



## **Monthly Economic and Financial Developments May 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:

2012: July 30, September 3, October 1, October 29, December 3, December 24.

# Monthly Economic and Financial Developments

## May 2012

### 1. Domestic Economic Developments

The Bahamian economy maintained a mild growth momentum in May, supported by ongoing gains in the tourism sector and foreign investment-led growth in construction output. Reflective of the pass-through effects of the recent decline in global oil prices, domestic energy costs trended downwards in May. In the fiscal sector, the deficit for the ten months of FY2011/12 widened, as expenditure increases offset the rise in revenue collections. Monetary developments for the month featured a significant slowdown in the build-up of bank liquidity, while foreign inflows related to Government tax receipts from the sale of a large-scale tourism resort, supported modest growth in external reserves.

Indications are that the tourism sector's performance continued to show steady progress towards achieving its pre-recession levels. Based on a combination of an upturn in group business, aided by increased airlifts, the economic recovery in key source markets, and ongoing incentive programmes, arrivals for the opening quarter of 2012 grew by 10.8% compared with 10.4% in 2011. This performance included an 11.2% gain in air arrivals, up from a 7.0% decline in 2011, for 356,500 visitors—the highest since the corresponding period in 2008. Meanwhile, growth in the dominant sea traffic subsided to 10.7% from 16.2%. Provisional performance data from a sample of hotels in New Providence and Paradise Island for the review month, placed total room revenues up by 3.0% in May over the previous year. This outturn reflected a 5.7 percentage point gain in the average occupancy rate to 66.8%, which overshadowed a 6.1% decline in the average daily room rate to \$206.53. Similar trends were evidenced over the five months of 2012, as the sector continues its progress towards reaching its pre-recession levels. As a consequence, room revenues improved by 6.7% over the corresponding period a year ago, based on a 5.5 percentage point gain in the average occupancy rate to 72.4%; however, robust competition from other destinations influenced a decline in the average daily room rate, by 2.2% to \$249.75. The majority of hotel properties registered revenue increases over the period, due primarily to higher occupancy levels, as over one-half reported lower room rates.

Reflecting the recent contraction in international oil prices, average domestic costs for both gasoline and diesel declined in May, by 5.9% and 6.9%, to \$5.41 and \$5.39 per gallon, respectively. Year-on-year, the price for diesel firmed by 3.7%; however, gasoline prices decreased by 3.4%. The Bahamas Electricity Corporation's fuel charge stabilised at 26.50 cents per kilowatt hour (kWh) over the month, but was 16.5% higher relative to 2011.

The fiscal deficit for the ten months of FY2011/12 deteriorated by \$55.6 million (27.0%) to \$261.5 million, as total expenditure rose by \$110.0 million (8.1%) to \$1,463.8 million, outweighing the \$54.4 million (4.7%) rise in aggregate revenue to \$1,202.3 million. Under revenues, tax receipts grew by \$17.0 million (1.6%) to \$1,062.9 million, supported by a 23.6% surge in international trade taxes, which was due primarily to increased proceeds from excise taxes. Non-tax collections also rose by \$19.8 million (19.4%) to \$121.6 million, attributed to an almost doubling in income from other "miscellaneous" sources, which benefitted from a timing-related receipt of dividend payments from a local utility company. In terms of spending, broad-based increases were registered for all categories, led by a more than two-fold hike in net lending to \$89.6 million, attributed to a single public sector entity. In addition, current outlays grew by \$40.3 million

(3.5%) to \$1,210.3 million, underpinned by an 8.7% rise in consumption expenditures, based on increases in purchases of goods and services. Capital spending firmed by \$22.0 million (15.5%) to \$163.9 million, owing to a 12.8% advance in infrastructure outlays. Financing for the deficit was primarily obtained from domestic sources, via the issuance of \$160.0 million in Registered Stocks, \$154.6 million in short-term borrowings and \$71.2 million in project-based external loans. At end-May 2012, the Direct Charge stood at \$3.88 billion, a gain of \$73.4 million (1.9%) over end-2011.

## **2. International Developments**

Developments in the global economy were dominated by the ongoing euro area debt crisis and signs of softness in several major economies. As a consequence, growth in global output appeared to slow and unemployment rates remained elevated. In this environment, major central banks maintained their accommodative monetary policy stance, while equity markets were relatively bearish.

In the United States, indications are that the economic recovery faltered somewhat during the review month, as retail sales declined by 0.2% in May, after a similar decrease in the prior month and the consumer confidence index fell to an eight-month low of 64.9 from 68.7 a month earlier. The trade deficit narrowed by \$2.5 billion to \$52.6 billion in April, as a \$4.1 billion decline in imports outweighed the \$1.5 billion falloff in exports. Developments in the housing sector were mixed, as building permits for residential construction increased by 7.9% in May, over the previous month, while housing starts and completions decreased by 4.8% and 10.3%, respectively. Conditions in the job market remained tight, with non-farm payrolls up a mere 69,000 in the review month, and an increase in the labour force edging the unemployment rate higher by 0.1 of a percentage point to 8.2%. Underpinned by a decline in energy costs, inflation was relatively benign in May, with consumer prices softening by 0.3% after stabilizing in April. In this environment, the Federal Reserve maintained its 0.00%-0.25% benchmark interest rate and continued its “quantitative easing” measures.

Severe economic headwinds persisted in Europe during May, reflecting the slowly unfolding sovereign debt crisis in several key member states of the euro area. This development adversely affected the United Kingdom’s economy, where manufacturing output declined by 0.7% in April, following a 0.9% improvement in March, owing to reduced output in the pharmaceutical and food sectors. The deficit on goods and services’ trade widened, on a monthly basis, by £1.4 billion to £4.4 billion, linked to a corresponding hike in the goods deficit. In a modest offset, retail sales rose by 1.4% in May, a turnaround from the previous month’s 2.4% contraction, and labour market conditions improved slightly, as a 51,000 decline in the number of unemployed persons during the three months to April resulted in a 0.2 of a percentage point reduction in the jobless rate to 8.2%. Annual inflation narrowed to 2.8% in May from 3.0% in April, supported by lower costs for motor fuels and food & non-alcoholic beverages. Despite inflation remaining above the 2.0% target, the Bank of England left its bank rate at 0.5% and maintained its £325 billion asset purchase programme.

Economic conditions in the euro area remained lacklustre, reflecting the effects of Governments’ austerity programmes and weak consumer demand in several economies. As a consequence, real output in the region fell by 0.1% in the first quarter, owing to lower output for a variety of products, and industrial production decreased by 0.8% in April, extending the 0.1% downturn in March. Similarly, retail trade fell by 1.0%, in contrast to a 0.3% improvement in March. With employment conditions in a number of countries continuing to deteriorate, the jobless rate stayed elevated at 11.0% in April—the highest level since the

launch of the euro. Consumer price inflation receded by 0.2 of a percentage point to 2.4% in May, while the European Central Bank maintained its neutral monetary policy stance.

Asian economies were also adversely affected by the "crisis" in Europe, as decreased demand from the region contributed to real GDP growth in China slowing by 0.8 of a percentage point in the first quarter to 8.1% over the previous three-month period. In addition, industrial output expanded in May by 9.6% year-on-year, exceeding April's 9.3% improvement, but well below the 13.3% gain in 2011. The trade surplus widened marginally, on a monthly basis, by US\$0.3 billion to US\$18.7 billion in May, as the 15.3% expansion in exports eclipsed the 12.7% rise in imports. With the easing in demand pressures, inflation softened by 0.4 of a percentage point to 3.0% in May and, in an effort to stimulate domestic credit activity, the People's Bank of China lowered its reserve requirement ratio for deposit taking institutions, by 50 basis points.

Indications are that economic conditions in Japan weakened during the review month. Industrial production contracted by 0.2% in April, a reversal from a 1.3% advance in March, while retail sales declined by 0.3%, albeit below the month earlier 1.2% reduction. The country's terms of trade continued to deteriorate, as the deficit widened considerably on a monthly basis, by ¥435.8 billion to ¥520.3 billion in April, due to higher oil and gas imports. Consumer prices firmed slightly by 0.1% from the previous month, amid increased clothing and fuel costs. The jobless rate rose marginally by 0.1 of a percentage point to 4.6% in April. Amid concerns over the Government's reticence in addressing its deteriorating fiscal situation, Fitch rating agency downgraded Japan's sovereign debt rating to A+ from AA in May; however, the Bank of Japan maintained its accommodative monetary policy stance, leaving its benchmark rate unchanged and its asset purchase programme intact.

Underpinned by investor concerns regarding the euro zone debt crisis and softening demand, broad-based declines were registered for commodity prices in May. The price of crude oil decreased by 12.7% to \$104.55, despite a slight cut in OPEC's oil production by 60,000 barrels per day (bpd), to an average of 31.6 million bpd. Similarly, precious metal prices fell, with the average cost of gold and silver down by 6.3% and 10.7%, to \$1,560.43 and \$27.70 per troy ounce, respectively.

With economic conditions remaining challenging, and concerns over the possible break-up of the euro zone lingering, equity markets slumped globally in May. In the United States, the Dow Jones Industrial Average (DJIA) and the S&P 500 index fell by 6.2% and 6.3%, respectively. Similarly, Europe's bourses recorded losses; the United Kingdom's FTSE 100 weakened by 7.3%, France's CAC 40, by 6.1% and Germany's DAX, by 7.4%. In Asia, both Japan's Nikkei 225 and China's SE composite retreated by 10.3% and 1.0%, respectively.

Amid the heightened uncertainty in the global economy, investors increased their holdings of "safe haven" currencies, resulting in the US dollar appreciating against most of its major counterparts. The dollar rose vis-a-vis the euro, by 7.1% to €0.8087 and advanced relative to the Swiss franc, by 7.0% to CHF0.9713. More muted increases were noted against the British pound and Canadian dollar, of 5.4% to £0.6491 and 4.6% to CAD\$1.0328, respectively. The dollar also gained vis-a-vis the Chinese Yuan, by 1.4% to CNY6.3696, but weakened by 1.9% relative to the Japanese Yen, to ¥78.31.

### 3. Domestic Monetary Trends

May 2012 vs. 2011

Money and credit trends during the month of May featured a sharp slowing in the build-up of banks' excess cash, of \$28.4 million to \$487.4 million, compared to the previous year's \$77.5 million accumulation, when Government utilized divestment proceeds from the sale of its majority interest in BTC to reduce outstanding Treasury bill obligations. Accretions to the broader excess liquid assets—which include banks' holdings of public sector debt securities, were only lower by \$5.5 million at \$16.5 million, for an outstanding stock of \$978.0 million.

External reserves grew by \$9.3 million to \$952.3 million. An examination of the underlying transactions showed a sharp contraction in the Bank's net sale to the public sector by 40.8% to \$23.5 million, softened to a large extent by Government's receipt of foreign currency proceeds linked to the sale of a large-scale tourism resort. However, the Central Bank's net purchase from commercial banks was reduced to \$32.5 million from \$42.1 million, as they, in turn, experienced a 46.6% drop in their net purchase from clients to \$32.7 million.

Bahamian dollar credit growth slowed by over 50% to \$16.3 million, underpinned by reduced claims on the private sector. Specifically, liabilities of the private sector decreased by \$13.7 million vis-à-vis a \$2.4 million gain in the prior year, based primarily on a \$7.0 million decline in consumer credit—as individuals continued the process of deleveraging which commenced in 2009—and mortgages decreased by \$1.8 million, after a year-earlier increase of \$26.1 million. However, the contraction in commercial and other loans was lower at \$4.8 million from \$23.8 million last year. Buoyed by higher advances from commercial banks, net credit to the Government grew strongly by \$30.2 million, following a \$35.3 million expansion in 2011, while claims on the rest of the public sector fell further by \$0.2 million, relative to a \$2.5 million decline in 2011.

Banks' credit quality indicators deteriorated modestly over the review month, albeit at a slower pace when compared to 2011. Total private sector loan arrears increased by \$9.7 million (0.8%) to \$1,209.4 million, vis-à-vis 2011's \$50.6 million expansion, and the corresponding ratio of arrears to total loans firmed by 24 basis points to 19.3%. As the average age of delinquent loans continued to lengthen, arrears in the short-term, 31 to 90 days category, fell marginally by \$0.3 million (0.1%) to \$370.4 million; however, the relevant ratio firmed by 2 basis points to 5.9%. For the non-performing component, arrears over 90 days and on which banks have stopped accruing interest, the stock rose by \$10.0 million (1.2%) to \$839.0 million, elevating the attendant ratio by 22 basis points to 13.4%.

In terms of the components, the expansion in total arrears was led by a \$9.9 million (1.6%) rise in mortgage delinquencies to \$644.0 million, as both the 31-90 day and non-accrual components moved higher by \$9.4 million (5.4%) and \$0.6 million (0.1%), respectively. Similarly, the commercial segment rose by \$2.3 million (0.8%) to \$300.7 million, reflecting a \$7.1 million (3.5%) growth in non-performing loans, which overshadowed the \$4.8 million (5.0%) falloff in short-term delinquencies. In contrast, consumer loan arrears declined by \$2.5 million (0.9%) to \$264.7 million, due to a \$4.9 million (4.9%) decrease in the short-term category, which outstripped the \$2.4 million (1.4%) gain in non-performing loans.

Despite the increase in arrears, banks' loan loss provisions were unchanged, at \$343.3 million, leading to a decline in the corresponding ratio of provisions to arrears and non-performing loans, by 22 and 48 basis points, to 28.4% and 40.9%, respectively. Banks also wrote-off an estimated \$18.0 million in bad debts and recovered approximately \$3.2 million in May.

Total domestic foreign currency credit expanded by \$22.1 million, in contrast to a \$15.5 million net repayment in 2011. Reflecting a drawdown in deposits, net claims on the Government advanced by \$18.3 million, after a marginal \$0.1 million decline in the prior period. In addition, private sector credit rose by \$3.8 million, vis-à-vis a \$12.4 million reduction in 2011, owing primarily to a \$4.3 million expansion in commercial lending, and credit to the rest of the public sector was relatively flat, after a year-earlier net repayment of \$3.0 million.

Bahamian dollar deposits rose marginally by \$4.0 million in May, a turnaround from last year's \$11.8 million contraction. In particular, savings balances were reversed, from a \$22.2 million reduction in 2011, to a \$13.3 million build-up, and the accretion to fixed deposits slackened to \$8.2 million from the prior year's \$12.6 million. Conversely, demand deposits decreased by \$17.5 million, exceeding the \$2.2 million reduction of 2011.

In interest rate developments, the weighted average deposit rate firmed by 12 basis points to 2.23%, with the highest rate of 5.25% offered on fixed balances over 12 months. The weighted average loan rate also advanced by 37 basis points to 10.94%.

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

The domestic economy is expected to maintain a modest growth trajectory over the remainder of the year, given the improving outlook for tourism and foreign investment related activity, and corresponding favourable impact on construction and employment conditions. However, this outlook remains to a large extent, contingent upon the strength of the global recovery and in particular, the United States' economy, which has shown signs of moderation in recent times. Inflationary pressures are likely to persist over the year, as international oil prices are forecasted to remain elevated for an extended period.

On the fiscal side, Government's announced budgetary measures are forecasted to produce a deterioration in the overall fiscal deficit and debt position in FY2012/13. Nevertheless, any potential for medium to long-term improvement in key performance indicators will depend heavily on the strength of the domestic recovery, as well as the success of measures taken by the Government to boost revenue collections and slow the rate of expenditure growth.

In the monetary sector, liquidity and external reserves are poised to remain buoyant, supported by foreign exchange inflows from various real sector activities and relatively anaemic private sector demand. However, external reserves—although remaining above international benchmarks—are expected to decrease modestly over the remaining months, in line with the traditional firming in private sector demand. Banking system arrears are projected to stay elevated, until the economic recovery becomes more broad-based, but banks are expected to maintain adequate capital levels, thereby mitigating any financial stability concerns.

# Recent Monetary and Credit Statistics

(B\$ Millions)

MAY						
Value		Change		Change YTD		
2011	2012	2011	2012	2011	2012	

## 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	587.68	487.38	77.48	28.43	198.18	52.52
1.2 Excess Liquid Assets	940.40	977.95	21.99	16.46	126.88	80.80
1.3 External Reserves	1,143.75	952.30	9.44	9.25	282.71	60.31
1.4 Bank's Net Foreign Assets	-548.23	-629.87	-15.07	-39.40	141.54	-20.82
1.5 Usable Reserves	611.42	464.83	7.30	-4.76	177.01	24.85

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>6,470.88</b>	<b>6,644.30</b>	<b>-10.03</b>	<b>-9.87</b>	<b>-69.77</b>	<b>29.93</b>
a. B\$ Credit	6,161.15	6,237.52	2.41	-13.67	15.34	-22.62
of which: Consumer Credit	2,118.55	2,119.78	0.13	-7.02	-18.49	-26.87
Mortgages	3,105.77	3,093.52	26.12	-1.84	44.98	6.92
Commercial and Other Loans B\$	936.83	1,024.22	-23.84	-4.82	-11.14	-2.66
b. F/C Credit	309.73	406.78	-12.44	3.80	-85.11	52.55
of which: Mortgages	132.58	130.73	2.69	-0.46	3.96	1.59
Commercial and Other Loans F/C	177.15	276.04	-15.13	4.26	-89.07	50.97
<b>2.2 Central Government (net)</b>	<b>1,186.25</b>	<b>1,575.63</b>	<b>35.22</b>	<b>48.46</b>	<b>-200.25</b>	<b>138.64</b>
a. B\$ Loans & Securities	1,327.37	1,708.98	-51.94	28.51	-131.94	144.63
Less Deposits	138.72	132.42	-87.28	-1.71	-0.68	6.79
b. F/C Loans & Securities	0.00	0.00	0.00	0.00	-70.00	0.00
Less Deposits	2.40	0.93	0.11	-18.25	-1.02	-0.79
<b>2.3 Rest of Public Sector</b>	<b>383.85</b>	<b>421.60</b>	<b>-5.40</b>	<b>-0.19</b>	<b>-17.28</b>	<b>14.05</b>
a. B\$ Credit	109.53	120.60	-2.45	-0.19	-4.42	17.17
b. F/C Credit	274.32	301.00	-2.95	0.00	-12.86	-3.13
<b>2.4 Total Domestic Credit</b>	<b>8,040.90</b>	<b>8,641.49</b>	<b>19.69</b>	<b>38.36</b>	<b>-287.55</b>	<b>182.57</b>
a. B\$ Domestic Credit	7,459.25	7,934.65	35.20	16.31	-120.60	132.36
b. F/C Domestic Credit	581.65	706.85	-15.50	22.05	-166.96	50.22

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	1,219.74	1,350.21	-2.22	-17.48	80.06	114.89
a. Central Bank	21.60	21.87	9.76	-0.41	13.60	13.65
b. Banks	1,198.14	1,328.34	-11.98	-17.07	66.46	101.25
3.2 Savings Deposits	1,027.44	1,121.56	-22.16	13.27	11.37	55.54
3.3 Fixed Deposits	3,651.71	3,579.40	12.57	8.23	43.62	-27.40
3.4 Total B\$ Deposits	5,898.88	6,051.16	-11.81	4.02	135.05	143.04
3.5 F/C Deposits of Residents	223.88	224.30	-29.26	-29.68	-28.78	31.43
<b>3.6 M2</b>	<b>6,088.35</b>	<b>6,248.98</b>	<b>-13.33</b>	<b>8.01</b>	<b>130.48</b>	<b>142.57</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>18.79</b>	<b>15.24</b>	<b>0.20</b>	<b>0.13</b>	<b>4.33</b>	<b>0.63</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>111.26</b>	<b>101.46</b>	<b>-8.25</b>	<b>-2.61</b>	<b>7.64</b>	<b>0.56</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>107.36</b>	<b>97.32</b>	<b>0.54</b>	<b>-1.94</b>	<b>7.14</b>	<b>-1.07</b>
	Value		Year to Date		Change	
	2011	2012	2011	2012	Month	YTD

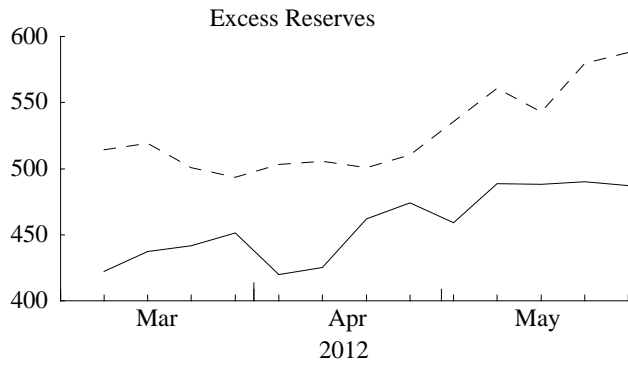
## 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>2.43</b>	<b>9.10</b>	<b>266.88</b>	<b>48.23</b>	<b>6.66</b>	<b>-218.66</b>
a. Net Purchase/(Sale) from/to Banks	42.07	32.54	179.55	181.04	-9.53	1.49
i. Sales to Banks	28.77	4.84	104.90	39.26	-23.94	-65.64
ii. Purchases from Banks	70.84	37.38	284.44	220.30	-33.46	-64.14
b. Net Purchase/(Sale) from/to Others	-39.64	-23.45	87.33	-132.81	16.19	-220.15
i. Sales to Others	61.17	62.31	319.86	291.52	1.14	-28.34
ii. Purchases from Others	21.53	38.86	407.20	158.71	17.33	-248.49
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>61.22</b>	<b>32.70</b>	<b>206.44</b>	<b>195.24</b>	<b>-28.52</b>	<b>-11.20</b>
a. Sales to Customers	352.51	252.77	1,473.14	1,429.48	-99.74	-43.66
b. Purchases from Customers	413.73	285.47	1,679.58	1,624.72	-128.26	-54.85
<b>4.3 B\$ Position (change)</b>	<b>-11.04</b>	<b>-16.85</b>				

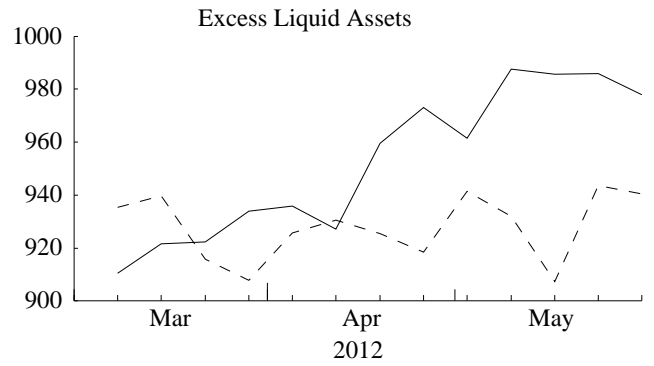
## 5.0 EXCHANGE CONTROL SALES

<b>5.1 Current Items</b>	<b>255.65</b>	<b>ND</b>	<b>1,196.33</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>
of which Public Sector	<b>1.68</b>	<b>ND</b>	<b>29.26</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>
a. Nonoil Imports	106.53	ND	521.47	ND	ND	ND
b. Oil Imports	43.29	ND	156.77	ND	ND	ND
c. Travel	14.22	ND	74.01	ND	ND	ND
d. Factor Income	3.66	ND	53.39	ND	ND	ND
e. Transfers	6.31	ND	73.61	ND	ND	ND
f. Other Current Items	81.64	ND	317.08	ND	ND	ND
<b>5.2 Capital Items</b>	<b>15.79</b>	<b>ND</b>	<b>76.81</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>
of which Public Sector	<b>0.00</b>	<b>ND</b>	<b>3.07</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>
<b>5.3 Bank Remittances</b>	<b>0.00</b>	<b>ND</b>	<b>0.00</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>

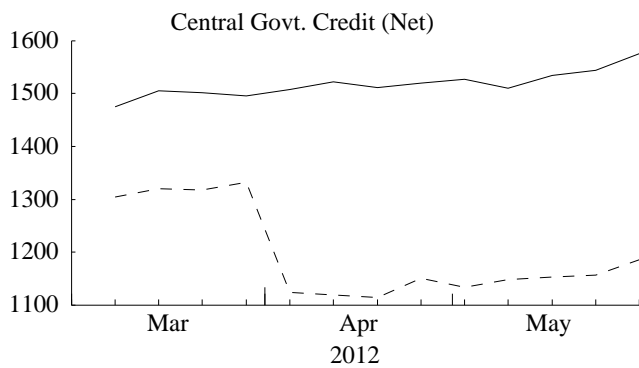
## SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



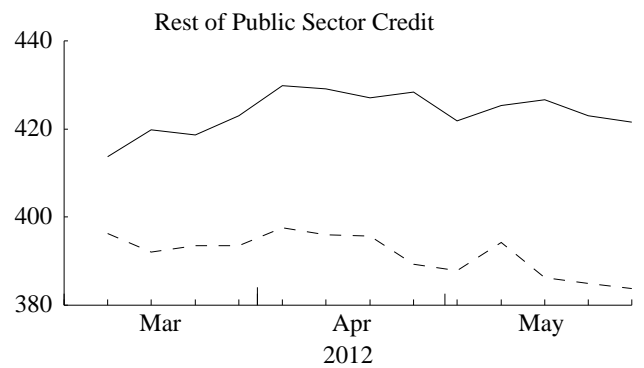
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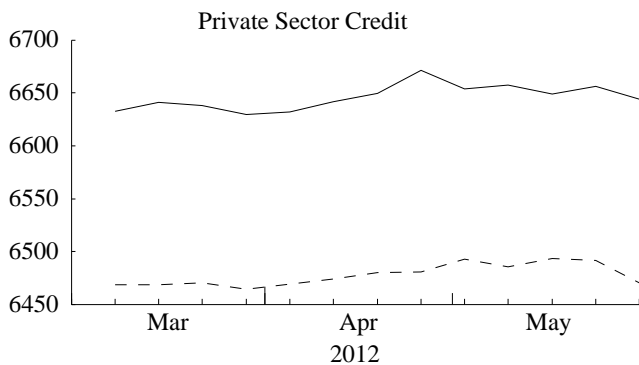
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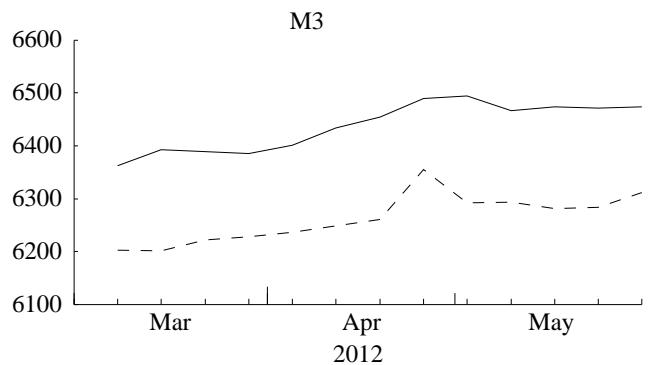
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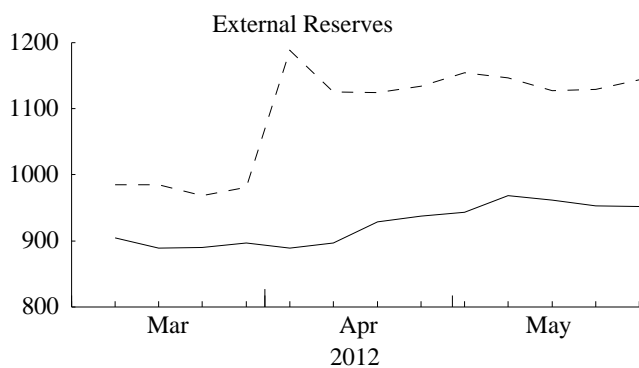
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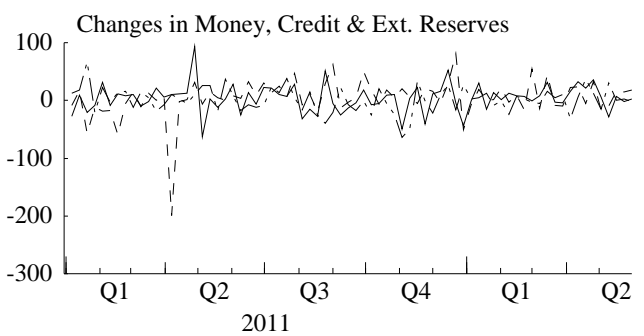
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— 2012  
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— M3  
- - - Domestic Credit  
- · - External Reserves



## Selected International Statistics

<b>A: Selected Macroeconomic Projections</b> (Annual % Change and % of labor force)						
	Real GDP		Inflation Rate		Unemployment	
	2011	2012	2011	2012	2011	2012
Bahamas	2.0	2.5	2.5	2.0	15.9	N/A
United States	1.7	2.1	3.1	2.1	9.0	8.2
Euro-Area	1.4	-0.3	2.7	2.0	10.1	10.9
<i>Germany</i>	<i>3.1</i>	<i>0.6</i>	<i>2.5</i>	<i>1.9</i>	<i>6.0</i>	<i>5.6</i>
Japan	-0.7	2.0	-0.3	0.0	4.5	4.5
China	9.2	8.2	5.4	3.3	4.0	4.0
United Kingdom	0.7	0.8	4.5	2.4	8.0	8.3
Canada	2.5	2.1	2.9	2.2	7.5	7.4
<i>Source: IMF World Economic Outlook, April 2012</i>						

<b>B: Official Interest Rates – Selected Countries (%)</b>					
<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
April 2010	5.25	1.00	0.75	0.00-0.25	0.50
May 2010	5.25	1.00	0.75	0.00-0.25	0.50
June 2010	5.25	1.00	0.75	0.00-0.25	0.50
July 2010	5.25	1.00	0.75	0.00-0.25	0.50
August 2010	5.25	1.00	0.75	0.00-0.25	0.50
September 2010	5.25	1.00	0.75	0.00-0.25	0.50
October 2010	5.25	1.00	0.75	0-0.25	0.50
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

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	May-11	Apr-12	May-12	Mthly % Change	YTD % Change	12-Mth % Change
Euro	0.6946	0.7553	0.8087	7.06	4.80	16.42
Yen	81.52	79.82	78.31	-1.89	1.83	-3.94
Pound	0.6080	0.6160	0.6491	5.37	0.93	6.76
Canadian \$	0.9686	0.9872	1.0328	4.62	1.14	6.63
Swiss Franc	0.8539	0.9075	0.9713	7.03	3.59	13.75
Renminbi	6.4792	6.2796	6.3696	1.43	1.06	-1.69

*Source: Bloomberg as of May 31, 2012*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	May 2011	April 2012	May 2012	Mthly % Change	YTD % Change
Gold / Ounce	1535.80	1664.75	1560.43	-6.27	-0.21
Silver / Ounce	38.52	31.03	27.70	-10.72	-0.51
Oil / Barrel	114.76	119.76	104.55	-12.70	-2.85

*Source: Bloomberg as of May 31, 2012*

<b>E. Equity Market Valuations – May 31, 2012 (%chg)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	2.38	-6.21	-6.27	-7.27	-6.09	-7.35	-10.27	-1.00
3 month	2.18	-4.31	-4.05	-9.38	-12.61	-8.63	-12.14	-2.32
YTD	-3.33	1.44	4.19	-4.51	-4.52	6.21	1.03	7.86
12-month	-7.55	-1.40	-2.59	-11.17	-24.71	-14.11	-11.87	-13.53

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
<b>o/n</b>	0.15	0.53	0.27
<b>1 Month</b>	0.22	0.63	0.33
<b>3 Month</b>	0.48	1.00	0.59
<b>6 Month</b>	0.76	1.33	0.92
<b>9 Month</b>	0.93	1.60	1.07
<b>1 year</b>	1.09	1.85	1.18

*Source: Bloomberg as of May 31, 2012*

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

	VALUE										CHANGE							
	Apr. 04	Apr. 11	Apr. 18	Apr. 25	May. 02	May. 09	May. 16	May. 23	May. 30	Apr. 04	Apr. 11	Apr. 18	Apr. 25	May. 02	May. 09	May. 16	May. 23	May. 30
<b>I. External Reserves</b>	889.26	897.27	928.58	937.27	943.05	968.31	961.33	953.38	952.30	-7.54	8.01	31.31	8.69	5.78	25.26	-6.97	-7.96	-1.08
<b>II. Net Domestic Assets (A + B + C + D)</b>	-216.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-22.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>A. Net Credit to Gov<sup>†</sup> (i + ii + iii - iv)</b>	284.69	284.02	274.35	278.01	276.81	275.52	274.96	275.54	299.99	-0.19	-0.67	-9.68	3.66	-1.20	-1.29	-0.57	0.58	24.45
i) Advances	130.59	130.59	130.59	130.59	130.59	130.59	130.59	130.59	130.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii) Registered Stock	164.86	164.73	164.68	164.59	164.37	164.07	164.02	164.00	163.61	-0.34	-0.13	-0.05	-0.09	-0.23	-0.29	-0.05	-0.02	-0.39
iii) Treasury Bills	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19.94
iv) Deposits	10.76	11.29	20.92	17.17	18.14	19.14	19.65	19.05	14.15	-0.15	0.54	9.63	-3.75	0.98	1.00	0.51	-0.60	-4.90
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-14.46	-16.82	-11.31	-8.58	-17.12	-15.78	-14.34	-7.20	-16.92	-4.67	-2.36	5.51	2.72	-8.54	1.34	1.44	7.14	-9.72
i) BDB Loans	5.15	5.15	5.15	5.15	5.15	4.95	4.95	4.95	4.95	0.00	0.00	0.00	0.00	0.00	-0.20	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	19.61	21.97	16.46	13.73	22.27	20.73	19.29	12.15	21.87	4.67	2.36	-5.51	-2.72	8.54	-1.54	-1.44	-7.14	9.72
<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>	-486.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-17.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>III. Monetary Base</b>	673.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-30.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A. Currency in Circulation	100.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B. Bank Balances with CBOB	572.78	571.94	613.17	630.70	620.49	640.97	640.35	645.59	643.62	-38.66	-0.84	41.24	17.52	-10.21	20.48	-0.62	5.24	-1.97

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

## FISCAL/REAL SECTOR INDICATORS

(\$'S MILLIONS)

(% change represents current month from previous month)

	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE			
	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012		
<b>Fiscal Operations:</b>																												
1. Government Revenue & Grants	90.2	94.9	93.0	93.4	88.0	96.3	81.9	82.0	113.3	122.1	112.1	228.1	185.6	121.2	138.7	117.5	125.2	125.5	119.8	119.8	121.4	121.4	119.8	119.8	125.5	119.8	119.8	1202.3
%change	-25.46%	-35.68%	3.20%	-1.64%	-5.44%	3.12%	-6.80%	-14.87%	38.26%	48.93%	-1.07%	86.86%	65.60%	-46.86%	-25.26%	-3.02%	-9.73%	6.81%	-4.35%	-4.35%	-3.29%	-3.29%	-4.35%	-4.35%	6.81%	-4.35%	-4.35%	4.74%
2. Import/Excise Duties	41.3	44.0	49.3	44.9	45.7	54.8	45.4	43.3	49.2	53.7	50.5	135.2	37.5	48.2	41.8	54.8	49.4	49.0	50.2	50.2	42.9	42.9	50.2	50.2	49.0	49.0	460.3	570.9
%change	-22.36%	-24.37%	19.37%	2.06%	-7.36%	22.09%	-0.78%	-20.87%	8.48%	23.95%	2.63%	151.64%	-35.72%	-64.34%	11.42%	13.72%	-10.55%	-10.55%	1.61%	1.61%	-12.46%	-12.46%	1.61%	1.61%	-10.55%	-10.55%	5.44%	24.08%
3. Recurrent Expenditure	110.2	111.4	103.1	110.3	117.5	123.8	117.5	124.9	123.4	133.0	115.3	108.5	122.3	128.7	121.7	118.8	119.8	127.4	119.1	119.1	123.4	123.4	119.1	119.1	127.4	127.4	1169.9	1210.3
%change	-33.75%	-13.10%	-6.46%	-0.88%	14.01%	12.24%	-0.02%	0.85%	5.00%	6.53%	-6.52%	-18.41%	6.01%	18.61%	-0.49%	-7.67%	-1.50%	7.21%	-0.59%	-0.59%	-3.14%	-3.14%	-0.59%	-0.59%	7.21%	7.21%	2.28%	3.45%
4. Capital Expenditure	9.7	3.7	18.5	12.2	8.6	9.8	18.3	18.3	12.6	16.5	15.5	39.3	11.0	14.9	9.4	12.7	26.3	25.9	12.1	12.1	10.6	10.6	12.1	12.1	25.9	25.9	141.9	163.9
%change	-66.25%	-86.84%	90.36%	224.55%	-53.68%	-19.69%	112.86%	87.51%	-31.17%	-9.83%	23.03%	137.77%	-39.05%	-62.19%	-14.36%	-14.78%	179.23%	104.86%	-54.15%	-54.15%	-59.13%	-59.13%	12.1	12.1	104.86%	104.86%	16.22%	15.50%
5. Deficit/Surplus*	-32.2	-20.8	-31.3	-33.8	-41.1	-40.3	-62.6	-68.9	-25.6	13.2	-21.4	-12.7	45.9	-25.0	4.5	-20.4	-26.0	-29.4	-16.1	-16.1	-23.5	-23.5	-16.1	-16.1	-29.4	-29.4	-205.9	-281.5
%change	-77.61%	67.70%	-2.64%	62.81%	31.43%	19.14%	52.25%	71.02%	-59.20%	-119.19%	-16.28%	-196.32%	-314.69%	-67.05%	-90.20%	-18.37%	-677.93%	44.04%	-38.04%	-38.04%	-20.06%	-20.06%	-38.04%	-38.04%	44.04%	44.04%	-37.59%	-26.99%
<b>Debt**</b>																												
6. Total Debt	3,724.9	3,806.0	3,725.3	3,816.5	3,740.8	3,860.5	3,608.2	3,854.5	3,558.0	3,875.6	3,875.6	3,854.5	3,558.0	3,875.6	3,854.5	3,875.6	3,854.5	3,558.0	3,875.6	3,854.5	3,558.0	3,875.6	3,854.5	3,558.0	3,875.6	3,854.5	3,558.0	3,875.6
%change	12.18%	2.78%	0.01%	0.28%	0.42%	1.15%	-3.54%	-0.15%	-1.39%	0.65%	0.65%	-0.15%	-1.39%	0.65%	0.65%	-0.15%	-1.39%	0.65%	0.65%	-1.39%	-1.39%	0.65%	0.65%	-1.39%	-1.39%	0.65%	0.65%	
7. External Debt	732.4	799.9	732.8	810.4	746.3	814.4	748.7	818.5	756.5	823.5	823.5	818.5	756.5	823.5	818.5	823.5	818.5	756.5	823.5	818.5	756.5	823.5	818.5	756.5	823.5	818.5	756.5	823.5
%change	4.17%	12.56%	0.05%	1.31%	2.12%	0.49%	0.05%	0.49%	1.04%	0.62%	0.62%	0.49%	1.04%	0.62%	0.62%	0.49%	1.04%	0.62%	0.62%	1.04%	1.04%	0.62%	0.62%	1.04%	1.04%	0.62%	0.62%	
8. Internal F/C Debt	70.0	3,006.1	70.0	3,006.1	70.0	3,046.1	0.0	452.4	0.0	130.8	130.8	452.4	0.0	130.8	452.4	0.0	130.8	452.4	0.0	130.8	452.4	0.0	130.8	452.4	0.0	130.8	452.4	0.0
%change	3775.97%	4194.40%	0.00%	0.00%	0.00%	3.0461%	-100.00%	0.00%	0.00%	130.80%	130.80%	452.40%	0.00%	130.80%	452.40%	0.00%	130.80%	452.40%	0.00%	130.80%	452.40%	0.00%	130.80%	452.40%	0.00%	130.80%	452.40%	0.00%
9. Bahamian Dollar Debt	2,922.5	3,006.1	2,922.5	3,006.1	2,922.5	3,046.1	2,859.5	3,006.1	2,801.5	3,056.1	3,056.1	3,006.1	2,801.5	3,056.1	3,006.1	3,056.1	3,006.1	2,801.5	3,056.1	3,006.1	2,801.5	3,056.1	3,006.1	2,801.5	3,056.1	3,006.1	2,801.5	3,056.1
%change	11.74%	2.86%	0.00%	0.00%	0.00%	1.33%	-2.16%	0.00%	-2.03%	0.66%	0.66%	0.00%	-2.03%	0.66%	0.66%	0.00%	-2.03%	0.66%	0.66%	0.66%	0.66%	0.66%	0.66%	0.66%	0.66%	0.66%	0.66%	0.66%
10. Total Amortization	0.2	0.3	0.0	0.0	0.9	1.7	73.2	2.9	0.0	0.0	0.0	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
%change	2122.96%	2677.37%	-100.00%	-100.00%	0.00%	1.7000%	7935.11%	65.93%	-100.00%	-100.00%	-100.00%	2.9000%	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>11. Total Public Sector F/C Debt</b>																												
1,410.0	4,407.9	1,408.5	4,418.3	1,419.9	4,501.5	1,314.0	1,909.0	1,321.8	1,592.4	1,592.4	1,592.4	1,321.8	1,592.4	1,592.4	1,321.8	1,592.4	1,592.4	1,321.8	1,592.4	1,592.4	1,321.8	1,592.4	1,592.4	1,321.8	1,592.4	1,592.4	1,321.8	1,592.4
18.53%	216.35%	-68.05%	100.24%	-67.86%	217.08%	-70.81%	45.28%	-30.76%	20.48%	20.48%	20.48%	-30.76%	20.48%	20.48%	-30.76%	20.48%	20.48%	-30.76%	20.48%	20.48%	20.48%	20.48%	20.48%	20.48%	20.48%	20.48%	20.48%	20.48%
<b>Real Sector Indicators</b>																												
12. Retail Price Index	102.1	104.7	102.4	104.9	103.1	105.8	103.6	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1
%change; over previous month	0.47%	-0.16%	0.31%	0.26%	0.71%	0.78%	0.46%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%
13. Tourist arrivals (000's)	487.4	531.5	484.8	529.1	555.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4	632.4
%change; over previous year	14.95%	9.05%	15.65%	9.13%	2.91%	13.86%	13.86%	13.86%	13.86%	13.86%	13.86%	13.86%	13.86%	13.86%	13.86%	13.86%	13.86%	13.86%	13.86%	13.86%	13.86%	13.86%	13.86%	13.86%	13.86%	13.86%	13.86%	13.86%
14. Air arrivals (000's)	81.3	89.4	99.1	110.9	140.3	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2	158.2
%change; over previous year	-11.30%	9.91%	-3.80%	11.95%	-6.12%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%	12.79%
15. Occupied Room Nights																												
%change; over previous year																												
<b>16. Res. Mortgage Commitments-New Const.</b>																												
%change; over previous qtr.																												

\* Includes Net Lending to Public Corporations  
 \*\* Debt figures pertain to central government only unless otherwise indicated  
 p - provisional  
 Annual Y-T-D Retail Price data are averages.