



Monthly Economic and Financial Developments December 2012

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:

2013: March 4, April 8, April 29, June 3, July 1, July 29, September 2, September 30, November 4, December 2, December 23.

Monthly Economic and Financial Developments

December 2012

1. Domestic Economic Developments

Indications are that the domestic economy maintained its mildly positive growth pace during the review month, supported by stable foreign investment-led construction activity, amid some softness in tourism output. Inflationary pressures remained subdued, as domestic energy costs contracted in December. The fiscal situation deteriorated over the first five months of FY2012/13, as broad-based gains in aggregate spending outpaced the tax-led rise in total receipts. In the monetary sector, foreign currency proceeds from Government's external bond issue buoyed both bank liquidity and external reserves over the review month; however, heightened demand for foreign currency, and softness in receipts from real sector activities contributed to a net decline in reserves over the year.

Preliminary data for the eleven months to November showed total visitor arrivals increasing by 6.3% to 5.3 million, outpacing the 4.6% gain of 2011. The high value-added air segment improved by 8.0% to 1.2 million visitors, supported by the ongoing economic recovery in key source markets and domestic incentive programmes, and the dominant sea passenger component was higher by 5.8% at 4.1 million. By port of entry, visitors to New Providence strengthened by 10.0%, outdistancing the year-earlier 0.9% increase, and was attributed to firming in both air and sea traffic. However, the rise in Grand Bahama's arrivals slowed to 1.9% from 4.4%, as weakness in sea passengers eclipsed the upturn in air traffic. Similarly, broad based slowing limited the gains in Family Island visitors to 2.1% from 11.7%.

Provisional hotel performance indicators, obtained from a sample of major New Providence and Paradise Island hotels, showed room revenues lower by 2.0% in December, year-on-year, owing primarily to a 0.3 of a percentage point decrease in the average occupancy rate to 58.0%, which overshadowed the 1.4% gain in the average daily room rate to \$274.46. However, buoyed by a favourable first half performance, overall room revenues grew by 4.0% in 2012, as the average occupancy rate improved by 4.3 percentage points to 68.3%, and negated the 3.0% reduction in average daily room rate to \$229.24.

Price developments in December included a decrease in domestic fuel costs, for the second consecutive month, as average gasoline and diesel prices moved lower by 6.9% to \$5.10 per gallon and by 3.2% to \$5.16 per gallon, respectively. In comparison to end-2011, both gasoline and diesel costs were only higher by 1.0% and 0.4%, respectively. With regards to energy costs, the Bahamas Electricity Corporation's fuel charge fell by 3.7% over the month and by 3.6% vis-à-vis last year, to 25.34¢ per kilowatt hour (kWh).

The Government's overall deficit for the first five months of FY2012/13 firmed by \$70.3 million (46.7%) to \$220.9 million over the corresponding period a year earlier, based on a \$90.7 million (14.2%) expansion in total spending to \$729.8 million, which outpaced the \$20.4 million (4.2%) growth in total revenue to \$509.0 million. Tax collections rose by \$17.7 million (4.1%) to \$447.4 million, led by a timing-related \$9.6 million (26.5%) increase in departure taxes and a \$7.0 million (2.8%) gain in taxes on international trade. Non-tax receipts also grew, by \$2.8 million (4.7%) to \$61.6 million, owing mainly to a rise in miscellaneous income sources. Spending was led by broad-based gains in current outlays, of \$20.1 million (3.3%) to \$623.4 million, while the \$24.5 million (40.4%) hike in capital disbursements to \$85.0 million, was dominated by a \$13.6 million (25.7%) firming in infrastructure outlays. The deficit for the five month period was financed by \$325 million in Bahamas Government Registered Stock, \$30 million in local currency short-term advances

and \$28 million in external drawings. At end-November 2012, the Government's direct indebtedness stood at \$4,230.7 million—a gain of 11.2% over the comparable period a year earlier.

2. International Developments

During the review period, the modest expansion in the global economy was underpinned by robust export-led growth in the emerging markets. However, continued weakness in developed markets—particularly the euro zone—led the IMF to downgrade its most recent forecast for real GDP growth in 2012 and 2013, by 0.1 of a percentage point each, to 3.2% and 3.5%, respectively. Given the tempered outlook for growth, major central banks sustained their accommodative monetary stance.

Measures of US economic activity suggested mildness in output growth during December. Industrial production firmed by 0.3%—although below the 1.0% expansion of November, when firms adversely affected by Hurricane Sandy restarted operations. Similarly, retail sales edged up by 0.5%, following a 0.4% increase in November. The recovery in the key housing sector continued, as housing starts and completions firmed by 12.1% and 1.6%, respectively, on a monthly basis, and building permits issued increased slightly by 0.3%. In the external sector, the trade deficit deteriorated by \$6.6 billion to \$48.7 billion in November, as the expansion in imports overshadowed the gain in exports. The annualized inflation rate was slightly lower at 1.7%, while the unemployment rate stabilized at 7.8%, as non-farm payrolls increased by 155,000. In an effort to support the recovery, the Federal Reserve retained its “quantitative easing” measures and kept the key interest rate within the 0.0%-0.25% range. The Bank also set a target level of 6½ percent for the unemployment rate, before any action would be taken to tighten monetary policy.

Indications are that the United Kingdom's economic performance was subdued over the review period, with retail sales falling by 0.1% during December, as consumers remained cautious during the holiday season. The trade deficit narrowed by £0.2 billion to £3.5 billion, owing to a reduction in the goods deficit, which negated a decrease in the services account surplus. Despite the softness in the economy, the unemployment rate declined by 0.1 of a percentage point in the three months to November to 7.7%, and inflation steadied at 2.7% in December. Although the rise in prices remained above the 2.0% target, the Bank of England continued its £375 billion asset purchase programme and left the official bank rate at 0.5%.

The latest economic indicators showed that conditions in the euro area remained depressed. Retail sales rose marginally by 0.1% in November, a reversal from the 0.7% decrease a month earlier; while the contraction in industrial production widened to 0.3% from 1.0% in October. In the external sector, the goods surplus rose by €4.4 billion to €13.7 billion in November, supported by a 0.8% improvement in exports, alongside a 1.5% falloff in imports. Given the weak economic environment, inflation steadied at 2.2% in December and the jobless rate firmed marginally by 0.1 of a percentage point to 11.8%. Against this backdrop, the European Central Bank adopted a neutral policy stance, keeping its key bank rate at a low of 0.75%.

Economic conditions in Asia remained relatively buoyant, although growth rates moderated from prior year's levels. In China, increased agricultural and industrial production supported real GDP growth of 7.9% in the fourth quarter, slightly above the previous period's 7.4% expansion. Buoyed mainly by strengthening in the textiles and chemical industries, industrial production firmed to 10.3% in December year-on-year, following a 10.1% expansion in November, and growth in retail sales accelerated by 0.3 of a percentage

point to 15.2%. Consumer price inflation advanced to an annual 2.5% from 2.0% in November, due mainly to higher food and shelter costs. Despite external demand remaining subdued among its major trading partners, the country's trade surplus advanced by over 60% to US\$31.6 billion in December, as the 14.1% growth in exports outstripped the 6.0% rise in imports. With inflation remaining relatively tame, the People's Bank of China kept its key interest rates unchanged.

Economic developments in Japan were relatively anaemic, as industrial output fell by 1.7% in November, in contrast to a 1.8% increase in October, while retail sales steadied. Reflecting ongoing geopolitical tensions with China—one of its largest trading partners—combined with weakness in the euro area, the external trade deficit worsened to ¥954.8 billion in December from ¥554.6 billion a month earlier, as exports fell and imports expanded. However, employment conditions stabilized, with the jobless rate falling by 0.1 of a percentage point to 4.1% in November on a monthly basis. Given the fragility of the recovery, the Bank of Japan retained its accommodative stance—keeping the uncollateralized overnight call rate at the 0.0%-0.1% range.

Despite a modest reduction in OPEC's crude oil production, by 460,000 barrels per day to average 30.37 million barrels per day, crude oil prices decreased marginally by 0.2% to \$110.62 per barrel in December. Similarly, precious metal prices moved lower, as gold and silver costs fell, by 2.3% to \$1,675.35 per troy ounce and by 9.2% to \$30.35 per troy ounce, respectively.

Buoyed by positive sentiments following the ratification of a deal by United States lawmakers to avoid the 'Fiscal Cliff', all the major bourses registered gains at end-December. In the United States, the Dow Jones Industrial Average (DJIA) and the S&P 500 firmed by 0.6% and 0.9%, respectively, as stocks rallied in the latter half of the month. European bourses also registered gains, with the United Kingdom's FTSE 100, France's CAC 40, and Germany's DAX growing, by 0.5%, 2.4% and 2.8%, respectively. Likewise, Asian markets maintained their momentum, as Japan's Nikkei 225 expanded by 10.1% and China's SE Composite strengthened by 14.6%.

As investors increased their demand for more "risky" assets, the United States dollar depreciated against most of the major currencies during December. In particular, the dollar fell by 1.6% vis-à-vis the euro to €0.7580, by 1.5% versus the British Pound to £0.6155 and by 1.3% relative to the Swiss Franc to CHF0.9156. Similarly, the Canadian dollar rose slightly, by 0.2% relative to the dollar, to CND\$0.9922. In contrast, buoyed by optimism over the authorities' plans to lower the value of the Yen, the dollar appreciated against the Japanese Yen, by 5.2% to ¥86.75, and also firmed slightly by 0.1% versus the Chinese Yuan to CNY6.2316.

3. Domestic Monetary Trends

December 2012 vs. 2011

Monetary developments in December featured expansions in both bank liquidity and external reserves, mainly on account of the Government's US\$180.0 million external bond issue. Excess reserves—a measure of banks' excess cash resources—grew by \$108.1 million, exceeding 2011's \$44.4 million gain, while accretions to the broader excess liquid assets advanced more than five-fold to \$139.5 million.

External reserves were higher by \$163.5 million at \$812.1 million, outstripping last year's gain of \$33.1 million. The Central Bank's net foreign currency purchase advanced by \$128.6 million to \$161.7 million, of

which \$151.9 million was related to the public sector, and a smaller \$9.9 million share to the commercial banks—in line with their net purchase from customers.

Bahamian dollar credit contracted by \$159.1 million, a reversal from the previous year's \$10.2 million accumulation. In particular, banks' net claim on the Government receded by \$164.5 million, compared to a marginal fall of \$0.4 million in 2011, as Government utilized proceeds from its external bond issue to reduce local overdraft balances. Credit to the rest of the public sector, however, rose by \$9.4 million, to outpace the \$4.0 million growth in the prior year. Following a \$6.6 million gain last year, claims on the private sector declined by \$4.6 million, reflecting the continued weakness in economic growth and the challenging conditions in the job market. Mortgages, which recorded a gain of \$6.7 million gain in 2011, fell by \$1.8 million, as the contraction in commercial loans was extended to \$6.2 million from \$5.9 million, and accretions to consumer credit slowed by \$2.4 million to \$3.4 million.

Banks' credit quality indicators worsened over the review month, reflecting broad-based deteriorations in all loan categories. Total private sector loan arrears grew by \$26.2 million (2.1%) to \$1,250.5 million, resulting in a 42 basis point rise in the ratio of arrears to total loans to 20.0%. In terms of the average age of delinquencies, the short-term, 31-90 day, segment was higher by \$15.1 million (4.1%) at \$382.9 million, and firmed as a percentage of total loans, by 24 basis points to 6.1%. Similarly, non-performing loans—arrears in excess of 90 days and on which banks have stopped accruing interest—advanced by \$11.0 million (1.3%) to \$867.6 million, elevating the attendant loan ratio by 17 basis points to 13.9%.

The expansion in delinquencies was led by commercial arrears, which grew by \$12.6 million (4.9%) to \$270.8 million, reflecting increases in both the short-term and non-accrual components, by \$5.5 million (7.4%) and \$7.1 million (3.9%), respectively. The consumer segment also expanded, by \$7.8 million (2.9%) to \$280.2 million, as delinquencies in the 31-90 day category were extended by \$5.9 million (6.2%), and those in excess of 90 days, by \$1.8 million (1.0%). Mortgage arrears, which accounted for a dominant 55.9% of the total, rose by \$5.8 million (0.8%) to \$699.5 million; both the short-term and non-performing categories were higher by \$3.7 million (1.9%) and \$2.1 million (0.4%), respectively.

Following on the increase in arrears, banks raised their loan loss provisions by \$3.3 million (0.9%) to \$373.5 million in December. However, as the rise in total arrears outpaced the growth in provisions, the corresponding ratio narrowed by 37 basis points to 29.9%, with the non-performing loan ratio measure softening by 17 basis points to 43.1%. Banks wrote-off an estimated \$30.3 million in loans and recovered \$1.5 million in bad debts during the month.

Total domestic foreign currency credit declined by \$13.4 million in December, to contrast with a net increase of \$44.8 million in 2011. Underlying this outturn, the contraction in claims on the private sector was extended to \$13.0 million from \$4.1 million a year ago, due to loan repayments by a local utility. Similarly, credit to public corporations fell by \$0.6 million, a reversal from 2011's \$49.8 million expansion, while net claims on the Government were marginally higher by \$0.2 million, vis-à-vis last year's \$0.9 million reduction.

Accretions to Bahamian dollar deposits slowed by \$8.1 million to \$18.1 million, as savings balances contracted by \$38.2 million, a turnaround from a \$12.5 million increase in 2011. In contrast, demand deposits firmed by \$39.4 million, more than double last year's \$16.8 million advance; while fixed balances rose by \$16.9 million, to reverse the \$3.0 million contraction for 2011.

In terms of interest rates, the weighted average deposit rate at banks firmed by 7 basis points to 1.87%, with the highest rate of 5.00% offered on fixed balances of over 12 months. Conversely, the weighted average loan rate softened by 83 basis points to 10.79%.

January - December 2012 vs. 2011

Buoyed by Government's external borrowing in the final month of the year, bank liquidity grew in 2012, although the build-up was below the prior year's expansion. As a result, accretions to excess reserves narrowed by \$30.2 million to \$15.2 million; while the gain in the broader excess liquid assets tapered to \$74.3 million from \$83.6 million in 2011.

Reflecting muted receipts from real sector activities and amid increased current payments, external reserves declined by \$79.9 million to \$812.1 million at end-2012, reversing the previous year's \$30.9 million accumulation. In the underlying developments, the Bank's foreign currency transactions reversed to a net sale of \$97.4 million from a net purchase of \$7.7 million a year earlier, as the net sale to the public sector more than doubled to \$210.7 million. In contrast, the Bank's net purchase from commercial banks grew by \$22.1 million to \$113.3 million, benefitting from a modest increase in their net intake from customers, of \$4.6 million to \$120.2 million.

Growth in Bahamian dollar credit slackened to \$132.2 million from \$222.4 million in 2011. Anaemic consumer demand, along with banks' conservative lending practices, continued to constrain the growth in private sector credit, while widening budgetary requirements increased public sector borrowings. After strengthening by \$114.3 million in 2011, credit to the private sector fell by \$39.7 million. Commercial loans contracted by \$30.3 million, in contrast to the prior period's \$78.9 million expansion; consumer credit also fell by \$25.8 million, following a \$9.6 million increase in 2011, and the growth in mortgage loans tapered by \$9.3 million to \$16.5 million. In contrast, net claims on the Government expanded by \$156.0 million, extending the year-earlier gain of \$118.8 million, and were mainly in the form of increased holdings of Government paper. Banks claims on the rest of the public sector advanced by \$15.4 million, vis-à-vis a \$10.5 million decrease in 2011.

Reflecting the challenging domestic economic environment, banks' credit quality indicators deteriorated in 2012, albeit at a slower pace than in 2011. Total private sector loan arrears rose by \$42.4 million (3.5%) to \$1,250.5 million at end-December, down from the 6.1% rate of increase in 2011, for a hike in the ratio of arrears to total loans by 75 basis points to 20.0%. The rise in loan delinquencies was due solely to a \$51.5 million (6.3%) expansion in the non-performing component to \$867.6 million, and a corresponding firming in the loan ratio of 88 basis points to 13.9%. In contrast, the short-term, 31-90 day, component fell by \$9.1 million (2.3%) to \$382.9 million, with the attendant loan ratio declining by 12 basis points to 6.1%.

The rise in aggregate arrears was mainly attributed to a worsening in the mortgage and consumer components. Mortgage delinquencies increased by \$49.4 million (7.6%) to \$699.5 million, with both the 31-90 day and non-performing segments higher by \$2.1 million (1.1%) and \$47.3 million (10.5%), respectively. Consumer loan arrears grew by \$8.9 million (3.3%) to \$280.2 million, reflecting a \$12.2 million (7.3%) rise in the non-accrual component, which outstripped a \$3.4 million (3.2%) reduction in the short-term segment. In contrast, commercial arrears narrowed by \$15.9 million (5.5%) to \$270.8 million, as arrears in excess of 90 days decreased by \$8.1 million (4.0%) and 31-90 day delinquencies moved lower by \$7.8 million (8.9%).

Given the worsening in credit quality indicators over the year, banks increased their total provisions for loan losses, by \$73.0 million (24.3%), to \$373.5 million. Consequently, the ratio of total provisions to arrears and non-performing loans firmed, by 5.0 and 6.2 percentage points, to 29.9% and 43.1%, respectively. Banks also wrote-off an estimated \$225.1 million in loans and recovered approximately \$44.3 million in outstanding obligations during 2012.

Total domestic foreign currency credit grew by \$26.2 million during 2012, a turnaround from a \$92.0 million decline posted in 2011. This outturn reflected a \$41.7 million gain in credit to the private sector, vis-à-vis a \$40.6 million falloff a year ago. Further, net claims on the Government firmed marginally by \$0.5 million, compared to a prior \$68.3 million decline and credit to the rest of the public sector decreased by \$15.9 million, to reverse 2011's \$17.0 million expansion.

Following a \$144.3 million rise in 2011, total Bahamian dollar deposits contracted by \$60.3 million in 2012. Specifically, the drawdown on fixed balances accelerated to \$184.6 million from a modest \$1.3 million a year ago; while accretions to savings deposits slowed to a mere \$1.7 million from \$49.9 million. In contrast, growth in demand balances was higher at \$122.7 million from \$95.6 million in 2011.

4. Outlook and Policy Implications

Expectations are that the domestic recovery, underway since 2010, will be sustained into 2013, benefiting from continued improvement in tourism sector performance, alongside ongoing foreign investment-related construction activity. However, potential headwinds remain, given the faltering recovery in the global economy, and ongoing volatility in global oil prices. While no significant upward pressure is expected on the prices front, the employment situation is not likely to show any notable improvement, until the economic recovery broadens.

Amid this backdrop, conditions in the fiscal sector are projected to remain challenging in the near-term. Any potential improvement in the deficit and corresponding debt indicators over the medium-term, will depend largely on the pace of the economic recovery, as well as the success of efforts by the authorities to enhance revenue collections and curtail spending.

In the monetary sector, bank liquidity is forecasted to stay relatively buoyant during the year, reflecting in part generally weak private sector credit demand. While this should constrain pressure on external reserves, the extent to which the real sector is able to generate new inflows will figure importantly in constraining downward pressure on external reserves. With no notable improvements in consumers' credit conditions, banks' credit quality indicators are likely to remain elevated for the near-term. Nevertheless, expectations are that banks will continue to be highly capitalised, thereby mitigating any financial stability concerns.

Recent Monetary and Credit Statistics

(B\$ Millions)

DECEMBER						
Value		Change		Change YTD		
2011	2012	2011	2012	2011	2012	

1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	434.86	450.02	44.39	108.07	45.36	15.16
1.2 Excess Liquid Assets	897.16	971.48	25.94	139.54	83.64	74.33
1.3 External Reserves	891.99	812.07	33.12	163.48	30.94	-79.92
1.4 Bank's Net Foreign Assets	-609.05	-621.79	-54.97	-18.28	80.72	-12.74
1.5 Usable Reserves	438.70	348.25	10.35	109.43	7.20	-90.44

2.0 DOMESTIC CREDIT

2.1 Private Sector	6,614.37	6,616.35	2.47	-17.65	73.72	1.99
a. B\$ Credit	6,260.14	6,220.48	6.60	-4.63	114.33	-39.66
of which: Consumer Credit	2,146.66	2,120.84	5.78	3.41	9.61	-25.82
Mortgages	3,086.60	3,103.06	6.72	-1.82	25.80	16.47
Commercial and Other Loans B\$	1,026.89	996.57	-5.90	-6.22	78.92	-30.31
b. F/C Credit	354.23	395.88	-4.13	-13.02	-40.61	41.65
of which: Mortgages	129.15	144.74	-0.89	-0.27	0.53	15.59
Commercial and Other Loans F/C	225.08	251.14	-3.23	-12.75	-41.15	26.06
2.2 Central Government (net)	1,436.99	1,593.40	-1.34	-164.27	50.49	156.41
a. B\$ Loans & Securities	1,564.35	1,716.74	-4.25	-159.59	105.04	152.39
Less Deposits	125.63	122.13	-3.84	4.88	-13.77	-3.51
b. F/C Loans & Securities	0.00	0.00	0.00	0.00	-70.00	0.00
Less Deposits	1.72	1.21	0.93	-0.21	-1.69	-0.51
2.3 Rest of Public Sector	407.55	407.05	53.76	8.81	6.43	-0.51
a. B\$ Credit	103.43	118.85	3.95	9.42	-10.51	15.43
b. F/C Credit	304.13	288.19	49.81	-0.61	16.95	-15.93
2.4 Total Domestic Credit	8,458.92	8,617.36	54.91	-172.55	130.46	158.44
a. B\$ Domestic Credit	7,802.29	7,934.51	10.16	-159.13	222.44	132.22
b. F/C Domestic Credit	656.63	682.86	44.75	-13.42	-91.98	26.23

3.0 DEPOSIT BASE

3.1 Demand Deposits	1,235.31	1,357.96	16.81	39.42	95.64	122.65
a. Central Bank	8.22	12.08	-1.78	0.81	0.22	3.86
b. Banks	1,227.10	1,345.88	18.59	38.61	95.42	118.78
3.2 Savings Deposits	1,066.01	1,067.67	12.47	-38.22	49.94	1.66
3.3 Fixed Deposits	3,606.80	3,422.20	-3.03	16.93	-1.29	-184.59
3.4 Total B\$ Deposits	5,908.12	5,847.84	26.25	18.12	144.28	-60.29
3.5 F/C Deposits of Residents	192.87	223.14	-14.06	-24.99	-59.79	30.27
3.6 M2	6,106.42	6,052.99	32.26	21.18	148.55	-53.43
3.7 External Reserves/M2 (%)	14.61	13.42	0.47	2.66	0.16	-1.19
3.8 Reserves/Base Money (%)	100.89	89.94	-1.86	8.36	-2.73	-10.95
3.9 External Reserves/Demand Liabilities (%)	98.39	87.54	-1.36	8.40	-1.84	-10.85
	Value		Year to Date		Change	
	2011	2012	2011	2012	Month	YTD

4.0 FOREIGN EXCHANGE TRANSACTIONS

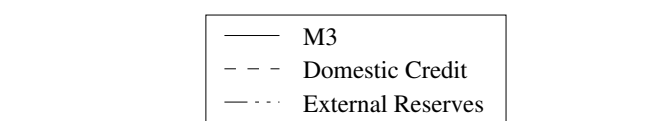
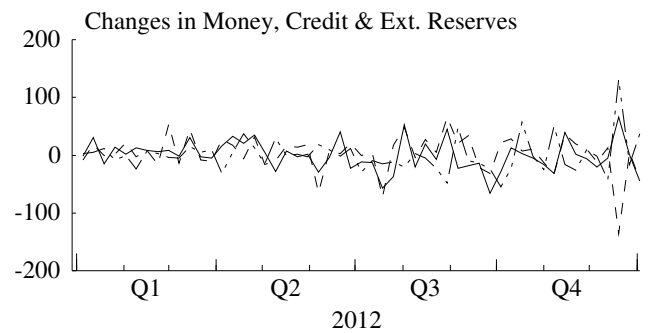
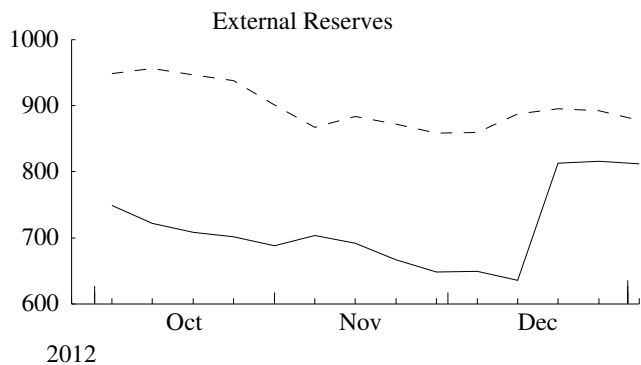
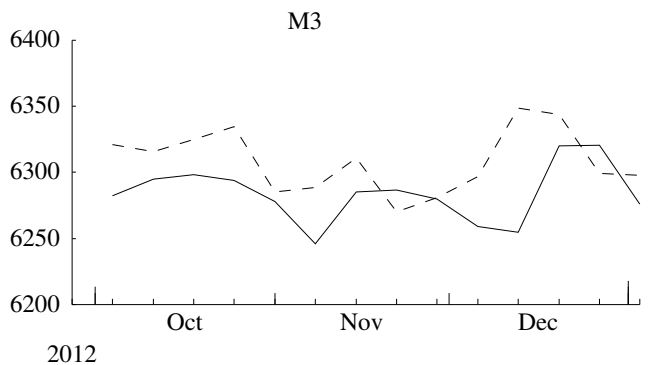
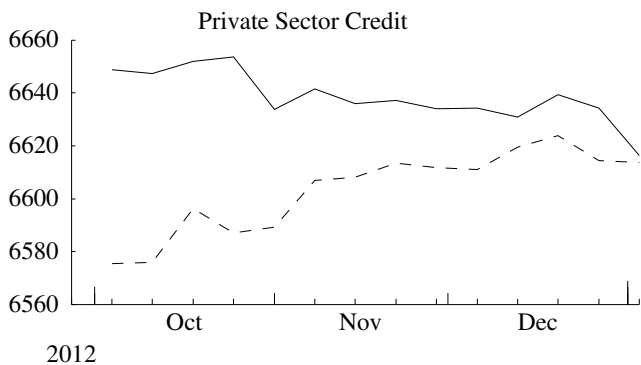
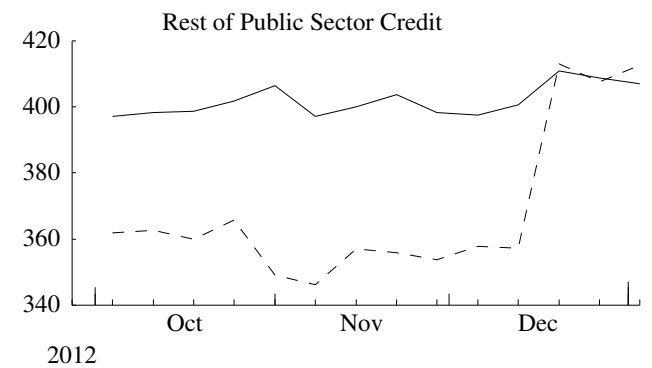
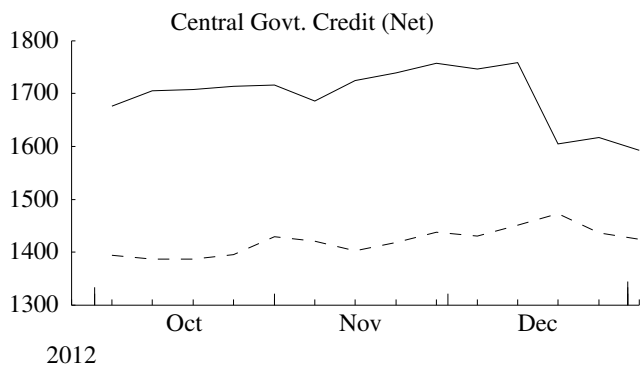
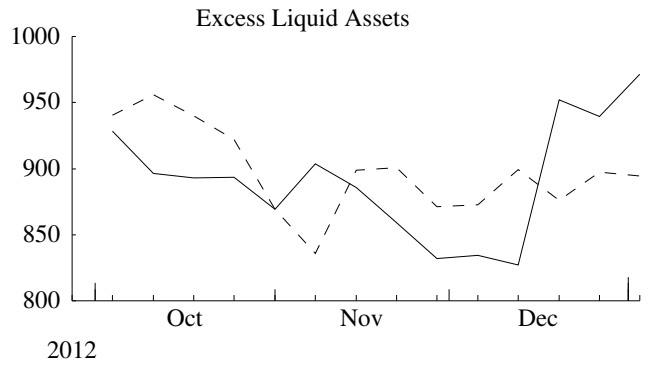
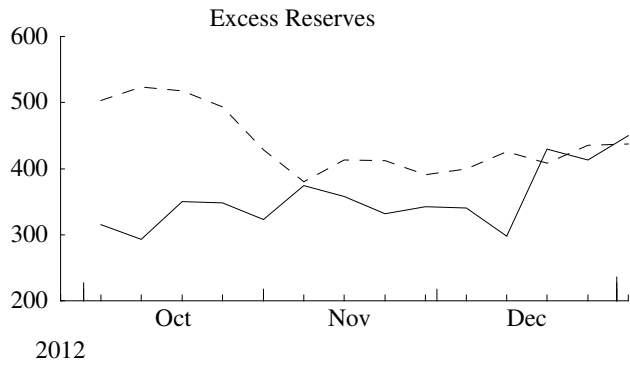
4.1 Central Bank Net Purchase/(Sale)	33.12	161.74	7.68	-97.41	128.62	-105.09
a. Net Purchase/(Sale) from/to Banks	12.35	9.87	91.20	113.29	-2.47	22.09
i. Sales to Banks	27.03	21.65	353.17	249.31	-5.38	-103.86
ii. Purchases from Banks	39.38	31.52	444.37	362.60	-7.85	-81.78
b. Net Purchase/(Sale) from/to Others	20.77	151.87	-83.52	-210.70	131.10	-127.18
i. Sales to Others	32.72	71.14	729.02	736.93	38.41	7.91
ii. Purchases from Others	53.50	223.01	645.50	526.23	169.51	-119.27
4.2 Banks Net Purchase/(Sale)	14.96	9.02	115.63	120.21	-5.94	4.58
a. Sales to Customers	294.21	349.26	3,562.42	3,572.63	55.05	10.21
b. Purchases from Customers	309.17	358.28	3,678.05	3,692.84	49.11	14.79
4.3 B\$ Position (change)	-2.65	-9.57				

5.0 EXCHANGE CONTROL SALES

5.1 Current Items	141.76	ND	2,878.40	ND	ND	ND
of which Public Sector	0.68	ND	137.15	ND	ND	ND
a. Nonoil Imports	62.46	ND	1,223.17	ND	ND	ND
b. Oil Imports	10.53	ND	413.28	ND	ND	ND
c. Travel	13.95	ND	204.17	ND	ND	ND
d. Factor Income	0.94	ND	99.78	ND	ND	ND
e. Transfers	3.96	ND	122.88	ND	ND	ND
f. Other Current Items	49.92	ND	815.11	ND	ND	ND
5.2 Capital Items	2.36	ND	165.65	ND	ND	ND
of which Public Sector	0.00	ND	5.53	ND	ND	ND
5.3 Bank Remittances	0.00	ND	0.00	ND	ND	ND

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	
	2011	2012	2011	2012	2011	2012
Bahamas	1.6	2.5	2.5	2.0	15.9	14.7
United States	1.8	2.2	3.1	2.0	9.0	8.2
Euro-Area	1.4	-0.4	2.7	2.3	10.2	11.2
<i>Germany</i>	<i>3.1</i>	<i>0.9</i>	<i>2.5</i>	<i>2.2</i>	<i>6.0</i>	<i>5.6</i>
Japan	-0.8	2.2	-0.3	0.0	4.6	4.5
China	9.2	7.8	5.4	3.0	4.1	4.1
United Kingdom	0.8	-0.4	4.5	2.7	8.0	8.1
Canada	2.4	1.9	2.9	1.8	7.5	7.3
<i>Source: IMF World Economic Outlook, October 2012</i>						

B: Official Interest Rates – Selected Countries (%)					
<i>With effect</i> <i>from</i>	CBOB	ECB (EU)	Federal Reserve (US)		Bank of England
	Bank Rate	Refinancing Rate	Primary Credit Rate	Target Funds Rate	Repo Rate
November 2010	5.25	1.00	0.75	0-0.25	0.50
December 2010	5.25	1.00	0.75	0-0.25	0.50
January 2011	5.25	1.00	0.75	0-0.25	0.50
February 2011	5.25	1.00	0.75	0-0.25	0.50
March 2011	5.25	1.00	0.75	0-0.25	0.50
April 2011	5.25	1.25	0.75	0-0.25	0.50
May 2011	5.25	1.25	0.75	0-0.25	0.50
June 2011	4.50	1.25	0.75	0-0.25	0.50
July 2011	4.50	1.50	0.75	0-0.25	0.50
August 2011	4.50	1.50	0.75	0-0.25	0.50
September 2011	4.50	1.50	0.75	0-0.25	0.50
October 2011	4.50	1.50	0.75	0-0.25	0.50
November 2011	4.50	1.25	0.75	0-0.25	0.50
December 2011	4.50	1.00	0.75	0-0.25	0.50
January 2012	4.50	1.00	0.75	0-0.25	0.50
February 2012	4.50	1.00	0.75	0-0.25	0.50
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

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	Dec-11	Nov-12	Dec-12	Mthly % Change	YTD % Change	12-Mth % Change
Euro	0.7717	0.7701	0.7580	-1.56	-1.77	-1.77
Yen	76.90	82.47	86.75	5.19	12.81	12.81
Pound	0.6431	0.6245	0.6155	-1.45	-4.30	-4.30
Canadian \$	1.0212	0.9943	0.9922	-0.21	-2.84	-2.84
Swiss Franc	0.9376	0.9280	0.9156	-1.34	-2.35	-2.35
Renminbi	6.3026	6.2267	6.2316	0.08	-1.13	-1.13

Source: Bloomberg as of December 31, 2012

D. Selected Commodity Prices (\$)					
Commodity	December 2011	November 2012	December 2012	Mthly % Change	YTD % Change
Gold / Ounce	1563.70	1714.80	1675.35	-2.30	7.14
Silver / Ounce	27.84	33.41	30.35	-9.18	8.98
Oil / Barrel	107.62	110.84	110.62	-0.20	2.79

Source: Bloomberg as of December 31, 2012

E. Equity Market Valuations – December 31, 2012 (%chg)								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	2.35	0.60	0.87	0.53	2.36	2.79	10.05	14.60
3 month	2.92	-2.48	-0.51	2.71	8.53	5.49	17.19	8.77
YTD	-1.37	7.26	12.92	5.84	15.23	29.06	22.94	3.17
12-month	-1.37	7.26	12.92	5.84	15.23	29.06	22.94	3.17

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	GBP	EUR
o/n	0.21	0.25	0.02
1 Month	0.17	0.40	0.03
3 Month	0.29	0.44	0.00
6 Month	0.43	0.54	0.02
9 Month	0.68	0.65	0.15
1 year	0.81	0.80	0.28

Source: Bloomberg as of December 31, 2012

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

	VALUE												CHANGE											
	Oct. 31	Nov. 07	Nov. 14	Nov. 21	Nov. 28	Dec. 05	Dec. 12	Dec. 19	Dec. 26	Oct. 31	Nov. 07	Nov. 14	Nov. 21	Nov. 28	Dec. 05	Dec. 12	Dec. 19	Dec. 26						
I. External Reserves	687.70	703.84	692.04	667.03	648.59	649.68	635.86	813.06	815.59	-13.63	16.14	-11.80	-25.01	-18.44	1.09	-13.82	177.20	2.52						
II. Net Domestic Assets (A + B + C + D)	-109.79	-78.49	-82.79	-83.81	-55.37	-59.69	-88.22	-134.71	-151.71	-10.94	31.30	-4.29	-1.02	28.44	-4.33	-28.53	-46.49	-17.00						
A. Net Credit to Gov^h(i + ii + iii - iv)	392.89	409.97	407.14	407.90	448.50	443.71	412.34	383.26	386.79	4.02	17.08	-2.83	0.76	40.60	-4.79	-31.37	-29.07	3.52						
i) Advances	135.66	135.66	135.66	135.66	135.66	135.66	135.66	105.66	105.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-30.00	0.00						
ii) Registered Stock	169.62	169.23	169.25	169.27	168.76	168.82	168.69	168.60	168.50	0.18	-0.39	0.02	0.02	-0.51	0.06	-0.13	-0.09	-0.10						
iii) Treasury Bills	96.05	112.56	112.56	112.56	154.64	152.15	119.72	129.69	129.69	0.00	16.51	0.00	0.00	42.08	-2.49	-32.43	9.96	0.00						
iv) Deposits	8.43	7.47	10.32	9.58	10.56	12.92	11.73	20.68	17.06	-3.84	-0.96	2.85	-0.74	0.98	2.36	-1.19	8.95	-3.62						
B. Rest of Public Sector (Net) (i + ii - iii)	-4.09	-1.01	-3.69	-1.50	-6.52	-6.94	-5.80	-3.31	-3.96	-0.48	3.08	-2.68	2.19	-5.02	-0.42	1.14	2.49	-0.64						
i) BDB Loans	4.95	4.88	4.88	4.75	4.75	4.75	4.75	4.75	4.75	0.00	-0.08	0.00	-0.13	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	9.04	5.88	8.57	6.25	11.27	11.69	10.55	8.06	8.71	0.48	-3.15	2.68	-2.31	5.02	0.42	-1.14	-2.49	0.64						
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)*	-498.60	-487.46	-486.24	-490.20	-497.34	-496.46	-494.76	-514.66	-534.54	-14.48	11.14	1.22	-3.97	-7.14	0.88	1.70	-19.90	-19.88						
III. Monetary Base	577.91	625.35	609.25	583.23	593.23	589.99	547.64	678.36	663.87	-24.57	47.44	-16.10	-26.02	10.00	-3.24	-42.35	130.72	-14.48						
A. Currency in Circulation	93.37	105.51	100.91	102.62	99.52	103.35	110.40	100.67	93.26	-2.77	12.14	-4.60	1.71	-3.10	3.83	7.05	-9.73	-7.41						
B. Bank Balances with CBOB	484.54	519.84	508.34	480.61	493.71	486.64	437.24	577.69	570.62	-21.80	35.30	-11.50	-27.73	13.10	-7.07	-49.40	140.45	-7.07						

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

