



## **Monthly Economic and Financial Developments March 2014**

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:

2014: June 2, June 30, August 5, September 1, September 29, November 3, December 1, December 22.

# Monthly Economic and Financial Developments

## March 2014

### 1. Domestic Economic Developments

During the review month, sustained contributions from foreign investment projects, alongside a modest firming in tourism output, supported a mildly positive economic outturn and relatively stable employment conditions. In addition, price developments showed a marginal increase in domestic energy costs over the review month. The fiscal situation showed an improvement in the overall deficit for the eight months of FY2013/14, primarily reflecting lower capital spending, while non-tax revenue also increased. Supported by net foreign currency inflows from real sector activities, both liquidity and external reserves reported gains over the review period.

The tourism sector posted growth over the first two months of the year, benefitting from steadily improving economic conditions in several source markets, and the impact of joint public/private sector incentive programmes. Initial information from the Ministry of Tourism showed growth in total arrivals advancing to 4.7%, for 1.1 million visitors, from 1.3% in 2013. The high value-added air segment rebounded by 2.9% from the year-earlier 4.7% reduction, while gains in sea traffic strengthened to 5.1% from 2.7%.

By major port of entry, arrivals to New Providence—which comprise the bulk of the total at 56.0%—firmed by 4.1% to 0.63 million, as the 5.7% gain in the sea component tempered the 0.8% drop in air arrivals. Visitors to the Family Islands also grew by 14.7%, owing to gains in both sea and air passengers, by 15.7% and 3.2%, respectively. In contrast, the Grand Bahama market remained weak, as the contraction in total arrivals accelerated to 19.3% from 6.5%, led by a 27.1% reduction in the dominant sea component, which eclipsed the 36.9% improvement in the smaller air segment.

The Government's overall deficit narrowed by \$92.3 million (26.3%) to \$258.6 million over the eight months to February, of FY2013/14, reflecting the combined effect of a \$69.2 million (5.6%) reduction in aggregate spending to \$1,169.7 million and a \$23.1 million (2.6%) increase in total receipts to \$911.2 million. In terms of revenue, non-tax collections advanced by \$34.8 million (34.9%) to \$134.5 million, owing mainly to gains in fines, forfeits & administrative fees and income from "other sources", of \$22.6 million (35.6%) and \$19.7 million (74.0%), respectively. In contrast, tax receipts narrowed by \$11.7 million (1.5%) to \$776.4 million, led by a \$29.4 million (7.2%) falloff in taxes on international trade. In a partial offset, receipts from business and professional license fees rose by \$17.9 million (32.4%), while 'other' miscellaneous taxes firmed marginally by \$1.1 million (0.4%). The decrease in expenditure was attributed to a \$59.5 million (37.0%) decline in capital spending to \$101.2 million, as infrastructural outlays contracted by \$47.7 million (35.7%), following the completion of several major projects and asset acquisitions fell by \$3.2 million (18.8%). In some offset, current spending grew by \$21.7 million (2.2%) to \$1,026.1 million, as the \$41.9 million (10.9%) expansion in transfer payments overshadowed the \$20.2 million (3.3%) reduction in consumption outlays, associated with the reclassification of certain promotional incentives to other categories.

Financing for the deficit was sourced from both the external and domestic markets. Specifically, external borrowings totalled \$423.8 million and included a US\$300.0 million bond and \$123.8 million in loans. A total of \$370.0 million was raised domestically and comprised foreign currency loans (\$125.0 million), bonds (\$115.0 million), short-term advances (\$79.0 million) and Treasury bills (\$51.0 million).

In terms of domestic energy prices, in March, the monthly average cost of gasoline rose by 1.9% to \$5.31 per gallon, and diesel prices firmed by 0.4% to \$5.14 per gallon. However, in comparison to the prior year, the average prices of both fuels fell by 6.0% and 5.2%, respectively. Similarly, the Bahamas Electricity Corporation's fuel charge increased by 1.5% to 23.78¢ per kilowatt hour (kWh) over the month, but was 10.2% lower when compared to the previous year.

## 2. International Developments

Economic indicators suggest that the moderate growth in the global economy was sustained during the review month—as supported by the International Monetary Fund's (IMF) unchanged 3.6% forecast for world growth, in the April 2014 edition of its *World Economic Outlook (WEO)*. In particular, the outlook is for a firming growth momentum in the United States, the continuation of relatively buoyant, although comparatively slowing, activity in Asia, and stabilized conditions in Europe. Against this backdrop, most major central banks sustained their expansionary monetary stance.

In the United States, indications are that economic conditions continued to improve, as retail sales growth advanced to 1.1% in March from 0.7% in the prior period; however, the expansion in industrial output slowed to 0.7% from 1.2%. In the external sector, a decline in industrial and capital goods contributed to the trade deficit widening by \$3.0 billion to \$42.3 billion in February. Reflecting the effects of adverse weather conditions, housing indicators were mixed, with starts growing by 2.8% on a monthly basis, while completions and building permits—a forward looking indicator—fell by 0.2% and 2.4%, respectively. Labour market conditions continued to improve, as an additional 192,000 non-farm payroll jobs were added—although an increase in the labour force held the unemployment rate unchanged at 6.7%. In this environment, consumer price inflation firmed slightly by 0.2% in March, following a 0.1% uptick in the prior month, due to modest gains in housing and food prices. Given the strengthening in growth indicators, the Federal Reserve decided to reduce the size of its asset purchase programme by \$10.0 billion per month to \$75 billion.

Leading indicators suggest that European economies sustained their mild and uneven recovery. In the United Kingdom, industrial output firmed by 0.9% in February, following a slight 0.1% expansion a month earlier, while retail sales increased by 1.7%, albeit a slowdown from the 2.0% growth in January. Provisional trade data showed that the deficit narrowed slightly, by £0.1 billion to £2.1 billion in February, and the annual inflation rate softened to 1.7% from 1.9% in the prior month, owing to a decrease in transport, housing & household services and clothing & footwear costs. Given the sustained growth in the economy, the unemployment rate narrowed by 20 basis points to 6.9% in the three months to February, compared to the prior period. In the euro area, industrial production grew by 0.2% in February, following a flat outturn a month earlier, while the expansion in retail sales slowed to 0.4% from 1.0%. In the external sector, the trade surplus surged to €13.6 billion from €0.8 billion, as exports advanced by 1.2%, outstripping import growth of 0.2%. In February, the region's jobless rate held steady for the fifth consecutive month, at 11.9%, and annualized consumer price inflation softened by 20 basis points to 0.5% in March, reflecting a slowdown in food and alcohol & tobacco price gains. In terms of monetary policy, both the Bank of England and the European Central Bank left their key policy rates unchanged.

Asia's growth momentum maintained a lower trajectory over the review period, as China's real output rose by 7.4% in the first quarter, its slowest rate in almost two years. However, other economic indicators showed more positive signs, with retail sales firming by 1.2% in February, outpacing the 0.7% gain a month earlier, while the trade balance reversed to a \$7.7 billion surplus in March from a \$23.0 billion deficit in the

prior period, due to a reduction in net imports. Lower food costs softened average consumer prices by 0.5%, a turnaround from a similar increase in February. In Japan, the growth in retail sales slowed to an annualised 3.6% in February from 4.4% a month earlier, while industrial output fell by 2.3%, a reversal from a 3.8% rise in January. Bolstered by gains in exports of automobiles and plastic products, the trade deficit narrowed by ¥2.0 billion to ¥802.5 billion in February. Average consumer prices firmed by 1.3%, after remaining unchanged in January, while the unemployment rate decreased by 10 basis points to 3.6%. With regard to monetary developments, in March, the People's Bank of China took additional steps to liberalise its exchange rate, by doubling the daily trading range to 2.0%, while the Bank of Japan expanded its asset purchase programme by increasing its annual purchases of domestic bonds and stocks by a total of ¥81.0 trillion.

Despite rising geopolitical tensions in Europe between western states and Russia—the source of much of the region's energy—warmer weather conditions and adequate global fuel supplies led to the cost of crude oil declining marginally by 0.9% to \$108.02 per barrel in March. In the precious metals market, average gold prices fell by 3.2% to \$1,284.01 per troy ounce and silver costs moved lower by 6.8% to \$19.77 per troy ounce.

Movements in major equity market indices were mixed during the review month, as the United States' Dow Jones Industrial Average (DJIA) and the S&P 500 index rose by 0.8% and 0.7%, respectively. In contrast, concerns over the spill-over effects of the crisis in Eastern Europe reduced the United Kingdom's FTSE 100, by 3.1%, Germany's DAX, by 1.4% and France's CAC 40, by 0.4%. China's SE Composite and Japan's Nikkei 225 indices also moved lower by 1.1% and 0.1%, respectively.

In foreign currency markets, the Federal Reserve's moves to curtail its "quantitative easing programmes" led to the dollar appreciating against most of the major currencies during the review month. The most significant gains were evident in Asia, where the dollar advanced versus both the Japanese Yen and Chinese Yuan, by 1.4% to ¥103.23 and by 1.2% to CNY6.2181, respectively. The dollar also strengthened relative to the Swiss Franc, by 0.6% to CHF0.8851; the British pound, by 0.5% at £0.6002 and the euro, by 0.2% to €0.7262. In contrast, the dollar weakened slightly vis-à-vis the Canadian dollar, by 0.1% to CAD\$1.1050.

### **3. Domestic Monetary Trends**

#### **March 2014 vs. 2013**

During the month of March, monetary trends featured modest growth in banking sector liquidity, owing primarily to net foreign currency inflows from real sector activity. Excess reserves—the narrow measure of liquidity—increased by \$7.0 million to \$523.4 million—although a marked slowdown from the \$150.3 million year-earlier surge, when the Central Bank increased its holdings of short-term Government debt. Correspondingly, accretions to excess liquid assets tapered by \$117.7 million to \$26.2 million, for an ending balance of \$1,224.7 million.

Supported by foreign currency inflows related to improvements in the tourism sector, external reserves increased by \$43.8 million to \$946.8 million—to outpace last year's \$37.1 million expansion. In the underlying transactions, the Bank's net foreign currency purchase advanced to \$41.0 million from \$36.8 million a year ago, as the net receipt from commercial banks firmed by \$27.3 million to \$83.6 million, reflecting a rise in the intake from their clients, by \$11.3 million to \$79.3 million. In contrast, the Bank's net

sale to the public sector more than doubled, to \$42.7 million from \$19.6 million in 2013, related mainly to increased fuel and debt payments.

During the review month, Bahamian dollar credit contracted by \$14.4 million, a reversal from a \$36.8 million gain in the previous year. Specifically, the net claim on the Government fell by \$6.6 million, vis-à-vis a \$37.4 million expansion in 2013 that was attributed to increased holdings of Treasury bills following two debt issues. Growth in credit to the rest of the public sector slowed marginally to \$3.3 million from \$5.3 million, in the prior year. Reflecting the persistent weakness in employment and business conditions, the contraction in private sector credit widened to \$11.1 million from \$6.0 million last year. In terms of the components, both commercial and “other” loans, as well as consumer credit decreased by \$5.7 million each; and mortgages recovered by \$0.3 million from the prior period \$4.9 million contraction.

Banks’ credit quality indicators show private sector loan arrears edging up by \$0.5 million (0.04%) to \$1,316.6 million, and by 2 basis points to 21.5% of total loans. In terms of the average age of delinquencies, the short-term, 31 to 90 day, segment contracted by \$5.0 million (1.5%) to \$339.7 million, with the attendant ratio declining by 8 basis points to 5.6% of total loans. In contrast, the non-performing component—arrears exceeding 90 days and on which banks have stopped accruing interest—rose modestly by \$5.5 million (0.6%) to \$976.8 million, elevating the corresponding loan ratio by 10 basis points to 16.0%.

By loan category, the slight increase in total arrears was solely attributed to the mortgage segment, which grew by \$13.8 million (2.0%) to \$708.0 million, reflecting gains in the short-term category, of \$13.6 million (7.8%), while delinquencies in excess of 90 days increased marginally by \$0.1 million (0.03%). Conversely, commercial loan arrears contracted by \$11.2 million (3.1%) to \$349.4 million, as the \$14.6 million (17.6%) decline in the 31-90 day component, outpaced the \$3.4 million (1.2%) rise in non-accrual loans. Similarly, consumer loan delinquencies fell by \$2.1 million (0.8%) to \$259.2 million, owing primarily to a \$4.1 million (4.7%) reduction in the short-term arrears, which outweighed the \$1.9 million (1.1%) rise in the non-performing segment.

In line with the rise in total arrears, banks increased their loan loss provisions slightly by \$0.3 million (0.1%) to \$454.5 million. The ratio of total provisions to arrears rose incrementally by 1 basis point to 34.5%; however, the corresponding non-performing loan ratio narrowed by 23 basis points to 46.5%. In addition, loan write-offs totalled \$6.8 million and recoveries \$2.3 million.

In March, the contraction in total domestic foreign currency credit more than doubled to \$5.8 million. This featured a contraction in net claims on the Government, by \$1.0 million, in contrast to a \$0.4 million gain in 2013, while the \$0.6 million decline in credit to the rest of the public sector was in line with the previous year’s fall. Claims on the private sector also moved lower by \$3.1 million, relative to the year-earlier \$2.3 million contraction.

Accretions to Bahamian dollar deposits slowed significantly to \$32.0 million from \$89.0 million in 2013, as savings deposits contracted by \$3.0 million, a turnaround from the year-earlier \$18.0 million expansion. In addition, the build-up in demand and fixed balances tapered to \$26.5 million and \$8.5 million, from \$38.8 million and \$32.2 million, respectively, in 2013.

In interest rate developments, the weighted average deposit rate narrowed by 4 basis points to 1.65%, with the highest rate of 5.00% offered on fixed balances of over 12 months. In contrast, the weighted average loan rate firmed by 64 basis points to 11.70%.

### *January – March 2014 vs. 2013*

Monetary developments during the first quarter of 2014 featured gains in both liquidity and external reserves, buoyed by Government's external borrowings and, to a lesser extent, net receipts from real sector activities. Accretions to excess reserves accelerated more than five-fold to \$121.7 million and by \$16.2 million to \$139.8 million for excess liquid assets.

External reserves expanded by \$207.0 million, a turnaround from a \$19.1 million reduction in 2013, supported by net receipts from the Government's US\$300 million external bond issue. Reflecting this development, the Bank's net foreign currency transactions reversed to a net purchase of \$203.1 million, from a net sale of \$22.3 million last year, as net inflows of \$74.4 million were recorded from the public sector, vis-à-vis a net outflow of \$61.5 million in the previous year. Further, the Bank's net purchase from commercial banks accelerated more than three-fold, to \$128.6 million from \$39.2 million in 2013, consistent with the rise in their net receipts from clients of \$86.9 million to \$137.9 million.

For the quarter, Bahamian dollar credit contracted by \$181.3 million, a reversal of the year-earlier \$102.1 million build-up. In particular, the Government's use of external bond proceeds to repay short-term debt from the banking system, lowered their net credit position by \$123.4 million, vis-à-vis a \$157.6 million climb in 2013. In addition, claims on the rest of the public sector fell by \$25.1 million, versus a \$0.5 million gain in the prior period, while the decline in private sector credit was lower at \$32.8 million, from \$55.4 million a year ago. In terms of the components, commercial loans fell by \$21.8 million, in line with the previous year's decrease, and the contraction in consumer credit slackened to \$11.9 million from \$23.7 million. Conversely, mortgages, which account for 50.7% of total private sector credit, grew slightly by \$0.8 million—a turnaround from the year-earlier \$10.4 million contraction.

Banks' credit quality indicators improved over the three-month to March, 2014, reflecting broad-based reductions in all categories. Specifically, total private sector loan arrears decreased by \$35.6 million (2.6%) to \$1,316.6 million, which corresponded to a 42 basis point reduction to 21.5% of total loans. The decrease in arrears was solely attributed to a contraction in the short-term (31 to 90 day) segment, by \$46.4 million (12.0%) to \$339.7 million, resulting in the corresponding total loan ratio narrowing by 71 basis points to 5.6%. Conversely, non-performing loans rose by \$10.8 million (1.1%) to \$976.8 million and by 30 basis points to 16.0% of total loans.

The improvement in total arrears was led by the mortgage component, which fell by \$22.9 million (3.1%) to \$708.0 million, due solely to a \$23.5 million (11.1%) reduction in short-term arrears, which overshadowed a \$0.6 million (0.1%) rise in non-performing balances. Similarly, the consumer segment decreased by \$8.2 million (3.1%) to \$259.2 million, as a \$14.6 million (15.0%) decline in the 31-90 day segment negated a \$6.4 million (3.8%) gain in non-accrual loans. The \$4.5 million (1.3%) drop in commercial delinquencies to \$349.4 million, was explained by an \$8.4 million (10.9%) falloff in the short-term category, which outstripped the \$3.8 million (1.4%) increase in arrears in excess of 90 days.

Notwithstanding the decline in loan arrears over the quarter, banks sustained their conservative posture, by raising their provisioning levels by \$11.7 million (2.7%) to \$454.5 million. As a result, the ratio of provisions



to arrears and non-performing loans widened by 1.8 and 0.7 percentage points, to 34.5% and 46.5%, respectively. In addition, banks wrote-off an estimated \$17.5 million in delinquent loans and recovered \$7.0 million.

During the review quarter, the decline in domestic foreign currency credit deepened to \$141.4 million from \$29.5 million last year, as the Government utilized external debt proceeds to reduce its net short-term liabilities to the system, by \$125.6 million. Credit to the rest of the public sector also decreased by \$3.2 million, albeit lower than the \$4.5 million reduction a year earlier. Private sector credit contracted further by \$12.3 million, relative to \$25.5 million in 2013, explained by reductions in commercial loans (\$10.1 million) and mortgages (\$2.2 million).

Accretions to Bahamian dollar deposits slowed by \$35.7 million to \$58.6 million. Growth in fixed deposits tapered by \$46.8 million to a mere \$4.3 million, while the build-up in savings balances eased to \$14.8 million from \$27.0 million. In a modest offset, the expansion in demand deposits more than doubled to \$39.5 million from \$16.2 million in 2013.

#### **4. Outlook and Policy Implications**

Preliminary estimates released by the Department of Statistics, place real GDP growth at a mere 0.7% for 2013—confirming that the recovery is still very fragile. This below-trend growth is expected to persist over the near-term, as the domestic environment continues to face significant headwinds, due to the modest recovery in the global economy—particularly in the key stopover markets for tourists. However, steady stimulus from foreign investment activity, alongside the pending completion of the mega resort project will provide improved opportunities for employment in the near-term, although counterbalanced by the recent announcements of retrenchments in the banking sector, which are poised to impact the middle income segment of the job market. In terms of inflation, the evolution of domestic prices should continue to track the stable outlook for global oil prices, although the implementation of the Government's Value-Added Tax (VAT) is expected to exert modest upward pressure on price levels.

In the fiscal sector, sustained improvement in the deficit and corresponding debt indicators will continue to hinge on the extent of the improvement in the domestic market, along with the success of the Government's measures to increase revenues—the cornerstone of which is the VAT.

On the monetary front, bank liquidity levels are anticipated to remain buoyant over the near-term, given the relatively low levels of consumer spending, amid persistent high unemployment and subdued business conditions. The outlook for external reserves will depend heavily on the net effect of receipts from real sector activities, which have been mild over the peak tourism season, and the future demand for foreign currency to facilitate import payments. Further, banks' credit quality indicators are likely to stay elevated over the short-term, until the recovery becomes more broad-based; nevertheless, these entities are expected to maintain robust capital levels, thereby reducing any financial sector stability concerns.

# Recent Monetary and Credit Statistics

(B\$ Millions)

<b>MARCH</b>					
Value		Change		Change YTD	
2013	2014	2013	2014	2013	2014

## 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	472.64	523.41	150.29	7.03	22.62	121.69
1.2 Excess Liquid Assets	1,095.14	1,224.74	143.87	26.16	123.66	139.84
1.3 External Reserves	793.00	946.79	37.10	43.79	-19.10	207.02
1.4 Bank's Net Foreign Assets	-522.24	-501.71	24.78	8.68	99.55	185.30
1.5 Usable Reserves	310.90	436.29	-44.63	40.87	-37.38	189.93

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>6,535.47</b>	<b>6,484.02</b>	<b>-8.29</b>	<b>-14.11</b>	<b>-80.89</b>	<b>-45.17</b>
a. B\$ Credit	6,165.04	6,111.79	-5.95	-11.05	-55.44	-32.84
of which: Consumer Credit	2,097.16	2,100.07	-6.35	-5.66	-23.68	-11.90
Mortgages	3,092.62	3,101.41	-4.91	0.28	-10.44	0.84
Commercial and Other Loans B\$	975.25	910.31	5.31	-5.67	-21.32	-21.78
b. F/C Credit	370.43	372.24	-2.34	-3.06	-25.45	-12.33
of which: Mortgages	147.46	140.05	1.34	-0.83	2.72	-2.20
Commercial and Other Loans F/C	222.97	232.19	-3.68	-2.23	-28.17	-10.14
<b>2.2 Central Government (net)</b>	<b>1,751.39</b>	<b>1,712.47</b>	<b>37.83</b>	<b>-7.65</b>	<b>157.99</b>	<b>-248.99</b>
a. B\$ Loans & Securities	1,890.59	1,898.12	53.09	-2.08	173.85	-126.06
Less Deposits	138.38	183.39	15.67	4.54	16.26	-2.65
b. F/C Loans & Securities	0.00	0.00	-0.00	0.00	0.00	-125.00
Less Deposits	0.82	2.26	-0.42	1.02	-0.40	0.58
<b>2.3 Rest of Public Sector</b>	<b>403.13</b>	<b>372.16</b>	<b>4.65</b>	<b>2.69</b>	<b>-3.92</b>	<b>-28.23</b>
a. B\$ Credit	119.38	101.52	5.33	3.28	0.53	-25.06
b. F/C Credit	283.75	270.65	-0.68	-0.59	-4.45	-3.17
<b>2.4 Total Domestic Credit</b>	<b>8,689.99</b>	<b>8,569.51</b>	<b>34.18</b>	<b>-20.23</b>	<b>72.62</b>	<b>-322.74</b>
a. B\$ Domestic Credit	8,036.63	7,928.03	36.80	-14.39	102.12	-181.31
b. F/C Domestic Credit	653.36	641.48	-2.62	-5.84	-29.50	-141.43

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	1,374.12	1,474.22	38.75	26.47	16.16	39.50
a. Central Bank	11.35	13.36	-3.35	1.40	-0.73	4.95
b. Banks	1,362.78	1,460.86	42.10	25.08	16.90	34.55
3.2 Savings Deposits	1,094.63	1,126.07	18.03	-3.00	26.96	14.78
3.3 Fixed Deposits	3,473.33	3,323.07	32.21	8.52	51.13	4.30
3.4 Total B\$ Deposits	5,942.09	5,923.36	88.98	31.99	94.25	58.58
3.5 F/C Deposits of Residents	276.02	275.07	11.27	-9.58	52.87	24.09
<b>3.6 M2</b>	<b>6,146.51</b>	<b>6,124.70</b>	<b>94.28</b>	<b>31.83</b>	<b>93.52</b>	<b>47.03</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>12.90</b>	<b>15.46</b>	<b>0.41</b>	<b>0.64</b>	<b>-0.51</b>	<b>3.29</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>85.63</b>	<b>96.87</b>	<b>-12.54</b>	<b>3.65</b>	<b>-4.31</b>	<b>16.89</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>82.24</b>	<b>92.73</b>	<b>-12.16</b>	<b>3.78</b>	<b>-5.30</b>	<b>17.77</b>
	Value		Year to Date		Change	
	2013	2014	2013	2014	Month	YTD

## 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>36.80</b>	<b>40.95</b>	<b>-22.29</b>	<b>203.06</b>	<b>4.16</b>	<b>225.34</b>
a. Net Purchase/(Sale) from/to Banks	56.37	83.63	39.21	128.64	27.26	89.43
i. Sales to Banks	0.10	0.00	79.88	26.90	-0.10	-52.98
ii. Purchases from Banks	56.47	83.63	119.09	155.54	27.16	36.46
b. Net Purchase/(Sale) from/to Others	-19.57	-42.67	-61.50	74.42	-23.10	135.91
i. Sales to Others	51.71	76.53	135.24	304.97	24.82	169.74
ii. Purchases from Others	32.14	33.86	73.74	379.39	1.72	305.65
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>68.03</b>	<b>80.81</b>	<b>50.99</b>	<b>139.41</b>	<b>12.78</b>	<b>88.42</b>
a. Sales to Customers	272.63	337.76	898.62	878.01	65.13	-20.62
b. Purchases from Customers	340.66	418.57	949.61	1,017.41	77.91	67.80
<b>4.3 B\$ Position (change)</b>	<b>-21.40</b>	<b>-19.59</b>				

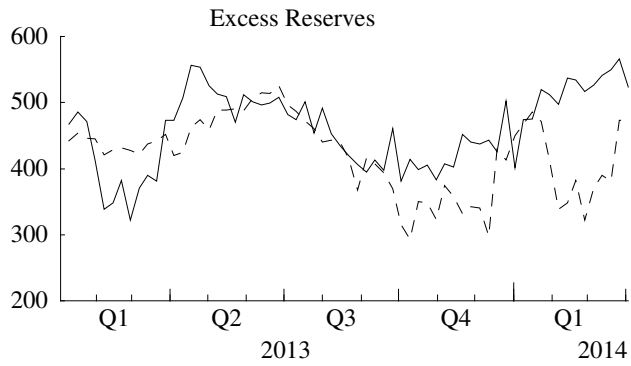
## 5.0 EXCHANGE CONTROL SALES

<b>5.1 Current Items</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>
of which Public Sector	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>
a. Nonoil Imports	ND	ND	ND	ND	ND	ND
b. Oil Imports	ND	ND	ND	ND	ND	ND
c. Travel	ND	ND	ND	ND	ND	ND
d. Factor Income	ND	ND	ND	ND	ND	ND
e. Transfers	ND	ND	ND	ND	ND	ND
f. Other Current Items	ND	ND	ND	ND	ND	ND
<b>5.2 Capital Items</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>
of which Public Sector	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</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>

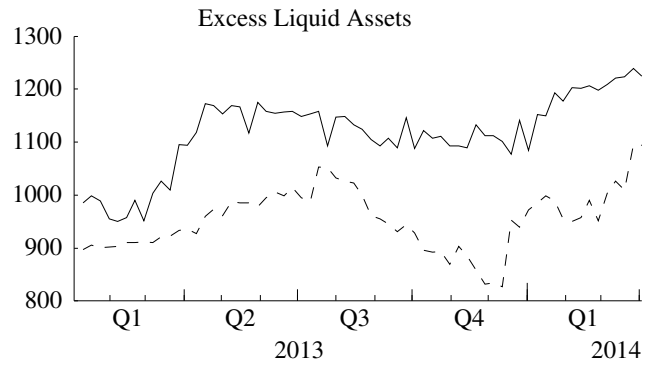


# SELECTED MONEY AND CREDIT INDICATORS

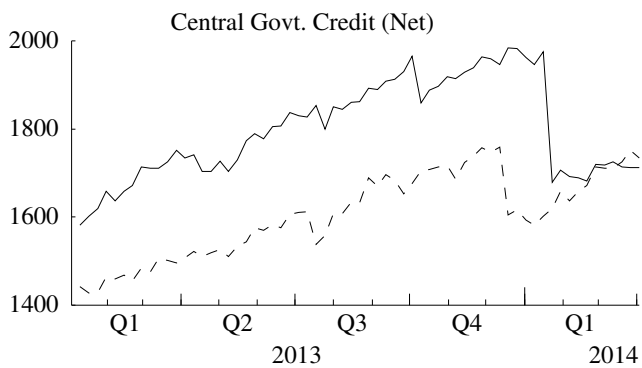
(B\$ Millions)



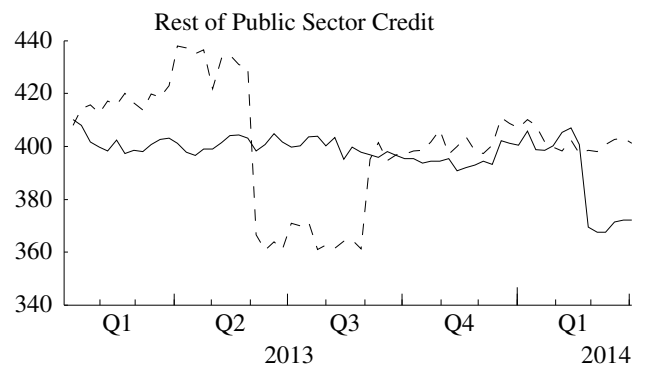
— 2014  
- - - 2013



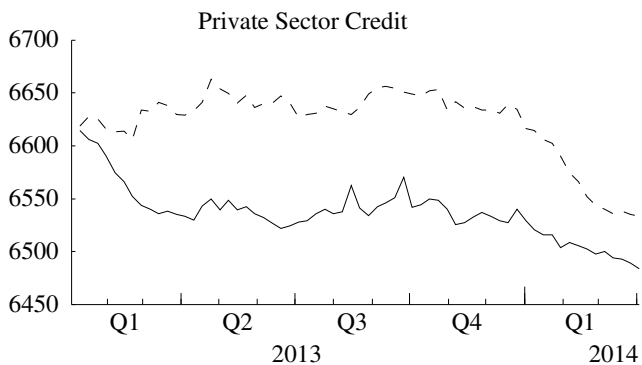
— 2014  
- - - 2013



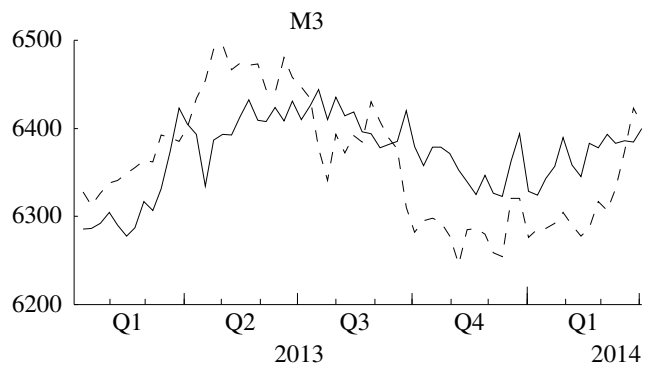
— 2014  
- - - 2013



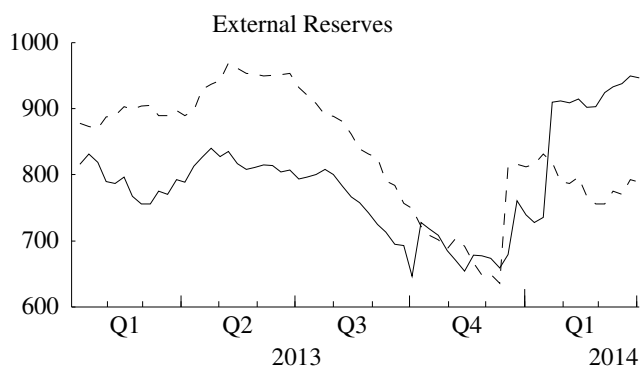
— 2014  
- - - 2013



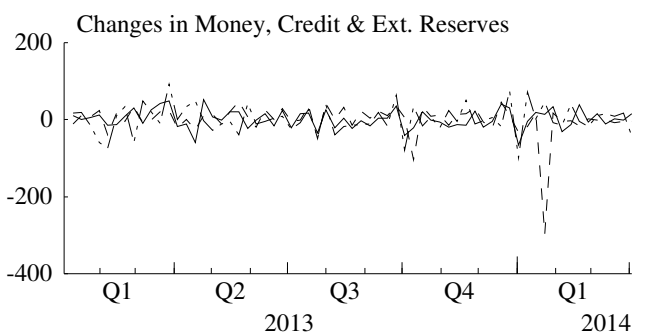
— 2014  
- - - 2013



— 2014  
- - - 2013



— 2014  
- - - 2013



— M3  
- - - Domestic Credit  
- · - External Reserves

## Selected International Statistics

<b>A: Selected Macroeconomic Projections (Annual % Change and % of labor force)</b>						
	Real GDP		Inflation Rate		Unemployment	
	2013	2014	2013	2014	2013	2014
Bahamas	1.9	2.3	0.3	2.0	15.4	N/A
United States	1.9	2.8	1.5	1.4	7.4	6.4
Euro-Area	-0.5	1.2	1.3	0.9	12.1	11.9
<i>Germany</i>	<i>0.5</i>	<i>1.7</i>	<i>1.6</i>	<i>1.4</i>	<i>5.3</i>	<i>5.2</i>
Japan	1.5	1.4	0.4	2.8	4.0	3.9
China	7.7	7.5	2.6	3.0	4.1	4.1
United Kingdom	1.8	2.9	2.6	1.9	7.6	6.9
Canada	2.0	2.3	1.0	1.5	7.1	7.0
<i>Source: IMF World Economic Outlook April 2014, 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
March 2012	4.50	1.00	0.75	0-0.25	0.50
April 2012	4.50	1.00	0.75	0-0.25	0.50
May 2012	4.50	1.00	0.75	0-0.25	0.50
June 2012	4.50	1.00	0.75	0-0.25	0.50
July 2012	4.50	0.75	0.75	0-0.25	0.50
August 2012	4.50	0.75	0.75	0-0.25	0.50
September 2012	4.50	0.75	0.75	0-0.25	0.50
October 2012	4.50	0.75	0.75	0-0.25	0.50
November 2012	4.50	0.75	0.75	0-0.25	0.50
December 2012	4.50	0.75	0.75	0-0.25	0.50
January 2013	4.50	0.75	0.75	0-0.25	0.50
February 2013	4.50	0.75	0.75	0-0.25	0.50
March 2013	4.50	0.75	0.75	0-0.25	0.50
April 2013	4.50	0.75	0.75	0-0.25	0.50
May 2013	4.50	0.50	0.75	0-0.25	0.50
June 2013	4.50	0.50	0.75	0-0.25	0.50
July 2013	4.50	0.50	0.75	0-0.25	0.50
August 2013	4.50	0.50	0.75	0-0.25	0.50
September 2013	4.50	0.50	0.75	0-0.25	0.50
October 2013	4.50	0.50	0.75	0-0.25	0.50
November 2013	4.50	0.25	0.75	0-0.25	0.50
December 2013	4.50	0.25	0.75	0-0.25	0.50
January 2014	4.50	0.25	0.75	0-0.25	0.50
February 2014	4.50	0.25	0.75	0-0.25	0.50
March 2014	4.50	0.25	0.75	0-0.25	0.50

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	Mar-13	Feb-14	Mar-14	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.7800	0.7245	0.7262	0.23	-0.43	-5.41
Yen	94.21	101.81	103.23	1.39	-3.32	9.99
Pound	0.6579	0.5973	0.6002	0.49	-1.12	-9.43
Canadian \$	1.0176	1.1064	1.1050	-0.13	4.15	7.34
Swiss Franc	0.9493	0.8803	0.8851	0.55	-1.33	-6.02
Renminbi	6.2108	6.1470	6.2181	1.16	1.51	-1.19

*Source: Bloomberg as of March 31, 2014*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	March 2013	February 2014	March 2014	Mthly % Change	YTD % Change
Gold / Ounce	1205.65	1326.39	1284.01	-3.20	6.50
Silver / Ounce	19.47	21.23	19.77	-6.84	1.56
Oil / Barrel	111.59	108.95	108.02	-0.85	-3.20

*Source: Bloomberg as of March 31, 2014*

<b>E. Equity Market Valuations – March 31, 2014 (% chg)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	0.10	0.83	0.69	-3.10	-0.38	-1.40	-0.09	-1.12
3 month	3.12	-0.72	1.30	-2.23	2.22	0.04	-8.98	-3.91
YTD	3.12	-0.72	1.30	-2.23	2.22	0.04	-8.98	-3.91
12-month	8.94	12.89	20.28	2.91	17.69	22.59	19.60	-9.09

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
<b>o/n</b>	0.11	0.43	0.18
<b>1 Month</b>	0.16	0.47	0.20
<b>3 Month</b>	0.23	0.51	0.27
<b>6 Month</b>	0.35	0.63	0.35
<b>9 Month</b>	0.46	0.74	0.45
<b>1 year</b>	0.61	0.89	0.54

*Source: Bloomberg as of March 31, 2014*

**SUMMARY ACCOUNTS OF THE CENTRAL BANK**  
(B\$ Millions)

	VALUE										CHANGE					
	Feb. 05	Feb. 12	Feb. 19	Feb. 26	Mar. 05	Mar. 12	Mar. 19	Mar. 26	Feb. 05	Feb. 12	Feb. 19	Feb. 26	Mar. 05	Mar. 12	Mar. 19	Mar. 26
<b>I. External Reserves</b>	908.64	914.88	901.56	903.00	924.02	932.88	937.36	949.61	-3.46	6.24	-13.32	1.44	21.03	8.86	4.48	12.25
<b>II. Net Domestic Assets (A + B + C + D)</b>	34.67	62.45	73.75	65.67	50.36	50.40	56.95	60.60	-16.68	27.78	11.30	-8.07	-15.31	0.04	6.55	3.65
<b>A. Net Credit to Gov't (i + ii + iii - iv)</b>	347.18	375.61	375.04	373.82	366.97	366.02	365.45	369.44	-14.32	28.42	-0.57	-1.22	-6.84	-0.96	-0.57	3.99
i) Advances	54.66	54.66	54.66	64.66	64.66	64.66	64.66	64.66	10.00	0.00	0.00	10.00	0.00	0.00	0.00	0.00
ii) Registered Stock	218.36	248.31	248.62	248.59	248.18	247.96	247.93	247.70	-2.37	29.95	0.31	-0.03	-0.42	-0.22	-0.03	-0.22
iii) Treasury Bills	104.13	104.13	104.13	93.78	88.13	88.13	88.13	88.13	-22.47	0.00	0.00	-10.35	-5.65	0.00	0.00	0.00
iv) Deposits	29.96	31.49	32.37	33.21	33.99	34.73	35.26	31.05	-0.53	1.53	0.88	0.84	0.78	0.74	0.53	-4.21
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-9.89	-2.64	-0.12	-7.62	-14.32	-12.88	-4.36	-3.58	-0.65	7.24	2.53	-7.50	-6.70	1.44	8.52	0.78
i) BDB Loans	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	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
iii) Deposits	14.24	6.99	4.47	11.97	18.67	17.23	8.71	7.93	0.65	-7.24	-2.53	7.50	6.70	-1.44	-8.52	-0.78
<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
<b>D. Other Items (Net)*</b>	-302.63	-310.52	-301.17	-300.53	-302.30	-302.74	-304.14	-305.25	-1.71	-7.89	9.35	0.64	-1.77	-0.44	-1.40	-1.12
<b>III. Monetary Base</b>	943.31	977.33	975.30	968.67	974.38	983.28	994.31	1,010.21	-20.14	34.02	-2.02	-6.63	5.71	8.90	11.03	15.89
A. Currency in Circulation	309.68	309.05	301.99	309.25	311.53	307.48	304.77	313.41	0.25	-0.62	-7.06	7.26	2.27	-4.05	-2.71	8.64
B. Bank Balances with CBOB	633.63	668.28	673.31	659.42	662.85	675.80	689.54	696.80	-20.40	34.64	5.03	-13.90	3.44	12.95	13.74	7.25

\* 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 (Over previous year)			
	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014		
<b>Fiscal Operations:</b>																												
1. Government Revenue & Grants	107.3	112.7	97.1	104.1	88.5	94.6	105.8	117.5	103.9	155.8	146.5	125.1	137.4	100.1	112.3													
% change: over previous month	-34.97%	-4.20%	-9.50%	-7.62%	-15.03%	2.32%	19.64%	24.10%	-1.90%	32.59%	41.12%	-21.00%	-6.23%	-18.66%	-18.25%													
2. Import/Excise Duties	50.4	44.0	48.2	48.7	42.0	50.4	45.7	48.7	49.0	46.8	47.8	51.8	46.0	45.1	45.4													
% change: over previous month	-50.39%	-15.35%	-4.34%	12.87%	-15.42%	5.57%	8.65%	-3.45%	7.38%	-5.95%	-2.59%	13.21%	-3.60%	-13.00%	-1.41%													
3. Recurrent Expenditure	117.4	123.0	123.9	112.9	125.0	126.8	145.3	130.5	128.8	122.3	129.1	143.4	149.7	111.4	112.5													
% change: over previous month	-47.15%	-43.32%	5.59%	-8.28%	10.71%	-1.48%	16.25%	2.96%	-11.33%	-6.28%	0.20%	17.24%	15.99%	-22.35%	-24.89%													
4. Capital Expenditure	13.8	4.5	25.3	16.8	8.9	8.3	17.6	14.5	8.9	30.1	19.7	23.7	10.4	21.9	14.4													
% change: over previous month	-71.77%	-90.98%	83.21%	27.47%	-8.24%	-47.18%	98.57%	75.14%	-69.29%	108.14%	122.85%	-21.37%	-47.05%	-7.65%	38.32%													
5. Deficit/Suplus*	-24.5	-15.7	-57.5	-28.2	-52.9	-49.1	-62.8	-30.9	-42.2	-45.3	-7.3	-47.0	-31.7	-33.9	-17.8													
% change: over previous month	-81.64%	-89.80%	135.03%	78.87%	-87.78%	-21.74%	18.23%	-37.02%	-32.72%	-46.34%	-82.80%	-3.94%	35.60%	-28.03%	-43.69%													

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC		2013		2014	
	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014		
<b>Debt:**</b>																												
6. Total Debt	4,365.6	4,896.3	4,414.3	5,005.3	4,531.0	5,007.2																						
% change: over previous month	-0.68%	-0.51%	1.1%	0.2%	2.6%	0.0%																						
7. External Debt	1,038.3	1,475.6	1,047.0	1,475.6	1,053.7	1,475.6																						
% change: over previous month	0.00%	25.48%	0.8%	0.0%	0.6%	0.1%																						
8. Internal F/C Debt	0.0	0.0	0.0	0.0	0.0	0.0																						
% change: over previous month																												
9. Bahamian Dollar Debt	3,327.3	3,520.7	3,367.3	3,530.7	3,477.3	3,530.7																						
% change: over previous month	-0.89%	-5.38%	1.2%	0.3%	3.3%	0.0%																						
10. Total Amortization	30.2	275.4	10.0	10.0	21.7	1.1																						
% change: over previous month	-58.17%	11401.70%	-66.9%	-96.4%	117.3%	-89.2%																						

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC		2013		2014	
	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014		
<b>Real Sector Indicators</b>																												
12. Retail Price Index	105.8	107.3	105.7	107.6																								
% change: over previous month	0.21%	0.82%	-0.07%	0.28%																								
13. Tourist arrivals (000's)	538.1	555.2	533.2	566.4																								
% change: over previous year	1.78%	3.16%	-3.95%	6.22%																								
14. Air arrivals (000's)	86.1	88.6	104.8	107.7																								
% change: over previous year	-3.69%	2.88%	18.23%	2.85%																								
15. Occupied Room Nights																												
% change: over previous year																												
16. Res. Mortgage Commitments Value of New Const. & Rehab. (B\$Millions)																												
% change: over previous year																												

\*\* Debt figures pertain to central government only unless otherwise indicated.  
 \* Includes Net Lending to Public Corporations  
 P - provisional