



## **Monthly Economic and Financial Developments December 2010**

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: February 28, April 4, May 2, May 30, July 4, August 8, August 29, October 3, October 31, November 28, December 19.

# Monthly Economic and Financial Developments

## December 2010

### *1. Domestic Economic Developments*

Domestic economic conditions maintained a stable path during the month of December, amid the slow recovery in the global economy, which supported modest improvement in the main tourism sector. However, output in the construction industry remained weak, given subdued levels of foreign investments and domestic private sector projects. In this context, there appears to be little change in employment conditions and the Government's overall deficit widened over the first five months of fiscal year 2010/11. Monetary developments showed a modest build-up in bank liquidity, while seasonal demand factors resulted in a slight contraction in external reserves.

Tourism sector output improved steadily over the recent ten-month period. Total visitors grew by 14.4% to 4.3 million, extending the 5.4% hike of 2009. The outcome was dominated by an 18.2% rise in sea traffic and a 4.3% rebound in the high value-added air segment. Disaggregated by port of entry, arrivals to New Providence rose by 8.3%, supported by respective gains of 4.1% and 10.8% in the air and sea components. The 41.4% expansion in visitors to Grand Bahama was attributed entirely to the 55.1% hike in cruise visitors, which overturned the 6.9% contraction in air traffic. Visitors to the Family Islands firmed by 14.9%, benefitting from double digit growth in both the air and sea segments, of 13.5% and 15.1%, respectively.

Data from a sample of hotels in New Providence and Paradise Island reported total revenues rising by 6.2% year-on-year. Average occupancy rates increased by 1.7 percentage points to 62.6%, and the average daily room rate rose by 1.9% to \$231.96.

Government's budgetary operations for the initial five months of FY2010/11 showed a deterioration in the overall deficit, by \$59.1 million (42.4%) to \$198.6 million, over the corresponding period a year earlier, as the falloff in aggregate revenue outpaced the marginal reduction in total spending. Aggregate receipts contracted by \$75.1 million (14.0%) to \$460.3 million, led by a \$63.0 million decline in non-tax revenues, owing mainly to a \$65.5 million (77.1%) decrease in income from "miscellaneous" sources to trend levels, following the one-time receipt of significant revenues from the sale of a local entity in the prior period. Tax collections also decreased by \$16.5 million (4.9%), as stamp taxes related to property sales and other "miscellaneous" taxes fell by \$25.9 million and \$17.7 million, respectively. The \$16.0 million (2.4%) decline in total expenditures to \$658.9 million was explained by a \$31.2 million (61.1%) contraction in net lending. Current expenditures firmed by \$14.1 million (2.5%), associated with increases in transfer payments (4.4%) and purchases of goods & services (10.7%); while capital spending rose by \$1.1 million, as a \$12.9 million hike in the acquisition of assets, related to land purchases from an oil company, eclipsed a \$10.5 million decrease in outlays for infrastructure works.

### *2. International Developments*

The recovery in the global economy—although unbalanced—was sustained in December, as Asian economies continued to be powered by buoyant exports. However, elevated unemployment levels, modest income growth and tight credit continued to constrain real output expansion in the United States and Western Europe.

The United States economy exhibited a strengthening trend, with growth in real GDP advancing to 3.2% in the fourth quarter from 2.6% in the previous period, amid higher consumer spending and exports. Consequently, non-farm payrolls rose by 103,000 in December, resulting in a 0.4 percentage point softening in the unemployment rate to 9.4%. In addition, the latest trade data for November showed a marginal \$0.1 billion narrowing in the trade deficit to \$38.3 billion, as gains in exports offset the rise in imports. Consumer price inflation remained relatively benign, rising by 0.5% in December, following a 0.1% advance in the prior month, mainly reflecting the seasonal increase in fuel prices. However, softness in the housing market remained, with the number of building permits issued, housing starts and completions falling by 6.8%, 8.2% and 22.2%, respectively, compared to a year ago. The number of foreclosure filings rose by an estimated 2.2% to \$2.9 million in 2010. On the monetary front, in an effort to promote a stronger pace of recovery, the Federal Reserve maintained its accommodative monetary policy stance.

In Europe, indications are that economic developments were mixed during the review period. Real GDP in the United Kingdom fell by 0.5% during the fourth quarter, compared to growth of 0.7% in the previous period. The decline reflected mainly lower contributions from business services and distribution. Further, adverse weather conditions resulted in a 0.8% contraction in total retail sales in December over the previous month. However, business investment rose by 3.1% in the third quarter relative to the previous three-month period, supported by growth in private sector non-manufacturing investment. The trade deficit widened by £0.1 billion to £4.1 billion in November, as the rise in goods imports outweighed gains in exports. The economic environment in the euro area remained subdued, amid sustained concerns over the sustainability of several economies' fiscal positions. With regard to the real sector, the volume of retail trade declined by 0.8% in November, after stabilizing in the previous month; however, the gains in industrial production expanded to 1.2% from 0.7% in October. The trade surplus narrowed by €3.7 billion to €0.4 billion in November, due to the growth in imports. Given the softness in consumer demand, monthly inflation firmed slightly by 0.3 of a percentage point to 2.2% in December, mainly reflecting higher prices for transportation, housing and food & tobacco; while the unemployment rate was unchanged at 10.1% in November. In terms of monetary policy, both the Bank of England and the European Central Bank held their benchmark rates stable in December.

The robust economic growth momentum was maintained in the Asian economies during the review period. Buoyed by a surge in exports and foreign investment activity, the Chinese economy expanded by 9.8% in the fourth quarter, for an annual growth rate of 10.3% for 2010. In December, consumer confidence firmed by 0.1 of a percentage point to 85.92 points; while on a yearly basis, the trade surplus advanced by 21.4% to \$13.1 billion in December, with export growth outpacing the advance in imports. Economic activity in Japan remained sluggish, as output firmed by 1.1% in the third quarter, following a 0.7% expansion in the prior three-month period. In addition, the deflationary environment persisted during November, with average consumer prices falling by 0.3%, owing mainly to lower prices for food, recreation and utilities; while the unemployment rate steadied at 5.1%. Due to the differing economic conditions, contrasting monetary policy measures were pursued by the two countries' central banks. In China, the central bank increased its one-year lending and deposit policy rates by 25 basis points each, to 5.81% and 2.75%, respectively, in an attempt to curb inflation. In contrast, the Bank of Japan left its key bank rate unchanged at near zero and commenced its ¥35 trillion asset purchase programme to stimulate the economy.

Reflective of the seasonal increase in demand and a decline in the value of the US dollar, oil prices maintained their upward trajectory, advancing by 8.1% to \$93.49 per barrel in December. Precious metal prices grew during the review month, with the cost of gold rising by 2.5% to \$1,420.78 per troy ounce; while silver prices rose by 10.1% to \$30.92 per troy ounce.

In December, nearly all of the major indices registered broad-based gains, reflecting increased investor confidence regarding the global economic recovery. In the United States, the Dow Jones Industrial Average and the S&P 500 index rose by 5.2% and 6.5%, respectively. Regarding European markets, the United Kingdom's FTSE 100 grew by 6.7%, France's CAC 40, by 5.4% and Germany's DAX, by 5.4%. In Asian, Japan's Nikkei 225 advanced by 2.9%; however, China's SE composite declined by 0.4%.

In foreign currency markets, the United States dollar depreciated relative to all of the major currencies. The dollar weakened against the euro and the British Pound, by 3.0% and 0.3%, to €0.7470 and £0.6405, respectively. The dollar also softened relative to the Canadian dollar by 2.7% to CND\$0.9983, the Swiss Franc, by 6.9% to CHF0.9346, the Japanese Yen, by 3.0% to ¥81.16 and vis-a-vis the Chinese Yuan, by 1.2% to CNY6.5897.

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

In December, money and credit trends featured a build-up in bank liquidity, mainly attributed to Government's domestic borrowing activities. In contrast, external reserves contracted, reflecting the traditional increase in foreign currency demand during the holiday season.

#### **December 2010 vs. 2009**

During the month, banks' excess reserves expanded by \$13.8 million, reversing 2009's decline of \$30.9 million. Similarly, excess liquid assets rose by \$10.7 million, a turnaround from the previous year's \$38.2 million contraction.

The reduction in external reserves slowed by \$3.7 million to \$9.9 million, as the Central Bank's net sale of foreign currency to the public sector—mainly for fuel payments—lessened by \$15.2 million to \$10.6 million. In contrast, the Bank's foreign currency transactions with the commercial banks reversed to a net sale of \$0.8 million from a net purchase of \$9.7 million in 2009, as banks' facilitated growth in their net sale to customers, of \$8.5 million to \$8.9 million.

Bahamian dollar credit growth slackened by \$15.5 million (29.5%) to \$37.1 million in December, as the net claim on Government advanced more modestly, by \$8.2 million compared to \$41.2 million a year earlier. The gain in credit to the rest of the public sector, at \$3.7 million, was less than 2009's \$5.8 million. In contrast, accretions to private sector credit firmed by \$19.5 million to \$25.1 million, as growth in mortgages was higher by \$6.2 million at \$15.7 million, while consumer and commercial credit registered gains of \$6.0 million and \$3.5 million, compared to respective declines of \$1.1 million and \$2.7 million in 2009.

Banks' credit quality indicators showed moderate improvement during December, reflecting, in part, increased write-offs of delinquent loans. Total private sector loan arrears fell by \$22.7 million (1.9%) to \$1,146.7 million, with the relevant arrears ratio decreasing by 33 basis points to 18.3%. Delinquencies in the short-term segment contracted by \$25.0 million (4.8%) to \$495.9 million, for a 39 basis point narrowing in the corresponding ratio to 7.9%. In contrast, non-performing loans—arrears in excess of 90 days and on which banks have ceased acquiring interest—grew by \$2.4 million (0.4%) to \$650.7 million, resulting in a 5 basis point firming in the relevant ratio to 10.4%.

With regard to the main components, the reduction in total arrears was linked to a \$25.9 million (9.2%) decline in commercial delinquencies to \$255.3 million, led by a \$23.2 million (26.9%) contraction in the 31-90 day category and a modest \$2.7 million (1.4%) fall in the non-performing component. In addition,

consumer loan arrears decreased by \$6.1 million (2.2%) to \$273.5 million, as short-term delinquencies and the 91 days and over category moved lower by \$3.7 million (3.0%) and \$2.4 million (1.6%), respectively. In contrast, mortgage delinquencies rose by \$9.4 million (1.5%) to \$617.9 million, due to gains in both the 31-90 day and non-performing categories, of \$1.9 million (0.6%) and \$7.5 million (2.5%), respectively.

Banks decreased their loan loss provisions by \$6.4 million (2.4%) to \$259.7 million, which resulted in the ratio of provisions to arrears and non-performing loans softening by 0.1 and 1.1 percentage points to 22.7% and 39.9%, respectively. Banks also wrote-off an estimated \$6.0 million in loans from their portfolios, while recoveries totalled \$3.3 million. For November—the latest month for which data is available—banks restructured an estimated \$7.9 million in private sector loans.

During the review month, domestic foreign currency credit contracted by \$32.8 million, following a \$7.7 million expansion in the previous year, as claims on the public corporations fell by \$19.3 million, in contrast to an increase of \$11.6 million in 2009. In addition, credit to the private sector and net claim on the Government contracted by \$12.4 million and \$1.1 million, relative to declines of \$0.3 million and \$3.6 million a year-earlier.

Total Bahamian dollar deposits grew by \$10.0 million, significantly below the previous year's accumulation of \$62.9 million. In particular, accretions to demand and fixed deposits tapered to \$5.9 million and \$0.8 million from \$18.0 million and \$44.9 million, respectively. However, savings balances firmed by \$3.3 million, a turnaround from a slight \$0.1 million falloff in 2009.

In interest rate developments, the weighted average deposit rate narrowed by 15 basis points to 3.21%, with the highest rate of 6.25% offered on fixed balances over 1–3 months. Similarly, the weighted average loan rate softened by 34 basis points to 11.18%.

### January – December 2010

For 2010, both liquidity and external reserves expanded, buoyed by receipts from the foreign exchange earning sectors, as well as several one-off transactions. As a result, excess reserves expanded by \$127.4 million, extending last year's increase of \$54.8 million; and accretions to excess liquid assets advanced by \$67.6 million to \$309.5 million.

Growth in external reserves slowed significantly to \$35.8 million from \$262.6 million in 2009, when Government's external borrowings and the receipt of \$178.7 million in Special Drawing Rights (SDRs) from the IMF boosted balances. In terms of foreign currency transactions, the Central Bank's net purchase receded by \$35.9 million to \$26.4 million, as import payments—mainly related to fuel—and lower levels of Government borrowings led to a net sale of \$209.4 million to the public sector, in contrast to a net purchase of \$26.2 million in 2009. In a major offset, significant receipts from a one-time transaction buoyed the acceleration in the Bank's net intake from commercial banks, by \$199.7 million to \$235.8 million, reflecting a similar increase in their net purchase from customers.

Reflecting mainly increased claims on the public sector, Bahamian dollar credit growth more than doubled to \$378.0 million from \$151.4 million in 2009. Specifically, heightened domestic financing elevated banks' net claim on the Government, by \$327.9 million vis-à-vis \$95.2 million a year-earlier. Credit to the rest of the public sector also firmed by \$32.6 million, compared to a \$3.5 million repayment in the prior year. Reflecting sustained weak demand conditions, private sector credit growth slackened by 70.9% (\$42.5 million) to \$17.4 million. In terms of the main categories, consumer and commercial loans fell further by

\$39.9 million and \$33.4 million, after contracting by \$42.2 million and \$18.1 million, respectively, in 2009; while mortgage growth slowed by an additional \$29.6 million to \$90.7 million.

Amid the challenging business conditions and high unemployment levels, banks' credit quality indicators worsened over the year. Total private sector loan arrears rose by \$56.6 million (5.2%) to \$1,146.7 million, with the relevant ratio of arrears to total loans firming by 0.7 of a percentage point to 18.3%. As the average age of loan delinquencies continued to lengthen, all of the increase in arrears was noted in the non-performing component, which rose by \$74.3 million (12.9%) to \$650.7 million, resulting in a 1.1 percentage point ratcheting up of the relevant ratio to 10.4%. Conversely, arrears in the 31-90 day category fell by \$17.8 million (3.5%) to \$495.9 million, with the corresponding ratio declining by 0.4 of a percentage point to 7.9%.

The expansion in total arrears was concentrated in the mortgage component, with arrears advancing by \$86.4 million (16.3%) to \$617.9 million; the 31-90 day segment firmed by \$22.7 million (7.8%) and the non-performing component grew robustly by \$63.8 million (26.4%). Commercial delinquencies moved higher by \$19.7 million (8.3%) to \$255.3 million, due entirely to a \$30.8 million (19.0%) expansion in the non-performing segment, as short-term arrears decreased by \$11.1 million (15.0%). In contrast, consumer arrears fell by \$49.5 million (15.3%) to \$273.5 million, reflecting reductions in both the 31-90 day and non-performing segments, of \$29.4 million (19.7%) and \$20.2 million (11.6%), respectively.

Despite the deterioration in arrears, the \$46.1 million increase in banks' provisions to \$259.7 million resulted in the ratio of provisions to arrears rising by 3.1 percentage points to 22.7%; while the corresponding non-performing loan ratio firmed by 2.9 percentage points to 39.9%.

Domestic foreign currency credit rebounded by \$39.9 million, reversing the previous year's \$49.7 million net repayment. This outturn reflected a \$68.3 million gain in net credit to the Government, in contrast to a \$3.9 million downturn in 2009. Claims on the rest of the public sector grew by \$2.4 million, a reversal from a net repayment of \$32.2 million a year earlier. Conversely, credit to the private sector declined by \$30.9 million, extending last year's \$13.7 million falloff.

In the context of slow private sector credit activity, which contributed to a build up in liquidity, Bahamian dollar deposit growth quickened by 19.2% (\$20.3 million) to \$125.7 million over 2009, buoyed by a \$50.4 million gain in demand deposits compared to a \$9.0 million increase in 2009. Similarly, savings balances were reversed from a \$25.2 million decline in 2009 to a \$21.3 million expansion in 2010. In a modest offset, gains in fixed deposits tapered by \$67.7 million to \$54.0 million.

### ***Outlook and Policy Implications***

Based on available indicators, the recovery in the domestic economy is expected to gain momentum in 2011, as the improvement in the world market supports growth in tourism output; while a number of varied-scale foreign investment projects are poised to promote activity in the construction sector. The pace and scope of improvement in the key foreign exchange earning sectors is expected to positively impact the recovery in domestic business and employment conditions. With regard to price developments, despite the recent uptrend in international oil prices, consumer price inflation is projected to remain relatively modest for the near-term.

In fiscal developments, some improvement in the deficit and relevant debt-to-GDP ratios is probable in the medium term, linked to the more positive outlook for the pace of the economic recovery and Government's ongoing revenue enhancement initiatives.

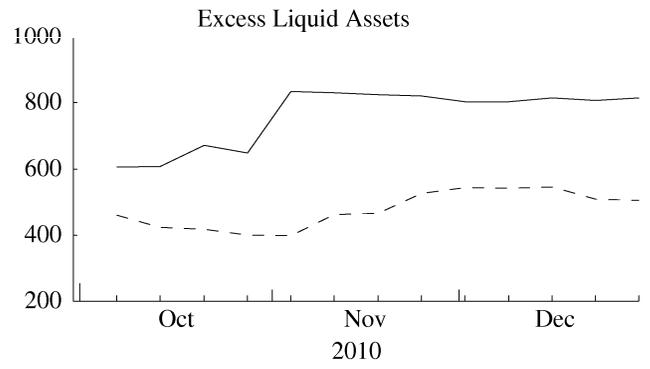
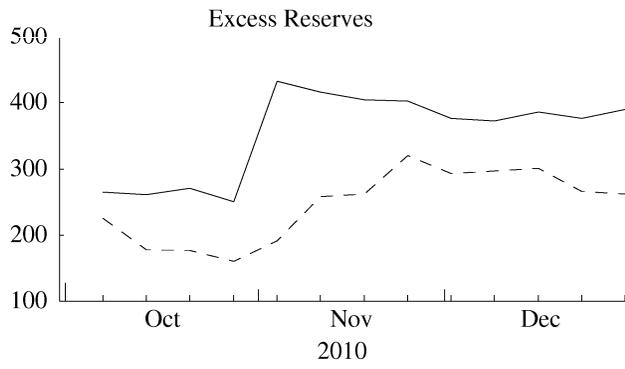
On the monetary side, both liquidity and external reserves are anticipated to remain above international benchmarks in the near-term, supported by inflows from the tourism sector, foreign investment activities and subdued consumer demand conditions.

# Recent Monetary and Credit Statistics

(B\$ Millions)

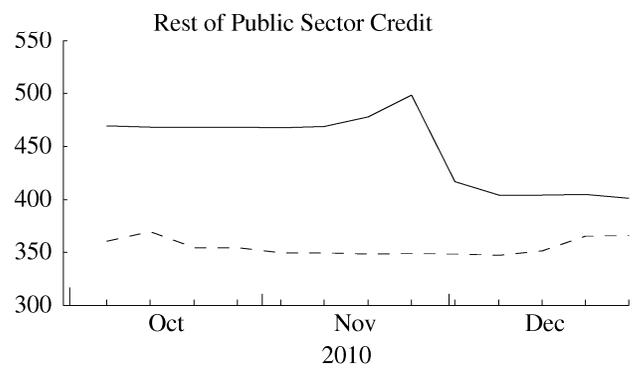
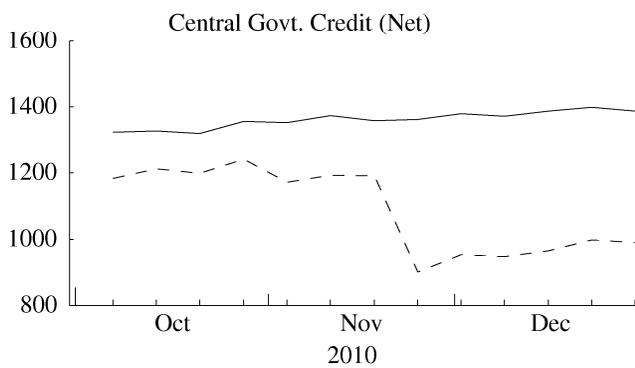
	<b>DECEMBER</b>					
	<b>Value</b>		<b>Change</b>		<b>Change YTD</b>	
	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
<b>1.0 LIQUIDITY &amp; FOREIGN ASSETS</b>						
1.1 Excess Reserves	262.10	389.50	-30.94	13.82	54.79	127.40
1.2 Excess Liquid Assets	503.86	813.32	-38.23	10.66	241.91	309.46
1.3 External Reserves	825.37	861.05	-13.56	-10.00	262.64	35.67
1.4 Bank's Net Foreign Assets	-670.21	-690.36	-15.11	40.14	51.60	-20.14
1.5 Usable Reserves	458.86	434.41	-5.06	-20.53	225.28	-24.46
<b>2.0 DOMESTIC CREDIT</b>						
<b>2.1 Private Sector</b>	<b>6,549.43</b>	<b>6,536.00</b>	<b>5.33</b>	<b>12.77</b>	<b>46.28</b>	<b>-13.44</b>
a. B\$ Credit	6,123.73	6,141.16	5.63	25.11	59.94	17.43
of which: Consumer Credit	2,172.71	2,132.84	-1.12	5.97	-42.21	-39.87
Mortgages	2,994.49	3,085.18	9.48	15.65	120.25	90.69
Commercial and Other Loans B\$	956.52	923.14	-2.73	3.50	-18.09	-33.38
b. F/C Credit	425.71	394.84	-0.30	-12.35	-13.67	-30.87
of which: Mortgages	95.94	128.61	0.35	1.30	10.61	32.67
Commercial and Other Loans F/C	329.76	266.23	-0.65	-13.65	-24.28	-63.54
<b>2.2 Central Government (net)</b>	<b>990.31</b>	<b>1,386.50</b>	<b>37.67</b>	<b>7.10</b>	<b>91.35</b>	<b>396.19</b>
a. B\$ Loans & Securities	1,166.85	1,459.31	50.54	15.65	133.61	292.46
Less Deposits	174.83	139.40	9.33	7.48	38.42	-35.43
b. F/C Loans & Securities	3.71	70.00	0.00	0.00	-0.20	66.29
Less Deposits	5.42	3.41	3.55	1.07	3.65	-2.01
<b>2.3 Rest of Public Sector</b>	<b>366.12</b>	<b>401.12</b>	<b>17.36</b>	<b>-15.66</b>	<b>-35.72</b>	<b>35.01</b>
a. B\$ Credit	81.36	113.94	5.77	3.67	-3.51	32.58
b. F/C Credit	284.76	287.18	11.59	-19.33	-32.21	2.43
<b>2.4 Total Domestic Credit</b>	<b>7,905.92</b>	<b>8,323.81</b>	<b>60.35</b>	<b>4.35</b>	<b>101.67</b>	<b>417.89</b>
a. B\$ Domestic Credit	7,197.17	7,575.19	52.62	37.10	151.39	378.03
b. F/C Domestic Credit	708.75	748.61	7.73	-32.75	-49.72	39.86
<b>3.0 DEPOSIT BASE</b>						
3.1 Demand Deposits	1,090.39	1,140.77	18.01	5.94	8.95	50.39
a. Central Bank	12.61	8.00	-3.71	1.05	3.66	-4.61
b. Banks	1,077.78	1,132.78	21.72	4.88	5.29	55.00
3.2 Savings Deposits	994.81	1,016.07	-0.06	3.32	-25.22	21.27
3.3 Fixed Deposits	3,554.08	3,608.09	44.92	0.77	121.69	54.01
3.4 Total B\$ Deposits	5,639.27	5,764.94	62.88	10.03	105.41	125.66
3.5 F/C Deposits of Residents	216.83	252.07	1.53	22.10	47.85	35.24
<b>3.6 M2</b>	<b>5,837.62</b>	<b>5,958.97</b>	<b>74.75</b>	<b>14.14</b>	<b>97.96</b>	<b>121.35</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>14.14</b>	<b>14.45</b>	<b>-0.42</b>	<b>-0.20</b>	<b>4.33</b>	<b>0.31</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>118.13</b>	<b>103.62</b>	<b>1.25</b>	<b>-3.64</b>	<b>30.88</b>	<b>-14.51</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>112.22</b>	<b>100.23</b>	<b>0.58</b>	<b>-3.26</b>	<b>26.93</b>	<b>-12.00</b>
	<b>Value</b>		<b>Year to Date</b>		<b>Change</b>	
	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>Month</b>	<b>YTD</b>
<b>4.0 FOREIGN EXCHANGE TRANSACTIONS</b>						
<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>-16.15</b>	<b>-11.39</b>	<b>62.34</b>	<b>26.42</b>	<b>4.76</b>	<b>-35.91</b>
a. Net Purchase/(Sale) from/to Banks	9.66	-0.78	36.17	235.82	-10.44	199.65
i. Sales to Banks	14.50	21.75	272.60	351.85	7.25	79.25
ii. Purchases from Banks	24.16	20.97	308.77	587.67	-3.19	278.90
b. Net Purchase/(Sale) from/to Others	-25.81	-10.61	26.17	-209.40	15.21	-235.56
i. Sales to Others	44.06	32.85	725.36	529.70	-11.22	-195.67
ii. Purchases from Others	18.25	22.24	751.53	320.30	3.99	-431.23
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>-0.42</b>	<b>-8.94</b>	<b>26.38</b>	<b>239.24</b>	<b>-8.51</b>	<b>212.86</b>
a. Sales to Customers	387.23	301.42	4,083.61	3,513.17	-85.81	-570.44
b. Purchases from Customers	386.81	292.48	4,109.98	3,752.40	-94.33	-357.58
<b>4.3 B\$ Position (change)</b>	<b>2.84</b>	<b>-8.84</b>				
<b>5.0 EXCHANGE CONTROL SALES</b>						
<b>5.1 Current Items</b>	<b>0.00</b>	<b>0.00</b>	<b>2,384.80</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>380.44</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
a. Nonoil Imports	0.00	0.00	943.12	0.00	0.00	0.00
b. Oil Imports	0.00	0.00	259.76	0.00	0.00	0.00
c. Travel	0.00	0.00	153.58	0.00	0.00	0.00
d. Factor Income	0.00	0.00	135.32	0.00	0.00	0.00
e. Transfers	0.00	0.00	57.00	0.00	0.00	0.00
f. Other Current Items	0.00	0.00	836.02	0.00	0.00	0.00
<b>5.2 Capital Items</b>	<b>0.00</b>	<b>0.00</b>	<b>72.51</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>21.36</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>91.20</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

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



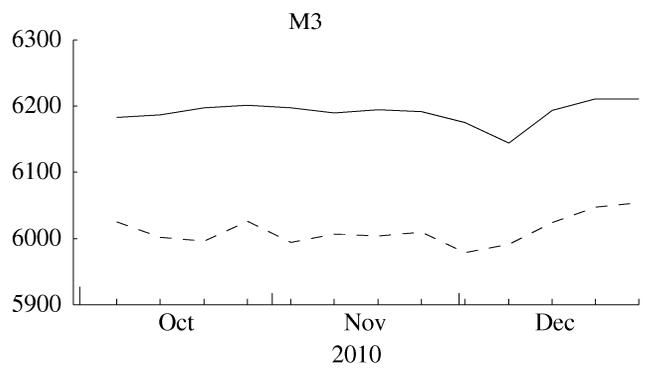
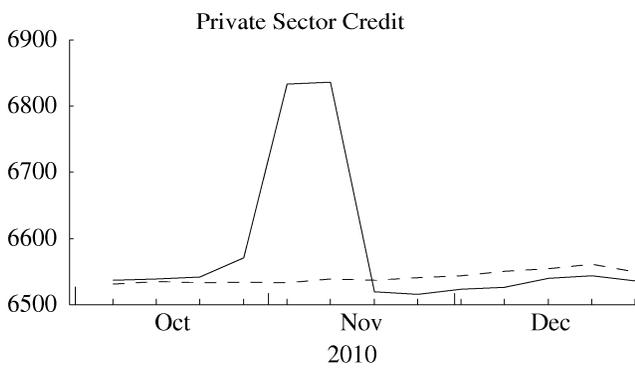
— 2010  
- - - 2019

— 2010  
- - - 2019



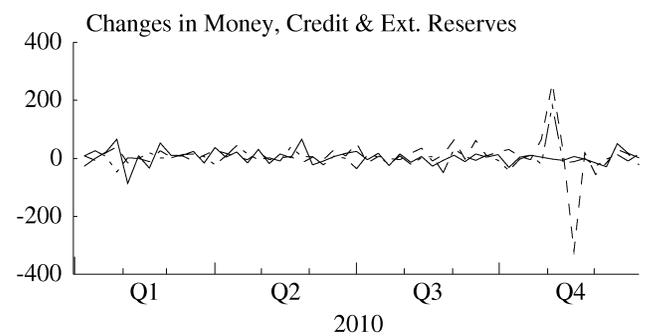
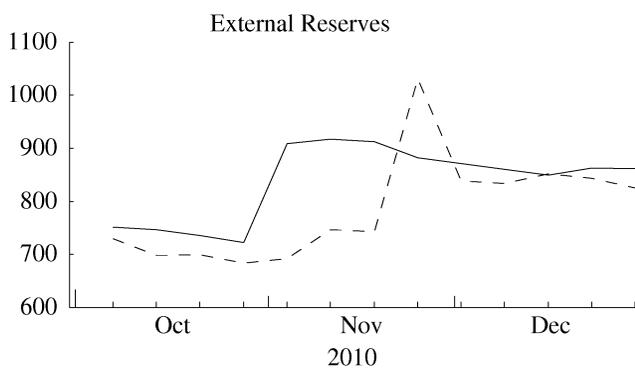
— 2010  
- - - 2019

— 2010  
- - - 2019



— 2010  
- - - 2019

— 2010  
- - - 2019



— 2010  
- - - 2019

— 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	
	2009	2010	2009	2010	2009	2010
Bahamas	-4.3	0.5	2.1	1.7	14.2*	n/a
United States	-2.6	2.6	-0.3	1.4	9.3	9.7
Euro-Area	-4.1	1.7	0.3	1.6	9.4	10.1
<i>Germany</i>	-4.7	3.3	0.2	1.3	7.5	7.1
Japan	-5.2	2.8	-1.4	-1.0	5.1	5.1
China	9.1	10.5	-0.7	3.5	4.3	4.1
United Kingdom	-4.9	1.7	2.1	3.1	7.5	7.9
Canada	-2.5	3.1	0.3	1.8	8.3	8.0

*Sources: IMF World Economic Outlook, October 2010, IMF World Economic Outlook, April 2010 & (\*) The Bahamas Department of Statistics.*

<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
November 2008	5.25	3.25	1.25	1.00	3.00
December 2008	5.25	2.50	0.50	0.00-0.25	2.00
January 2009	5.25	2.00	0.50	0.00-0.25	1.50
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

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	Dec-09	Nov-10	Dec-10	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.6980	0.7702	0.7470	-3.02	7.01	7.01
Yen	93.01	83.68	81.16	-3.01	-12.74	-12.74
Pound	0.6183	0.6426	0.6405	-0.32	3.59	3.59
Canadian \$	1.0533	1.0264	0.9983	-2.74	-5.22	-5.22
Swiss Franc	1.0356	1.0035	0.9346	-6.87	-9.75	-9.75
Renminbi	6.8271	6.6670	6.5897	-1.16	-3.48	-3.48

*Source: Bloomberg as of December 31, 2010*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	December 2009	November 2010	December 2010	Mthly % Change	YTD % Change
Gold / Ounce	1096.95	1386.02	1420.78	2.5	29.5
Silver / Ounce	16.88	28.08	30.92	10.1	83.2
Oil / Barrel	77.85	86.48	93.49	8.1	20.1

*Source: Bloomberg as of December 31, 2010*

<b>E. Equity Market Valuations – December 31, 2010 (%chg)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	1.13	5.19	6.53	6.72	5.38	3.37	2.94	-0.43
3 month	-1.14	7.32	10.20	6.33	2.41	11.00	9.17	5.74
YTD	-4.21	11.02	12.78	9.00	-3.34	16.06	-3.01	-14.31
12-month	-4.21	11.02	12.78	9.00	-3.34	16.06	-3.01	-14.31

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
<b>o/n</b>	0.22	0.50	0.23
<b>1 Month</b>	0.24	0.60	0.62
<b>3 Month</b>	0.29	0.75	0.96
<b>6 Month</b>	0.46	1.04	1.26
<b>9 Month</b>	0.62	1.29	1.40
<b>1 year</b>	0.79	1.50	1.53

*Source: Bloomberg as of December 31, 2010*

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

	VALUE												CHANGE											
	Nov. 03	Nov. 10	Nov. 17	Nov. 24	Dec. 01	Dec. 08	Dec. 15	Dec. 22	Dec. 29	Nov. 03	Nov. 10	Nov. 17	Nov. 24	Dec. 01	Dec. 08	Dec. 15	Dec. 22	Dec. 29						
<b>I. External Reserves</b>	908.52	917.50	911.90	881.96	871.04	860.58	848.85	862.72	861.05	186.39	8.98	-5.60	-29.94	-10.91	-10.46	-11.73	13.87	-1.67						
<b>II. Net Domestic Assets (A + B + C + D)</b>	-228.33	-253.62	-259.43	-231.18	-248.58	0.00	0.00	0.00	0.00	-3.44	-25.29	-5.82	28.25	-17.40	0.00	0.00	0.00	0.00						
<b>A. Net Credit to Gov<sup>t</sup>( i + ii + iii - iv)</b>	244.12	235.45	222.85	234.21	233.60	234.46	266.52	260.64	260.26	-4.69	-8.67	-12.60	11.35	-0.60	0.86	32.05	-5.87	-0.39						
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	134.60	134.55	134.56	134.69	134.49	134.63	164.64	162.24	162.29	-0.17	-0.05	0.02	0.13	-0.20	0.14	30.01	-2.40	0.05						
iii) Treasury Bills	14.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-14.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
iv) Deposits	16.85	11.09	23.70	12.48	12.88	12.16	10.11	13.58	14.02	4.52	-5.76	12.61	-11.22	0.40	-0.72	-2.05	3.48	0.43						
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-3.58	-14.83	-16.04	0.39	-1.39	0.04	-9.20	-7.49	-2.45	2.39	-11.25	-1.21	16.43	-1.79	1.44	-9.25	1.71	5.04						
i) BDB Loans	5.55	5.55	5.55	5.55	5.55	5.55	5.55	5.55	5.55	-0.20	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	9.13	20.38	21.59	5.16	6.94	5.51	14.75	13.04	8.00	-2.59	11.25	1.21	-16.43	1.79	-1.44	9.25	-1.71	-5.04						
<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>	-468.87	-474.24	-466.25	-465.78	-480.79	0.00	0.00	0.00	0.00	-1.13	-5.37	7.99	0.47	-15.01	0.00	0.00	0.00	0.00						
<b>III. Monetary Base</b>	680.19	663.88	652.47	650.78	622.46	0.00	0.00	0.00	0.00	182.95	-16.31	-11.41	-1.69	-28.32	0.00	0.00	0.00	0.00						
A. Currency in Circulation	92.29	94.30	92.80	92.31	91.92	0.00	0.00	0.00	0.00	3.76	2.01	-1.50	-0.48	-0.39	0.00	0.00	0.00	0.00						
B. Bank Balances with CBOB	587.90	569.58	559.67	558.47	530.54	523.82	536.21	521.68	523.12	179.19	-18.32	-9.91	-1.20	-27.92	-6.72	12.39	-14.54	1.44						

\* 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)

	YEAR TO DATE	
	2009/2010	2010/2011
	536.4	460.3
(Over previous year)	4.89%	-14.03%
	223.7	230.9
	-10.06%	3.21%
	557.3	571.4
	-0.03%	2.53%
	66.6	67.7
	39.32%	1.64%
	-139.5	-198.6
	14.63%	42.41%

	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	100.2	88.8	87.6	93.0	80.0	88.4	127.4	81.9	140.2	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1
% change	-17.17%	-39.17%	-12.56%	3.04%	-8.68%	-5.02%	59.27%	-7.27%	10.04%	30.74%	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%
2. Import/Excise Duties	53.6	41.3	42.1	49.3	44.3	45.7	43.1	45.4	40.6	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2
% change	0.68%	-28.89%	-2.14%	19.37%	3.26%	-7.36%	-2.91%	5.26%	-5.69%	8.44%	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%
3. Recurrent Expenditure	115.1	110.2	95.8	103.1	108.9	117.5	117.5	117.5	119.8	123.1	123.1	123.1	123.1	123.1	123.1	123.1	123.1	123.1	123.1	123.1	123.1	123.1	123.1	123.1	123.1
% change	-30.83%	-14.03%	-16.72%	-6.46%	13.65%	14.00%	8.09%	-0.02%	1.81%	4.74%	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%
4. Capital Expenditure	5.2	9.7	11.7	18.5	20.6	8.6	18.8	18.3	10.3	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
% change	-82.14%	-65.79%	127.85%	90.36%	75.56%	-53.68%	112.86%	-8.97%	-45.09%	-31.48%	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%
5. Deficit/Surplus*	-21.2	-32.5	-25.2	-31.3	-54.4	-40.8	-43.0	-62.6	4.3	-31.4	-31.4	-31.4	-31.4	-31.4	-31.4	-31.4	-31.4	-31.4	-31.4	-31.4	-31.4	-31.4	-31.4	-31.4	-31.4
% change	-85.22%	102.69%	18.61%	-3.77%	116.02%	30.17%	-20.93%	53.70%	-110.03%	-49.93%	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
	2,874.0	3,320.4
% change	5.01%	0.075%
	383.7	703.1
% change	0.19%	0.083%
	3.6	1.8
% change	158.00%	0.00%
	2,486.6	2,615.5
% change	4.51%	0.00%
	0.0	0.1
% change	-100.00%	847.27%

	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>Debt:**</b>																									
6. Total Debt	2,874.0	3,320.4	2,884.5	3,304.4	2,947.4	3,303.5	2,953.9	3,349.6	3,059.0	3,397.4	3,084.8	3,400.9	3,085.2	3,495.9	3,240.5	3,564.2	3,239.7	3,582.3	3,216.3	3,668.2	3,316.4	3,668.2	3,320.4	3,668.2	
% change	5.01%	0.075%	0.37%	-0.48%	2.18%	-0.03%	0.22%	1.40%	3.58%	1.43%	0.84%	0.10%	0.01%	2.79%	5.03%	1.95%	-0.02%	0.51%	-0.72%	2.40%	3.11%	0.00%	0.12%	0.00%	
7. External Debt	383.7	703.1	394.3	703.1	393.3	702.2	390.8	699.5	415.9	707.3	421.6	707.5	425.0	707.5	427.4	710.8	426.5	713.9	424.1	710.7	699.1	710.7	703.1	710.7	
% change	0.19%	0.083%	2.74%	0.00%	-0.24%	-0.13%	-0.66%	-0.38%	6.42%	1.11%	1.38%	0.03%	0.10%	0.00%	1.26%	0.47%	-0.20%	0.43%	-0.57%	-0.45%	64.86%	0.58%	0.00%	0.00%	
8. Internal F/C Debt	3.6	1.8	3.6	1.8	53.6	1.8	52.7	0.9	142.7	0.9	162.7	0.9	162.7	0.9	162.7	50.9	162.7	70.9	161.8	70.0	1.8	70.0	1.8	70.0	
% change	158.00%	0.00%	0.00%	0.00%	1384.27%	0.00%	-1.68%	-50.00%	170.75%	0.00%	14.01%	0.00%	0.00%	0.00%	0.00%	5537.10%	0.00%	39.29%	-1.27%	0.00%	-98.88%	0.00%	0.00%	0.00%	
9. Bahamian Dollar Debt	2,486.6	2,615.5	2,486.6	2,599.5	2,500.5	2,599.5	2,510.5	2,649.2	2,500.5	2,689.2	2,500.5	2,692.5	2,500.5	2,787.5	2,650.5	2,802.5	2,650.5	2,797.5	2,630.5	2,687.5	2,615.5	2,615.5	2,615.5	2,687.5	
% change	4.51%	0.00%	0.00%	-0.01%	0.56%	0.00%	0.40%	1.91%	-0.40%	1.51%	0.00%	0.12%	0.00%	3.53%	6.00%	0.54%	0.00%	-0.18%	-0.73%	3.22%	-0.57%	0.00%	0.00%	0.00%	
10. Total Amortization	0.0	0.1	0.0	0.0	0.9	0.9	18.5	3.6	60.0	0.0	0.0	0.0	0.1	0.2	0.0	0.0	15.9	0.9	23.6	4.1	200.0	0.0	0.0	0.0	
% change	-100.00%	847.27%	0.00%	-100.00%	6105.80%	0.00%	1868.38%	294.00%	224.72%	-100.00%	-100.00%	0.00%	0.00%	2390.63%	-100.00%	-100.00%	0.00%	0.00%	48.68%	349.13%	747.71%	-100.00%	-99.99%	0.00%	

	YEAR TO DATE	
	2009	2010
	856.8	1,186.5
% change	55.93%	37.61%

	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>11. Total Public Sector F/C Debt</b>	856.8	1,186.5	865.6	1,184.7	916.2	1,208.4	914.2	1,201.7	1,027.2	1,207.3	1,045.7	1,204.7	1,045.4	1,202.6	1,047.9	1,255.9	1,049.7	1,371.5	1,045.7	1,364.6	1,158.6	1,231.4	1,189.6	1,229.8
% change	55.93%	37.61%	-27.04%	36.86%	-22.90%	31.61%	-24.35%	37.45%	-14.52%	17.53%	-13.39%	15.21%	-13.22%	15.03%	-12.86%	19.85%	0.18%	30.65%	-0.39%	30.50%	-15.09%	6.28%	-3.40%	3.38%

	YEAR TO DATE	
	2009	2010
	130.1	131.3
% change	4.77%	-9.63%
	410.8	424.0
% change	10.21%	3.22%
	90.0	91.7
% change	-18.74%	1.89%
% change		

	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	130.1	131.2	130.0	131.2	130.0	131.2	130.3	131.3	130.4	131.5	130.6	131.5	130.8	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5
% change	4.77%	-9.63%	-0.06%	0.02%	0.00%	-0.01%	0.23%	0.10%	0.1%	0.0%	0.1%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
13. Tourist arrivals (000's)	410.8	424.0	389.2	419.2	466.0	539.7	414.7	469.2	384.5	425.7	379.2	428.9	386.5	461.4	366.8	430.6	254.8	304.1	424.1	366.8	288.7.5	261.5.5	288.7.5	288.7.5	
% change	10.21%	3.22%	-8.27%	7.71%	-6.91%	15.81%	4.50%	13.14%	-18.1%	10.7%	-10.9%	13.1%	-9.9%	19.4%	-20.5%	17.4%	-40.8%	19.3%	0.00%	0.00%	-0.57%	0.00%	0.00%	0.00%	
14. Air arrivals (000's)	90.0	91.7	103.1	103.0	133.4	149.4	131.2	125.0	113.5	119.1	119.9	129.5	130.2	139.4	103.1	108.9	50.7	55.7	108.9	103.1	108.9	108.9	108.9	108.9	
% change	-18.74%	1.89%	12.43%	-0.05%	-20.05%	12.02%	-4.99%	-4.76%	-9.2%	8.0%	6.0%	8.0%	0.5%	7.1%	-26.0%	5.6%	-53.4%	9.9%	0.00%	0.00%	-0.57%	0.00%	0.00%	0.00%	
15. Occupied Room Nights																									
% change																									

	YEAR TO DATE	
	2009	2010
	95.60	68.10
% change	7.53%	-28.77%

	YEAR TO DATE	
	2009	2010
	95.60	68.10
% change	7.53%	-28.77%

\* Includes Not Lending to Public Corporations  
 \*\* Debt figures pertain to central government only unless otherwise indicated  
 p = provisional  
 Annual/FY-FQ Real Price Indices are averages.