



Monthly Economic and Financial Developments August 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 Date:

2010: November 1, November 29, December 28.

Monthly Economic and Financial Developments

August 2010

1. Domestic Economic Developments

Against the backdrop of a fragile recovery in the global economy, domestic economic activity remained sluggish during the month of August. Tourism output showed a modest upturn, supported by a rebound in the high value-added air segment of the market; however, indications are the performance of the construction sector remained lacklustre, given the softness in both foreign direct investment and domestic housing activity. Persistent weakness in tax revenue, combined with increased expenditure, led to a deterioration in the overall fiscal deficit. In monetary developments, both liquidity and external reserves declined, owing to net foreign currency outflows related to the traditional—though tempered—foreign currency demand to facilitate imports, as well as banks' profit repatriations.

Preliminary data indicates that tourism output grew modestly over the eight months of the year, benefitting from the ongoing recovery in the main North American markets, as well as a number of promotional campaigns aimed at boosting stopover arrivals. Initial data from a sample of hotels in Nassau and Paradise Island showed total revenue growing by 7.7% to \$167.0 million, due to a 3.1 percentage point gain in average occupancy to 69.3% and a 2.8% improvement in average daily room rates to \$241.06.

Government's fiscal deficit deteriorated by \$17.4 million (37.5%) to \$63.8 million over the first two months of FY2010/11, explained by a \$4.9 million (2.6%) reduction in total revenue to \$182.8 million and a \$12.4 million (5.3%) increase in aggregate spending to \$246.6 million. Depressed import demand and a reduction in taxes related to property sales, led to a 1.5% fall in tax revenue to \$169.0 million. A steeper fall-off in non-tax inflows, by 15.0% to \$13.8 million was broadly based across the major categories. In terms of expenditure, the growth in capital outlays, of 67.4% to \$28.3 million, was associated with a \$8.5 million hike in land purchases to \$8.8 million; alongside higher spending on infrastructure projects of 24.6% to \$18.4 million. The 1.1% advance in current spending to \$213.2 million corresponded to higher interest and transfer payments.

2. International Developments

Indications are that the global recovery was broadly sustained during the month of August, despite some signs of moderation in the growth momentum. Asian economies remained resilient, due to robust gains in exports; however, the consumer led economies of Europe and the United States continued to face significant headwinds.

Economic indicators were mixed in the United States, as private demand remained weak and Government's fiscal stimulus tapered. In July, consumer spending firmed marginally by 0.4%, owing to a 0.2% uptick in personal income; while the trade deficit narrowed by \$7.0 billion to \$42.8 billion, based on a \$2.8 billion improvement in exports to \$153.3 billion and a reduction in imports of \$4.2 billion to \$196.1 billion. Conditions in the housing sector were relatively subdued, with building permits issued and housing completions rising by 1.8% and 5.6% on a monthly basis in August; however, rates remained below 2009's levels. Weak private sector job growth combined

with the layoff of thousands of temporary Government workers as the census draws to a close, held the unemployment rate at 9.6% in August. With the economic recovery slowing and inflation relatively benign, at 0.3%, the Federal Reserve signalled its intention to lend additional support to the economy by increasing, over time, its holdings of US Government debt and maintaining interest rates low for an extended period.

The economic momentum in the United Kingdom remained positive, with industrial production firming by 1.9% in July over the previous year, supported by a 4.9% improvement in total machinery orders. Retail sales also firmed by 0.4% year-on-year in August, reflecting, for the first time in four months, an improvement in consumer confidence. Buoyed by higher imports, the trade deficit widened by £1.0 billion to £4.9 billion. Consumer price inflation steadied at 3.1%, although above the 2.0% target rate of the Bank of England, which kept the bank rate at 0.5% and maintained the stock of asset purchases at £200 billion.

In the euro area, sustained improvements in the main German and French economies offset weakness in the southern European markets, for stable output conditions. Industrial production remained relatively flat; while the volume of retail trade firmed marginally by 0.1% in July, following a 0.2% improvement in the previous month. However, unemployment persisted at an elevated 10.0% in August; while inflation softened to 1.6% from 1.7% in July. On the external side, the trade surplus widened to €6.7 billion in July from €2.2 billion a month earlier, owing to a 1.5% falloff in imports, which outweighed the 0.6% reduction in exports. Given concerns about the strength of the recovery, the European Central Bank did not alter its key bank rate.

In Asia, China's robust economic growth was sustained, as industrial output firmed by 13.9% year-on-year in August, up from a 13.4% gain in July. Similarly, retail sales growth accelerated to 18.4% on an annual basis, compared to 17.9% in July. Reflecting increased domestic demand, the trade surplus narrowed to \$20.0 billion, as imports expanded by 35.2% to \$119.3 billion, while exports contracted by 34.4% to \$139.3 billion. Annualized consumer price inflation rose by 0.2 of a percentage point to 3.5% in August—the highest level in nearly two years—buoyed by higher food costs. Indications are that economic conditions in Japan remained subdued, as industrial production fell by a marginal 0.2% in July. Consumer prices softened by 0.9% on an annual basis, while the unemployment rate fell by 0.1 of a percentage point to 5.2%—the first time in six months. The current account surplus widened by 26.1% to ¥1.7 trillion in July over the previous year, as the 25% gain in exports outpaced the 16% rise imports. In monetary policy developments, the People's Bank of China maintained its expansionary monetary policy stance through open market operations; while the Bank of Japan uncollateralized overnight call rate was unchanged at 0.1%.

Global oil prices retreated by 0.7% to \$76.26 per barrel during the review month, as OPEC's average crude oil production slowed modestly by 40,000 barrels per day (bpd) to 29.2 million bpd. With regard to precious metals, amid investor concerns over the pace of the global recovery, gold prices advanced by 5.6% to \$1,247.45 per troy ounce; while silver prices moved higher by 7.4% to \$19.35 per troy ounce.

Investors' heightened uncertainty about the durability of the economic recovery translated into broad-based declines in equity markets during the review period. In the United States, both the Dow Jones Industrial Average and the S&P 500 contracted by 4.3% and 4.7%, respectively. Similarly, European stock indices also moved lower, with France's CAC 40 narrowing by 4.2%,

Germany's DAX, by 3.6% and the United Kingdom's FTSE, by 0.6%. In Asia, Japan's Nikkei 225 declined by 7.6%; however, China's SE composite firmed marginally by 0.1%.

In currency market, the United States dollar appreciated relative to most of the major currencies. The dollar strengthened against the euro and the pound, by 2.9% and 2.2%, to €0.7887 and £0.6516, respectively. The dollar also advanced relative to the Canadian dollar, by 3.5% to CND\$1.0657; vis-à-vis the Japanese Yen, by 2.6% to ¥84.21, and against the Chinese Yuan, by 0.5% to CNY6.8105. Conversely, the dollar depreciated against the Swiss Franc, by 2.5% to CHF1.015.

3. Domestic Monetary Trends

During the month of August, money and credit trends featured a contraction in both bank liquidity and external reserves, reflecting the seasonal, although lessened, increase in foreign currency demand to pay for goods and services, combined with the repatriation of commercial banks' profits. Reflecting the sustained weakness in the business sector and elevated unemployment levels, asset quality indicators weakened further during the review month.

August 2010 vs. 2009

In August, excess reserves—banks' free cash holdings—contracted by \$31.3 million, extending the \$24.7 million falloff registered in the preceding year. Similarly, the broader level of bank liquidity, inclusive of investments deemed near cash, fell by \$29.5 million, a turnaround from a \$50.4 million gain in 2009.

External reserves declined by \$52.4 million vis-à-vis a \$90.2 million expansion a year ago when approximately US\$151.0 million in Special Drawing Rights (SDRs) were allocated to the Government under the IMF's global initiative. In addition, the Central Bank's net sale of foreign currency to commercial banks almost doubled to \$80.0 million from \$41.2 million last year, to facilitate profit remittances, with banks increasing their net sale to customers by \$8.8 million to \$72.3 million. In contrast, the Government's receipt of foreign currency proceeds from a short-term domestic bank loan, reversed the Bank's transactions with the public sector, to a net purchase of \$25.5 million from a net sale of \$22.1 million in 2009—although sales to cover fuel payments firmed by 40.0% to \$34.4 million.

Monthly accretions to Bahamian dollar credit tapered by 54.1% to \$20.5 million. Specifically, gains in private sector credit slowed by \$11.9 million (41.5%) to \$16.8 million, as commercial and "other" loans recorded a net repayment of \$2.0 million, a turnaround from a \$9.9 million advance a year earlier. Growth in consumer credit abated by \$1.0 million to \$2.6 million; however, mortgage gains were slightly higher at \$16.2 million. As the Government utilized more foreign currency for deficit financing over the period, net local claims on the Government rose modestly by \$2.3 million, compared to a \$14.3 million build-up in the prior period. In addition, the gain in credit to the rest of the public sector was lower by \$0.2 million at \$1.5 million.

A further breakdown of consumer credit for the month of July—the latest data available—indicated that lending conditions remained challenging for clients who continued to reduce their outstanding balances and consolidate loans. Net repayments of \$3.1 million and \$3.0 million were noted for credit cards and private cars; debt consolidation loans—which included restructured loans—

advanced by \$5.2 million, while loans for “miscellaneous” purposes rose more strongly by \$4.8 million. Lesser increases of under \$1.0 million were registered for the remaining categories.

Bank's credit quality indicators weakened further over the review month, as the protracted period of subdued private sector activity and high unemployment continued to adversely impact consumers' ability to meet their debt obligations. As a result, total private sector loan arrears expanded by \$11.3 million (1.0%) to \$1,174.8 million, for a 24 basis point firming in the corresponding arrears ratio to 18.9%. As the length of time loans remained delinquent decreased, short-term 31 – 90 day arrears fell by \$2.1 million (0.4%) to \$532.1 million and the relevant ratio steadied at 8.6%. In contrast, non-performing loans—those in excess of 90 days and on which banks stopped accruing interest—rose by \$13.3 million (2.1%) to \$642.7 million, resulting in a 0.3 percentage point rise in the total loan ratio to 10.3%.

The increase in total arrears was largely attributed to a further \$25.0 million (4.1%) deterioration in mortgage delinquencies to \$631.8 million, as both the short-term and non-performing segments firmed by \$14.4 million (4.4%) and \$10.5 million (3.8%), respectively. Conversely, commercial arrears fell by \$12.6 million (4.6%) to \$258.0 million, owing to a \$17.7 million (21.9%) reduction in delinquencies in the 31 – 90 day component, which outpaced a \$5.2 million (2.7%) expansion in the non-performing category. Meanwhile, as consumers continued to repay their loans, this category of arrears fell by \$1.3 million (0.4%) to \$285.0 million, with the \$2.4 million (1.5%) decline in the non-performing segment offsetting the \$1.2 million (1.0%) gain in short-term arrears.

In light of the continued deterioration in loan portfolios, banks increased their loan loss provisions by \$11.6 million (4.9%) to \$250.0 million, elevating the ratio of provisions to arrears and non-performing loans by 0.8 and 1.0 percentage points to 21.3% and 38.9%, respectively. Further, banks wrote-off an estimated \$11.1 million in loans in August, while recoveries totalled \$2.7 million. In July—the latest date for which complete data is available—these institutions also restructured an estimated \$8.2 million in loans.

Supported by Government's short-term borrowings, domestic foreign currency credit expanded by \$53.9 million—a turnaround from the \$29.1 million decline a year earlier. The Government's net liabilities firmed by \$50.5 million, in comparison to a modest \$0.3 million upturn in 2009; while credit to the rest of the public sector advanced by \$8.3 million, a reversal from last year's \$3.3 million net repayment. In contrast, claims on the private sector narrowed by an additional \$4.9 million, following a \$26.1 million contraction a year ago.

Compared with 2009, the fall-off in total Bahamian dollar deposits was more than halved to \$21.2 million. This outturn was mainly attributed to the lower reduction in demand balances, of \$11.1 million relative to \$51.1 million a year earlier. Meanwhile, the contraction in savings deposits were relatively unchanged at \$30.2 million, as was the expansion in fixed deposits at \$20.1 million.

With regard to interest rates, the weighted average deposit rate firmed by 4 basis points to 3.38%, with the highest rate of 6.00% offered on fixed deposits over 12 months. Similarly, the weighted average loan rate moved higher by 39 basis points to 11.52%.

4. Outlook and Policy Implications

Expectations are that the domestic economy will continue to stabilize over the remainder of 2010, with modest growth projected from 2011, amid the outlook for a more sustained recovery in the global economy. Tourism output is forecasted to record a slight uptick over the remainder of the year; however, construction activity—in the absence of large-scale foreign investment projects—is expected to remain subdued, although supported by several smaller projects and Government's capital spending programmes. With ongoing weakness in consumer and business spending, unemployment is projected to stay elevated in the near term.

In the fiscal sector, Government's ability to achieve a reduction in the fiscal deficit and the relevant debt-to-GDP ratios in the short term will continue to be constrained by the general weakness in domestic economic activity and the corresponding adverse implications for revenue collections.

On the monetary front, despite the seasonal increase in foreign currency demand and reduction in tourism receipts during the latter half of the year, liquidity and external reserves are anticipated to remain at relatively healthy levels, as a result of subdued private sector demand.

Recent Monetary and Credit Statistics

(B\$ Millions)

AUGUST					
Value		Change		Change YTD	
2009	2010	2009	2010	2009	2010

1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	332.19	303.94	-24.67	-31.25	124.89	41.85
1.2 Excess Liquid Assets	522.63	632.08	50.37	-29.54	260.68	125.69
1.3 External Reserves	803.64	770.46	90.21	-52.40	240.91	-54.91
1.4 Bank's Net Foreign Assets	-790.00	-673.89	18.97	-71.84	-68.19	-3.68
1.5 Usable Reserves	393.90	392.57	84.97	-36.30	160.32	-66.29

2.0 DOMESTIC CREDIT

2.1 Private Sector	6,513.17	6,502.77	2.59	11.91	10.02	-53.01
a. B\$ Credit	6,101.27	6,087.63	28.65	16.76	37.49	-42.44
of which: Consumer Credit	2,187.42	2,140.06	3.62	2.59	-27.51	-32.66
Mortgages	2,834.20	2,906.37	15.17	16.21	82.96	34.88
Commercial and Other Loans B\$	1,079.65	1,041.21	9.86	-2.04	-17.97	-44.66
b. F/C Credit	411.90	415.14	-26.06	-4.85	-27.47	-10.57
of which: Mortgages	95.53	105.41	2.28	-0.09	10.20	9.47
Commercial and Other Loans F/C	316.37	309.73	-28.34	-4.76	-37.67	-20.04
2.2 Central Government (net)	1,112.14	1,269.71	14.65	52.83	213.19	279.40
a. B\$ Loans & Securities	1,161.49	1,355.50	46.71	-7.48	128.26	188.65
Less Deposits	212.46	136.49	32.38	-9.82	76.05	-38.35
b. F/C Loans & Securities	164.80	52.31	0.00	49.75	160.89	48.60
Less Deposits	1.69	1.61	-0.32	-0.75	-0.08	-3.81
2.3 Rest of Public Sector	360.63	395.35	-1.65	9.76	-41.20	29.23
a. B\$ Credit	83.74	100.16	1.69	1.50	-1.13	18.80
b. F/C Credit	276.89	295.19	-3.34	8.26	-40.07	10.43
2.4 Total Domestic Credit	7,987.02	8,167.87	15.62	74.42	183.08	255.61
a. B\$ Domestic Credit	7,135.12	7,406.85	44.69	20.52	89.65	203.34
b. F/C Domestic Credit	851.90	761.02	-29.08	53.90	93.43	52.27

3.0 DEPOSIT BASE

3.1 Demand Deposits	1,095.98	1,160.57	-51.13	-11.10	14.54	70.18
a. Central Bank	6.53	12.84	3.91	0.90	-2.42	0.23
b. Banks	1,089.45	1,147.73	-55.04	-12.00	16.96	69.95
3.2 Savings Deposits	1,007.42	995.47	-30.47	-30.16	-12.61	0.67
3.3 Fixed Deposits	3,504.67	3,645.44	22.30	20.08	72.28	108.26
3.4 Total B\$ Deposits	5,608.07	5,801.49	-59.30	-21.18	74.21	179.11
3.5 F/C Deposits of Residents	229.22	200.88	3.61	-22.82	60.25	-15.95
3.6 M2	5,790.83	5,986.92	-65.64	-19.81	51.16	166.20
3.7 External Reserves/M2 (%)	13.88	12.87	1.70	-0.83	4.07	-1.31
3.8 Reserves/Base Money (%)	106.21	104.44	15.04	-2.96	18.96	-13.69
3.9 External Reserves/Demand Liabilities (%)	98.05	101.91	10.08	-2.49	12.76	-10.31
	Value		Year to Date		Change	
	2009	2010	2009	2010	Month	YTD

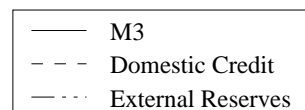
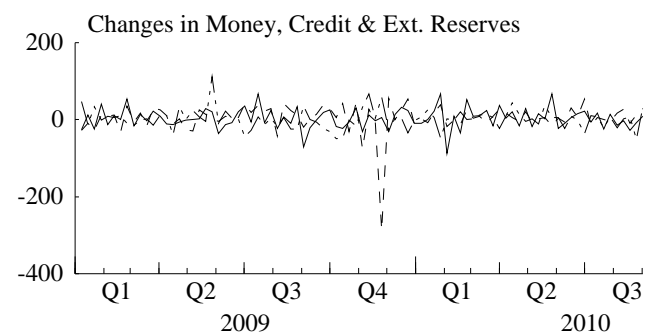
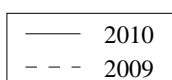
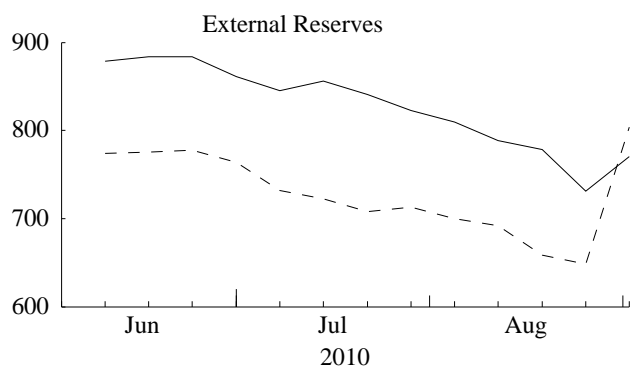
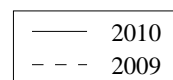
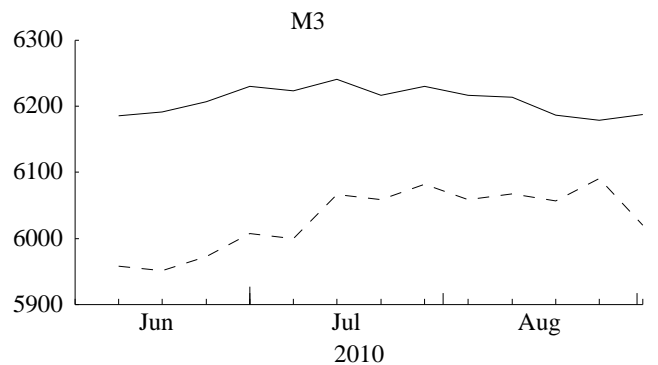
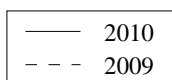
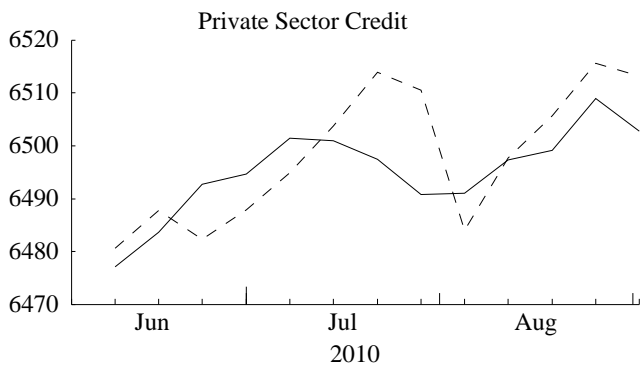
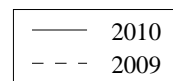
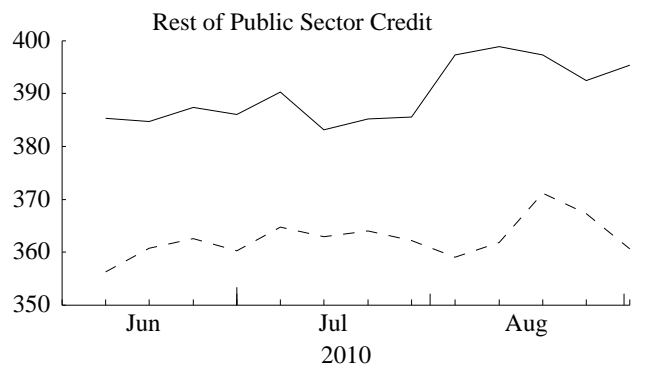
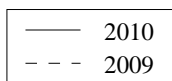
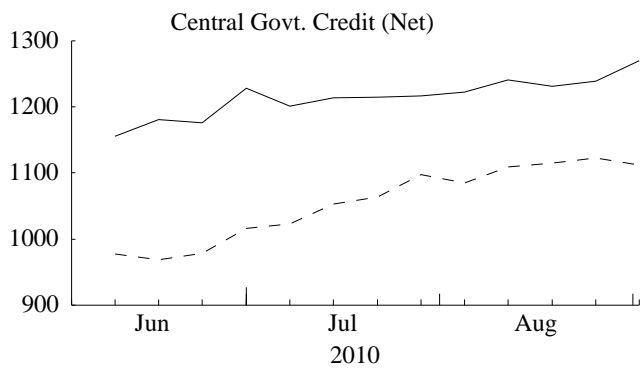
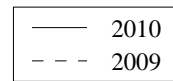
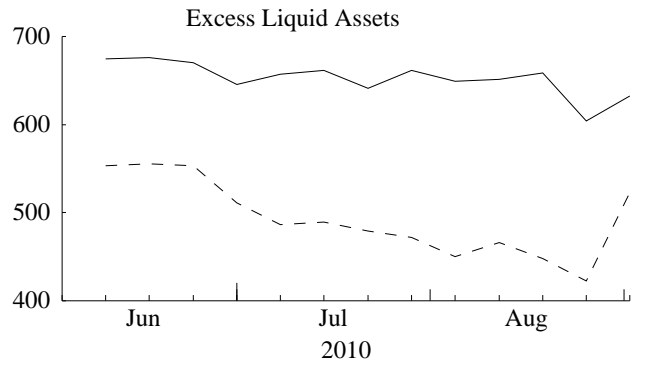
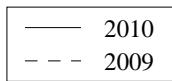
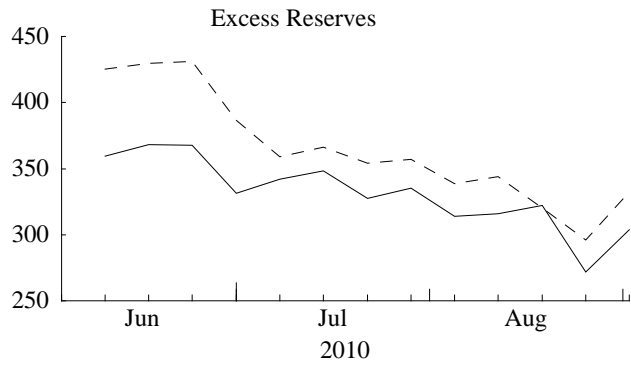
4.0 FOREIGN EXCHANGE TRANSACTIONS

4.1 Central Bank Net Purchase/(Sale)	-63.33	-54.46	76.67	-61.87	8.87	-138.54
a. Net Purchase/(Sale) from/to Banks	-41.22	-79.98	79.05	72.90	-38.76	-6.15
i. Sales to Banks	58.45	91.69	159.81	247.44	33.24	87.64
ii. Purchases from Banks	17.23	11.71	238.85	320.34	-5.52	81.49
b. Net Purchase/(Sale) from/to Others	-22.11	25.52	-2.38	-134.77	47.63	-132.39
i. Sales to Others	46.14	47.01	326.66	343.26	0.88	16.60
ii. Purchases from Others	24.03	72.53	324.28	208.49	48.51	-115.79
4.2 Banks Net Purchase/(Sale)	-63.47	-72.27	63.55	83.00	-8.80	19.45
a. Sales to Customers	443.95	366.55	2,702.46	2,281.06	-77.40	-421.40
b. Purchases from Customers	380.47	294.28	2,766.01	2,364.07	-86.20	-401.94
4.3 B\$ Position (change)	8.82	-8.64				

5.0 EXCHANGE CONTROL SALES

5.1 Current Items	343.96	0.00	1,686.59	0.00	0.00	0.00
of which Public Sector	89.88	0.00	298.13	0.00	0.00	0.00
a. Nonoil Imports	96.53	0.00	656.23	0.00	0.00	0.00
b. Oil Imports	34.36	0.00	180.72	0.00	0.00	0.00
c. Travel	17.89	0.00	101.40	0.00	0.00	0.00
d. Factor Income	48.98	0.00	104.20	0.00	0.00	0.00
e. Transfers	6.57	0.00	39.15	0.00	0.00	0.00
f. Other Current Items	139.62	0.00	604.89	0.00	0.00	0.00
5.2 Capital Items	14.57	0.00	60.01	0.00	0.00	0.00
of which Public Sector	10.31	0.00	16.02	0.00	0.00	0.00
5.3 Bank Remittances	44.30	0.00	72.10	0.00	0.00	0.00

SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



Selected International Statistics

A: Selected Macroeconomic Projections (Annual % Change and % of labor force)						
	Real GDP		Inflation Rate		Unemployment	
	2009	2010	2009	2010	2009	2010
Bahamas	-5.0	-0.5	2.1	1.7	14.2*	n/a
United States	-2.4	3.1	-0.3	2.1	9.3	9.4
Euro-Area	-4.1	1.0	0.3	1.1	9.4	10.5
<i>Germany</i>	<i>-5.0</i>	<i>1.2</i>	<i>0.1</i>	<i>0.9</i>	<i>7.4</i>	<i>8.6</i>
Japan	-5.2	1.9	-1.4	-1.4	5.1	5.1
China	8.7	10.0	-0.7	3.1	n/a	n/a
United Kingdom	-4.9	1.3	2.2	2.7	7.5	8.3
Canada	-2.6	3.1	0.3	1.8	8.3	7.9

Sources: IMF World Economic Outlook, April 2010, IMF World Economic Outlook, October 2009 & () The Bahamas Department of Statistics.*

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
July 2008	5.25	4.25	2.25	2.00	5.00
August 2008	5.25	4.25	2.25	2.00	5.00
September 2008	5.25	4.25	2.25	2.00	5.00
October 2008	5.25	3.75	1.25	1.00	4.50
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

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	Aug-09	Jul-10	Aug-10	Mthly % Change	YTD % Change	12-Mth % Change
Euro	0.6976	0.7662	0.7887	2.93	12.99	13.05
Yen	93.12	86.47	84.21	-2.61	-9.46	-9.57
Pound	0.6140	0.6374	0.6516	2.22	5.38	6.12
Canadian \$	1.0937	1.0296	1.0657	3.51	1.18	-2.56
Swiss Franc	1.0590	1.0412	1.0151	-2.51	-1.98	-4.15
Renminbi	6.8306	6.7750	6.8105	0.52	-0.24	-0.29

Source: Bloomberg as at August 31, 2010

D. Selected Commodity Prices (\$)					
Commodity	August 2009	July 2010	August 2010	Mthly % Change	YTD % Change
Gold / Ounce	951.25	1181.00	1247.45	5.63	13.72
Silver / Ounce	14.90	18.01	19.35	7.44	14.63
Oil / Barrel	73.10	76.76	76.26	-0.65	-2.04

Source: Bloomberg as at August 31, 2010

E. Equity Market Valuations – August 31, 2010 (%chg)								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	2.22	-4.31	-4.74	-0.62	-4.18	-3.62	-7.48	0.05
3 month	-2.30	-1.20	-3.68	0.71	-0.48	-0.66	-9.67	1.80
YTD	-2.96	-3.96	-5.90	-3.47	-11.32	-0.54	-16.33	-19.48
12-month	-3.60	5.46	2.81	6.44	-4.45	8.43	-15.90	-1.09

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	GBP	EUR
o/n	0.22	0.50	0.35
1 Month	0.23	0.54	0.53
3 Month	0.29	0.73	0.67
6 Month	0.51	1.03	1.12
9 Month	0.69	1.06	1.27
1 year	0.87	1.47	1.40

Source: Bloomberg as at August 31, 2010

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

	VALUE												CHANGE					
	Jun. 30	Jul. 07	Jul. 14	Jul. 21	Jul. 28	Aug. 04	Aug. 11	Aug. 18	Aug. 25	Jun. 30	Jul. 07	Jul. 14	Jul. 21	Jul. 28	Aug. 04	Aug. 11	Aug. 18	Aug. 25
I. External Reserves	861.53	845.57	855.88	840.99	822.86	809.71	788.44	778.65	731.23	-22.28	-15.96	10.31	-14.89	-18.14	-13.14	-21.27	-9.79	-47.42
II. Net Domestic Assets (A + B + C + D)	-102.74	-80.80	-84.91	-93.07	-56.70	-65.19	-46.72	-28.12	-30.80	-1.65	21.94	-4.11	-8.16	36.37	-8.49	18.47	18.60	-2.68
A. Net Credit to Gov't (i + ii + iii - iv)	186.25	210.10	207.92	198.86	230.37	229.68	247.05	250.97	252.45	4.85	23.85	-2.18	-9.06	31.51	-0.69	17.37	3.93	1.47
i) Advances	96.99	116.99	116.99	116.99	91.99	91.99	111.99	111.99	111.99	0.00	20.00	0.00	0.00	-25.00	0.00	20.00	0.00	0.00
ii) Registered Stock	96.17	95.97	95.78	95.78	125.80	125.76	125.82	125.89	125.90	-0.14	-0.20	-0.20	0.01	30.02	-0.05	0.07	0.06	0.02
iii) Treasury Bills	7.25	7.25	7.25	7.25	22.18	22.18	22.18	22.18	22.18	7.25	0.00	0.00	0.00	14.92	0.00	0.00	0.00	0.00
iv) Deposits	14.16	10.12	12.10	21.17	9.60	10.25	12.94	9.08	7.62	2.27	-4.05	1.98	9.07	-11.57	0.64	2.69	-3.86	-1.45
B. Rest of Public Sector (Net) (i + ii - iii)	-6.25	-7.78	-9.25	-4.05	-6.19	-8.36	-10.91	1.41	-3.44	-5.52	-1.53	-1.47	5.20	-2.14	-2.18	-2.55	12.32	-4.84
i) BDB Loans	5.95	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	0.00	-0.20	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	12.20	13.53	15.00	9.80	11.94	14.11	16.66	4.34	9.19	5.52	1.33	1.47	-5.20	2.14	2.18	2.55	-12.32	4.84
C. Loans to/Deposits with Banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
D. Other Items (Net)*	-282.74	-283.12	-283.58	-287.88	-280.88	-286.50	-282.85	-280.50	-279.81	-0.97	-0.38	-0.46	-4.30	7.00	-5.63	3.65	2.35	0.69
III. Monetary Base	758.78	764.77	770.98	747.92	766.16	744.52	741.72	750.53	700.42	-23.93	5.99	6.21	-23.05	18.24	-21.64	-2.80	8.81	-50.10
A. Currency in Circulation	275.93	272.91	269.44	265.35	270.47	281.82	275.65	263.37	267.82	13.39	-3.03	-3.46	-4.09	5.13	11.35	-6.16	-12.28	4.45
B. Bank Balances with CBOB	482.85	491.86	501.53	482.58	495.69	462.70	466.07	487.16	432.60	-37.31	9.01	9.67	-18.96	13.11	-32.98	3.36	21.09	-54.56

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

FISCAL/REAL SECTOR INDICATORS

(\$ MILLIONS)

(% change represents current month from previous month)

	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Fiscal Operations:																								
1. Government Revenue & Grants % change	100.2	87.0																						
2. Import/Excise Duties % change	53.6	41.3																						
3. Recurrent Expenditure % change	115.1	110.3																						
4. Capital Expenditure % change	5.2	9.7																						
5. Deficit/Surplus* % change	-21.2	-35.4																						
	-85.22%																							

	YEAR TO DATE	
	2009	2010
(Over previous year)	100.2	87.0
	0.11%	-13.13%
	53.6	41.3
	35.59%	-22.89%
	115.1	110.3
	-1.44%	-4.15%
	5.2	9.7
	-36.97%	88.98%
	-21.2	-35.4
	-27.90%	66.57%

	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
Debt:**																								
6. Total Debt % change	2,874.0	3,320.3	2,864.5	3,304.3	2,947.4	3,303.4	2,953.9	3,349.5	3,059.0	3,389.5	3,084.8	3,392.7	3,085.2	3,492.5										
	5.01%	0.054%	0.37%	-0.46%	2.16%	-0.03%	0.22%	1.40%	3.56%	1.19%	0.84%	0.09%	0.01%	2.94%										
7. External Debt % change	383.7	703.1	394.3	703.1	393.3	702.1	390.8	699.5	415.9	699.5	421.6	699.3	422.0	699.1										
	0.19%	0.073%	2.74%	0.00%	-0.24%	-0.13%	-0.66%	-0.38%	6.42%	0.00%	1.38%	-0.02%	0.10%	-0.03%										
8. Internal F/C Debt % change	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										
	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%										
9. Bahamian Dollar Debt % change	2,486.6	2,615.5	2,466.6	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	2,792.5										
	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%	3.71%										
10. Total Amortization % change	0.0	0.1	0.0	16.0	0.9	0.9	18.5	19.6	60.0	0.0	0.0	14.1	0.1	0.2										
	-100.00%	847.27%	#DIV/0!	1491.23%	6105.80%	-94.30%	1868.38%	1391.71%	224.72%	-100.00%	-100.00%	#DIV/0!	#DIV/0!	-98.34%										

	YEAR TO DATE	
	2009	2010
(Over previous year)	130.1	131.3
	4.77%	0.86%
	410.8	2706.6
	10.21%	10.73%
	90.0	711.8
	-18.74%	2.99%

	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
11. Total Public Sector F/C Debt	856.8	1,186.4	865.6	1,184.6	846.0	1,175.2	841.3	1,171.1	954.3	1,169.0	982.4	1,161.6	989.6	1,160.7										
	55.93%	#DIV/0!	-27.04%	36.86%	-28.59%	38.92%	-28.41%	39.20%	-18.51%	22.50%	-15.11%	17.05%	-14.81%	17.29%										

	YEAR TO DATE	
	2009	2010
(Over previous year)	130.1	131.3
	4.77%	0.86%
	410.8	2706.6
	10.21%	10.73%
	90.0	711.8
	-18.74%	2.99%

	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
Real Sector Indicators																								
12. Retail Price Index % change: over previous month	130.1	131.2	130.0	131.2	130.0	131.2	130.3	131.3	130.4	131.5	131.5	131.5	131.5	131.5										
	4.77%	5.39%	-0.06%	0.02%	0.00%	-0.01%	0.23%	0.00%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%										
13. Tourist arrivals (000's) % change: over previous year	410.8	424.0	389.2	419.2	466.0	539.7	414.7	469.2	384.5	425.7	379.2	428.9	428.9	428.9										
	3.22%	3.22%	-8.27%	7.71%	-6.91%	15.81%	4.50%	13.14%	-18.1%	10.7%	-10.9%	13.1%	13.1%	13.1%										
14. Air arrivals (000's) % change: over previous year	90.0	91.7	103.1	103.0	133.4	149.4	131.2	125.0	113.5	113.1	119.9	129.5	129.5	129.5										
	1.89%	1.89%	12.43%	-0.05%	-20.05%	12.02%	-4.99%	-4.76%	-9.2%	-0.4%	6.0%	8.0%	8.0%	8.0%										
15. Occupied Room Nights % change: over previous year																								
16. Res. Mortgage Commitments-New Const. % change: over previous qtr.																								

	YEAR TO DATE	
	2009	2010
(Over previous year)	130.1	131.3
	4.77%	0.86%
	410.8	2706.6
	10.21%	10.73%
	90.0	711.8
	-18.74%	2.99%

* 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.