2.3% in May, due to increases in oil and airfare prices. Further, the unemployment rate in the three months to April, declined to a record low of 4.2%, 10 basis points lower than in the rate recorded in the prior three-month period. In contrast, industrial production fell by 0.8%, owing to declines in manufacturing output. External indicators showed a widening in the UK's trade deficit by £2.1 billion, as the 3.2% falloff in the smaller export component, was overshadowed by the 0.7% growth in imports. Economic indicators in the euro area were relatively soft over the review period, as retail sales grew slightly by 0.1% in April, lower than the 0.4% advance recorded a month earlier, while industrial production declined by 0.9%, a reversal from a 0.6% gain in March. In the external sector, the trade surplus contracted by €10.2 billion (37.9%), as the 8.5% falloff in exports, overshadowed the 3.9% increase in imports. Nevertheless, the unemployment rate declined by 10 basis points month-on-month to 8.5%—the lowest rate recorded in over a decade, while the annual inflation rate quickened by 60 basis points to 1.9% in April, due mainly to gains in the service and energy sectors. In this environment, both the Bank of England and the European Central Bank maintained their neutral policy stance, in an effort to sustain the growth in their respective economies.

Asian market economic indicators remained positive over the review period. Specifically, China's retail sales expanded by 8.5% in May, compared to an increase of 9.4% in the prior month, while gains in mining and quarrying output, led to a 6.8% increase in industrial production, albeit slower than April's 7.0% improvement. As a result, the unemployment rate decreased by 10 basis points to 4.8% in May, while consumer price inflation was unchanged at 1.8%. In Japan, developments were largely favourable, with a boost in automobile production supporting a 0.5% advance in April's industrial production, relative to a 0.3% uptick in the prior month, while the purchasing managers' index—a key gauge of manufacturing output—firmed by 0.5 percentage points, relative to a 0.1 percentage point falloff a month earlier. With regard to the labour market, the unemployment rate stabilized at 2.5%, while price developments featured a 0.4% decline in the consumer price index, owing to lower food, communication and transportation costs. During the period, both the Bank of Japan and the People's Bank of China left their monetary policy stances unchanged, in an effort to support the sustained growth in their respective economies.

As a result of the continued production cuts by the Organization of the Petroleum Exporting Countries (OPEC), crude oil prices firmed by 3.2% to \$77.59 per barrel during the month of May. Similarly, developments in the precious metals market showed mixed results, as the price of silver increased by 0.54% to \$16.42 per ounce, while the cost of gold decreased by 1.28% to \$1,298.52 per ounce, due in part to the strengthening of the US dollar.

The volatility seen in the major stock markets over the prior three-month period began to subside in May, reflecting signs of easing geopolitical tensions—particularly in Asia. As a consequence, in the United States, the Dow Jones Industrial Average (DJIA) and S&P 500, both moved higher by 1.05% and 2.16%, respectively. Similarly, the UK's FTSE 500 advanced by 2.25%; however, France's CAC 40 and Germany's DAX weakened by 2.21% and 0.06%, respectively. In Asia, China's SE Composite rose marginally by 0.43%, while Japan's Nikkei 225 fell by 1.18%.

The US dollar appreciated against most of the major currencies in May. The dollar firmed relative to the British Pound by 3.51% to £0.7522, the euro by 3.28% to €0.8552, the Chinese Yuan by 1.21% to CNY6.4104, and the Canadian dollar by 0.96% to CAD1.2957. In contrast, the dollar declined slightly relative to the Swiss Franc and Japanese Yen by 0.52% to CHF0.9858, and by 0.48% to ¥108.82, respectively.

Recent Monetary and Credit Statistics

(B\$ Millions)

MAY						
Value		Change		Change YTD		
2017	2018	2017	2018	2017	2018	

1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	689.21	1,079.75	-32.15	-44.37	-34.51	222.20
1.2 Excess Liquid Assets	1,454.53	2,020.09	-23.27	14.57	7.45	221.81
1.3 External Reserves	953.40	1,661.79	1.64	-30.14	51.33	253.50
1.4 Bank's Net Foreign Assets	-140.34	-153.73	-30.87	-7.58	-9.18	17.26
1.5 Usable Reserves	309.78	813.08	15.33	-3.37	65.94	144.18

2.0 DOMESTIC CREDIT

2.1 Private Sector	6,133.40	5,924.03	-10.09	-15.23	-19.35	-52.45
a. B\$ Credit	5,894.64	5,701.26	-10.85	-15.03	-18.73	-50.81
of which: Consumer Credit	2,227.00	2,136.22	-10.86	-7.98	-20.43	-61.31
Mortgages	2,947.93	2,877.65	1.87	-8.08	-12.89	-4.35
Commercial and Other Loans B\$	719.71	687.39	-1.86	1.02	14.59	14.85
b. F/C Credit	238.77	222.77	0.76	-0.19	-0.63	-1.64
of which: Mortgages	69.08	66.55	-0.37	0.11	1.04	4.36
Commercial and Other Loans F/C	169.68	156.21	1.13	-0.30	-1.67	-6.00
2.2 Central Government (net)	2,573.98	2,341.97	28.56	62.36	35.80	-36.04
a. B\$ Loans & Securities	2,756.88	2,563.84	7.06	49.52	5.71	-45.11
Less Deposits	180.96	214.01	-21.49	-18.84	-27.83	-12.14
b. F/C Loans & Securities	0.00	0.00	-1.68	-0.21	0.00	0.00
Less Deposits	1.94	7.86	-1.67	5.80	-2.26	3.06
2.3 Rest of Public Sector	292.23	264.12	-2.58	-0.50	-13.65	-6.77
a. B\$ Credit	102.83	99.16	-1.21	0.25	-4.48	-1.04
b. F/C Credit	189.40	164.97	-1.37	-0.74	-9.17	-5.73
2.4 Total Domestic Credit	8,999.62	8,530.33	16.65	46.84	2.62	-95.05
a. B\$ Domestic Credit	8,573.39	8,150.25	16.50	53.58	10.34	-84.83
b. F/C Domestic Credit	426.23	380.08	0.15	-6.74	-7.72	-10.22

3.0 DEPOSIT BASE

3.1 Demand Deposits	2,256.92	2,507.47	-24.75	-13.90	67.41	147.00
a. Central Bank	13.82	22.06	-1.26	-9.85	-1.95	7.99
b. Banks	2,243.10	2,485.41	-23.49	-4.04	69.36	139.01
3.2 Savings Deposits	1,350.02	1,424.72	7.96	25.54	56.37	57.05
3.3 Fixed Deposits	2,796.77	2,699.04	-28.65	1.49	-73.69	-43.61
3.4 Total B\$ Deposits	6,403.70	6,631.23	-45.43	13.14	50.08	160.44
3.5 F/C Deposits of Residents	367.21	340.94	-8.90	10.17	-11.25	38.92
3.6 M2	6,689.49	6,931.05	-38.86	23.64	42.12	153.25
3.7 External Reserves/M2 (%)	14.25	23.98	0.11	-0.52	0.68	3.20
3.8 Reserves/Base Money (%)	76.28	99.95	1.66	0.22	6.14	2.33
3.9 External Reserves/Demand Liabilities (%)	74.07	97.90	1.67	1.27	5.54	2.67

Value		Year to Date		Change	
2017	2018	2017	2018	Month	YTD

4.0 FOREIGN EXCHANGE TRANSACTIONS

4.1 Central Bank Net Purchase/(Sale)	-2.20	-29.35	40.81	238.78	-27.15	197.97
a. Net Purchase/(Sale) from/to Banks	22.80	4.88	104.87	289.62	-17.91	184.75
i. Sales to Banks	22.70	18.27	113.64	67.48	-4.43	-46.16
ii. Purchases from Banks	45.50	23.16	218.51	357.10	-22.34	138.59
b. Net Purchase/(Sale) from/to Others	-24.99	-34.23	-64.06	-50.84	-9.24	13.21
i. Sales to Others	67.02	56.75	270.63	293.12	-10.27	22.50
ii. Purchases from Others	42.02	22.52	206.57	242.28	-19.51	35.71
4.2 Banks Net Purchase/(Sale)	-14.67	-37.20	105.82	199.51	-22.53	93.69
a. Sales to Customers	455.38	478.14	1,927.94	2,111.36	22.76	183.42
b. Purchases from Customers	440.71	440.94	2,033.76	2,310.87	0.24	277.11
4.3 B\$ Position (change)	10.59	16.84				

5.0 EXCHANGE CONTROL SALES

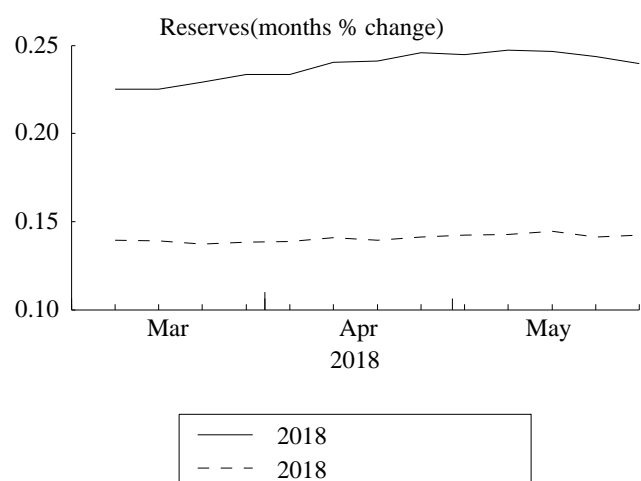
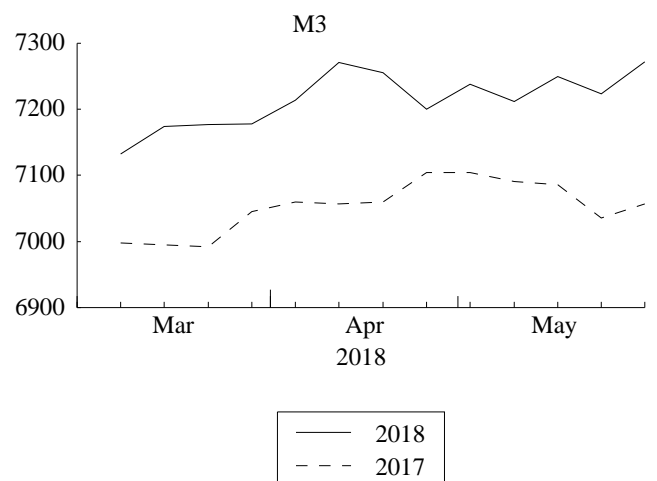
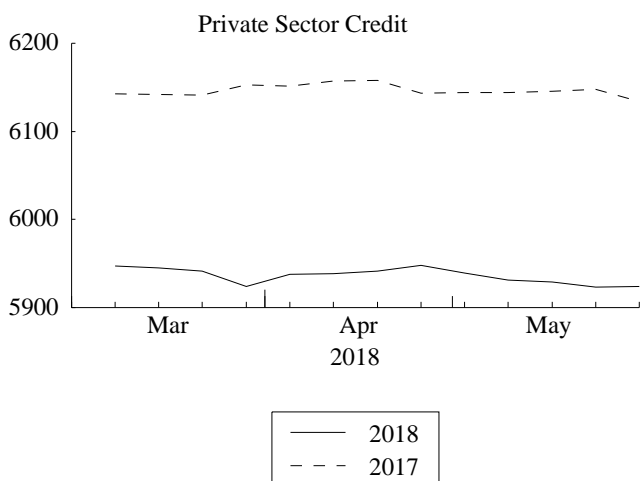
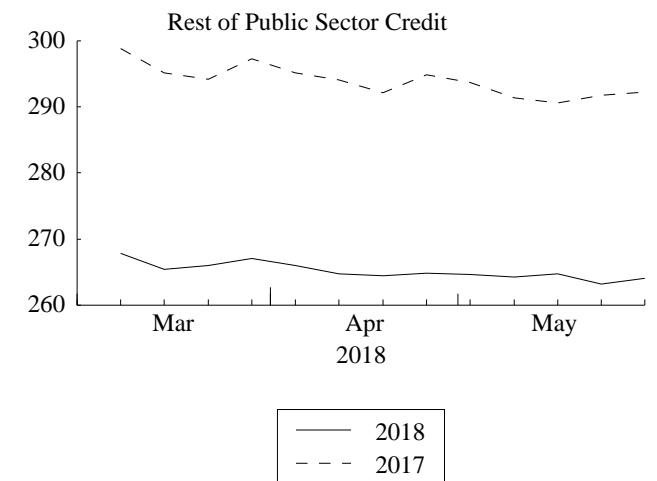
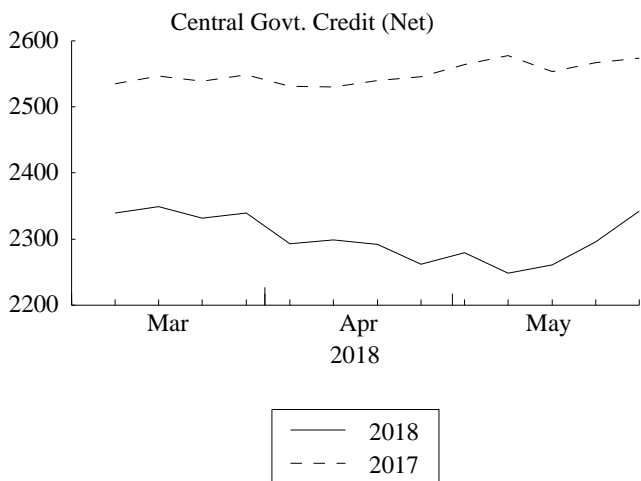
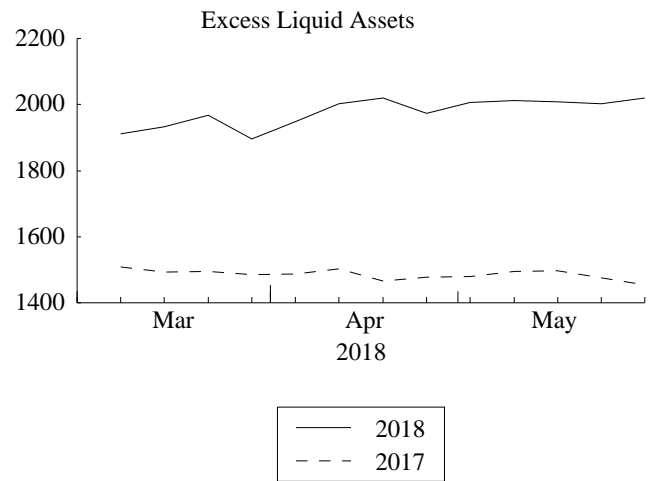
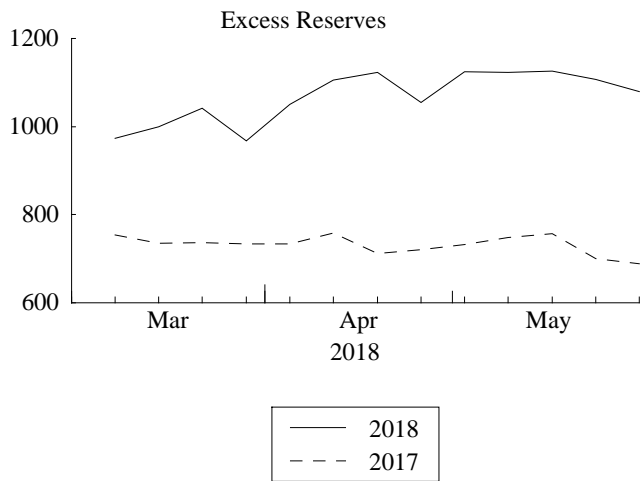
5.1 Current Items	475.86	439.94	2,216.13	2,074.80	-35.92	-141.32
of which Public Sector	53.11	1.93	324.10	156.13	-51.18	-167.97
a. Nonoil Imports	159.70	143.64	744.17	673.42	-16.06	-70.76
b. Oil Imports	55.35	29.81	215.38	167.62	-25.54	-47.76
c. Travel	25.67	21.30	117.15	110.24	-4.37	-6.91
d. Factor Income	31.08	15.20	120.18	108.37	-15.88	-11.81
e. Transfers	27.15	16.72	127.24	106.07	-10.44	-21.17
f. Other Current Items	176.91	213.28	892.01	909.09	36.37	17.08
5.2 Capital Items	7.31	3.80	76.73	75.56	-3.51	-1.17
of which Public Sector	0.01	0.83	48.84	40.87	0.82	-7.97
5.3 Bank Remittances	0.00	0.00	0.00	0.00	0.00	0.00

Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: MAY 31, 2017 and MAY 30, 2018

Exchange Control Sales figures are as at month end.

Notes: 1.0, 2.0 and 3.0 YTD change reflects change of current month over previous year end; for 4.0 and 5.0 change is over corresponding period of previous year.

SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



Selected International Statistics

A: Selected Macroeconomic Projections (Annual % Change and % of labor force)						
	Real GDP		Inflation Rate		Unemployment	
	2017	2018	2017	2018	2017	2018
Bahamas	1.8	2.5	2.4	2.2	10.1	N/A
United States	2.3	2.7	2.1	2.1	4.4	4.1
Euro-Area	2.4	2.2	1.5	1.4	9.2	8.7
<i>Germany</i>	2.5	2.3	1.6	1.5	3.8	3.7
Japan	1.8	1.2	0.4	0.5	2.9	2.9
China	6.8	6.6	1.8	2.4	4.0	4.0
United Kingdom	1.7	1.5	2.6	2.6	4.9	4.4
Canada	3.0	2.3	1.6	1.8	6.5	6.3
<i>Source: IMF World Economic Outlook January 2018, Department of Statistics</i>						

B: Official Interest Rates – Selected Countries (%)					
<i>With effect</i>	CBOB	ECB (EU)	Federal Reserve (US)		Bank of England
	<i>from</i>	Bank Rate	Refinancing Rate	Primary Credit Rate	Target Funds Rate
March 2016	4.50	0.00	1.00	0.25-0.50	0.50
April 2016	4.50	0.00	1.00	0.25-0.50	0.50
May 2016	4.50	0.00	1.00	0.25-0.50	0.50
June 2016	4.50	0.00	1.00	0.25-0.50	0.50
July 2016	4.50	0.00	1.00	0.25-0.50	0.50
August 2016	4.50	0.00	1.00	0.25-0.50	0.25
September 2016	4.50	0.00	1.00	0.25-0.50	0.25
October 2016	4.50	0.00	1.00	0.25-0.50	0.25
November 2016	4.50	0.00	1.00	0.25-0.50	0.25
December 2016	4.00	0.00	1.25	0.50-0.75	0.25
January 2017	4.00	0.00	1.25	0.50-0.75	0.25
February 2017	4.00	0.00	1.25	0.50-0.75	0.25
March 2017	4.00	0.00	1.50	0.75-1.00	0.25
April 2017	4.00	0.00	1.50	0.75-1.00	0.25
May 2017	4.00	0.00	1.75	1.00-1.25	0.25
June 2017	4.00	0.00	1.75	1.00-1.25	0.25
July 2017	4.00	0.00	1.75	1.00-1.25	0.25
August 2017	4.00	0.00	1.75	1.00-1.25	0.25
September 2017	4.00	0.00	1.75	1.00-1.25	0.25
October 2017	4.00	0.00	1.75	1.00-1.25	0.25
November 2017	4.00	0.00	1.75	1.00-1.25	0.50
December 2017	4.00	0.00	2.00	1.25-1.50	0.50
January 2018	4.00	0.00	2.00	1.25-1.50	0.50
February 2018	4.00	0.00	2.00	1.25-1.50	0.50
March 2018	4.00	0.00	2.25	1.50-1.75	0.50
April 2018	4.00	0.00	2.25	1.50-1.75	0.50
May 2018	4.00	0.00	2.50	1.75-2.00	0.50

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	May-17	Apr-18	May-18	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.8894	0.8280	0.8552	3.28	2.67	-3.84
Yen	110.78	109.34	108.82	-0.48	-3.43	-1.77
Pound	0.7758	0.7266	0.7522	3.51	1.70	-3.05
Canadian \$	1.3500	1.2834	1.2957	0.96	3.05	-4.02
Swiss Franc	0.9678	0.991	0.9858	-0.52	1.19	1.86
Renminbi	6.8197	6.3340	6.4104	1.21	-1.48	-6.00

Source: Bloomberg as of May 31, 2018

D. Selected Commodity Prices (\$)					
Commodity	May 2017	April 2018	May 2018	Mthly % Change	YTD % Change
Gold / Ounce	1268.95	1315.35	1298.52	-1.28	-0.35
Silver / Ounce	17.33	16.33	16.42	0.54	-3.07
Oil / Barrel	51.66	75.17	77.59	3.22	16.50

Source: Bloomberg as of May 31, 2018

E. Equity Market Valuations – May 31, 2018 (% change)								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-0.60	1.05	2.16	2.25	-2.21	-0.06	-1.18	0.43
3 month	-4.43	-2.45	-0.32	6.17	1.46	1.36	0.61	-5.03
YTD	-5.03	-1.23	1.18	-0.12	1.62	-2.42	-2.47	-6.40
12-month	4.52	16.22	12.17	2.10	2.17	-0.08	12.98	-0.70

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	GBP	EUR
o/n	1.77	-0.52	-0.44
1 Month	2.02	0.53	-0.40
3 Month	2.30	0.60	-0.36
6 Month	2.47	0.71	-0.29
9 Month	2.50	0.86	-0.27
1 year	2.74	1.01	-0.25

Source: Bloomberg as of May 31, 2018

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

	VALUE												CHANGE					
	Apr. 04	Apr. 11	Apr. 18	Apr. 25	May. 02	May. 09	May. 16	May. 23	May. 30	Apr. 04	Apr. 11	Apr. 18	Apr. 25	May. 02	May. 09	May. 16	May. 23	May. 30
I. External Reserves	1,606.74	1,667.15	1,670.82	1,689.67	1,691.93	1,698.95	1,702.95	1,676.30	1,661.79	9.36	60.41	3.67	18.85	2.26	7.02	4.00	-26.65	-14.51
II. Net Domestic Assets (A + B + C + D)	9.58	-6.37	10.78	-74.88	4.64	-12.96	-6.02	-0.86	0.91	69.49	17.15	17.15	-85.65	79.51	-17.60	6.93	5.16	1.77
A. Net Credit to Gov't (i + ii + iii - iv)	387.66	367.90	371.68	370.52	382.03	370.30	363.50	362.67	363.76	0.83	-19.77	3.79	-1.16	11.51	-11.73	-6.79	-0.83	1.08
i) Advances	134.66	134.66	134.66	134.66	134.66	134.66	134.66	134.66	134.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii) Registered Stock	274.38	257.39	259.39	259.41	259.61	249.75	240.78	240.80	241.51	0.05	-16.99	2.00	0.02	0.20	-9.86	-8.98	0.02	0.70
iii) Treasury Bills	0.00	0.00	0.00	0.00	9.98	9.98	9.98	0.00	0.00	0.00	0.00	0.00	0.00	9.98	-0.00	0.00	-9.98	0.00
iv) Deposits	21.38	24.15	22.36	23.55	22.23	24.10	21.91	12.79	12.41	-0.78	2.78	-1.79	1.18	-1.32	1.87	-2.19	-9.13	-0.38
B. Rest of Public Sector (Net) (i + ii - iii)	-28.56	-31.84	-16.38	-24.33	-29.16	-22.50	-24.44	-15.30	-19.44	-3.81	-3.27	15.46	-7.95	-4.84	6.66	-1.94	9.14	-4.13
i) BDB Loans	2.75	2.75	2.75	2.75	2.75	2.75	2.63	2.63	2.63	0.00	0.00	0.00	0.00	0.00	0.00	-0.13	0.00	0.00
ii) BMC Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
iii) Deposits	31.31	34.59	19.13	27.08	31.91	25.25	27.07	17.93	22.06	3.81	3.27	-15.46	7.95	4.84	-6.66	1.81	-9.14	4.13
C. Loans to/Deposits with Banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
D. Other Items (Net)*	-349.52	-342.43	-344.53	-421.07	-348.23	-360.75	-345.09	-348.23	-343.41	72.47	7.09	-2.10	-76.54	72.84	-12.52	15.66	-3.15	4.82
III. Monetary Base	1,616.32	1,660.78	1,681.60	1,614.79	1,696.56	1,685.99	1,696.92	1,675.43	1,662.70	78.85	44.45	20.82	-66.81	81.77	-10.57	10.93	-21.49	-12.73
A. Currency in Circulation	404.79	412.63	398.08	399.47	410.42	402.62	400.34	406.17	404.56	8.13	7.84	-14.55	1.39	10.95	-7.80	-2.27	5.83	-1.61
B. Bank Balances with CBOB	1,211.53	1,248.15	1,283.52	1,215.33	1,286.15	1,283.37	1,296.58	1,269.26	1,258.14	70.71	36.62	35.37	-68.19	70.82	-2.78	13.21	-27.32	-11.12

* Includes capital, provisions and surplus account, fixed and other assets, and other demand liabilities of Bank

FISCAL/REAL SECTOR INDICATORS

(B\$ MILLIONS)

(% change represents current month from previous month)

	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		YEAR TO DATE		
	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	
Fiscal Operations:																									
1. Government Revenue & Grants % change: over previous month	161.8 -7.9%	171.6 -28.9%	135.8 -16.0%	152.7 -11.0%	152.8 12.47%	127.9 -1.63%	109.9 -28.05%	161.2 26.1%	148.7 35.29%	148.7 35.29%	124.6 -22.7%	142.8 -3.98%	140.6 12.8%	187.3 31.17%	181.6 29.2%	176.2 -5.95%	168.5 -7.18%	242.4 37.63%	237.2 40.28%	196.1 -19.13%	211.6 -10.82%	1.654 3.65%	1.677 1.43%	542.8 -1.44%	555.0 2.23%
2. Value Added Tax % change: over previous month	68.7 148.8%	73.4 74.9%	49.9 -27.29%	49.5 -32.61%	41.7 -16.54%	40.7 -17.85%	53.8 29.07%	70.1 72.54%	45.6 -15.28%	45.6 -15.28%	41.6 -40.63%	42.5 -6.77%	36.7 -11.95%	71.7 68.74%	70.2 91.40%	43.7 -39.10%	48.6 -30.81%	47.7 9.24%	46.4 -4.35%	77.7 62.81%	77.8 67.49%	542.8 -1.44%	555.0 2.23%		
3. Import/Excise Duties % change: over previous month	42.9 73.9%	44.0 -47.2%	44.9 4.7%	47.0 6.7%	41.4 -7.9%	33.5 -2.83%	28.1 -32.2%	44.5 33.0%	45.5 61.9%	45.5 61.9%	42.4 -4.8%	49.5 8.80%	38.6 -8.85%	41.0 -17.08%	37.6 -2.70%	46.9 14.27%	42.2 12.35%	52.2 11.31%	36.9 -12.70%	44.0 -15.59%	48.0 30.18%	436.4 2.80%	414.7 -4.98%		
4. Recurrent Expenditure % change: over previous month	163.1 -18.9%	162.8 -67.2%	148.9 -8.7%	156.6 -3.8%	157.4 5.68%	164.1 4.8%	167.3 6.27%	174.0 6.1%	206.1 23.21%	206.1 23.21%	189.7 9.0%	162.0 -21.40%	151.2 -20.3%	174.6 7.78%	171.2 13.2%	146.4 -16.15%	186.3 8.85%	184.4 25.95%	188.6 1.20%	182.7 -0.89%	159.9 -15.23%	1,692.9 2.32%	1,704.3 0.67%		
5. Capital Expenditure % change: over previous month	14.0 -93.0%	0.0 -100.0%	33.4 137.8%	17.4 434475.0%	17.7 -46.85%	17.0 -2.3%	14.4 -18.84%	9.4 -44.9%	41.2 185.89%	41.2 185.89%	16.0 70.7%	31.8 -22.79%	16.2 1.3%	21.9 -31.23%	6.2 -61.7%	23.8 9.10%	16.3 163.28%	29.3 22.73%	14.8 -8.94%	35.5 21.14%	19.6 32.21%	282.9 71.79%	132.7 -49.51%		
6. Deficit/Surplus* % change: over previous month	-15.4 -54.9%	8.8 -102.4%	-46.5 202.5%	-21.2 -341.6%	-22.4 -51.69%	-53.2 150.2%	-71.7 219.61%	-22.2 -58.3%	-98.6 37.36%	-98.6 37.36%	-81.0 265.3%	-51.0 -48.28%	-28.8 -67.0%	-9.1 -82.05%	4.2 -115.8%	5.9 -164.78%	-34.1 -905.97%	28.8 385.99%	33.8 -199.30%	-22.1 -176.79%	32.1 -5.06%	-302.1 21.24%	-159.4 -47.22%		

	JAN		FEB		MAR		APR		MAY	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Debt, **										
7. Total Direct Debt % change: over previous month	6,320.1 0.1%	7,212.2 0.5%	6,323.9 0.1%	7,201.2 -0.2%	6,321.5 0.0%	7,207.7 0.1%	6,320.6 0.0%	7,177.4 -0.4%	6,344.8 0.4%	7,219.4 0.6%
8. External Debt % change: over previous month	1,749.3 0.2%	2,678.9 2.4%	1,742.5 -0.4%	2,664.7 -0.5%	1,739.9 -0.2%	2,663.6 0.0%	1,741.0 0.1%	2,653.6 -0.4%	1,757.9 1.0%	2,645.3 -0.3%
9. Internal FIC Debt % change: over previous month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10. Bahamian Dollar Debt % change: over previous month	4,570.8 0.0%	4,533.4 -0.7%	4,581.4 0.2%	4,536.5 0.1%	4,581.5 0.0%	4,544.2 0.2%	4,579.6 0.0%	4,523.8 -0.4%	4,586.8 0.2%	4,574.1 1.1%
11. Total Amortization % change: over previous month	3.1 -85.6%	34.7 4.9%	2.4 -28.3%	29.0 -19.7%	82.9 3319.3%	91.8 217.1%	4.8 -94.2%	100.4 9.3%	10.1 108.2%	0.1 -99.9%
12. Total Public Sector FIC Debt % change: over previous month	2,650.0 1.4%	3,546.1 1.8%	2,642.7 -0.3%	3,531.2 -0.4%	2,633.3 -0.4%	3,529.1 -0.1%	2,633.5 0.0%	3,518.3 -0.3%	2,649.7 0.6%	3,509.2 -0.3%

	JAN		FEB		MAR	
	2017	2018	2017	2018	2017	2018
Real Sector Indicators						
13. Retail Price Index % change: over previous month	102.1 -0.04%	103.9 1.82%	103.8 1.74%	104.3 0.35%		
14. Tourist arrivals (000's) % change: over previous year	509.3 -4.68%	533.7 4.79%	534.6 -6.41%	534.2 -0.08%	682.7 3.55%	707.5 3.63%
15. Air arrivals (000's) % change: over previous year	94.3 -1.63%	100.9 6.95%	108.2 -10.17%	126.3 16.73%	146.0 -13.17%	184.1 26.09%
16. Occupied Room Nights % change: over previous year						
17. Res. Mortgage Commitments-Value of New Const. & Rehab. (B\$Millions) % change: over previous year					11.44 -24.39%	12.25 -14.01%

* Includes Net Lending to Public Corporations
** Debt figures include Central Government only, unless otherwise indicated
p - provisional