



## **Monthly Economic and Financial Developments March 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: May 30, July 4, August 8, August 29, October 3, October 31, November 28, December 19.

# Monthly Economic and Financial Developments

## March 2011

### 1. Domestic Economic Developments

The domestic economy continued to exhibit stable trends over the review month, supported in part by both foreign-investment and public sector-related construction activity. However, tourism output softened somewhat and in the absence of a more broadly-based improvement in general economic activity, domestic demand remained anaemic and the unemployment rate relatively high. Inflationary pressures moderated over the twelve-months to January, although the ongoing rise in international oil prices sustained the uptrend in energy costs. Buoyed by a number of one-time revenue inflows, Government's deficit improved over the nine months of FY2010/11, while monetary developments for the review month featured a contraction in liquidity and lower accretions to external reserves, largely explained by a commercial bank's capital repatriation activity.

Preliminary data from a sample of large hotels in New Providence and Paradise Island for the first quarter of the year revealed a decline in hotel revenues, by an estimated 4.1%, although there was significant variability across the various properties. This outturn was occasioned by a 3.0% reduction in the average daily room rate to \$252.71, along with a 0.9 percentage point decrease in the average room occupancy rate to 66.3%.

Inflation for the twelve months to January—as measured by the Retail Price Index for The Bahamas—moderated by 0.3 of a percentage point to 1.4%. Average price declines were posted for food & non-alcoholic beverages (1.1%), communication (0.3%) and furnishing, household equipment & maintenance (0.1%), and lower average rates of growth, ranging between 1.0 and 1.5 percentage points occurred for education, miscellaneous goods & services, and restaurant & hotels. Inflation slowed for both recreation & culture and clothing & footwear, by under 1.0 percentage point to 0.6% and 0.5%, respectively, whereas average prices firmed for housing, water, gas, electricity & other fuels—the most highly weighted component in the index—to 2.8%, to reverse the year-earlier 0.3% contraction. Further, accelerated average price gains were recorded for medical care & health (2.8%), transport (2.8%) and alcohol/tobacco & narcotics (2.0%).

Amid the firming in international oil prices, the average fuel surcharge on electricity bills rose in March by 21.6% to 22.52 cents per kilowatt hour, almost double the previous year's value. Average prices of gasoline and diesel also firmed by 4.2% and 4.8% to \$4.94 per gallon and \$4.61 per gallon respectively; while, year-on-year, the respective costs of both products advanced by 28.4% and 15.2%.

Preliminary data on Government's budgetary operations through the nine months of FY2010/11 showed a narrowing in the overall deficit, by \$63.9 million (25.2%) to \$189.9 million. Total receipts rose by 8.1% (\$77.2 million) to \$1,028.1 million, as tax receipts advanced by 18.9% (\$149.0 million), buoyed by a nearly two-fold rise in non-trade stamp taxes to \$202.4 million, linked to the sale of a business entity. Some offset occurred from the decline in non-tax earnings, by 43.9% (\$71.8 million), due to a 77.5% (\$76.5 million) fall-off in income from "miscellaneous sources" to trend levels, following an extraordinary inflow in the prior period. Total outlays rose by 1.1% (\$13.3 million) to \$1,218.0 million, owing primarily to a 3.4% (\$34.3 million) increase in current expenditure, resulting mainly from an 18.5% (\$33.0 million) hike in purchases of goods and services. Capital spending also rose by 14.3% (\$16.3 million), buoyed by an almost three-fold

(\$14.5 million) increase in asset acquisitions—mainly land purchases—combined with a 2.8% (\$3.0 million) rise in spending for infrastructural projects. In contrast, net lending contracted by 50.0% to \$37.3 million.

## **2. International Developments**

The natural disaster in March which affected Japan—the world's third largest economy—adversely impacted global industrial production, and the ongoing uncertainty and escalating costs associated with the events negatively affected investor confidence. These concerns engendered broad-based contractions in stock market indices and the implementation of coordinated action by the central banks in the major economies, to stem the volatility in the global currency markets.

Economic conditions in the United States remained relatively stable, although real GDP growth slowed to 1.8% for the first quarter of 2011 from 3.1% in the prior three months. Developments reflected gains in imports, a softening in consumer spending growth and a decline in government spending. Retail sales firmed marginally by 0.4% in March, following a 1.1% gain in the prior month, whereas housing sector indicators remained mixed. Building permits and housing starts rose by annual rates of 11.2% and 7.2% in March over the previous month, while completions fell by 14.2%. As the economy continued to recover, the unemployment rate softened by 0.1 of a percentage point to 8.8%, buoyed by the addition of 216,000 persons to the workforce. Despite the increase in international fuel costs, inflation stayed relatively benign; average consumer prices firmed, on a monthly basis, by 0.5% in March, in line with the previous month's expansion. In this environment, the Federal Reserve maintained its neutral monetary policy stance.

Economic conditions in Europe were relatively subdued over the review period. In the United Kingdom, output advanced marginally, by 0.5% in the first three months, in contrast to a similar contraction in the prior quarter. Retail sales firmed by 4.5% in March and the unemployment rate fell by 0.1 of a percentage point to 7.8% in the three-months to February. Average consumer price inflation narrowed to 4.0% in March from 4.4% a month earlier, mainly reflecting lower prices for food and non-alcoholic beverages. Economic indicators in the euro zone moved modestly upwards, with the 0.4% gain in industrial production extending January's 0.2% advance; and a softening in the unemployment rate by 0.1 of a percentage point to 9.9% in February. Increased exports led to a significant narrowing in the trade deficit, to €1.5 billion in February from €15.6 billion a month earlier; however, amid higher prices for transport, housing and household equipment, monthly inflation rose by 1.0 percentage point to 1.4% in March. Faced with the competing challenges of anaemic growth and elevated inflation rates, both the Bank of England and the European Central Bank kept their key interest rates unchanged.

Fuelled by higher industrial production and fixed asset investment, China's real GDP expanded by 9.7% in the first quarter of 2011, in line with the 9.8% rise in output during the previous three-month period. In addition, strong domestic demand underpinned a 16.3% year-on-year expansion in retail sales in the first quarter, while a 35.8% surge in exports contributed to a \$140.0 million trade surplus in March. Buoyed by higher international fuel and commodity costs, annual inflation increased by 0.5 of a percentage point to 5.4% in March—its highest level in 32-months. To curb overheating pressures, the People's Bank of China increased its reserve requirement ratio by 50 basis points for the third time since the start of the year and raised both the one-year benchmark deposit and lending rates, by 25 basis points, for the fourth time since October of 2010.

Reflecting the adverse effects of the devastating earthquake in March and the ongoing challenges with restoring electric power and other key infrastructure, industrial production in Japan fell by 15.3% in March,

month on month, as vehicle sales plunged by 37.0%. This contributed to a sharp 78.9% contraction in the trade surplus in March, on a yearly basis, to \$2.4 billion, as exports declined by 2.2%—the first time in 16 months—and higher costs for oil and iron ore contributed to an 11.9% rise in imports. To support the economic recovery after the natural disaster, the Bank of Japan left its key bank rate unchanged at 0.1% and increased its asset purchase programme by ¥5 trillion to ¥40 trillion. The Bank, in collaboration with the other central banks of the G-7, also intervened in the foreign exchange markets to stem the appreciation of the Yen.

Reflective of the ongoing political unrest in the Middle East and the recovery in world demand, the price of oil rose by 2.7% to \$115.16 per barrel in March. OPEC's crude oil production contracted by 63,000 barrels per day (bpd) to average 29.3 million bpd. Amid the heightened uncertainty in the global economy, gold prices advanced by 1.5% to \$1,432.30 per troy ounce, while the cost of silver moved higher by 11.1% to \$37.67 per troy ounce.

In equity markets, most of the major stock indices registered declines in March, due mainly to the negative impact of the Japanese earthquake. In the United States, the S&P 500 index declined marginally by 0.1%; however, the Dow Jones Industrial Average (DJIA) grew by 0.8%. Europe's bourses also registered losses, with the United Kingdom's FTSE 100, France's CAC 40 and Germany's DAX losing by 1.4%, 3.0% and 3.2%, respectively. In Asia, Japan's Nikkei 225 experienced increased volatility, closing the month 8.2% lower, while China's SE composite registered a marginal increase of 0.8%.

In foreign exchange markets, the United States dollar depreciated against most of the major currencies during the review month. The dollar weakened against the euro, by 2.5% to €0.7063, and also declined relative to the Canadian dollar, by 0.1%, and the Swiss Franc, by 1.1%, to CND\$0.9706 and CHF0.9191, respectively. Additionally, the dollar depreciated relative to the Chinese Yuan, by 0.4% to CNY6.5486. However, the dollar appreciated against the Japanese Yen, by 1.7% to ¥83.13, and strengthened vis-à-vis the British pound, by 1.4% to £0.6239.

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

During March, monetary developments featured a contraction in bank liquidity and a slowdown in the build-up in external reserves, reflecting increased advances to Government and a commercial bank's repatriation of excess capital. However, Government's receipt of stamp tax proceeds generated from the sale of a refinery company dominated the growth in both liquidity and external reserves during the first quarter.

#### **March 2011 vs. 2010**

During the month, both excess reserves and excess liquid assets contracted by \$6.8 million and \$12.7 million, vis-à-vis growth of \$10.8 million and \$8.1 million, respectively, a year earlier.

External reserve growth slowed by \$9.5 million to \$6.1 million, as the Bank's net purchase of foreign currency fell by over 50.0% to \$4.8 million. Specifically, the net sale of foreign currency to facilitate a bank's repatriation of excess capital proceeds resulted in a reduction in the net purchase from commercial banks, by \$19.1 million to \$16.9 million. Similarly, commercial banks' net purchase from their customers fell by \$16.0 million to \$20.7 million. However, the Bank's net sale to the public sector, mainly related to fuel and interest payments, was reduced by more than half to \$12.1 million from \$25.1 million in 2010.

The expansion in Bahamian dollar credit slackened by \$32.2 million to \$14.7 million, as net credit to the Government grew by a reduced \$9.5 million relative to \$57.4 million a year earlier. In contrast, private sector credit increased marginally by \$0.7 million, a turnaround from a \$14.6 million decrease in the previous year. Underpinning this outcome was an \$8.1 million expansion in mortgages, a reversal from last year's \$19.5 million contraction. In a modest offset, consumer credit declined by \$3.0 million in contrast to an expansion of \$8.2 million in 2010, while commercial and other loans registered a higher net repayment of \$4.4 million relative to \$3.2 million a year ago. Banks' net claims on the rest of the public sector increased marginally by \$0.3 million to \$4.5 million.

Given persistent weakness in employment and domestic demand conditions banks' credit quality indicators deteriorated slightly over the review month. Total private sector loan arrears grew by \$8.0 million (0.7%) to \$1,139.6 million, although below the \$14.6 million (1.4%) expansion of last year. The corresponding ratio of arrears to total loans firmed by 6 basis points to 18.3%, a slowdown from the 20 basis point increase in 2010. In terms of the average age of delinquencies, arrears in the short-term (31-90 day) segment expanded by \$9.2 million (2.0%) to \$472.7 million, resulting in the relevant ratio widening by 12 basis points to 7.6%. In contrast, non-performing loans—arrears over 90 days and on which banks have stopped accruing interest—softened by \$1.3 million (0.2%) to \$667.0 million, and the corresponding ratio fell by 6 basis points to 10.7%.

The growth in total arrears reflected a \$16.3 million (6.6%) rise in the commercial segment to \$265.5 million, and a \$15.3 million (2.6%) increase in the mortgage component to \$614.4 million, which offset the \$23.7 million (8.4%) reduction in consumer arrears to \$259.7 million. The rise in commercial delinquencies was led by a \$16.2 million (30.1%) elevation in the 31–90 days category and a \$0.2 million (0.1%) growth in the non-performing segment. Accretions to mortgage arrears reflected a \$10.7 million (3.7%) increase in short-term delinquencies and a \$4.6 million (1.5%) build-up in the non-performing component. In contrast, the decrease in consumer arrears was due to a \$17.6 million (14.3%) reduction in the short-term segment, combined with a \$6.0 million (3.8%) falloff in non-accrual loans.

During the month, banks reduced their loan loss provisions by \$2.6 million to \$263.3 million. As a result, the ratio of provisions to arrears fell by 40 basis points to 24.0% and the ratio of provisions to non-performing loans narrowed by 32 basis points to 41.0%. Banks wrote-off an additional \$11.2 million in loans, while recoveries amounted to \$2.2 million. For February—the latest month for which data is available—banks restructured an estimated \$24.8 million in private sector loans.

Domestic foreign currency credit contracted by \$3.9 million in March, following the \$1.8 million decrease in 2010. Reflective of this development, claims on the public sector fell by \$1.0 million, in contrast to a \$12.8 million accumulation a year earlier, while net credit to the Government decreased by \$0.9 million, a reversal from 2010's \$1.1 million growth. Further, private sector credit fell by \$1.9 million, following the previous year's \$15.7 million reduction.

Accruals to Bahamian dollar deposits were lower by \$10.5 million at \$28.8 million, as growth in both demand and fixed balances slowed. In particular, gains in both demand and fixed deposits were reduced by \$8.2 million and \$30.3 million to \$8.6 million and \$0.4 million, respectively. However, savings deposits advanced by \$19.8 million, reversing the year-earlier contraction of \$8.3 million.

In interest rate developments, the weighted average deposit rate narrowed by 21 basis points to 3.07%; with the highest rate of 6.00% offered on fixed deposit balances over 12 months. Conversely, the weighted average loan rate widened by 11 basis points to 11.39%.

### First Quarter 2011

During the first quarter of 2011, both liquidity and external reserves expanded, buoyed by net foreign currency inflows to the public sector related to business transactions and, to a lesser extent, real sector activities.

### Q1 2011 vs. 2010

The quarterly accretion to excess reserves accelerated more than five-fold, to \$103.9 million from \$21.7 million, and growth in excess liquid assets also strengthened to \$94.5 million from \$20.8 million in 2010.

External reserves advanced by \$119.9 million, a turnaround from the \$3.4 million contraction in 2010. Underlying this outturn was a reversal in the Bank's foreign currency transactions, to a net purchase of \$112.3 million from a year-earlier net sale of \$14.2 million. Specifically, the Bank's net purchase from commercial banks almost doubled to \$97.6 million, as they in turn, increased their net purchase from customers by 56.1% to \$111.4 million. Further, transactions with the public sector were reversed to a net purchase of \$14.7 million, from a net sale of \$63.6 million a year ago.

Bahamian dollar credit contracted by \$59.5 million—a turnaround from 2010's \$71.7 million build-up. Underlying this outcome was the Government's utilization of the proceeds from a number of extra-ordinary transactions to reduce its outstanding liabilities, by \$54.9 million, in contrast to a \$104.2 million expansion in net liabilities to commercial banks a year earlier. In addition, credit to the rest of the public sector fell marginally by \$0.3 million, versus a \$10.1 million gain in 2010. Claims on the private sector declined by \$4.1 million, a marked slowdown from a \$42.7 million downturn in the prior period, as commercial loans and mortgages advanced by \$15.5 million and \$13.5 million, in contrast to respective repayments of \$20.3 million and \$4.0 million in the previous period. However, amid continued softness in consumer credit conditions, loans in this category contracted by a further \$33.0 million, vis-a-vis \$18.4 million in 2010.

Amid sustained loan write-offs and the signs of recovery in the domestic economy, banks' asset quality indicators stabilised over the quarter. Loan arrears retreated by \$7.0 million (0.6%) to \$1,139.6 million and the relevant ratio softened by a modest 1 basis point to 18.3% of total loans. Underpinning this development was an abatement in the short-term 31-90 day segment, where loan arrears narrowed by \$23.2 million (4.7%) to \$472.7 million, with the relevant ratio decreasing by 33 basis points to 7.6%. In contrast, as the average age of arrears continued to lengthen, nonperforming loans rose by \$16.2 million (2.5%) to \$666.9 million, with the corresponding ratio firming by 32 basis points to 10.7% of total loans.

Regarding the main components, the decline in total arrears was due to a \$13.8 million (5.1%) contraction in the consumer segment to \$259.7 million, as the 31–90 day component decreased by \$14.5 million (12.1%), overturning the marginal \$0.7 million (0.4%) rise in non-performing loans. Mortgage delinquencies decreased by \$3.5 million (0.6%) to \$614.4 million, led by a \$15.5 million (5.0%) reduction in short-term delinquencies, which outstripped the \$12.0 million (4.0%) growth in arrears exceeding 90 days. Conversely, the commercial component rose by \$10.3 million (4.0%) to \$265.5 million, as both the short-term and non-performing categories advanced by \$6.8 million (10.8%) and \$3.5 million (1.8%), respectively.

With the reduction in arrears, banks augmented their loan loss provisions only slightly by \$0.6 million to \$273.2 million. As a result, the ratio of provisions to arrears advanced by 0.2 of a percentage point to 24.0%; however, with the build-up in non-performing loans, the relevant ratio to provisions narrowed by 0.9 of a percentage point to 41.0%.

Domestic foreign currency credit contracted by \$78.6 million over the review quarter, which was a turnaround from the \$24.3 million expansion in 2010. The outturn reflected a \$72.1 million reduction in private sector claims, vis-à-vis an \$11.8 million rise in 2010, as a tourism investment-led \$73.7 million net repayment in commercial and other “miscellaneous” loans, overshadowed the modest \$1.6 million upturn in mortgages. Claims on the public sector recorded a net repayment of \$7.4 million, following an \$8.5 million accumulation in the prior period. In contrast, growth in net credit to the Government eased to \$0.8 million from \$4.0 million.

During the quarter, accruals to Bahamian dollar deposits slowed by \$9.6 million to \$72.8 million, owing to a more than two-fold reduction in the build-up of fixed deposit balances to \$30.4 million from \$67.4 million. In contrast, the growth in both savings and demand balances accelerated by \$15.6 million and \$11.8 million, to \$25.1 million and \$17.3 million, respectively.

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

Indications are that the domestic economy will gain momentum in 2011, resulting in a moderate firming in real GDP growth. This improvement is expected to be derived from modest growth in both tourism activity and foreign investment-led construction output. As a consequence, short-term employment conditions are anticipated to improve in the construction and related sectors, with opportunities for more broad-based gains over the medium to long-term. Recent increases in fuel and other commodity prices are anticipated to add to domestic inflation during the year, especially energy related costs.

In the fiscal sector, increased revenues from a number of one-time tax-related transactions, are projected to favourably impact the Government’s deficit over the current fiscal year, with receipts from the sale of its 51% interest in the Bahamas Telecommunications Company providing the bulk of the financing requirements. However, prospects for a significant improvement in the deficit and national debt over the medium to long-term will depend significantly on the rate of growth in the domestic economy, as well as the effectiveness of Government’s measures to enhance revenues and restrain the growth in expenditures.

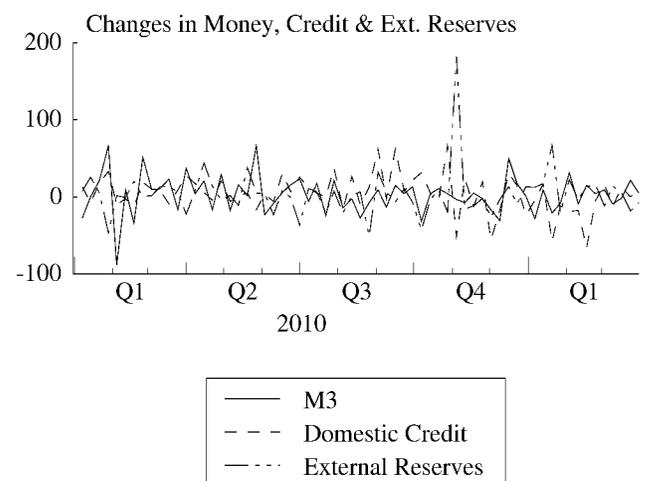
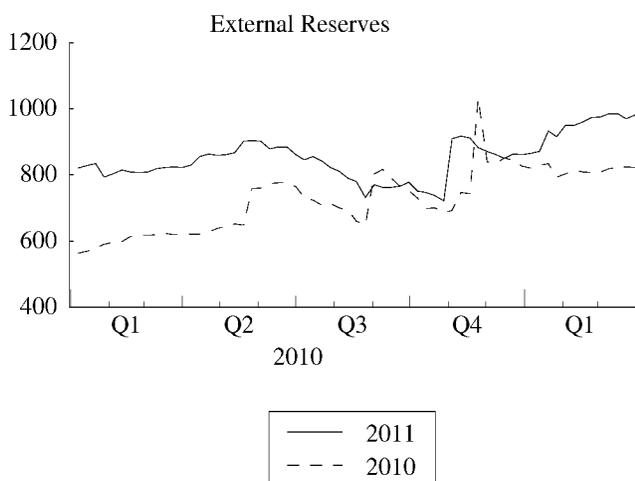
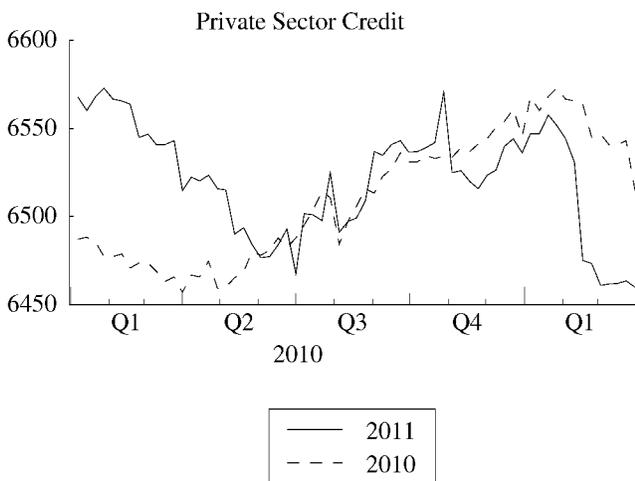
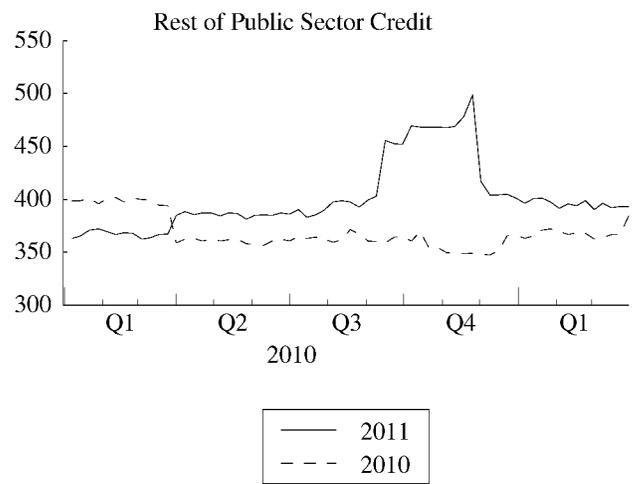
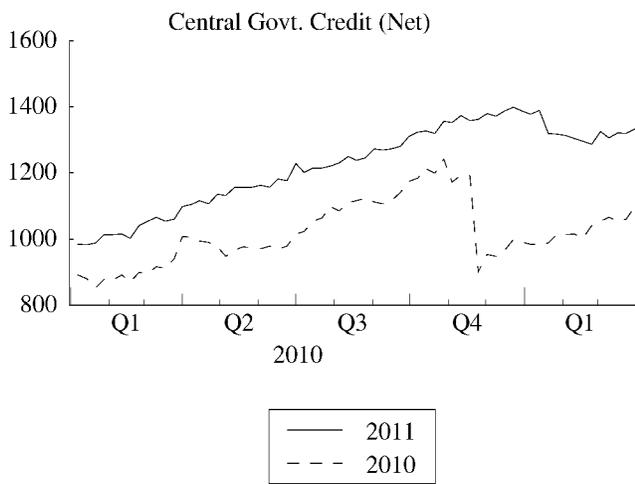
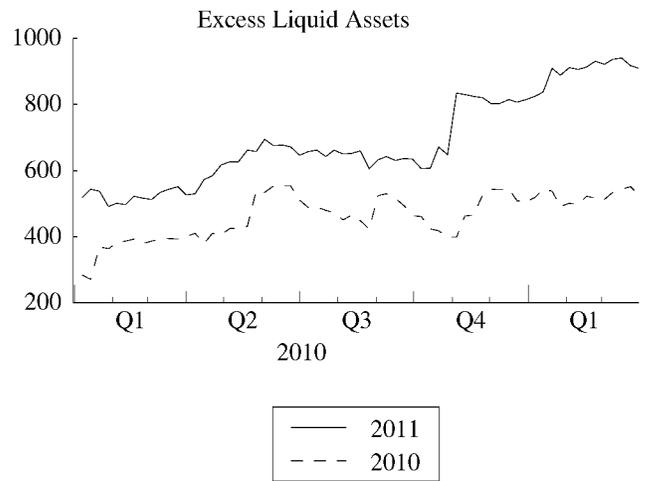
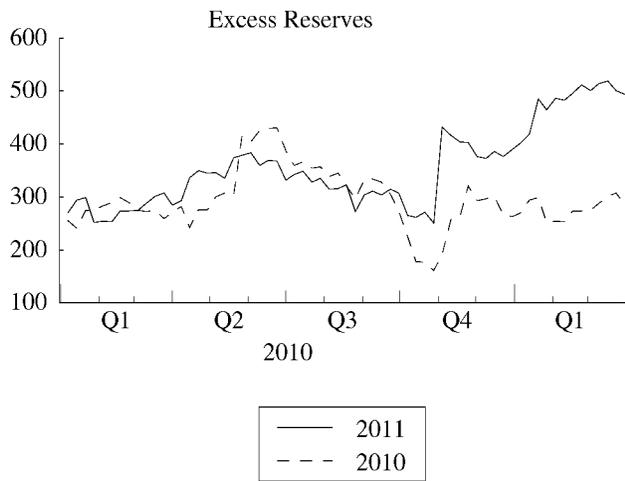
On the monetary front, both liquidity and external reserves are anticipated to remain buoyant over the year, supported by continued softness in consumer demand, as well as foreign currency receipts from real sector activities and one-off transactions.

# Recent Monetary and Credit Statistics

(B\$ Millions)

	<b>MARCH</b>					
	Value		Change		Change YTD	
	2010	2011	2010	2011	2010	2011
<b>1.0 LIQUIDITY &amp; FOREIGN ASSETS</b>						
1.1 Excess Reserves	283.84	493.38	10.84	-6.84	21.74	103.88
1.2 Excess Liquid Assets	524.70	907.77	8.13	-12.74	20.84	94.45
1.3 External Reserves	822.00	980.92	15.60	6.11	-3.37	119.88
1.4 Bank's Net Foreign Assets	-620.58	-650.99	11.29	-4.56	45.63	39.37
1.5 Usable Reserves	456.86	502.29	7.47	4.79	-2.00	67.89
<b>2.0 DOMESTIC CREDIT</b>						
<b>2.1 Private Sector</b>	<b>6,514.59</b>	<b>6,459.87</b>	<b>-30.28</b>	<b>-1.16</b>	<b>-30.84</b>	<b>-76.13</b>
a. B\$ Credit	6,077.06	6,137.09	-14.55	0.73	-42.67	-4.07
of which: Consumer Credit	2,154.30	2,099.83	8.15	-2.98	-18.42	-33.01
Mortgages	2,992.09	3,098.62	-19.50	8.07	-3.97	13.45
Commercial and Other Loans B\$	930.67	938.63	-3.20	-4.36	-20.29	15.49
b. F/C Credit	437.53	322.78	-15.73	-1.89	11.83	-72.06
of which: Mortgages	99.03	130.23	-0.37	0.71	3.09	1.61
Commercial and Other Loans F/C	338.50	192.55	-15.36	-2.60	8.74	-73.67
<b>2.2 Central Government (net)</b>	<b>1,098.48</b>	<b>1,332.40</b>	<b>58.49</b>	<b>8.51</b>	<b>108.18</b>	<b>-54.10</b>
a. B\$ Loans & Securities	1,242.34	1,409.66	44.03	26.57	75.50	-49.65
Less Deposits	146.13	144.68	-13.33	17.12	-28.70	5.28
b. F/C Loans & Securities	4.19	70.00	0.48	-0.03	0.48	0.00
Less Deposits	1.91	2.58	-0.65	0.91	-3.51	-0.83
<b>2.3 Rest of Public Sector</b>	<b>384.77</b>	<b>393.45</b>	<b>16.95</b>	<b>3.50</b>	<b>18.66</b>	<b>-7.67</b>
a. B\$ Credit	91.50	113.65	4.17	4.54	10.14	-0.29
b. F/C Credit	293.27	279.81	12.78	-1.04	8.51	-7.38
<b>2.4 Total Domestic Credit</b>	<b>7,997.90</b>	<b>8,185.75</b>	<b>45.15</b>	<b>10.86</b>	<b>95.98</b>	<b>-138.05</b>
a. B\$ Domestic Credit	7,264.82	7,515.74	46.96	14.72	71.66	-59.45
b. F/C Domestic Credit	733.08	670.01	-1.82	-3.87	24.32	-78.61
<b>3.0 DEPOSIT BASE</b>						
3.1 Demand Deposits	1,095.86	1,158.06	16.80	8.58	5.47	17.29
a. Central Bank	12.35	9.98	1.37	-0.16	-0.26	1.98
b. Banks	1,083.52	1,148.08	15.42	8.73	5.73	15.31
3.2 Savings Deposits	1,004.33	1,041.17	-8.30	19.81	9.53	25.09
3.3 Fixed Deposits	3,621.46	3,638.48	30.77	0.43	67.38	30.39
3.4 Total B\$ Deposits	5,721.65	5,837.71	39.27	28.82	82.38	72.77
3.5 F/C Deposits of Residents	208.81	201.52	13.00	-17.28	-8.02	-50.55
<b>3.6 M2</b>	<b>5,906.77</b>	<b>6,025.84</b>	<b>50.04</b>	<b>32.42</b>	<b>69.14</b>	<b>66.87</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>13.92</b>	<b>16.28</b>	<b>0.15</b>	<b>0.01</b>	<b>-0.22</b>	<b>1.83</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>116.22</b>	<b>105.71</b>	<b>-1.50</b>	<b>1.02</b>	<b>-1.91</b>	<b>2.09</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>112.52</b>	<b>102.25</b>	<b>-0.41</b>	<b>0.21</b>	<b>0.30</b>	<b>2.02</b>
	Value		Year to Date		Change	
	2010	2011	2010	2011	Month	YTD
<b>4.0 FOREIGN EXCHANGE TRANSACTIONS</b>						
<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>10.90</b>	<b>4.83</b>	<b>-14.16</b>	<b>112.31</b>	<b>-6.08</b>	<b>126.47</b>
a. Net Purchase/(Sale) from/to Banks	35.99	16.91	49.40	97.57	-19.08	48.17
i. Sales to Banks	0.00	22.20	60.63	58.31	22.20	-2.33
ii. Purchases from Banks	35.99	39.10	110.03	155.87	3.11	45.84
b. Net Purchase/(Sale) from/to Others	-25.09	-12.08	-63.56	14.74	13.01	78.29
i. Sales to Others	41.53	39.53	114.70	138.45	-2.00	23.75
ii. Purchases from Others	16.44	27.45	51.14	153.19	11.01	102.04
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>36.77</b>	<b>20.73</b>	<b>71.33</b>	<b>111.35</b>	<b>-16.04</b>	<b>40.02</b>
a. Sales to Customers	283.87	271.45	811.46	875.88	-12.42	64.43
b. Purchases from Customers	320.64	292.18	882.79	987.24	-28.45	104.45
<b>4.3 B\$ Position (change)</b>	<b>-19.07</b>	<b>-22.63</b>				
<b>5.0 EXCHANGE CONTROL SALES</b>						
<b>5.1 Current Items</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>of which Public Sector</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
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
<b>5.2 Capital Items</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>of which Public Sector</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>5.3 Bank Remittances</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

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



## Selected International Statistics

<b>A: Selected Macroeconomic Projections</b> (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>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
February 2009	5.25	2.00	0.50	0.00-0.25	1.00
March 2009	5.25	1.50	0.50	0.00-0.25	0.50
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

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	Mar-10	Feb-11	Mar-11	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.7402	0.7243	0.7063	-2.49	-5.45	-4.58
Yen	93.46	81.78	83.13	1.65	2.43	-11.05
Pound	0.6586	0.6151	0.6239	1.44	-2.59	-5.27
Canadian \$	1.0153	0.9716	0.9706	-0.10	-2.77	-4.40
Swiss Franc	1.0540	0.9289	0.9191	-1.06	-1.66	-12.80
Renminbi	6.8265	6.5716	6.5486	-0.35	-0.62	-4.07

*Source: Bloomberg as of March 31, 2011*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	March 2010	February 2011	March 2011	Mthly % Change	YTD % Change
Gold / Ounce	1113.25	1411.48	1432.30	1.48	0.81
Silver / Ounce	17.48	33.89	37.67	11.13	21.82
Oil / Barrel	81.26	112.17	115.16	2.67	23.18

*Source: Bloomberg as of March 31, 2011*

<b>E. Equity Market Valuations – March 31, 2011 (% chg)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	0.57	0.76	-0.10	-1.42	-2.95	-3.18	-8.18	0.79
3 month	-1.74	6.41	5.42	0.15	4.85	1.84	-4.63	4.27
YTD	-1.74	6.41	5.42	0.15	4.85	1.84	-4.63	4.27
12-month	-7.72	13.48	13.37	4.03	0.38	14.43	-12.04	-5.82

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
o/n	0.18	0.45	0.78
1 Month	0.22	0.59	0.84
3 Month	0.30	0.82	1.26
6 Month	0.47	1.13	1.52
9 Month	0.63	1.38	1.78
1 year	0.80	1.60	1.99

*Source: Bloomberg as of March 31, 2011*

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

	VALUE												CHANGE											
	Feb. 02	Feb. 09	Feb. 16	Feb. 23	Mar. 02	Mar. 09	Mar. 16	Mar. 23	Mar. 30	Feb. 02	Feb. 09	Feb. 16	Feb. 23	Mar. 02	Mar. 09	Mar. 16	Mar. 23	Mar. 30						
<b>I. External Reserves</b>	949.26	950.43	959.36	973.40	974.82	985.25	985.04	968.58	980.92	34.91	1.17	8.93	14.04	1.42	10.43	-0.21	-16.45	12.34						
<b>II. Net Domestic Assets (A + B + C + D)</b>	-36.74	-48.78	-41.74	-42.42	-43.64	-50.43	-42.77	-46.26	-52.99	-7.12	-12.04	7.04	-0.68	-1.21	-6.80	7.66	-3.48	-6.73						
<b>A. Net Credit to Gov<sup>1</sup>(i + ii + iii - iv)</b>	260.84	254.54	246.20	245.86	249.53	247.45	247.78	247.69	242.85	0.36	-6.30	-8.34	-0.33	3.67	-2.08	0.33	-0.09	-4.85						
i) Advances	111.99	111.99	111.99	111.99	111.99	111.99	111.99	111.99	111.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
ii) Registered Stock	159.87	159.47	151.55	150.77	150.58	150.46	150.26	150.09	149.91	-0.05	-0.39	-7.92	-0.78	-0.19	-0.11	-0.20	-0.17	-0.18						
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	0.00	0.00						
iv) Deposits	11.02	16.92	17.34	16.90	13.04	15.00	14.46	14.39	19.06	-0.41	5.90	0.42	-0.44	-3.86	1.96	-0.53	-0.08	4.67						
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-3.00	-9.13	2.23	0.30	-4.58	-8.41	-1.32	-3.98	-4.43	-1.73	-6.13	11.36	-1.93	-4.88	-3.82	7.09	-2.66	-0.45						
i) BDB Loans	5.55	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	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	8.55	14.68	3.32	5.25	10.13	13.96	6.87	9.53	9.98	1.73	6.13	-11.36	1.93	4.88	3.82	-7.09	2.66	0.45						
<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>	-294.57	-294.19	-290.17	-288.58	-288.58	-289.48	-289.24	-289.97	-291.41	-5.75	0.38	4.02	1.59	0.00	-0.90	0.24	-0.74	-1.43						
<b>III. Monetary Base</b>	912.52	901.65	917.62	930.98	931.18	934.81	942.26	922.33	927.94	27.79	-10.88	15.97	13.36	0.20	3.64	7.45	-19.94	5.61						
A. Currency in Circulation	269.77	271.31	267.57	269.13	272.22	270.19	265.79	267.14	274.08	2.65	1.54	-3.74	1.56	3.09	-2.04	-4.40	1.35	6.94						
B. Bank Balances with CBOB	642.76	630.34	650.05	661.85	658.95	664.63	676.47	655.19	653.85	25.14	-12.42	19.71	11.80	-2.89	5.67	11.84	-21.28	-1.34						

\* 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		
	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	
<b>Fiscal Operations:</b>																									
1. Government Revenue & Grants	90.2	87.6	83.0	88.0	81.9	140.2	113.3	107.1	110.8	189.8	132.1	111.6	132.1	110.8	189.8	132.1	111.6	132.1	110.8	189.8	132.1	111.6	132.1	110.8	189.8
% change	-38.9%	-12.5%	3.2%	-5.4%	-6.8%	10.4%	38.2%	-5.5%	18.3%	77.2%	-30.4%	0.7%	-30.4%	18.3%	77.2%	-30.4%	0.7%	-30.4%	18.3%	77.2%	-30.4%	0.7%	-30.4%	18.3%	77.2%
2. Import/Excise Duties	53.6	41.3	42.1	45.7	45.4	40.6	49.2	38.8	43.0	37.5	41.8	43.2	41.8	43.0	37.5	41.8	43.2	41.8	43.0	37.5	41.8	43.2	41.8	43.0	37.5
% change	0.68%	-28.8%	-2.1%	7.3%	-2.9%	-5.6%	8.4%	-4.4%	10.8%	-25.7%	11.4%	0.4%	11.4%	10.8%	-25.7%	11.4%	0.4%	11.4%	10.8%	-25.7%	11.4%	0.4%	11.4%	10.8%	-25.7%
3. Recurrent Expenditure	115.1	110.2	95.8	103.1	117.7	119.8	123.4	108.6	115.4	122.2	121.5	111.5	121.5	115.4	122.2	121.5	111.5	121.5	115.4	122.2	121.5	111.5	121.5	115.4	122.2
% change	-30.8%	-14.0%	-16.7%	-6.4%	8.0%	1.8%	14.0%	-9.3%	6.5%	5.9%	-0.5%	-7.8%	-0.5%	6.5%	5.9%	-0.5%	-7.8%	-0.5%	6.5%	5.9%	-0.5%	-7.8%	-0.5%	6.5%	5.9%
4. Capital Expenditure	5.2	9.7	11.7	8.6	18.3	10.3	12.6	13.8	9.9	14.3	9.4	8.6	9.4	9.9	14.3	9.4	8.6	9.4	9.9	14.3	9.4	8.6	9.4	9.9	14.3
% change	-82.1%	-65.7%	127.8%	-53.6%	112.8%	-45.0%	31.7%	34.2%	-28.0%	18.0%	-34.3%	-13.2%	-34.3%	-28.0%	18.0%	-34.3%	-13.2%	-34.3%	-28.0%	18.0%	-34.3%	-13.2%	-34.3%	-28.0%	18.0%
5. Deficit/Surplus*	-21.2	-32.2	-25.2	-41.1	-62.6	4.3	-25.6	-37.5	-24.1	46.8	-2.0	-15.7	-2.0	-24.1	46.8	-2.0	-15.7	-2.0	-24.1	46.8	-2.0	-15.7	-2.0	-24.1	46.8
% change	-85.2%	159.5%	18.6%	-2.6%	-20.9%	116.0%	-110.0%	-97.0%	-9.6%	302.5%	-104.3%	-34.8%	-104.3%	-9.6%	302.5%	-104.3%	-34.8%	-104.3%	-9.6%	302.5%	-104.3%	-34.8%	-104.3%	-9.6%	302.5%

	YEAR TO DATE	
	2009	2010
(Over previous year)	851.2	895.3
	2.32%	5.18%
	348.7	360.7
	-8.23%	3.44%
	888.4	930.8
	0.39%	3.61%
	98.8	103.6
	33.67%	4.81%
	-216.9	-171.2
	20.23%	-2.10%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC		
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	
<b>Debt:</b>																									
6. Total Debt	3,320.4	3,704.8	3,304.4	3,704.8	3,303.5	3,703.3	3,303.5	3,703.3	3,303.5	3,703.3	3,303.5	3,703.3	3,303.5	3,703.3	3,303.5	3,703.3	3,303.5	3,703.3	3,303.5	3,703.3	3,303.5	3,703.3	3,303.5	3,703.3	
% change	0.0002%	0.0437%	-0.48%	0.00%	-0.03%	-0.04%	-0.03%	-0.04%	-0.03%	-0.04%	-0.03%	-0.04%	-0.03%	-0.04%	-0.03%	-0.04%	-0.03%	-0.04%	-0.03%	-0.04%	-0.03%	-0.04%	-0.03%	-0.04%	
7. External Debt	703.1	712.3	703.1	712.3	702.2	710.8	702.2	710.8	702.2	710.8	702.2	710.8	702.2	710.8	702.2	710.8	702.2	710.8	702.2	710.8	702.2	710.8	702.2	710.8	
% change	0.001%	0.228%	0.00%	0.00%	-0.13%	-0.21%	-0.13%	-0.21%	-0.13%	-0.21%	-0.13%	-0.21%	-0.13%	-0.21%	-0.13%	-0.21%	-0.13%	-0.21%	-0.13%	-0.21%	-0.13%	-0.21%	-0.13%	-0.21%	
8. Internal F/C Debt	1.8	70.0	1.8	70.0	1.8	70.0	1.8	70.0	1.8	70.0	1.8	70.0	1.8	70.0	1.8	70.0	1.8	70.0	1.8	70.0	1.8	70.0	1.8	70.0	
% change	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%	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	2,599.5	2,922.5	2,599.5	2,922.5	2,599.5	2,922.5	2,599.5	2,922.5	2,599.5	2,922.5	2,599.5	2,922.5	2,599.5	2,922.5	2,599.5	2,922.5	2,599.5	2,922.5	
% change	0.00%	0.00%	-0.61%	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%	0.00%	0.00%	0.00%	
10. Total Amortization	0.1	0.2	16.0	0.0	0.9	1.5	0.9	1.5	0.9	1.5	0.9	1.5	0.9	1.5	0.9	1.5	0.9	1.5	0.9	1.5	0.9	1.5	0.9	1.5	
% change	847.2%	2312.7%	1491.2%	-100.0%	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%	0.00%	0.00%	

	YEAR TO DATE	
	2009	2010
11. Total Public Sector F/C Debt	1,186.5	1,387.3
	-0.20%	18.04%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC		
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	
<b>Real Sector Indicators</b>																									
12. Retail Price Index	101.0	99.9	99.3	101.3	101.2	99.5	99.6	97.7	100.6	101.9	100.6	100.6	101.4	99.6	101.3	100.2	101.4	99.4	100.8	99.6	100.7	98.7	100.4	100.4	
% change; over previous month	-18.6%	2.48%	-1.6%	1.40%	1.34%	-1.4%	-1.4%	-1.8%	0.9%	1.2%	0.9%	0.9%	1.2%	1.9%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	
13. Tourist arrivals (000's)	410.8	424.0	389.2	419.2	469.2	384.5	425.7	379.2	428.9	461.4	366.8	366.8	304.1	254.8	430.6	430.6	304.1	320.3	410.5	410.5	466.5	461.7	467.0		
% change; over previous year	10.2%	3.2%	-8.2%	7.7%	13.1%	-18.1%	10.7%	-10.9%	13.1%	19.4%	-20.5%	-20.5%	19.3%	-40.8%	17.4%	17.4%	19.3%	5.3%	28.2%	0.0%	13.6%	-1.0%	1.1%		
14. Air arrivals (000's)	90.0	91.7	103.1	103.0	125.0	113.5	113.1	119.9	129.5	139.4	103.1	103.1	139.4	130.2	50.7	108.9	55.7	73.6	76.4	90.2	93.9	113.4	107.2		
% change; over previous year	-18.4%	1.89%	12.4%	-0.05%	4.99%	-9.2%	-0.4%	6.0%	8.0%	7.1%	0.0%	7.1%	0.5%	-55.4%	5.6%	5.6%	9.9%	32.1%	3.8%	18.1%	4.1%	20.8%	-5.5%		
15. Occupied Room Nights																									
% change; over previous year																									

	YEAR TO DATE	
	2009	2010
16. Res. Mortgage Commitments-New Const.	160.31	119.22
% change; over previous qtr.	-13.5%	-25.6%

\* 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.