



## **Monthly Economic and Financial Developments May 2017**

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:

2017: July 31, September 4, October 2, October 30, December 4, December 27.



# Monthly Economic and Financial Developments (MEFD) MAY 2017

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## 1. Domestic Economic Developments

### Overview

Preliminary data suggests that domestic economic activity was relatively subdued during the review month, reflecting the softness in tourism activity, while foreign direct investment projects continued to support construction sector output. The external sector's contribution to the economy continued to be marked by a strengthening in foreign currency inflows through the banking system; however, domestic demand was paced slightly faster, as spending on imports of goods and services increased broadly, both for the month and the year-to-date. Inflationary pressures remained well contained, although domestic energy costs firmed moderately. In fiscal developments, the deficit rose modestly during the first nine months of FY2016/17, as revenue gains were outstripped by the growth in spending. Liquidity in the banking sector contracted in May, despite the slight rise in external reserves, reflecting a falloff in deposits and an increase in credit.

### Real Sector

#### Tourism

Although official tourism sector statistics are not yet available for the year, preliminary information from secondary sources suggests that the industry continued to face challenges in 2017, due in part to the loss of significant hotel capacity in Grand Bahama—which has only been partially compensated by the phased opening of the Baha Mar hotel. Data from the Nassau Airport Development Company (NAD), showed a 2.4% reduction in visitor traffic—net of domestic departures—during May, in contrast to the 3.3% gain recorded during the same period last year. Specifically, departures to the United States fell by 2.6%, a reversal from the 4.3% increase in 2016, while the non-US international component contracted by 1.0%, following a 2.1% reduction recorded last year.

Data for the first five months of the year exhibited a similar trend. Net passenger departures through NAD fell by 3.4%, a turnaround from the 2.5% hike recorded in the comparable period of 2016, as travellers to the United States declined by 4.1%, a reversal from growth of similar magnitude in the prior year. In a mild offset, non-U.S. international passengers rose marginally, by 0.8%, relative to a 6.6% reduction in the previous period.

## Prices

In price developments, household energy costs firmed during the May, as the Bahamas Power and Light's (BPL) fuel charge increased by 8.3% to 13.7¢ per kilowatt hour (kWh), on a monthly basis, and by 49.7% when compared to May 2016.

## Fiscal Sector

With the Government recording a small surplus on its budgetary operations during the third quarter of the FY2016/2107, the cumulative fiscal deficit rose by \$5.0 million over the nine-month period to a preliminary \$265.9 million. In terms of the components, total expenditure grew by \$65.3 million (3.9%) to \$1,723.7 million, outpacing the \$60.3 million (4.3%) advance in total revenue to \$1,457.7 million.

The expansion in expenditure was driven by a \$71.6 million (51.7%) rise in capital outlays to \$210.0 million, due mainly to a \$55.5 million (51.2%) increase in hurricane rebuilding-related infrastructure spending, and a \$16.1 million (53.8%) expansion in asset acquisitions. In addition, current expenditure expanded by \$30.8 million (2.1%), with a \$37.4 million (5.0%) rise in consumption outlays, and respective increases in personal emoluments and purchases of goods and services of \$21.7 million (4.4%) and \$15.7 million (6.4%). In a slight offset, transfer payments contracted by \$6.6 million (0.9%), as subsidies declined by \$28.1 million (9.9%), on account of decreases in outlays to the Ministry of Tourism, while transfers to households fell by \$8.7 million (7.7%). In contrast, interest payments—predominantly on external obligations—rose by \$7.3 million (3.8%).

The broad-based gains in revenue over the first three quarters of the fiscal period were led by a \$53.7 million (4.3%) rise in tax receipts to \$1,308.2 million, as taxes on international trade advanced by \$22.3 million (5.9%)—due to higher import and excise tax collections. Similarly, selective taxes on services more than doubled to \$21.9 million, due to a two-fold increase in gaming tax receipts to \$20.8 million. Further, business and professional fees firmed by \$9.7 million (9.5%), buttressed by a \$9.2 million (13.2%) gain in general business fees. 'Other' non-trade tax inflows grew by \$11.9 million (4.0%), as measures to improve revenue administration contributed to a \$16.3 million (18.2%) expansion in property tax collections. In contrast, with the hurricane-related disruption still evident, value added tax (VAT) receipts narrowed by \$9.5 million (2.0%) to \$465.2 million,. In addition, the \$4.9 million (13.6%) uptick in income—mainly from "other" miscellaneous sources—as well as the \$2.1 million (2.0%) rise in fines, forfeits and administrative fees supported the growth in non-tax revenue.

## 2. Domestic Monetary Trends

May 2017 vs. May 2016

### Liquidity

Both measures of liquidity contracted during the review month, as the Bahamian dollar credit expanded, contrasting with a net drawdown in Bahamian dollar deposits. Specifically, excess reserves decreased by \$32.2 million to \$689.2 million, vis-a-vis a \$42.7 million gain in 2016, when the Central Bank increased its financing to the Government. Similarly, excess liquid assets—a broad measure of liquidity—contracted by \$23.3 million to \$1,454.5 million, relative to a \$16.4 million decrease in the previous year.

### External Reserves

External reserves firmed slightly, by \$1.6 million, to \$953.4 million during the review month, in line with the \$1.4 million uptick noted in the prior year. Underlying this outcome, the Bank purchased a net of \$22.8 million from commercial banks, up \$14.4 million relative to last year, despite a \$10.7 million increase in their net sale to customers to \$14.7 million. In a partial offset, the Bank's net sale to the public sector expanded by \$14.7 million to \$25.0 million.

### Exchange Control Sales

An analysis of data recorded by commercial banks and money transmission businesses showed a \$71.2 million expansion in foreign currency sales for current account transactions, during May, to \$448.5 million. Specifically, outflows for oil imports (at 9.2% of the total) rose by \$21.5 million to \$41.2 million, while the non-oil component (at 35.6% of the total) firmed by \$1.9 million to \$159.6 million. Further, residents' overseas travel expenditures (at 5.7% of the total) and transfers (at 6.0% of the total) rose by \$8.6 million and \$5.9 million, to \$25.5 million and \$27.1 million, respectively, while factor income remittances (4.6%) rose by \$2.8 million to \$20.7 million. "Other" miscellaneous current items, which comprised the remainder of sales (38.9%), firmed by \$30.5 million to \$174.6 million.

### Bahamian Dollar Credit

Total Bahamian dollar credit rose by \$16.5 million, a reversal from the \$32.3 million contraction recorded in the previous year. This outturn reflected a \$28.6 million increase in net claims on the Government, vis-a-vis the prior year's \$1.3 million softening, owing mainly to a decrease in deposits held at commercial banks. The additional decline in claims on the private sector was more muted at \$10.9 million from the \$33.5 million reduction a year ago, when one entity sold a portion of its non-performing loans to a non-bank. In terms of the private sector components, residential mortgages rebounded by \$1.9 million, in contrast to a \$31.6 million contraction in 2016; however, the decline in consumer credit widened to \$10.9 million from \$2.0 million last year, while commercial credit contracted by \$1.9 million, after stabilising a year ago. Further, claims on the rest of the public sector fell by \$1.2 million, a turnaround from the \$2.6 million expansion noted in 2016.

### Foreign Currency Credit

In May, domestic foreign currency credit was relatively flat, compared to a \$72.7 million contraction in 2016. In terms of the components, net claims on the Government were stable, vis-à-vis a \$56.0 million reduction in 2016, when the Government repaid outstanding short-term advances. Further, private sector credit grew marginally by \$0.8 million, in contrast to a \$5.6 million decline in the prior year, with commercial and other loans recovering by \$1.1 million, and mortgages outstanding decreasing further by \$0.4 million. In addition, the reduction in credit to the rest of the public sector tapered by \$1.4 million.

### Credit Quality

Banks' credit quality indicators deteriorated during the review month. Private sector loan arrears expanded by \$29.1 million (2.9%) to \$1,033.5 million, and the corresponding ratio of arrears to total loans firmed by 55 basis points to 17.5%, as short-term delinquencies (31-90 days) rose by \$30.4 million<sup>1</sup> (11.0%) to \$306.5 million, resulting in a 53 basis point increase in the associated arrears rate to 5.2%. Non-performing loans (NPLs) decreased by \$1.3 million (0.2%) to \$727.1 million, however, the non-accrual rate edged-up,

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<sup>1</sup> Some of this shift was temporary, as gross settlement of salary deduction payments by the Government was delayed. This affected many facilities extended to Government employees.

by 2 basis points, to 12.3%, as the reduction in total private sector loan portfolio carried more weight in the overall trends.

An analysis by loan type showed increased arrears across all private loan categories. Specifically, delinquent commercial facilities advanced by \$11.9 million (5.2%) to \$241.6 million, as the \$12.8 million (34.5%) increase in the short-term segment, negated the \$0.9 million (0.5%) reduction in the non-performing component. Similarly, mortgage delinquencies firmed by \$10.5 million (2.1%) to \$520.6 million, reflecting a \$12.1 million (8.2%) increase in the 31-90 day category, as opposed to the \$1.6 million (0.4%) decrease in the non-accrual portion. Meanwhile, consumer loan arrears rose by \$6.7 million (2.5%) to \$271.4 million, owing to increases in both the short-term and non-accrual segments by \$5.5 million (6.1%) and \$1.1 million (0.7%), respectively.

Given the modest rise in loan delinquencies over the review month, banks increased their total provisions for loan losses by \$1.6 million (0.3%) to \$482.0 million. Nonetheless, the ratio of provisions to total arrears declined by 1.2 percentage points to 46.6%, while the ratio of provisions to NPLs advanced by 35 basis points to 66.3% at end-May. During the period, banks wrote-off a total of \$5.0 million in bad debts and recovered \$2.5 million.

On a year-on-year basis, banks' credit quality indicators have improved. The total arrears rate fell by 1.5 percentage points, largely on account of a 1.9 percentage point decline in the non-accrual rate, which overshadowed the 36 basis point increase in the short-term segment. The delinquency rates for mortgages and consumer loans contracted by 2.6 percentage points and 52 basis points to 19.3% and 11.4%, respectively, while the corresponding commercial loans rate softened by 10 basis points to 29.1%.

### Deposits

Total Bahamian dollar deposits decreased by \$45.4 million—partly related to transactions associated with the public debt offering by the University of the Bahamas—after a \$9.4 million decline recorded in the prior year. This outcome was led by a \$24.8 million contraction in demand balances, a reversal from the \$2.6 million gain a year earlier, while fixed deposits fell by \$28.7 million, outpacing the \$1.1 million contraction in 2016. In contrast, savings balances grew by \$8.0 million, vis-a-vis a \$10.9 million decline registered a year earlier.

### Interest Rates

In interest rate developments, the weighted average loan rate increased by 88 basis points, to 12.36%, while the weighted average deposit rate edged up by 10 basis points to 1.05%, resulting in the spread widening by 78 basis points to 11.31 percentage points. The highest rate offered during the period was 4.50%, which was offered by one institution on high-value fixed balances of over 12 months.

## 3. Domestic Outlook and Policy Implications

Expectations are that domestic economic activity will remain only mildly expansionary over the remainder of the year, with the potential for more improvement, as the Baha Mar resort expands its operations. In addition, sustained foreign direct investment projects, and to a lesser extent hurricane rebuilding activity, are projected to undergird near-term growth in construction sector. Against this backdrop, employment conditions are expected to improve incrementally, while inflationary pressures should remain well contained, in the absence of any adverse shocks to global commodity prices.

Medium-term fiscal consolidation prospects remain dependent on the success of measures to enhance revenue administration and curb expenditure growth. However, the near-term prospects of a deficit reduction have lessened, owing to increased expenditure commitments from salaries and ongoing recovery costs from Hurricane Mathew.

Banking sector liquidity is projected to remain elevated, given the constraints to consumer credit demand and banks' conservative lending practices and only gradually improving credit quality indicators. Further, licensees' capital levels are poised to continue to exceed regulatory requirements, thereby mitigating any financial stability concerns.

The year-over-year expectations for external reserves are generally stable. However, in line with the traditional seasonal increase in foreign currency demand during the second half of the year, balances are expected to contract moderately over the remainder of the year. Reserve adequacy indicators; however, are anticipated to remain close to international benchmarks, with gains likely in 2018, as economic fundamentals improve further.

## APPENDIX

### *International Developments*

The outlook for the global economy remained largely positive over the review month, as both the United States and European markets sustained their modest growth rates, while Asian economies showed some signs of strengthening, due in part to higher household spending. In this environment, the major central banks left their monetary policy positions unchanged.

In the United States, labor market conditions improved, as the addition of 138,000 jobs to nonfarm payrolls resulted in a 10 basis point fall in the unemployment rate to 4.3% in May, relative to the previous month. However, industrial production was flat vis-a-vis a 1.1% increase in April, as gains in mining and utilities were offset by a decline in the manufacturing sector. Further, retail sales weakened by 0.3%, a turnaround from the previous month's 0.4% gain, while lower energy costs occasioned a slight 0.1% falloff in consumer prices, after a 0.2% uptick in the previous month. Similarly, housing market indicators were mixed, with both the number of building permits issued and housing starts narrowing by 4.9% and 5.5%, respectively, although housing completions rose by 5.6%. In April, real personal consumption expenditure increased by 0.2%, reflecting a rise in spending for durable and nondurable goods—particularly recreational goods, vehicles, and gasoline. In external developments, the trade deficit expanded by \$2.3 billion to \$47.6 billion, supported by a \$1.9 billion rise in imports—of mostly consumer goods—which outpaced the \$0.5 billion reduction in exports. Against this backdrop, the Federal Reserve maintained its target range for the federal funds rate at 0.75%-1.00%, and held the primary credit rate at 1.50%, although continued tightening in monetary policy is expected in the future, given the sustained improvement in labor market metrics and strengthened consumer demand.

Economic developments in Europe were mixed during the review period. In particular, retail activity in the United Kingdom (UK) fell by 1.2% in May, a turnaround from a 2.3% uptick in the prior month, due to a slowdown in non-food sales. In the production sector, the growth in euro area industrial output firmed by 30 basis points to 0.5%, from a month earlier, led by a rise in energy production; however, UK output contracted by 1.2%, due mainly to declines in energy supply and manufacturing. Moreover, the euro area's trade surplus contracted sharply to €17.9 billion from €30.9 billion, as the €34.6 billion reduction in exports, eclipsed the €21.6 billion falloff in imports. On a positive note, labor market conditions improved, with the jobless rate in the euro area narrowing by 10 basis points to 9.3% in April, while the unemployment rate in the UK stabilized at 4.6% for the three months to April 2017, compared to the previous period. In price developments, the euro area's inflation rate slowed by 50 basis points to 1.4% in May, month-on-month, owing mainly to declines in energy prices, while the UK's inflation rate quickened by 10 basis points to 2.7%, due to increases in the prices of recreational and cultural goods and services. Given the relatively positive economic environment and weak inflationary pressures, both the European Central Bank and the Bank of England maintained their accommodative policy positions.

Over the review period, Asian economic indicators improved modestly. In particular, Japan's industrial production rose by 4.0% in April, reflecting an increase in transport equipment, general-purpose business machinery and electronic components, while in China, growth in production eased slightly by 10 basis points to 0.5%. Moreover, the country's retail sales edged-up by 0.9% in May, following a similar rise recorded in the prior month. In contrast, the country's Purchasing Manager's Index (PMI) remained unchanged at 51.2%, as the increase in the raw materials and employed persons indices, was countered by declines in the supplier delivery time and production components. In external developments, Japan's trade position reversed from a surplus of ¥481.1 billion in April, to a deficit of ¥203.4 billion, owing to a 7.6% contraction in exports and a 3.6% uptick in imports. With regards to consumer prices, the inflation rate ebbed by 0.1% in China during May, following a rise of the same magnitude in the previous month, owing mainly to declines in food prices. Meanwhile, labor market conditions stabilized, as the jobless rate in Japan steadied at 2.8% during the review month, while the country's inflation rate remained at 0.1% in April, underpinned by gains in the average prices for clothing and footwear. With the view to encourage continued economic expansion, both the Bank of Japan and the People's Bank of China upheld their accommodative monetary policy stance.

In commodity market developments, crude oil prices fell by 2.0% to \$51.66 per barrel in May, owing in part to the increase in OPEC's oil supply, by 336,000 barrels per day (b/d) to an average of 32.1 million b/d during the month. In contrast, precious metals' prices firmed marginally, with the cost of silver and gold rising by 0.8% and 0.1% to \$17.33 and \$1,268.95 per troy ounce, respectively.

Stock market developments during May were predominantly positive. In the United States, the S&P 500 and Dow Jones Industrial Average (DJIA) both rose by 0.33% and 1.16%, respectively. In addition, European markets strengthened over the review period, as the United Kingdom's FTSE 100, Germany's DAX and France's CAC40 all rose by 4.39%, 1.42% and 0.31%, respectively. In contrast, the performances of the Asian bourses were mixed, with Japan's Nikkei 225 firming by 2.36%; however, China's SE Composite decreased by 1.19%.

Underpinned by escalating political tension and uncertainty regarding the timing and likelihood of significant fiscal reform, the U.S. dollar depreciated against most of the major currencies. In particular, the dollar recorded declines relative to the euro by 3.09% to €0.8894, the Swiss Franc by 2.72% to CHF0.9678, the Canadian dollar by 2.56% to CAD\$1.3500, the Chinese Yuan, by 0.99% to CNY6.8197 and the Japanese Yen, by 0.68% to ¥110.78, respectively. In contrast, the dollar gained against the British pound, by 0.47% to £0.7758, amid concerns raised over the potential negative effect of a surprise UK election result.

# Recent Monetary and Credit Statistics

(B\$ Millions)

MAY						
Value		Change		Change YTD		
2016	2017	2016	2017	2016	2017	

## 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	709.27	689.21	42.66	-32.15	219.90	-34.51
1.2 Excess Liquid Assets	1,479.89	1,454.53	-16.41	-23.27	165.48	7.45
1.3 External Reserves	1,008.90	953.40	1.35	1.64	199.98	51.33
1.4 Bank's Net Foreign Assets	-345.22	-140.34	67.01	-30.87	108.09	-9.18
1.5 Usable Reserves	379.40	309.78	-25.69	15.33	84.27	65.94

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>6,195.48</b>	<b>6,133.40</b>	<b>-39.13</b>	<b>-10.09</b>	<b>-86.05</b>	<b>-19.35</b>
a. B\$ Credit	5,952.24	5,894.64	-33.53	-10.85	-53.54	-18.73
of which: Consumer Credit	2,157.04	2,227.00	-1.95	-10.86	-11.80	-20.43
Mortgages	3,041.60	2,947.93	-31.57	1.87	-31.14	-12.89
Commercial and Other Loans B\$	753.60	719.71	-0.01	-1.86	-10.60	14.59
b. F/C Credit	243.23	238.77	-5.60	0.76	-32.51	-0.63
of which: Mortgages	66.62	69.08	-3.55	-0.37	-15.19	1.04
Commercial and Other Loans F/C	176.61	169.68	-2.05	1.13	-17.32	-1.67
<b>2.2 Central Government (net)</b>	<b>2,181.38</b>	<b>2,573.98</b>	<b>-57.32</b>	<b>28.56</b>	<b>-33.16</b>	<b>35.80</b>
a. B\$ Loans & Securities	2,490.20	2,756.88	-3.98	7.06	23.45	5.71
Less Deposits	300.70	180.96	-2.68	-21.49	18.76	-27.83
b. F/C Loans & Securities	0.11	0.00	-49.89	-1.68	-36.51	0.00
Less Deposits	8.22	1.94	6.14	-1.67	1.35	-2.26
<b>2.3 Rest of Public Sector</b>	<b>298.46</b>	<b>292.23</b>	<b>-8.51</b>	<b>-2.58</b>	<b>-8.66</b>	<b>-13.65</b>
a. B\$ Credit	86.17	102.83	2.55	-1.21	8.16	-4.48
b. F/C Credit	212.29	189.40	-11.06	-1.37	-16.82	-9.17
<b>2.4 Total Domestic Credit</b>	<b>8,675.35</b>	<b>8,999.62</b>	<b>-104.96</b>	<b>16.65</b>	<b>-127.86</b>	<b>2.62</b>
a. B\$ Domestic Credit	8,227.91	8,573.39	-32.27	16.50	-40.69	10.34
b. F/C Domestic Credit	447.44	426.23	-72.69	0.15	-87.17	-7.72

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	1,937.07	2,256.92	2.56	-24.75	105.32	67.41
a. Central Bank	12.42	13.82	-0.27	-1.26	-0.60	-1.95
b. Banks	1,924.65	2,243.10	2.83	-23.49	105.93	69.36
3.2 Savings Deposits	1,196.50	1,350.02	-10.88	7.96	45.14	56.37
3.3 Fixed Deposits	3,012.36	2,796.77	-1.07	-28.65	-3.66	-73.69
3.4 Total B\$ Deposits	6,145.94	6,403.70	-9.40	-45.43	146.80	50.08
3.5 F/C Deposits of Residents	251.24	367.21	-11.17	-8.90	15.65	-11.25
<b>3.6 M2</b>	<b>6,388.56</b>	<b>6,689.49</b>	<b>-3.86</b>	<b>-38.86</b>	<b>152.89</b>	<b>42.12</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>15.79</b>	<b>14.25</b>	<b>0.03</b>	<b>0.11</b>	<b>2.82</b>	<b>0.68</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>82.69</b>	<b>76.28</b>	<b>-3.62</b>	<b>1.66</b>	<b>0.65</b>	<b>6.14</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>80.13</b>	<b>74.07</b>	<b>-3.49</b>	<b>1.67</b>	<b>1.41</b>	<b>5.54</b>

Value		Year to Date		Change	
2016	2017	2016	2017	Month	YTD

## 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>-1.86</b>	<b>-2.20</b>	<b>187.29</b>	<b>40.81</b>	<b>-0.33</b>	<b>-146.48</b>
a. Net Purchase/(Sale) from/to Banks	8.40	22.80	183.84	104.87	14.40	-78.98
i. Sales to Banks	30.40	22.70	49.25	113.64	-7.70	64.40
ii. Purchases from Banks	38.80	45.50	233.09	218.51	6.70	-14.58
b. Net Purchase/(Sale) from/to Others	-10.26	-24.99	3.44	-64.06	-14.73	-67.50
i. Sales to Others	53.18	67.02	277.54	270.63	13.84	-6.92
ii. Purchases from Others	42.92	42.02	280.99	206.57	-0.90	-74.42
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>-3.95</b>	<b>-14.67</b>	<b>186.31</b>	<b>105.82</b>	<b>-10.72</b>	<b>-80.48</b>
a. Sales to Customers	420.41	455.38	1,708.20	1,927.94	34.97	219.75
b. Purchases from Customers	416.46	440.71	1,894.50	2,033.76	24.25	139.26
<b>4.3 B\$ Position (change)</b>	<b>-8.61</b>	<b>10.59</b>				

## 5.0 EXCHANGE CONTROL SALES

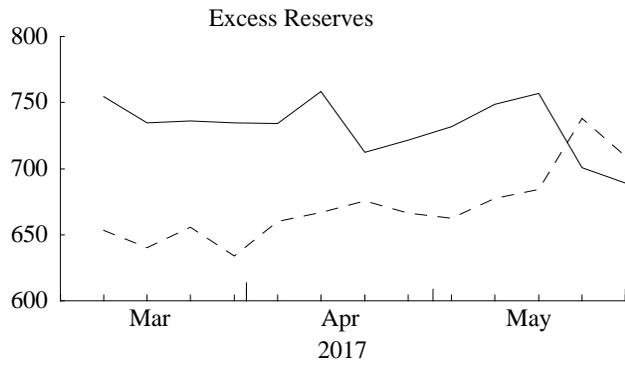
<b>5.1 Current Items</b>	<b>377.31</b>	<b>448.51</b>	<b>1,809.91</b>	<b>2,053.01</b>	<b>71.21</b>	<b>243.10</b>
<b>of which Public Sector</b>	<b>49.19</b>	<b>25.87</b>	<b>265.76</b>	<b>156.00</b>	<b>-23.32</b>	<b>-109.76</b>
a. Nonoil Imports	157.65	159.55	670.06	738.90	1.90	68.84
b. Oil Imports	19.68	41.17	151.55	167.40	21.50	15.85
c. Travel	16.88	25.52	81.94	125.08	8.64	43.15
d. Factor Income	17.89	20.65	78.01	75.96	2.76	-2.05
e. Transfers	21.15	27.06	115.09	125.90	5.90	10.81
f. Other Current Items	144.05	174.55	713.26	819.77	30.50	106.50
<b>5.2 Capital Items</b>	<b>26.62</b>	<b>4.71</b>	<b>95.04</b>	<b>38.27</b>	<b>-21.92</b>	<b>-56.78</b>
<b>of which Public Sector</b>	<b>18.95</b>	<b>0.00</b>	<b>58.80</b>	<b>16.19</b>	<b>-18.95</b>	<b>-42.61</b>
<b>5.3 Bank Remittances</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>

Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: JUNE 01, 2016 and MAY 31, 2017

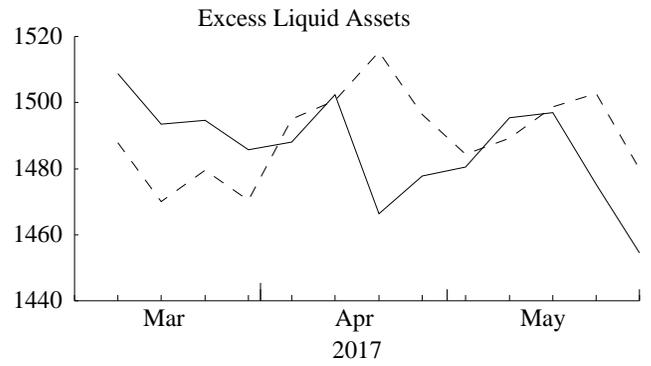
Exchange Control Sales figures are as at month end.

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.

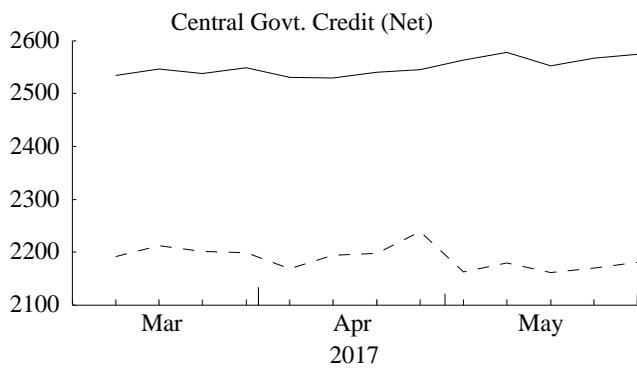
## SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



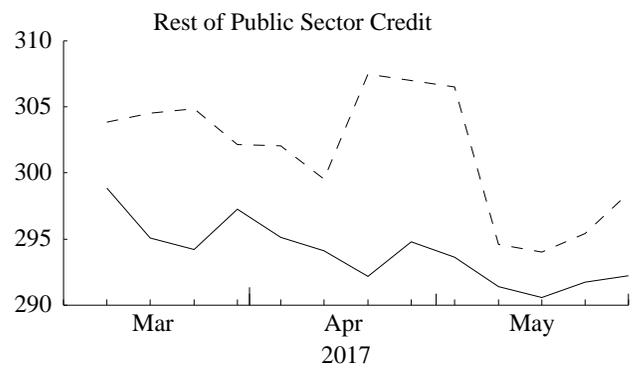
— 2017  
- - - 2016



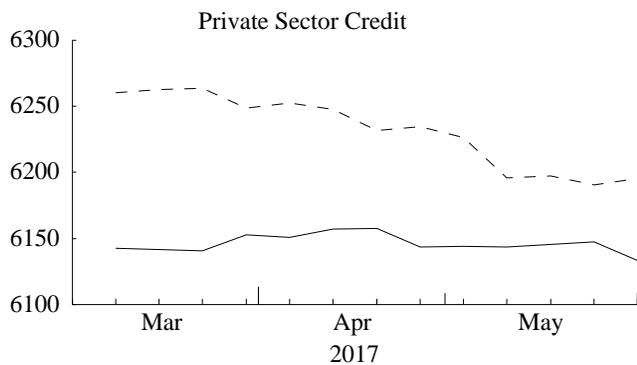
— 2017  
- - - 2016



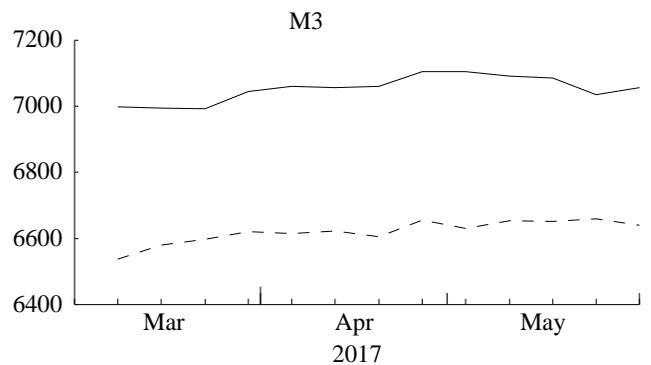
— 2017  
- - - 2016



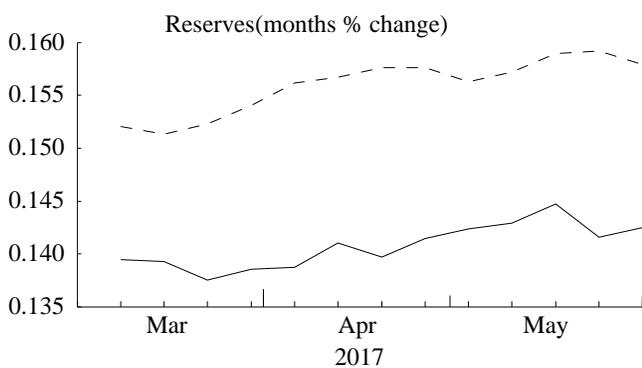
— 2017  
- - - 2016



— 2017  
- - - 2016



— 2017  
- - - 2016



— 2017  
- - - 2017

## Selected International Statistics

<b>A: Selected Macroeconomic Projections (Annual % Change and % of labor force)</b>						
	Real GDP		Inflation Rate		Unemployment	
	2016	2017	2016	2017	2016	2017
Bahamas	0.0	1.4	0.8	N/A	11.6	N/A
United States	1.6	2.3	1.3	2.7	4.9	4.7
Euro-Area	1.7	1.7	0.2	1.7	10.0	9.4
<i>Germany</i>	<i>1.8</i>	<i>1.6</i>	<i>0.4</i>	<i>2.0</i>	<i>4.2</i>	<i>4.2</i>
Japan	1.0	1.2	-0.1	1.0	3.1	3.1
China	6.7	6.6	2.0	2.4	4.0	4.0
United Kingdom	1.8	2.0	0.6	2.5	4.9	4.9
Canada	1.4	1.9	1.4	2.0	7.0	6.9
<i>Source: IMF World Economic Outlook April 2017, Department of Statistics</i>						

<b>B: Official Interest Rates – Selected Countries (%)</b>					
<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	Repo Rate
May 2015	4.50	0.05	0.75	0-0.25	0.50
June 2015	4.50	0.05	0.75	0-0.25	0.50
July 2015	4.50	0.05	0.75	0-0.25	0.50
August 2015	4.50	0.05	0.75	0-0.25	0.50
September 2015	4.50	0.05	0.75	0-0.25	0.50
October 2015	4.50	0.05	0.75	0-0.25	0.50
November 2015	4.50	0.05	0.75	0-0.25	0.50
December 2015	4.50	0.05	1.00	0.25-0.50	0.50
January 2016	4.50	0.05	1.00	0.25-0.50	0.50
February 2016	4.50	0.05	1.00	0.25-0.50	0.50
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

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	May-16	Apr-17	May-17	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.8993	0.9177	0.8894	-3.09	-6.44	-1.10
Yen	110.72	111.54	110.78	-0.68	-5.32	0.05
Pound	0.6905	0.7721	0.7758	0.47	-4.13	12.35
Canadian \$	1.3093	1.3854	1.3500	-2.56	0.43	3.11
Swiss Franc	0.9938	0.9949	0.9678	-2.72	-5.12	-2.62
Renminbi	6.5822	6.8877	6.8197	-0.99	-1.88	3.61

*Source: Bloomberg as of May 31, 2017*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	May 2016	Apr 2017	May 2017	Mthly % Change	YTD % Change
Gold / Ounce	1215.33	1268.29	1268.95	0.05	10.13
Silver / Ounce	15.99	17.20	17.33	0.76	8.88
Oil / Barrel	49.16	52.73	51.66	-2.03	-9.08

*Source: Bloomberg as of May 31, 2017*

<b>E. Equity Market Valuations – May 31, 2017 (% change)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-0.59	0.33	1.16	4.39	0.31	1.42	2.36	-1.19
3 month	-1.90	0.94	2.04	3.53	8.75	6.60	2.78	-3.84
YTD	-3.26	6.31	7.73	5.28	8.67	6.54	2.81	0.44
12-month	0.06	18.79	17.09	21.78	20.49	26.59	17.26	3.77

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
<b>o/n</b>	<b>1.05</b>	<b>0.22</b>	<b>-0.27</b>
<b>1 Month</b>	1.50	0.32	-0.39
<b>3 Month</b>	1.55	0.40	-0.31
<b>6 Month</b>	1.66	0.52	-0.27
<b>9 Month</b>	1.70	0.62	-0.16
<b>1 year</b>	1.83	0.72	-0.03

*Source: Bloomberg as of May 31, 2017*

# SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

	VALUE												CHANGE					
	Apr. 05	Apr. 12	Apr. 19	Apr. 26	May. 03	May. 10	May. 17	May. 24	May. 31	Apr. 05	Apr. 12	Apr. 19	Apr. 26	May. 03	May. 10	May. 17	May. 24	May. 31
<b>I. External Reserves</b>	930.40	945.75	935.09	951.75	958.94	959.34	972.35	945.94	953.40	4.94	15.35	-10.66	16.67	7.19	0.40	13.01	-26.42	7.46
<b>II. Net Domestic Assets (A + B + C + D)</b>	344.97	356.77	332.08	323.69	322.64	336.76	330.53	296.98	296.46	-6.55	11.79	-24.68	-8.39	-1.05	14.12	-6.22	-33.55	-0.52
<b>A. Net Credit to Gov't (i + ii + iii - iv)</b>	684.25	681.59	677.73	656.98	661.56	667.78	656.09	629.09	629.31	-0.22	-2.66	-3.86	-20.75	4.57	6.22	-11.69	-26.99	0.22
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	368.39	368.50	369.37	344.54	381.56	371.56	365.68	365.55	356.66	0.02	0.11	0.87	-24.83	37.02	-10.00	-5.89	-0.12	-8.90
iii) Treasury Bills	201.62	201.62	201.62	201.62	170.31	170.31	170.31	154.31	161.29	0.00	0.00	0.00	0.00	-31.30	0.00	0.00	-16.00	6.98
iv) Deposits	20.42	23.18	27.91	23.83	24.97	8.75	14.56	25.43	23.29	0.24	2.77	4.73	-4.08	1.14	-16.22	5.80	10.87	-2.14
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-19.38	-4.61	-5.38	-11.53	-14.29	-6.59	-7.16	-9.40	-10.27	-7.12	14.77	-0.78	-6.14	-2.77	7.71	-0.57	-2.25	-0.87
i) BDB Loans	3.55	3.55	3.55	3.55	3.55	3.55	3.55	3.55	3.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	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	22.93	8.16	8.93	15.08	17.84	10.14	10.71	12.95	13.82	7.12	-14.77	0.78	6.14	2.77	-7.71	0.57	2.25	0.87
<b>C. Loans to/Deposits with Banks</b>	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
<b>D. Other Items (Net)*</b>	-319.90	-320.22	-340.26	-321.77	-324.62	-324.43	-318.40	-322.71	-322.58	0.80	-0.32	-20.05	18.50	-2.86	0.19	6.04	-4.31	0.13
<b>III. Monetary Base</b>	1,275.37	1,302.51	1,267.17	1,275.44	1,281.58	1,296.10	1,302.89	1,242.92	1,249.85	-1.60	27.14	-35.35	8.27	6.14	14.52	6.79	-59.97	6.94
A. Currency in Circulation	373.29	378.52	391.49	390.84	388.69	389.41	386.06	381.82	394.77	-3.77	5.24	12.96	-0.65	-2.15	0.72	-3.35	-4.24	12.95
B. Bank Balances with CBOB	902.09	923.99	875.68	884.60	892.89	906.69	916.83	861.10	855.08	2.16	21.90	-48.31	8.92	8.29	13.80	10.14	-55.74	-6.01

\* 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		JUN		YEAR TO DATE		
	2016/2016	2016/2017	2016/2016	2016/2017	2016/2016	2016/2017	2016/2016	2016/2017	2016/2016	2016/2017	2016/2016	2016/2017	2016/2016	2016/2017	2016/2016	2016/2017	2016/2016	2016/2017	2016/2016	2016/2017	2016/2016	2016/2017	2016/2016	2016/2017	2016/2016	2016/2017	
1. Government Revenue & Grants	176.9	161.8	127.9	135.8	132.8	152.8	161.1	109.9	136.8	148.7	160.7	142.8	146.6	187.3	141.8	176.2	212.7	242.4	242.4	176.2	212.7	242.4	242.4	1,458	1,397	1,458	1,458
% change: over previous month	5.3%	-7.9%	-27.7%	-16.0%	3.79%	12.3%	21.32%	-28.1%	35.3%	17.52%	-4.0%	-8.77%	-8.77%	31.2%	-3.27%	-5.95%	49.99%	37.63%	37.63%	-5.95%	49.99%	37.63%	37.63%	18.99%	18.99%	18.99%	18.99%
2. Value Added Tax	76.7	68.7	44.3	49.9	44.6	41.7	64.0	53.8	41.9	45.6	46.1	42.5	62.1	71.7	44.0	43.7	51.0	47.7	47.7	43.7	51.0	47.7	47.7	474.7	474.7	465.2	465.2
% change: over previous month	109.3%	148.8%	-42.3%	-27.29%	0.78%	-16.54%	43.39%	29.07%	-34.43%	-15.28%	10.06%	-6.77%	34.50%	68.74%	-29.06%	-39.10%	15.92%	9.24%	9.24%	-39.10%	15.92%	9.24%	9.24%	53.421%	53.421%	-2.00%	-2.00%
3. Import/Excise Duties	39.7	42.9	43.4	44.9	41.8	43.4	43.4	28.1	43.7	45.5	42.5	49.5	34.8	41.0	32.3	46.9	45.5	52.2	52.2	46.9	45.5	52.2	367.1	367.1	392.4	392.4	
% change: over previous month	-3.11%	73.9%	9.4%	0.0%	-3.64%	0.0%	3.85%	0.0%	61.9%	0.51%	-2.57%	8.80%	-18.27%	-17.08%	-7.06%	14.27%	40.76%	11.31%	11.31%	14.27%	40.76%	11.31%	11.31%	-12.41%	-12.41%	6.88%	6.88%
4. Recurrent Expenditure	158.4	163.5	137.9	149.1	164.6	157.2	171.2	167.0	167.7	205.2	152.7	161.7	191.6	173.6	149.3	152.3	189.5	184.0	184.0	152.3	189.5	184.0	1,482.8	1,482.8	1,513.6	1,513.6	
% change: over previous month	-15.9%	34.6%	-12.8%	-8.8%	19.35%	5.4%	4.00%	6.3%	-2.01%	22.9%	-8.98%	-21.3%	25.32%	7.4%	-22.11%	-12.28%	26.97%	20.81%	20.81%	-12.28%	26.97%	20.81%	21.05%	21.05%	2.08%	2.08%	
5. Capital Expenditure	15.2	14.0	12.4	33.4	12.1	17.7	15.9	14.4	18.1	30.3	15.7	25.1	16.0	21.9	13.8	23.8	19.3	28.3	28.3	23.8	19.3	28.3	188.4	188.4	210.0	210.0	
% change: over previous month	-84.0%	-93.0%	-18.8%	137.8%	-19.5%	46.8%	31.07%	-18.8%	13.82%	110.8%	-12.96%	-17.2%	1.71%	-13.0%	-13.92%	9.10%	40.06%	22.73%	22.73%	9.10%	40.06%	22.73%	188.4	188.4	210.0	210.0	
6. Deficit/Suplus*	3.3	-15.8	-22.3	-46.7	-43.9	-22.2	-26.9	-71.5	-50.0	-86.8	-8.1	-44.0	-81.0	-8.2	-38.5	0.0	-12.5	28.2	28.2	0.0	-12.5	28.2	-269.9	-269.9	-265.9	-265.9	
% change: over previous month	-102.6%	-53.7%	-780.1%	196.0%	96.79%	-52.4%	-38.66%	222.0%	85.61%	-21.5%	-83.88%	-49.3%	657.01%	-81.4%	-35.21%	-100.08%	-68.25%	430445.48%	430445.48%	-100.08%	-68.25%	430445.48%	-269.9	-269.9	-265.9	-265.9	

	JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
7. Total Direct Debt	5,914.3	6,329.1	6,029.7	6,332.9	6,051.7	6,330.5	6,043.0	6,328.9						
% change: over previous month	-0.3%	0.2%	1.9%	0.1%	0.4%	0.0%	-0.1%	0.0%						
8. External Debt	1,651.0	1,758.3	1,754.4	1,751.5	1,762.8	1,749.9	1,763.8	1,749.6						
% change: over previous month	-1.2%	0.9%	5.9%	-0.4%	0.5%	-0.2%	0.1%	0.0%						
9. Internal F/C Debt	36.6	0.0	36.6	0.0	50.0	0.0	50.0	0.0						
% change: over previous month	0.0%		0.0%		36.6%		0.0%							
10. Bahamian Dollar Debt	4,226.7	4,570.8	4,238.6	4,581.4	4,238.9	4,581.5	4,229.1	4,579.3						
% change: over previous month	0.1%	0.0%	0.3%	0.2%	0.0%	0.0%	-0.2%	0.0%						
11. Total Amortization	0.6	3.1	16.2	2.4	17.6	82.9	14.7	4.8						
% change: over previous month	-96.4%	485.0%	96.1%	-28.3%	8.0%	3319.3%	-16.7%	-94.2%						
12. Total Public Sector F/C Debt	2,583.8	2,659.5	2,687.2	2,652.8	2,700.4	2,642.3	2,786.4	2,642.1						
% change: over previous month	-0.8%	0.6%	3.9%	-0.3%	0.5%	-0.4%	3.6%	0.0%						

	JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
13. Retail Price Index	101.3	102.1	100.8	103.8	100.5	103.3								
% change: over previous month	-0.82%	-0.44%	-0.49%	1.74%	-0.24%	-0.54%								
14. Tourist arrivals (000's)														
% change: over previous year														
15. Air arrivals (000's)														
% change: over previous year														
16. Occupied Room Nights														
% change: over previous year														
17. Res. Mortgage Commitments-Value of New Const. & Rehab. (B\$Millions)														
% change: over previous year														

	JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
13. Retail Price Index	101.3	102.1	100.8	103.8	100.5	103.3								
% change: over previous month	-0.82%	-0.44%	-0.49%	1.74%	-0.24%	-0.54%								
14. Tourist arrivals (000's)														
% change: over previous year														
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% change: over previous year														
16. Occupied Room Nights														
% change: over previous year														
17. Res. Mortgage Commitments-Value of New Const. & Rehab. (B\$Millions)														
% change: over previous year														

	JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
13. Retail Price Index	101.3	102.1	100.8	103.8	100.5	103.3								
% change: over previous month	-0.82%	-0.44%	-0.49%	1.74%	-0.24%	-0.54%								
14. Tourist arrivals (000's)														
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16. Occupied Room Nights														
% change: over previous year														
17. Res. Mortgage Commitments-Value of New Const. & Rehab. (B\$Millions)														
% change: over previous year														

	JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
13. Retail Price Index	101.3	102.1	100.8	103.8	100.5	103.3								
% change: over previous month	-0.82%	-0.44%	-0.49%	1.74%	-0.24%	-0.54%								
14. Tourist arrivals (000's)														
% change: over previous year														
15. Air arrivals (000's)														
% change: over previous year														
16. Occupied Room Nights														
% change: over previous year														
17. Res. Mortgage Commitments-Value of New Const. & Rehab. (B\$Millions)														
% change: over previous year														

\*\* Debt figures include Central Government only, unless otherwise indicated  
p - provisional