



Monthly Economic and Financial Developments May 2011

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:

2011: August 8, August 29, October 3, October 31, November 28, December 19.

Monthly Economic and Financial Developments

May 2011

1. Domestic Economic Developments

Domestic economic conditions maintained a positive momentum over the review period, supported by steady gains in tourism output, foreign investments in tourism related construction activity and public sector capital projects. Although domestic inflation remained relatively benign, energy costs continued to trend upwards, on account of elevated international oil prices. In the fiscal sector, the overall deficit for the ten months of FY2010/11 narrowed, as higher revenue collections offset the rise in expenditure. In monetary developments, external reserves were maintained at a very healthy level, despite a comparatively lower monthly rate of accretion, and bank liquidity was boosted by the Government's utilisation of funds from the previous month's privatisation transaction to reduce short-term debt obligations.

Preliminary data suggests that output in the tourism sector improved over the five month period, partly benefitting from the rebound in the key convention/group business—following a significant falloff during the peak of the recession. Based on partial data from a sample of hotels in Nassau and Paradise Island, total room revenue rose marginally by 0.6%, as the average daily rate firmed by 0.7% to \$255.25 and countered a 20 basis point contraction in the average occupancy rate to 66.8%.

Available data on tourist arrivals for the first four months of the year showed the number of visitors increasing by 11.5% to 2.1 million, buoyed by sustained gains in sea passengers of 16.9%, which surpassed the 4.4% contraction in air arrivals. In terms of the major domestic ports, visitors to New Providence rose by 1.6%, as the 4.4% improvement in the sea component eclipsed the 4.1% decline in air passengers. A strong 38.4% hike in sea passengers also underpinned the 26.5% growth in visitors to Grand Bahama, with the air component contracting by 20.6%. Supported by gains in both sea and air visitors, of 27.2% and 5.3% respectively, visitors to the Family Islands advanced by 24.6%.

With international oil prices remaining at relatively elevated levels in May, the average prices of gasoline and diesel rose, by 6.1% and 2.8%, to \$5.60 per gallon and \$5.20 per gallon, respectively; the comparative annual average price gains were 23.9% and 35.4%, each. Similarly, the Bahamas Electricity Corporation's fuel cost recovery charge increased over the month and year, by 2.1% and 39.7%, to 22.75 cents per kWh.

Based on Government's budgetary operations for the ten months of FY2010/11, the deficit in the overall balance was lower by 31.6% (\$95.2 million) at \$205.9 million. Total receipts rose by 9.6% (\$100.8 million) to \$1,147.9 million, benefitting from a 19.9% (\$173.3 million) improvement in tax revenue to \$1,045.9 million. The latter was primarily due to an almost doubling in non-trade stamp taxes, linked to the sale of a business entity. Notable gains were also registered for departure taxes (\$28.9 million), taxes on international trade (\$23.2 million) and selective taxes on services (\$19.0 million). Reflecting a return to trend levels following extraordinary inflows in the prior period, non-tax receipts fell by 41.6% (\$72.6 million) to \$101.9 million. Total outlays rose by 0.4% (\$5.6 million) to \$1,353.8 million, with current expenditures higher by 2.3% (\$26.0 million) at \$1,169.9 million, buoyed by an 11.4% growth in purchases of goods and services. A more than three-fold expansion in asset acquisitions—mainly land, boosted capital spending by 16.2% (\$19.8 million) to \$141.9 million. Also, spending for infrastructural projects rose by 3.9%, in contrast to a contraction in net lending to support the budgetary operations of public sector entities, of 48.9% (\$40.2 million) to \$41.9 million.

2. International Developments

Indications are that the recovery in the global economy was sustained, although at an uneven pace in May, as the unfolding debt crisis in the euro zone restrained the expansions in the United States and Europe, while the majority of the Asian economies—with the exception of Japan—recorded robust growth rates.

In the United States, industrial production advanced marginally by 0.1% in May, after a flat performance in the previous month, as utility output declined and supply chain disruptions caused by Japan's earthquake led to a slowdown in the production of automobiles. In addition, retail sales, which rose by 0.5% in April, declined for the first time in 11 months, by 0.2% in May, due primarily to lower automobile purchases. However, the housing market recorded modest signs of improvement, as building permits expanded by 8.7% and housing starts grew by 3.5%, in contrast to respective declines of 4.0% and 10.6% in the prior month. Inflation remained relatively benign, with consumer prices rising marginally by 0.2% in May, following a 0.4% advance in April. As the economic recovery slowed, the number of non-farm jobs created fell by over 150,000 to 51,000 in May, resulting in the unemployment rate rising by 10 basis points to 9.1%. In monetary developments, the Federal Reserve maintained its neutral monetary policy stance during the month.

Economic conditions within Europe remained lacklustre, due to the ongoing fiscal crisis faced by several economies within the region. In the United Kingdom, the volume of retail sales decreased by 1.4% in May, in contrast to a 1.1% expansion in the prior month. The April trade deficit on goods and services was unchanged from the previous month, at £2.8 billion, as the narrowing in the deficit on goods offset the decline in the services surplus. Annual inflation held steady at 4.5% for May, owing to rising food costs, and the unemployment rate was unchanged at 7.7% in the three-months to April. Despite inflation remaining well above its 2.0% target, the Bank of England maintained the key bank rate at 0.5% and continued to purchase Government debt as part of its £200 billion asset purchase programme.

Conditions in the euro zone remained challenging, due to concerns over a potential Greek default and the fear of contagion to other larger markets. Industrial production rose marginally by 0.2% in April, in contrast to a similar reduction in March. Fuelled by higher consumer demand, the volume of retail trade rose by 0.9%, to contrast with an equivalent contraction in March. Annualized inflation narrowed slightly by 10 basis points to 2.7% in May, while the monthly unemployment rate steadied at 9.9% in April. On the monetary front, the European Central Bank maintained its neutral monetary policy stance.

Asian economies maintained a strong growth momentum during the review period. China's trade surplus widened by \$1.6 billion to \$13.1 billion in May, as a 19.4% (\$157.2 billion) surge in exports outpaced a 28.4% (\$144.1 billion) hike in imports. Reflecting increased domestic demand, retail sales firmed by 8.1% in May, from a relatively flat position in the prior month. Gains in food prices underpinned a 20 basis points upturn in annual inflation to 5.5% month-on-month. To restrain consumer demand and reduce inflationary pressures, the People's Bank of China raised its reserve requirement ratio, for the fifth time in 2011, by 50 basis points to 21.5%.

The Japanese economy continued to struggle with the negative effects of the triple disasters that occurred in March, although there were nascent signs of recovery. Industrial output rose by 1.6% in April, after plunging by 15.5% in March when supply chains were disrupted and rolling blackouts occurred. However, supply related reductions in exports of automobiles, auto parts and electronics, elevated the trade deficit to ¥853.7 billion in May—the largest since January 2009. In this environment, the unemployment rate rose

marginally by 10 basis points to 4.7% in April, while the monthly rate of increase in average consumer prices was unchanged from March at 0.3%. To support the recovery, the Bank of Japan left its uncollateralized overnight call rate unchanged, within the range of 0.0%-0.1%, and announced that it would offer more loans to financial institutions for on-lending to key sectors of the economy.

Amid concerns over the outlook for global growth and the weakness in the European economies, investors reduced their holdings of assets linked to crude oil, resulting in a decline in average prices, by 8.5% to \$114.76 per barrel in May—the largest contraction in a year. In supply developments, OPEC's crude oil production rose by 170,000 barrels per day (bpd) to average 28.97 million barrels per day. Precious metal prices fell during the review month; gold prices decreased by 1.8% to \$1,535.80 per troy ounce, and for silver, by 19.6% to \$38.52 per troy ounce.

In equity markets, all of the major stock indices registered declines in May, amid concerns over Europe's debt crisis. In the United States, the Dow Jones Industrial Average (DJIA) and the S&P 500 contracted by 1.9% and 1.1%, respectively. Similarly, European market indices moved lower, with the United Kingdom's FTSE 100 decreasing by 1.3%, France's CAC 40, by 2.4% and Germany's DAX, by 2.9%. In the Asian markets, Japan's Nikkei 225 and China's SE composite retreated by 1.6% and 5.8%, respectively.

With regard to foreign exchange markets, the dollar strengthened relative to most of the major currencies. The dollar appreciated against the euro (by 2.8% to €0.6946), the British pound (by 1.6% to £0.6080) and the Canadian dollar (by 2.5% to C\$0.9686), but fell relative to the Swiss Franc (by 1.3% to CHF0.8539). The dollar also gained vis-à-vis the Japanese Yen (by 0.4% to ¥81.52), although weakening relative to the Chinese Yuan (by 0.2% to CNY6.4792).

3. Domestic Monetary Trends

Banking sector liquidity expanded over the review month, partly reflecting the Government's utilisation of divestment proceeds to reduce outstanding Treasury bill obligations. Growth in external reserves moderated significantly from the previous year's level which was boosted by foreign currency proceeds from the sale of a business entity.

May 2011 vs. 2010

Banks' excess cash holdings expanded by \$77.5 million to \$587.7 million, more than doubled the previous year's \$37.9 million growth, while accretions to excess liquid assets slowed by \$54.6 million to \$22.0 million, for an outstanding stock of \$940.4 million.

External reserves grew by \$9.5 million to \$1,143.8 million, which was significantly below the year-earlier \$42.5 million accumulation, as the Central Bank's net purchase of foreign currency tapered-off to \$2.4 million from \$41.2 million in 2010. Underpinning this outturn was a halving in the Bank's net purchase from commercial banks, to \$42.1 million, due to a combination of a bank's capital repatriation transaction and an \$86.3 million contraction in banks' net intake from their clients to \$61.2 million, following on last year's extraordinary inflows from the sale of a business entity. Despite an increase in sales for fuel payments, of \$13.5 million (57.5%) to \$23.5 million, the Bank's net sale to the public sector was marginally lower by \$3.1 million at \$39.6 million.

Accretions to Bahamian dollar credit advanced by \$26.7 million to \$40.3 million, as a significant drawdown of deposits from the Central Bank elevated the net claim on the Government, by \$35.3 million, compared to

a \$30.5 million expansion a year ago. Credit to the private sector firmed by \$7.5 million, a turnaround from a \$16.9 million reduction in 2010. This outturn was associated with a rebound in consumer credit (\$5.2 million) and commercial loans (\$0.3 million), in contrast to year-earlier respective declines of \$11.6 million and \$5.5 million. Mortgages were incremented by \$1.9 million, following a relatively flat position last year. From a stable position in 2010, net credit to the rest of the public sector softened by \$2.5 million.

A review of consumer lending for the month of April—the latest data available—showed that the majority of the credit growth was for debt consolidation loans, which rose by \$13.9 million, with more modest gains in lending for private cars of \$2.1 million. Providing some offset, notable net repayments were registered for credit card (\$1.9 million), ‘miscellaneous’ (\$1.8 million), home improvement (\$1.2 million) and education (\$0.8 million) loans.

Banks’ credit quality indicators worsened somewhat over the review month. Total private sector loan arrears increased by \$20.0 million (1.7%) to \$1,194.0 million, with the corresponding ratio of arrears to total loans rising by 0.3 of a percentage point to 19.0%. In terms of average age, delinquencies in the short term 31 to 90 days segment grew by \$11.0 million (2.2%) to \$508.0 million, translating into an 18 basis point firming in the attendant ratio to 8.1%. Similarly, the non-performing component—those over 90 days—rose by \$9.0 million (1.3%) to \$686.0 million, with the corresponding ratio to loans widening by 15 basis points to 10.9%.

The expansion in total loan arrears was led by a 12.9% hike in the commercial component, to \$287.9 million, as delinquencies in both the 31-90 days and non-performing segments moved higher by \$2.7 million (3.7%) and \$10.2 million (5.1%), respectively. Similarly, mortgage delinquencies, which comprised the bulk of arrears, rose by \$10.9 million (1.8%) to \$632.8 million, mainly reflecting gains in short-term delinquencies, of \$10.1 million (3.4%), and a \$0.7 million (0.2%) uptick in the non-performing component. In contrast, consumer loan arrears declined by \$3.8 million (1.4%), as both the short-term and non-performing categories fell by \$1.9 million each.

Despite the rise in arrears, banks lowered their loan loss provisions during the month, by \$1.5 million (0.5%) to \$283.3 million. Consequently, the corresponding ratio of provisions to arrears fell by 0.5 and 0.8 percentage points, to 23.7% and 41.3%, respectively. Loan write-offs for the month totalled \$11.1 million; recoveries amounted to \$2.6 million, and banks restructured an estimated \$19.7 million in private sector loans.

During the review month, domestic foreign currency credit expanded by \$4.9 million, a turnaround from a \$26.4 million contraction last year. Claims on the private sector grew by \$8.0 million, in contrast to a \$22.3 million net repayment in 2010. Conversely, net claims on the Government edged down by \$0.1 million, following a \$1.8 million falloff a year earlier, and the contraction in credit to the rest of the public sector narrowed to \$3.0 million from \$2.3 million.

Total Bahamian dollar deposits were reduced by \$11.9 million, relative to a \$37.2 million accumulation last year, linked to contractions in both demand and savings balances. Specifically, demand deposits declined by \$2.4 million, a reversal from an extraordinary inflow-led \$42.8 million build-up in the previous year, while the decline in savings deposits broadened to \$22.2 million from \$6.9 million in 2010. In contrast, fixed deposits advanced by \$12.6 million, following the prior year’s \$1.3 million gain.

In interest rate developments, the weighted average deposit rate widened by 17 basis points to 3.12%, with the highest rate of 6.25% offered on fixed balances over 6-12 months. Additionally, the weighted average loan rate firmed by 11 basis points to 11.04%.

4. Outlook and Policy Implications

The gradual upturn in the domestic economy is expected to be sustained over the second half of the year, benefitting from anticipated steady gains in tourism output and firming in foreign investment-led construction activity. Over time, these developments are poised to have a positive impact on labour market conditions, with more short-term gains concentrated in the construction sector. With international oil prices projected to remain elevated over an extended period, domestic inflation is anticipated to rise modestly from its benign levels.

For fiscal developments, progress towards greater fiscal sustainability, in terms of the overall deficit and debt indicators over the medium to long term will depend on both the strength of the ongoing economic recovery, as well as the effectiveness of Government's measures to increase revenues and curtail the growth in spending.

In the monetary sector, liquidity is projected to remain buoyant over the balance of the year, and no significant upward demand pressures are expected to be exerted on external reserves.

The Bank will continue to monitor economic developments and determine the need for any change in its policy stance.

Recent Monetary and Credit Statistics

(B\$ Millions)

| MAY | | | | | | |
|-------|------|--------|------|------------|------|--|
| Value | | Change | | Change YTD | | |
| 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | |

1.0 LIQUIDITY & FOREIGN ASSETS

| | | | | | | |
|-------------------------------|---------|----------|-------|--------|--------|--------|
| 1.1 Excess Reserves | 382.74 | 587.68 | 37.91 | 77.48 | 120.64 | 198.18 |
| 1.2 Excess Liquid Assets | 693.21 | 940.40 | 76.56 | 22.00 | 189.35 | 127.08 |
| 1.3 External Reserves | 902.03 | 1,143.80 | 42.45 | 9.49 | 76.65 | 282.75 |
| 1.4 Bank's Net Foreign Assets | -613.53 | -568.66 | 18.62 | -35.06 | 52.68 | 121.70 |
| 1.5 Usable Reserves | 489.45 | 611.50 | 19.07 | 7.38 | 30.59 | 177.09 |

2.0 DOMESTIC CREDIT

| | | | | | | |
|-------------------------------------|-----------------|-----------------|---------------|--------------|---------------|----------------|
| 2.1 Private Sector | 6,476.59 | 6,491.31 | -39.17 | 15.50 | -68.84 | -44.69 |
| a. B\$ Credit | 6,060.55 | 6,161.15 | -16.86 | 7.51 | -59.18 | 19.99 |
| of which: Consumer Credit | 2,137.52 | 2,118.55 | -11.58 | 5.22 | -35.19 | -14.29 |
| Mortgages | 2,996.34 | 3,105.77 | 0.18 | 1.94 | 0.28 | 20.59 |
| Commercial and Other Loans B\$ | 926.68 | 936.83 | -5.47 | 0.34 | -24.27 | 13.69 |
| b. F/C Credit | 416.05 | 330.16 | -22.30 | 7.99 | -9.66 | -64.68 |
| of which: Mortgages | 99.40 | 132.58 | -0.41 | 2.69 | 3.46 | 3.96 |
| Commercial and Other Loans F/C | 316.65 | 197.58 | -21.89 | 5.30 | -13.12 | -68.64 |
| 2.2 Central Government (net) | 1,162.91 | 1,186.25 | 28.72 | 35.22 | 172.61 | -200.25 |
| a. B\$ Loans & Securities | 1,309.23 | 1,327.37 | 36.80 | -51.94 | 142.38 | -131.94 |
| Less Deposits | 146.10 | 138.72 | 6.32 | -87.28 | -28.73 | -0.68 |
| b. F/C Loans & Securities | 2.56 | 0.00 | -0.90 | 0.00 | -1.15 | -70.00 |
| Less Deposits | 2.78 | 2.40 | 0.85 | 0.11 | -2.64 | -1.02 |
| 2.3 Rest of Public Sector | 384.86 | 383.85 | -2.30 | -5.40 | 18.75 | -17.28 |
| a. B\$ Credit | 95.42 | 109.53 | -0.00 | -2.45 | 14.05 | -4.42 |
| b. F/C Credit | 289.45 | 274.32 | -2.30 | -2.95 | 4.69 | -12.86 |
| 2.4 Total Domestic Credit | 8,024.49 | 8,061.33 | -12.76 | 45.22 | 122.57 | -262.47 |
| a. B\$ Domestic Credit | 7,319.21 | 7,459.25 | 13.60 | 40.29 | 126.05 | -115.94 |
| b. F/C Domestic Credit | 705.28 | 602.08 | -26.36 | 4.93 | -3.48 | -146.53 |

3.0 DEPOSIT BASE

| | | | | | | |
|---|-----------------|-----------------|--------------|---------------|---------------|---------------|
| 3.1 Demand Deposits | 1,163.92 | 1,219.67 | 42.78 | -2.35 | 73.54 | 78.89 |
| a. Central Bank | 9.14 | 21.53 | 1.26 | 9.69 | -3.46 | 13.53 |
| b. Banks | 1,154.78 | 1,198.14 | 41.52 | -12.04 | 77.00 | 65.36 |
| 3.2 Savings Deposits | 1,005.86 | 1,027.44 | -6.90 | -22.16 | 11.05 | 11.37 |
| 3.3 Fixed Deposits | 3,630.92 | 3,651.71 | 1.31 | 12.57 | 76.84 | 43.62 |
| 3.4 Total B\$ Deposits | 5,800.71 | 5,898.81 | 37.19 | -11.94 | 161.43 | 133.88 |
| 3.5 F/C Deposits of Residents | 211.65 | 223.88 | 0.32 | -28.82 | -5.19 | -28.19 |
| 3.6 M2 | 5,982.62 | 6,088.28 | 41.50 | -13.46 | 144.99 | 129.31 |
| 3.7 External Reserves/M2 (%) | 15.08 | 18.79 | 0.61 | 0.20 | 0.94 | 4.34 |
| 3.8 Reserves/Base Money (%) | 111.61 | 111.27 | -1.32 | -8.24 | -6.53 | 7.65 |
| 3.9 External Reserves/Demand Liabilities (%) | 109.24 | 107.38 | -1.12 | 0.55 | -2.98 | 7.15 |
| | Value | | Year to Date | | Change | |
| | 2010 | 2011 | 2010 | 2011 | Month | YTD |

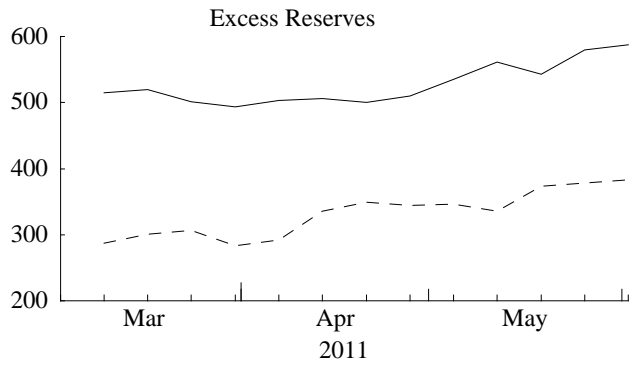
4.0 FOREIGN EXCHANGE TRANSACTIONS

| | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| 4.1 Central Bank Net Purchase/(Sale) | 41.15 | 2.43 | 68.64 | 266.88 | -38.72 | 198.24 |
| a. Net Purchase/(Sale) from/to Banks | 83.84 | 42.07 | 203.12 | 179.55 | -41.77 | -23.57 |
| i. Sales to Banks | 5.00 | 28.77 | 65.63 | 104.90 | 23.77 | 39.26 |
| ii. Purchases from Banks | 88.84 | 70.84 | 268.75 | 284.44 | -18.00 | 15.69 |
| b. Net Purchase/(Sale) from/to Others | -42.69 | -39.64 | -134.47 | 87.33 | 3.06 | 221.81 |
| i. Sales to Others | 62.46 | 61.17 | 217.91 | 319.86 | -1.30 | 101.95 |
| ii. Purchases from Others | 19.77 | 21.53 | 83.44 | 407.20 | 1.76 | 323.76 |
| 4.2 Banks Net Purchase/(Sale) | 86.32 | 61.22 | 220.50 | 206.44 | -25.10 | -14.06 |
| a. Sales to Customers | 294.49 | 352.51 | 1,307.11 | 1,473.14 | 58.02 | 166.03 |
| b. Purchases from Customers | 380.81 | 413.73 | 1,527.61 | 1,679.58 | 32.92 | 151.97 |
| 4.3 B\$ Position (change) | -14.47 | -11.04 | | | | |

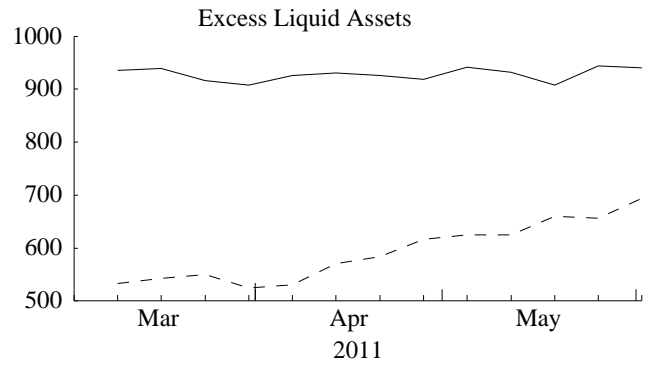
5.0 EXCHANGE CONTROL SALES

| | | | | | | |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 5.1 Current Items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| of which Public Sector | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| a. Nonoil Imports | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| b. Oil Imports | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| c. Travel | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| d. Factor Income | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| e. Transfers | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| f. Other Current Items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 5.2 Capital Items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| of which Public Sector | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 5.3 Bank Remittances | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

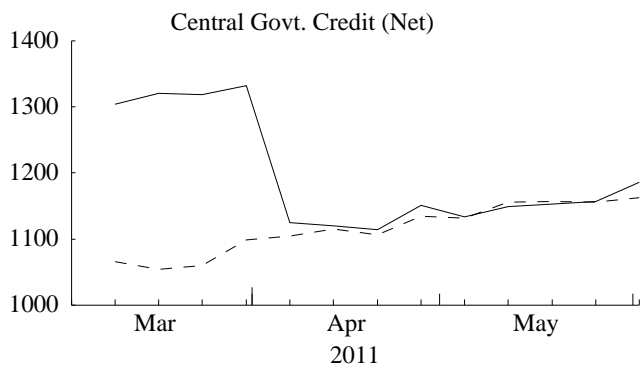
SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



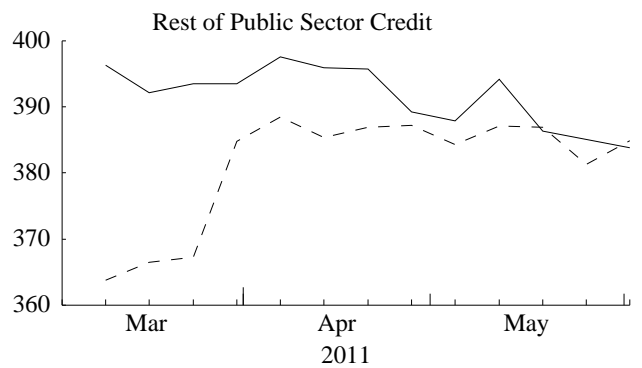
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- - - 2010



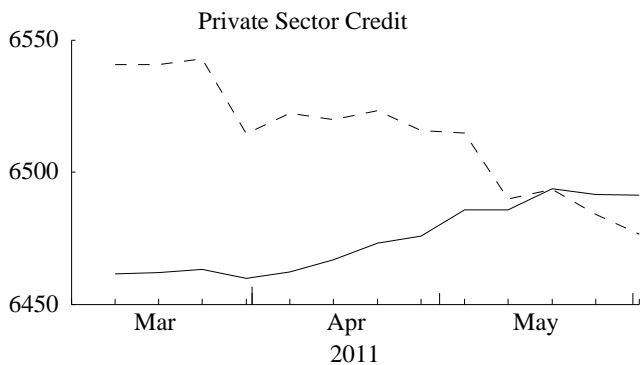
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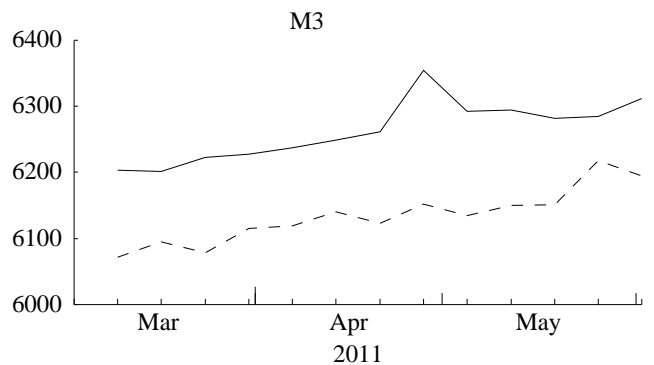
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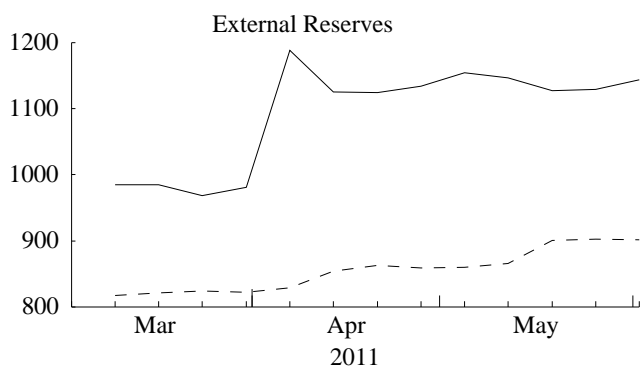
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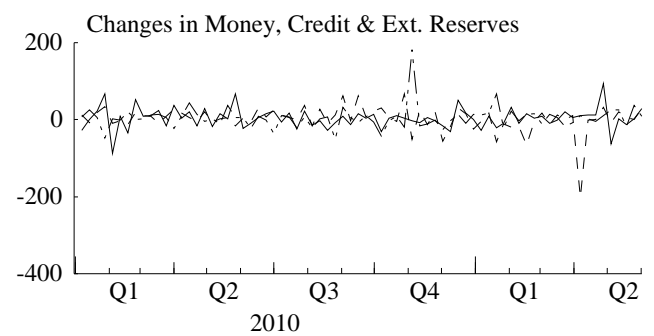
— 2011
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— 2011
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— 2011
- - - 2010



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

Selected International Statistics

| A: Selected Macroeconomic Projections (Annual % Change and % of labor force) | | | | | | |
|--|----------|------|----------------|------|--------------|------|
| | Real GDP | | Inflation Rate | | Unemployment | |
| | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 |
| Bahamas | 0.5 | 1.3 | 1.7 | 2.0 | n/a | n/a |
| United States | 2.8 | 2.8 | 1.6 | 2.2 | 9.6 | 8.5 |
| Euro-Area | 1.7 | 1.6 | 1.6 | 2.3 | 10.0 | 9.9 |
| <i>Germany</i> | 3.5 | 2.5 | 1.2 | 2.2 | 6.9 | 6.6 |
| Japan | 3.9 | 1.4 | -0.7 | 0.2 | 5.1 | 4.9 |
| China | 10.3 | 9.6 | 3.3 | 5.0 | 4.1 | 4.0 |
| United Kingdom | 1.3 | 1.7 | 3.3 | 4.2 | 7.8 | 7.8 |
| Canada | 3.1 | 2.8 | 1.8 | 2.2 | 8.0 | 7.6 |
| <i>Source: IMF World Economic Outlook, April 2011</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 |
| April 2009 | 5.25 | 1.25 | 0.50 | 0.00-0.25 | 0.50 |
| May 2009 | 5.25 | 1.00 | 0.50 | 0.00-0.25 | 0.50 |
| June 2009 | 5.25 | 1.00 | 0.50 | 0.00-0.25 | 0.50 |
| July 2009 | 5.25 | 1.00 | 0.50 | 0.00-0.25 | 0.50 |
| August 2009 | 5.25 | 1.00 | 0.50 | 0.00-0.25 | 0.50 |
| September 2009 | 5.25 | 1.00 | 0.50 | 0.00-0.25 | 0.50 |
| October 2009 | 5.25 | 1.00 | 0.50 | 0.00-0.25 | 0.50 |
| November 2009 | 5.25 | 1.00 | 0.50 | 0.00-0.25 | 0.50 |
| December 2009 | 5.25 | 1.00 | 0.50 | 0.00-0.25 | 0.50 |
| January 2010 | 5.25 | 1.00 | 0.50 | 0.00-0.25 | 0.50 |
| February 2010 | 5.25 | 1.00 | 0.75 | 0.00-0.25 | 0.50 |
| March 2010 | 5.25 | 1.00 | 0.75 | 0.00-0.25 | 0.50 |
| 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 |

Selected International Statistics

| C. Selected Currencies (Per United States Dollars) | | | | | | |
|---|--------|--------|--------|-------------------|-----------------|-------------------|
| Currency | May-10 | Apr-11 | May-11 | Mthly % Change | YTD % Change | 12-Mth% Change |
| Euro | 0.8126 | 0.6754 | 0.6946 | 2.84 | -7.02 | -14.52 |
| Yen | 91.27 | 81.20 | 81.52 | 0.39 | 0.44 | -10.68 |
| Pound | 0.6879 | 0.5986 | 0.6080 | 1.57 | -5.08 | -11.61 |
| Canadian \$ | 1.0445 | 0.9449 | 0.9686 | 2.51 | -2.98 | -7.27 |
| Swiss Franc | 1.1549 | 0.8653 | 0.8539 | -1.32 | -8.63 | -26.06 |
| Renminbi | 6.8280 | 6.4905 | 6.4792 | -0.17 | -1.68 | -5.11 |

Source: Bloomberg as of May 31, 2011

| D. Selected Commodity Prices (\$) | | | | | |
|--|-------------|---------------|-------------|-------------------|-----------------|
| Commodity | May 2010 | April 2011 | May 2011 | Mthly % Change | YTD % Change |
| Gold / Ounce | 1216.20 | 1563.70 | 1535.80 | -1.78 | 8.10 |
| Silver / Ounce | 18.56 | 47.91 | 38.52 | -19.60 | 24.58 |
| Oil / Barrel | 74.79 | 125.47 | 114.76 | -8.54 | 22.75 |

Source: Bloomberg as of May 31, 2011

| E. Equity Market Valuations – May 31, 2011 (%chg) | | | | | | | | |
|--|-------|-------|------------|----------|--------|-------|---------------|-------|
| | BISX | DJIA | S&P 500 | FTSE 100 | CAC 40 | DAX | Nikkei 225 | SE |
| 1 month | -1.64 | -1.88 | -1.07 | -1.32 | -2.43 | -2.94 | -1.58 | -5.77 |
| 3 month | -2.58 | 2.81 | 1.35 | -0.07 | -2.52 | 0.29 | -8.76 | -5.56 |
| YTD | -4.82 | 8.57 | 6.96 | 1.53 | 5.31 | 5.49 | -5.23 | -2.30 |
| 12-month | -8.20 | 24.00 | 23.48 | 15.45 | 14.24 | 22.29 | -0.77 | 5.84 |

Sources: Bloomberg and BISX

| F: Short Term Deposit Rates in Selected Currencies (%) | | | |
|---|------|------|------|
| | USD | GBP | EUR |
| o/n | 0.09 | 0.50 | 0.83 |
| 1 Month | 0.15 | 0.58 | 1.09 |
| 3 Month | 0.24 | 0.82 | 1.41 |
| 6 Month | 0.41 | 1.11 | 1.72 |
| 9 Month | 0.57 | 1.37 | 1.95 |
| 1 year | 0.74 | 1.59 | 2.16 |

Source: Bloomberg as of May 31, 2011

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

| | VALUE | | | | | | | | | | CHANGE | | | | | |
|--|----------|----------|----------|----------|----------|----------|----------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Apr. 06 | Apr. 13 | Apr. 20 | Apr. 27 | May. 04 | May. 11 | May. 18 | May. 25 | Apr. 06 | Apr. 13 | Apr. 20 | Apr. 27 | May. 04 | May. 11 | May. 18 | May. 25 |
| I. External Reserves | 1,188.25 | 1,124.91 | 1,124.15 | 1,134.31 | 1,154.37 | 1,146.02 | 1,127.05 | 1,128.85 | 207.33 | -63.33 | -0.76 | 10.16 | 20.06 | -8.35 | -18.97 | 1.79 |
| II. Net Domestic Assets (A + B + C + D) | -436.76 | -371.07 | -375.42 | -375.88 | -368.94 | -335.17 | -334.35 | -299.35 | -195.93 | 65.70 | -4.36 | -0.45 | 6.93 | 33.77 | 0.82 | 35.00 |
| A. Net Credit to Gov¹(i + ii + iii - iv) | 41.63 | 106.91 | 110.50 | 113.92 | 113.45 | 143.39 | 149.55 | 185.04 | -201.22 | 65.28 | 3.59 | 3.42 | -0.47 | 29.93 | 6.16 | 35.49 |
| i) Advances | 111.99 | 111.99 | 63.99 | 63.99 | 63.99 | 63.99 | 63.99 | 63.99 | 0.00 | 0.00 | -48.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| ii) Registered Stock | 149.39 | 149.34 | 149.08 | 149.05 | 148.89 | 149.95 | 149.24 | 149.10 | -0.53 | -0.05 | -0.26 | -0.02 | -0.16 | 1.05 | -0.71 | -0.14 |
| iii) Treasury Bills | 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 |
| iv) Deposits | 219.75 | 154.42 | 102.57 | 99.12 | 99.43 | 70.55 | 63.68 | 28.04 | 200.69 | -65.33 | -51.85 | -3.45 | 0.31 | -28.88 | -6.87 | -35.63 |
| B. Rest of Public Sector (Net) (i + ii - iii) | -5.27 | -11.91 | -14.27 | -6.29 | -7.88 | -9.98 | -9.71 | -11.70 | -0.84 | -6.65 | -2.35 | 7.98 | -1.59 | -2.11 | 0.27 | -1.99 |
| i) BDB Loans | 5.55 | 5.55 | 5.55 | 5.55 | 5.55 | 5.55 | 5.55 | 5.55 | 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 | 10.82 | 17.46 | 19.82 | 11.84 | 13.43 | 15.53 | 15.26 | 17.25 | 0.84 | 6.65 | 2.35 | -7.98 | 1.59 | 2.11 | -0.27 | 1.99 |
| 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 |
| D. Other Items (Net)* | -473.13 | -466.06 | -471.65 | -483.51 | -474.52 | -468.57 | -474.18 | -472.69 | 6.13 | 7.07 | -5.59 | -11.85 | 8.99 | 5.94 | -5.61 | 1.49 |
| III. Monetary Base | 751.48 | 753.85 | 748.73 | 758.44 | 785.43 | 810.85 | 792.70 | 829.50 | 11.40 | 2.36 | -5.12 | 9.71 | 26.99 | 25.42 | -18.14 | 36.79 |
| A. Currency in Circulation | 94.95 | 97.08 | 96.45 | 91.77 | 99.63 | 100.02 | 93.60 | 94.79 | 8.71 | 2.13 | -0.63 | -4.68 | 7.86 | 0.38 | -6.42 | 1.19 |
| B. Bank Balances with CBOB | 656.53 | 656.77 | 652.28 | 666.67 | 685.79 | 710.83 | 699.10 | 734.70 | 2.68 | 0.23 | -4.49 | 14.39 | 19.13 | 25.04 | -11.73 | 35.60 |

* 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 | | |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|-----------|--|
| | 2009/2010 | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 | 2010/2011 | |
| Fiscal Operations: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1. Government Revenue & Grants | 100.2 | 90.2 | 87.6 | 83.0 | 88.0 | 81.9 | 127.4 | 88.0 | 140.2 | 113.3 | 93.5 | 112.1 | 110.8 | 185.6 | 111.6 | 138.7 | 99.6 | 125.2 | 96.2 | 119.8 | 119.8 | 119.8 | 119.8 | 119.8 | 119.8 | 1147.9 | |
| % change | -17.17% | -38.91% | -12.50% | 3.20% | -8.68% | -6.86% | 59.27% | -5.44% | 10.04% | 38.26% | -33.32% | -1.08% | 18.35% | 63.60% | 0.67% | -25.20% | -10.71% | -9.73% | -3.40% | -4.35% | -4.35% | -4.35% | -4.35% | -4.35% | -4.35% | 9.62% | |
| 2. Import/Excise Duties | 53.6 | 41.3 | 42.1 | 49.3 | 44.3 | 45.4 | 43.1 | 45.4 | 40.6 | 49.2 | 38.8 | 50.5 | 43.0 | 37.5 | 43.2 | 41.8 | 45.3 | 49.4 | 42.6 | 50.2 | 50.2 | 50.2 | 50.2 | 50.2 | 50.2 | 486.5 | |
| % change | 0.68% | -28.89% | -2.14% | 19.37% | -7.36% | -2.91% | -0.78% | 5.26% | -5.69% | 8.48% | -4.48% | 2.63% | 10.85% | -25.72% | 0.48% | 11.41% | 4.29% | 18.20% | -5.97% | 1.61% | 1.61% | 1.61% | 1.61% | 1.61% | 1.61% | -7.48% | |
| 3. Recurrent Expenditure | 115.1 | 110.2 | 95.8 | 103.1 | 108.9 | 117.5 | 117.7 | 117.5 | 119.8 | 123.4 | 108.6 | 115.3 | 121.0 | 122.3 | 111.5 | 121.7 | 118.3 | 119.8 | 127.2 | 119.1 | 119.1 | 119.1 | 119.1 | 119.1 | 119.1 | 1143.9 | |
| % change | -30.83% | -14.03% | -16.72% | -6.46% | 13.65% | 14.01% | 8.09% | -0.02% | 1.81% | 5.00% | -9.37% | -6.52% | 11.39% | 6.01% | -7.88% | -0.49% | 6.09% | -1.54% | 7.56% | -0.55% | -0.55% | -0.55% | -0.55% | -0.55% | -0.55% | -0.60% | |
| 4. Capital Expenditure | 5.2 | 9.7 | 11.7 | 18.5 | 20.6 | 18.3 | 18.8 | 8.6 | 10.3 | 12.6 | 13.8 | 15.5 | 9.9 | 11.0 | 8.6 | 9.4 | 14.8 | 26.3 | 8.5 | 12.1 | 12.1 | 12.1 | 12.1 | 12.1 | 12.1 | 141.9 | |
| % change | -82.14% | -65.79% | 127.85% | 90.36% | 75.36% | -53.68% | -8.97% | 53.68% | -45.09% | -31.17% | 34.22% | 23.03% | -28.01% | -29.04% | -13.22% | -14.30% | 72.48% | 179.23% | -42.47% | -54.15% | -54.15% | -54.15% | -54.15% | -54.15% | -54.15% | 16.22% | |
| 5. Deficit/Surplus* | -21.2 | -32.2 | -25.2 | -31.3 | -54.4 | -41.1 | -43.0 | -62.6 | 4.3 | -25.6 | -37.5 | -21.4 | -24.1 | 45.9 | -15.7 | 4.5 | -37.0 | -26.0 | -47.2 | -16.1 | -16.1 | -16.1 | -16.1 | -16.1 | -16.1 | -205.9 | |
| % change | -85.22% | 159.59% | 18.61% | -2.64% | 116.02% | 31.43% | -20.93% | 52.25% | -110.03% | -59.20% | -97.012% | -16.28% | -35.68% | -314.68% | -34.83% | -90.20% | 135.00% | -677.24% | 27.64% | -37.90% | -37.90% | -37.90% | -37.90% | -37.90% | -37.90% | -36.11% | |

| | JAN | | FEB | | MAR | | APR | | MAY | | JUN | | JUL | | AUG | | SEP | | OCT | | NOV | | DEC | | YEAR TO DATE | | |
|-------------------------|---------|---------|----------|----------|---------|---------|----------|----------|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------|---------|--|
| | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | |
| Debt, ** | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. Total Debt | 3,320.4 | 3,724.8 | 3,304.4 | 3,724.8 | 3,303.5 | 3,740.4 | 3,349.6 | 3,652.1 | 3,397.4 | 3,607.1 | 3,607.1 | 3,607.1 | 3,607.1 | 3,607.1 | 3,607.1 | 3,607.1 | 3,607.1 | 3,607.1 | 3,607.1 | 3,607.1 | 3,607.1 | 3,607.1 | 3,607.1 | 3,607.1 | 3,607.1 | 3,607.1 | |
| % change | 0.00% | 0.59% | -0.48% | 0.00% | -0.03% | 0.42% | 1.40% | -2.36% | 1.43% | -1.23% | -1.23% | -1.23% | -1.23% | -1.23% | -1.23% | -1.23% | -1.23% | -1.23% | -1.23% | -1.23% | -1.23% | -1.23% | -1.23% | -1.23% | -1.23% | -1.23% | |
| 7. External Debt | 703.1 | 732.4 | 703.1 | 732.4 | 702.2 | 747.9 | 699.5 | 744.6 | 707.3 | 744.6 | 744.6 | 744.6 | 744.6 | 744.6 | 744.6 | 744.6 | 744.6 | 744.6 | 744.6 | 744.6 | 744.6 | 744.6 | 744.6 | 744.6 | 744.6 | 744.6 | |
| % change | 0.00% | 3.05% | 0.00% | 0.00% | -0.13% | 2.12% | -0.38% | -0.43% | 1.11% | 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% | |
| 8. Internal F/C Debt | 1.8 | 70.0 | 1.8 | 70.0 | 1.8 | 70.0 | 0.9 | - | 0.9 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| % change | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | -50.00% | -100.00% | 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% | 0.00% | |
| 9. Bahamian Dollar Debt | 2,615.5 | 2,922.5 | 2,599.5 | 2,922.5 | 2,599.5 | 2,922.5 | 2,649.2 | 2,907.4 | 2,592.2 | 2,862.4 | 2,862.4 | 2,862.4 | 2,862.4 | 2,862.4 | 2,862.4 | 2,862.4 | 2,862.4 | 2,862.4 | 2,862.4 | 2,862.4 | 2,862.4 | 2,862.4 | 2,862.4 | 2,862.4 | 2,862.4 | 2,862.4 | |
| % change | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 1.91% | -0.51% | -2.15% | -1.55% | -1.55% | -1.55% | -1.55% | -1.55% | -1.55% | -1.55% | -1.55% | -1.55% | -1.55% | -1.55% | -1.55% | -1.55% | -1.55% | -1.55% | -1.55% | -1.55% | |
| 10. Total Amortization | 0.1 | 0.2 | 16.0 | - | 0.9 | 0.9 | 13.6 | 88.3 | 0.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | |
| % change | 847.27% | 212.77% | 1491.23% | -100.00% | -94.30% | 0.00% | 1391.71% | 9585.79% | -100.00% | -49.04% | -49.04% | -49.04% | -49.04% | -49.04% | -49.04% | -49.04% | -49.04% | -49.04% | -49.04% | -49.04% | -49.04% | -49.04% | -49.04% | -49.04% | -49.04% | -49.04% | |

| 11. Total Public Sector F/C Debt | |
|----------------------------------|---------|
| 2010 | 1,186.5 |
| 2011 | 1,404.6 |
| % change | -0.26% |

| | JAN | | FEB | | MAR | | APR | | MAY | | JUN | | JUL | | AUG | | SEP | | OCT | | NOV | | DEC | | YEAR TO DATE | | |
|--|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|-------|--|
| | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | |
| Real Sector Indicators | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12. Retail Price Index | 100.0 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | 101.7 | |
| % change: over previous month | -1.94% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | 3.14% | |
| 13. Tourist arrivals (000's) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| % change: over previous year | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 14. Air arrivals (000's) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| % change: over previous year | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15. Occupied Room Nights | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| % change: over previous year | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 16. Res. Mortgage Commitments New Const. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| % change: over previous qtr. | | | | | | | | | | | | | | | | | | | | | | | | | | | |

* Includes Net Lending to Public Corporations
 ** Debt figures pertain to central government only unless otherwise indicated
 P - provisional
 Annual % T-D Retail Price Index are averages.

| 16. Res. Mortgage Commitments New Const. | |
|--|---------|
| 2010 | 31.4 |
| 2011 | 24.4 |
| % change: over previous qtr. | -27.32% |

| 17. Res. Mortgage Commitments New Const. | |
|--|---------|
| 2010 | 31.41 |
| 2011 | 24.36 |
| % change: over previous qtr. | -22.45% |

| 18. Retail Price Index | |
|------------------------------|-------|
| 2010 | 100.0 |
| 2011 | 101.7 |
| % change: over previous year | 1.69% |