



Monthly Economic and Financial Developments December 2009

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: March 1, March 29, May 3, May 31, June 28, August 3, August 30, October 4, November 1, November 29, December 28.

Monthly Economic and Financial Developments

December 2009

1. Domestic Economic Developments

Amid signs of a nascent recovery underway in the global economy, key industry trends suggest some stabilizing in tourism output during December; however the softness in construction activity persisted and consumer demand tapered from its traditional year-end peak. Inflationary pressures abated from year-earlier levels, while monetary developments featured declines in both liquidity and external reserves.

Although both occupancy and average daily rates showed modest improvements in December, information for the eleven months to November, showed a contraction in tourism output as the fall-off in the high value-added stopover segment of the market engendered a number of incentive programmes by hotels in a bid to support their operations. There was a 6.0% upturn in total visitors to 4.2 million, a turnaround from the previous year's 4.8% contraction, occasioned by a 14.3% increase in the sea component, which outweighed the 11.1% downturn in air arrivals. On a destination basis, total visitors to New Providence grew by 6.7%, with the 16.0% gain in sea traffic eclipsing the 6.6% decline in air passengers. Similarly, tourists to the Family Islands advanced by 5.4%, upheld by an 11.0% rise in the more dominant sea arrivals. In the Grand Bahama market, the 4.7% hike in visitors was explained by 17.1% expansion in sea traffic, which offset the 24.5% reduction in air visitors.

Reflective of the pass-through effects of the broad-based decline in international commodity prices from their record highs in mid-2008, inflation for 2009 slowed by 2.4 percentage points to 2.1%, following a 2.0 percentage point advance to 4.5% in 2008. Average price increases moderated for food & beverages (4.8%), "other" goods and services (3.5%), furniture & household operations (3.2%), medical care & health (2.3%), transport & communication (1.8%) and recreation entertainment & services (0.7%). Further, housing costs fell marginally by 0.1% vis-à-vis 2008's 3.5% gain; whereas average prices firmed modestly for education and clothing & footwear, to 3.0% and 1.9%, respectively. For electricity prices, the average fuel surcharge for December retreated by 23.4% to 9.38 cents per kilowatt hour (kWh) over the previous month, and by 47.5% from a year ago.

Data on the Government's budgetary operations for the first five months of FY2009/10 showed the overall deficit widening by 14.0% to \$138.7 million over the previous fiscal year, as the 6.7% rise in aggregate expenditure overshadowed the 4.9% improvement in revenues. Specifically, tax receipts declined by 11.6% to \$413.8 million, owing mainly to contractions in international trade (9.4%), property related stamp (24.5%) and other "miscellaneous" (21.1%) taxes. Conversely, non-tax collections rose more than four-fold to \$121.5 million, buoyed by one-off and dividend receipts. In terms of expenditure, current spending softened by 0.2% to \$556.6 million, occasioned by reductions in outlays for goods & services (1.7%), as well as transfers and subsidies (5.1%), which negated increases in interest payments (11.1%). In contrast, capital expenditure advanced by 39.3%, linked to a significant increase in outlays for infrastructure development projects, including the main seaport expansion and road rehabilitations.

2. *International Developments*

Indications are that the global economy remained on the path to recovery, supported mainly by fiscal policy measures and a modest upturn in consumer demand—particularly in the Asian economies. However, progress continued to be hindered by impaired financial systems and high unemployment levels, which have dampened consumer spending.

The United States real GDP posted an annualized 5.7% growth rate in the fourth quarter—the fastest pace in nearly six years, following a 2.2% advance in the previous three-month period. The outturn was aided largely by positive contributions from consumer spending, net exports and private inventory investment. Supporting these trends, the consumer confidence index rose for a second consecutive month, to 52.9 in December from 50.6 a month earlier; and labour market conditions stabilized, as the unemployment rate was unchanged at 10.0% in December, despite non-farm payroll employment contracting by 85,000 persons. Buoyed in part by fiscal tax incentives, new building permits advanced by 10.9% over the previous month, although harsh weather conditions contributed to a 4.0% decline in housing starts. To further support the economic recovery, the Federal Reserve maintained the federal funds rate at the 0-0.25% target range.

Reflecting expansions in the services and industrial sectors, the United Kingdom emerged from its year-long recession in the fourth quarter of 2009; real output rose marginally by 0.1%, following a 0.2% decline in the previous three-month period. The jobless situation also improved, with the unemployment rate moving lower in the three months to November, to 7.9%—the first decline since February. A rise in net imports caused the goods and services account deficit to widen by £0.2 billion to £6.8 billion. On the monetary front, the Bank of England continued its accommodative monetary policy stance in December, in an effort to support credit conditions.

Indications are that the recovery in the euro area remained fragile, although industrial production rose by 1.0% in November, in contrast to a 0.3% decline in the previous month, mainly on account of growth in the manufacturing sector. However, the euro's appreciation led to exports falling by 0.4%, and a narrowing in the trade surplus to €3.9 billion in November. Reflecting softness in holiday sales, the volume of retail trade fell by 1.2% in November, in comparison to a 0.2% advance in the previous period. Consumer price inflation firmed by 0.9% year-on-year in December, attributed in large part to higher spending on fuel and energy. Unemployment increased slightly to 10.0% of the labour force in December, the highest rate in more than a decade. As the economic recovery remained anaemic, the European Central Bank kept its key interest rate unchanged.

Despite the challenges faced by the global economy, output in China continued to expand robustly, in line with pre-recession levels. Industrial production strengthened by 19.2% in November on a yearly basis, as manufacturing output registered its largest gain in five years. Growth continued to be driven by strong domestic demand, as the country's trade surplus narrowed considerably by 13.9% to US\$2.21 trillion over the eleven-month period, reflecting a 16.0% decline in exports. Consumer prices rose by 0.6% over the twelve-months to November, led by higher food costs. In December, the Peoples Bank of China's Monetary Policy Committee agreed to maintain its accommodative monetary policy stance to support the economic expansion.

In Japan, industrial output rose 2.2% month-on-month in December, propelling the year-on-year change to a positive 5.9% upturn from a 5.5% decrease in November. The balance on the trade account reversed to a surplus of ¥490.6 billion in November, from a deficit of ¥92.2 billion a year earlier, reflecting an 18.2% contraction in imports, as consumer spending remained constrained. At the same time, unemployment declined to a rate of 5.1% in December from 5.2% in November, although remaining well above pre-crisis levels which averaged closer to 3.0% of the labour force. Deflationary conditions persisted as evidenced by the 1.7% annualized contraction in consumer prices. Faced with these headwinds, the Bank of Japan held its main interest rate steady at 0.1%.

Reflecting improved economic prospects and severe cold weather in several developed markets, the price of crude oil firmed by 2.5% to \$77.85 per barrel in December. In contrast, the respective price of both gold and silver fell by 7.0% to \$1,096.95 and 8.7% to \$16.88 per troy ounce.

In financial markets, the United States' Dow Jones Industrial Average (DJIA) rose marginally by 0.8% to 10,428.0 points and the S&P 500 index gained by 1.9% to 1,110.7 points. In Europe, the United Kingdom's FTSE 100 index advanced by 4.3% to 5,412.9 points; Germany's DAX by 5.9% to 5,957.4 points; and France's CAC 40 by 7.0% to 3,936.3 points. Similarly in Asia, Japan's Nikkei index rose by 12.9% to 10,546.4 points, while China's SE Composite grew by 2.6% to 3,277.1 points.

3. Domestic Monetary Trends

During the month of December, seasonal net foreign currency outflows led to a contraction in bank liquidity and also precipitated a decline in external reserves. However, on an annual basis, both liquidity and external reserves registered robust growth, reflecting a combination of depressed private sector demand conditions and proceeds from the public sector's foreign currency borrowings.

December 2009 vs. 2008

For December, the fall-off in bank's free cash levels was lower than the year-earlier period, by \$24.2 million at \$30.9 million. The excess in the broader liquid assets also decreased by \$35.7 million vis-à-vis the previous year's \$24.1 million contraction.

The decline in external reserves narrowed to \$13.6 million from \$27.3 million a year-earlier, as a more moderate upturn in private sector demand supported a net purchase of \$9.7 million in foreign currency from commercial banks, in contrast to a net sale of \$14.2 million in 2008. In turn, banks' net sale to their clients was substantially lower by \$31.6 million at \$0.4 million. In transactions with the public sector, the Central Bank's net sale grew by \$10.0 million to \$25.8 million—the bulk of which was for fuel payments.

Led by higher net claims on the Government, Bahamian dollar credit expanded by \$59.0 million vis-à-vis a \$42.4 million rise in 2008. Stepped-up recourse to short-term credit elevated the increase in Government's net liability to banks by \$35.5 million to \$41.2 million, whereas growth in credit to public corporations was lower by \$2.8 million at \$5.8 million. Further, private sector credit expansion slackened by 57.6% to \$12.0 million. Significantly reduced net gains were posted for mortgage (37%) and commercial (84%) credits, to \$9.5 million and \$3.6 million, respectively; while the net repayment position for consumer loans moderated by \$7.7 million to \$1.1 million.

Banks' credit quality indicators deteriorated further, amid high levels of unemployment and anemic business activity. Total private sector loan arrears advanced by \$28.6 million (2.7%) to \$1,090.1 million, with a corresponding 0.3 percentage point rise in the arrears rate to 17.6% of total loans. As the average time period during which loans remained delinquent lengthened, arrears in the 31-90 day segment fell by \$2.8 million (0.5%) to \$513.7 million, resulting in a marginal 0.1 percentage point reduction in the relevant loan ratio to 8.3%. However, non-performing loans—those more than 90 days in arrears and on which banks have ceased accruing interest—firmed by \$31.4 million (5.8%) to \$576.4 million, and the attendant arrears ratio, by 0.5 of a percentage point to 9.4%.

The bulk of the deterioration in total arrears was attributed to the consumer segment, where delinquencies rose by \$17.3 million (5.7%) to \$323.0 million, reflecting gains in the 31-90 day arrears of \$1.3 million (0.9%), and non-performing loans of \$16.0 million (10.2%). Smaller increases of \$2.2 million (0.4%) to \$531.5 million and \$9.2 million (4.0%) to \$235.6 million were recorded for mortgage and commercial delinquencies, respectively. The contraction in short-term mortgage arrears (31-90 days) by \$9.0 million (3.0%), was primarily explained by a corresponding migration in loans to the non-performing category, which rose by \$11.2 million (4.9%). Banks increased their provisions for loan losses by \$1.1 million (0.5%) to \$213.6 million; however, given the pace of the increase in arrears and non-performing loans, the ratio of provisions to arrears and non-performing loans fell by 0.4 and 1.9 percentage points to 19.6% and 37.1%, respectively.

Domestic foreign currency credit expanded by \$7.7 million, in line with the growth registered in 2008. Claims on the public corporations firmed by \$11.6 million, a reversal from a marginal falloff in 2008. In contrast, net claims on the Government and credit to the private sector were reduced, by \$3.6 million and \$0.3 million, compared to year-earlier gains of \$4.2 million and \$2.9 million.

Total Bahamian dollar deposits rebounded by \$47.0 million, compared to the previous year's downturn of \$36.7 million. Supporting this outcome were increases in both fixed and demand deposits, of \$29.0 million and \$18.0 million, following respective declines of \$5.5 million and \$23.7 million in 2008; and the reduction in savings balances slowed to \$0.1 million from \$7.5 million.

Regarding interest rates, the weighted average deposit rate at commercial banks softened by 8 basis points to 3.69%, with the highest rate of 6.00% offered on fixed deposits of over 12 months. In contrast, the weighted average loan rate firmed by 49 basis points to 10.69%.

January – December 2009

Liquidity conditions remained buoyant throughout 2009, amid weak private sector demand and supported by public sector foreign currency borrowings. Excess reserves firmed by \$54.8 million, a reversal from a \$34.4 million contraction in the previous period; and gains in excess liquid assets were higher by \$137.3 million at \$244.4 million.

Reflecting Government's external debt issue and the allocation of US\$178.8 million in Special Drawing Rights (SDRs) under the IMF's global initiative, accretions to external reserves advanced by \$154.7 million to \$262.6 million. In particular, a net of \$26.1 million was purchased from the public sector, a turnaround from a \$102.6 million net sale in 2008. However, weakness in the real economy translated into a \$32.0 million (33.9%) reduction in the Bank's net foreign currency

purchase to \$62.3 million. The net purchase from commercial banks receded by over 80% to \$36.2 million, corresponding to a similar retrenchment in their net purchase from their customers.

Growth in Bahamian dollar credit was reduced sharply by \$310.8 million to \$158.0 million in 2009, as the weakness in demand constrained private sector credit growth by \$319.4 million to \$66.3 million. Consumer credit, which accounts for some 35% of private credit, decreased by \$42.2 million, reversing 2008's \$113.2 million expansion; and mortgage growth abated by \$90.8 million to \$120.3 million. Following a \$21.8 million expansion in 2008, claims on public corporations declined by \$3.5 million, whereas net credit to the Government rose more strongly by \$95.2 million, relative to \$61.4 million in 2008.

A disaggregation of consumer credit showed broad-based contractions in the various components through the eleven months to November. The largest declines were noted for private cars (\$29.5 million) and loans for "miscellaneous" purposes (\$28.0 million), extending the previous year's reductions of \$6.3 million and \$5.3 million, respectively. Net repayments were also recorded for credit cards (\$19.4 million), travel (\$12.3 million) and home improvement (\$4.7 million) loans, following respective increases of \$26.5 million, \$0.2 million and \$7.7 million in 2008. Accretions to debt consolidation loans—which comprised restructured loans—slowed by over 40% to \$53.2 million.

Consistent with the weakened economic situation, banks' credit quality indicators deteriorated significantly over 2009. Total private sector arrears advanced by \$324.3 million (42.4%) to \$1,090.1 million, which represented 17.6% of total loans—a gain of 5.2 percentage points. This outturn reflected upturns in both the 31-90 day and non-performing components. Delinquencies in the short-term 31-90 day segment firmed by \$115.7 million (29.1%) to \$513.7 million, resulting in a 1.8 percentage point advance in the arrears ratio to 8.3%. Similarly, non-performing loans rose by \$208.6 million (56.7%) to \$576.4 million, for a 3.3 percentage point increase in the corresponding ratio to 9.4%.

Disaggregated further, the expansion in arrears was mainly due to higher mortgage delinquencies; as the total advanced by \$167.2 million (45.9%) to \$531.5 million, of which 45% was attributed to the non-performing component. Total consumer loan delinquencies grew by \$82.7 million (34.4%) to \$323.0 million, reflecting gains in the 31-90 day and non-performing segments of \$21.7 million (17.0%) and \$61.0 million (54.1%), respectively. Commercial arrears advanced by \$74.4 million (46.2%) to \$235.6 million; however, the majority of the build-up was attributed to the non-performing component, which surged by \$72.1 million (80.7%), as the average age of loan delinquencies lengthened.

Given the worsening in credit quality, banks increased their provisions for loan losses by \$44.4 million (26.3%) to \$213.6 million. The ratio of provisions to total arrears and non-accrual loans narrowed by 2.5 and 8.9 percentage points to 19.6% and 37.1%, respectively, partly explained by the generally high quality of collateral held against loans—particularly mortgages, which represent some 47% of private sector loans.

Reflecting net repayments by public corporations, domestic foreign currency credit contracted by \$49.7 million, following the previous year's \$11.0 million reduction. Claims on public corporations were lower by \$32.2 million, a turnaround from the \$100.9 million increase in 2008. Similarly, net

credit to the private sector decreased by \$13.7 million vis-à-vis the previous year's \$92.4 million fall, while the contraction in Government's net liability to banks was lower at \$3.7 million from \$19.5 million.

Bahamian dollar deposit growth slackened by \$209.9 million (70.3%) to \$88.5 million, as savings deposits fell by \$25.2 million, a reversal from a \$28.7 million improvement in 2008. Accretions to fixed deposits tapered by \$172.1 million (62.2%) to \$104.8 million. Conversely, demand deposits rose modestly by \$9.0 million, following a decline of \$7.1 million in 2009.

4. Outlook and Policy Implications

The domestic economic environment is projected to remain challenging in 2010; however, the pace of the economic downturn is expected to slow in comparison to 2009, supported by the ongoing recovery in the global economy. Tourism activity, although posting modest improvements in recent periods, is still likely to be constrained in the near-term, given the persistent weakness in consumer spending in the main US market. Foreign investment-led construction activity is projected to be weak in the absence of new projects and the relatively anaemic credit conditions in international markets. In this environment, the unemployment rate may remain relatively high, although a modest offset will be achieved from Government's temporary work programme.

Government's deficit and the corresponding debt to GDP ratios are anticipated to remain elevated over the year, in the absence of policy measures, as sluggish private sector demand constrains revenue prospects.

On the monetary front, the outlook is for a continuation of strong liquidity conditions, supported by softness in consumer demand conditions and banks' more conservative lending practices in the face of elevated levels of arrears. Consequently, the current account deficit is likely to stabilise at levels considerably lower than previous peaks; while external reserves are projected to moderate from their end-2009 highs, but remain above international benchmarks.

Recent Monetary and Credit Statistics

(B\$ Millions)

DECEMBER					
Value		Change		Change YTD	
2008	2009	2008	2009	2008	2009

1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	207.30	262.10	-55.17	-30.94	-34.39	54.79
1.2 Excess Liquid Assets	261.95	506.39	-24.05	-35.70	107.10	244.44
1.3 External Reserves	562.73	825.37	-27.29	-13.56	107.92	262.64
1.4 Bank's Net Foreign Assets	-721.81	-670.21	-20.17	-15.11	-32.97	51.60
1.5 Usable Reserves	233.58	458.86	-1.82	-5.06	129.10	225.28

2.0 DOMESTIC CREDIT

2.1 Private Sector	6,503.16	6,555.78	31.12	11.67	293.21	52.62
a. B\$ Credit	6,063.78	6,130.07	28.22	11.97	385.64	66.29
of which: Consumer Credit	2,214.92	2,172.71	-8.77	-1.12	113.21	-42.21
Mortgages	2,751.25	2,871.49	14.99	9.48	211.02	120.25
b. F/C Credit	439.37	425.71	2.90	-0.30	-92.43	-13.67
of which: Mortgages	85.33	95.94	4.75	0.35	31.31	10.61
2.2 Central Government (net)	898.95	990.31	9.89	37.67	41.92	91.35
a. B\$ Loans & Securities	1,033.23	1,166.85	-4.04	50.54	69.63	133.61
Less Deposits	136.42	174.83	-9.73	9.33	8.25	38.42
b. F/C Loans & Securities	3.91	3.71	1.42	0.00	-19.25	-0.20
Less Deposits	1.77	5.42	-2.77	3.55	0.21	3.65
2.3 Rest of Public Sector	401.83	366.12	8.43	17.36	122.65	-35.72
a. B\$ Credit	84.87	81.36	8.52	5.77	21.78	-3.51
b. F/C Credit	316.96	284.76	-0.09	11.59	100.86	-32.21
2.4 Total Domestic Credit	7,803.94	7,912.26	49.44	66.69	457.78	108.32
a. B\$ Domestic Credit	7,045.47	7,203.51	42.44	58.96	468.81	158.04
b. F/C Domestic Credit	758.47	708.75	7.00	7.73	-11.03	-49.72

3.0 DEPOSIT BASE

3.1 Demand Deposits	1,081.44	1,090.39	-23.73	18.01	-7.14	8.95
a. Central Bank	8.95	12.61	7.26	-3.71	-0.87	3.66
b. Banks	1,072.49	1,077.78	-30.99	21.72	-6.27	5.29
3.2 Savings Deposits	1,020.03	994.81	-7.52	-0.06	28.67	-25.22
3.3 Fixed Deposits	3,432.40	3,537.18	-5.46	28.99	276.86	104.78
3.4 Total B\$ Deposits	5,533.86	5,622.37	-36.71	46.95	298.39	88.51
3.5 F/C Deposits of Residents	168.98	216.83	12.30	1.53	-30.70	47.85
3.6 M2	5,739.66	5,820.72	-29.47	58.83	291.11	81.06
3.7 External Reserves/M2 (%)	9.80	14.18	-0.42	-0.38	1.46	4.38
3.8 Reserves/Base Money (%)	87.25	118.13	2.26	1.25	19.69	30.88
3.9 External Reserves/Demand Liabilities (%)	85.29	112.22	2.19	0.58	20.50	26.93

Value		Year to Date		Change	
2008	2009	2008	2009	Month	YTD

4.0 FOREIGN EXCHANGE TRANSACTIONS

4.1 Central Bank Net Purchase/(Sale)	-30.09	-16.15	94.38	62.34	13.94	-32.04
a. Net Purchase/(Sale) from/to Banks	-14.23	9.66	196.96	36.17	23.89	-160.79
i. Sales to Banks	26.97	14.50	239.09	272.60	-12.47	33.51
ii. Purchases from Banks	12.74	24.16	436.04	308.77	11.42	-127.27
b. Net Purchase/(Sale) from/to Others	-15.86	-25.81	-102.58	26.17	-9.95	128.74
i. Sales to Others	43.05	44.06	672.11	725.36	1.01	53.25
ii. Purchases from Others	27.19	18.25	569.53	751.53	-8.94	182.00
4.2 Banks Net Purchase/(Sale)	-32.05	-0.42	173.57	26.38	31.63	-147.20
a. Sales to Customers	525.74	387.23	4,626.90	4,083.61	-138.50	-543.30
b. Purchases from Customers	493.68	386.81	4,800.48	4,109.98	-106.87	-690.49
4.3 B\$ Position (change)	4.71	2.84				

5.0 EXCHANGE CONTROL SALES

5.1 Current Items	203.56	0.00	3,354.60	2,384.80	-203.56	-969.80
of which Public Sector	27.46	0.00	586.01	380.44	-27.46	-205.57
a. Nonoil Imports	91.43	0.00	1,295.29	943.12	-91.43	-352.17
b. Oil Imports	22.16	0.00	661.29	259.76	-22.16	-401.53
c. Travel	14.87	0.00	222.70	153.58	-14.87	-69.12
d. Factor Income	8.95	0.00	71.74	135.32	-8.95	63.57
e. Transfers	5.55	0.00	76.25	57.00	-5.55	-19.25
f. Other Current Items	60.60	0.00	1,027.32	836.02	-60.60	-191.30
5.2 Capital Items	3.23	0.00	81.55	72.51	-3.23	-9.04
of which Public Sector	0.00	0.00	25.67	21.36	0.00	-4.32
5.3 Bank Remittances	0.00	0.00	3.05	91.20	0.00	88.15

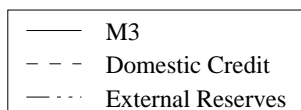
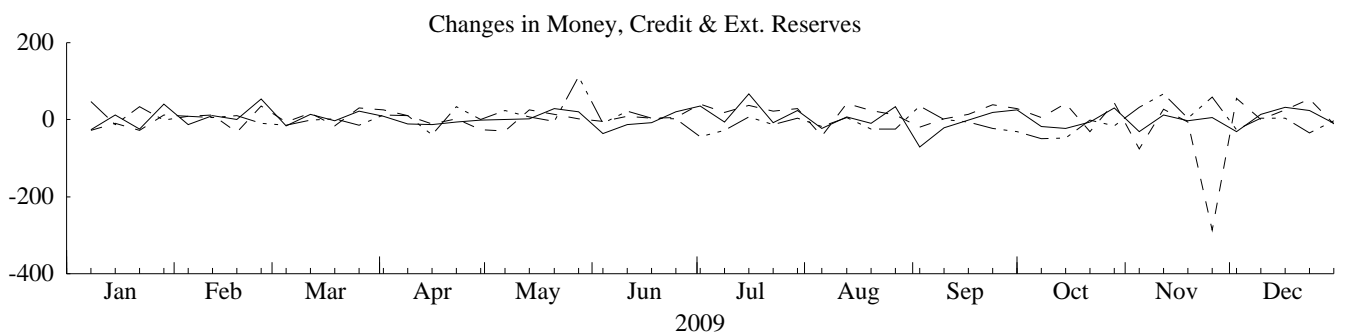
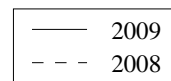
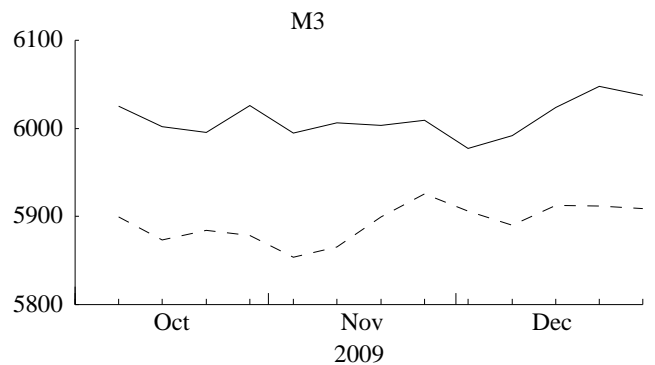
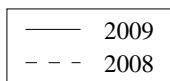
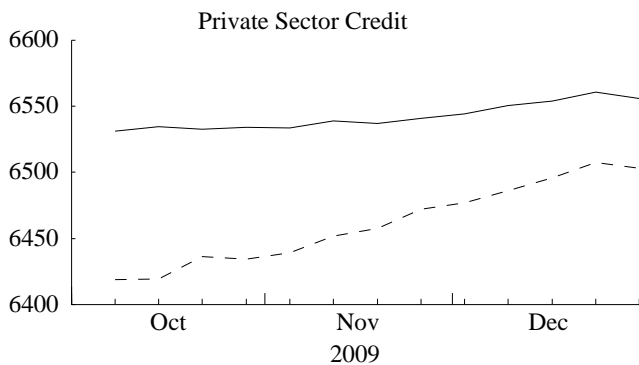
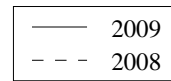
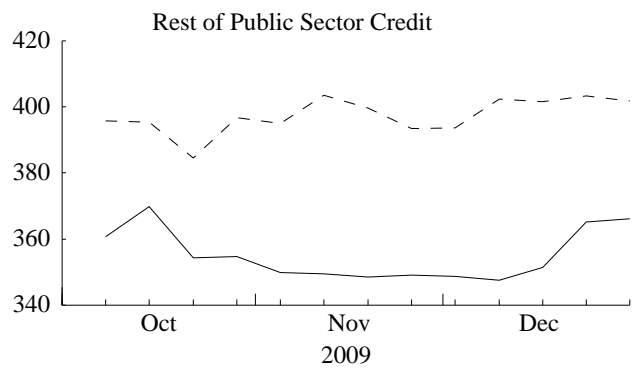
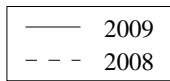
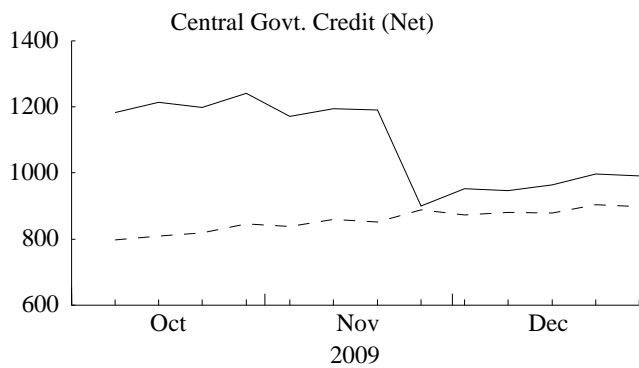
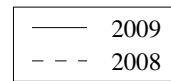
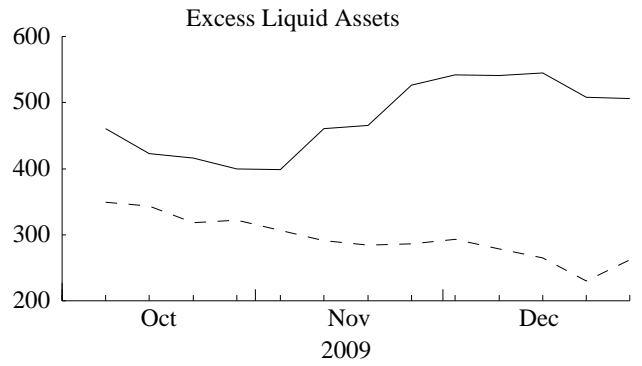
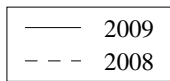
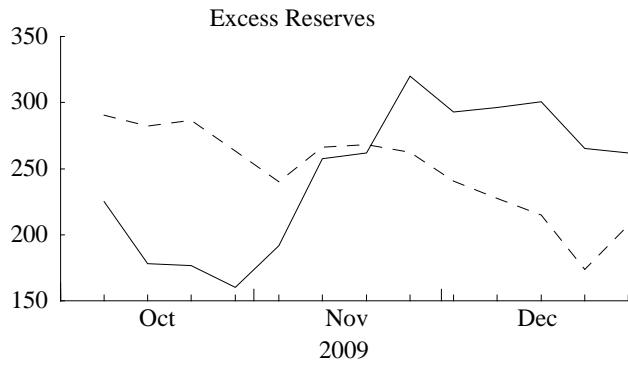
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: DECEMBER 31, 2008 and DECEMBER 30, 2009

Exchange Control Sales figures are as at month end.

Notes: 1.0, 2.0 and 3.0 YTD change reflects change of current month over previous year end; for 4.0 and 5.0 change is over corresponding period of previous year.

Components may not sum to totals due to round-off error.

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	
	2008	2009	2008	2009	2008	2009
Bahamas	-1.7	-4.5	4.5	1.8	8.7*	14.2*
United States	0.4	-2.7	3.8	-0.4	5.8	8.9
Euro-Area	0.7	-4.2	3.3	0.3	7.6	10.1
<i>Germany</i>	<i>1.2</i>	<i>-5.3</i>	<i>2.8</i>	<i>0.1</i>	<i>7.3</i>	<i>9.0</i>
Japan	-0.7	-5.4	1.4	-1.1	4.0	4.6
United Kingdom	0.7	-4.4	3.6	1.9	5.5	7.4
Canada	0.4	-2.5	2.4	0.1	6.2	8.4

Sources: IMF World Economic Outlook, October 2009, IMF World Economic Outlook, April 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
December 2007	5.25	4.00	4.75	4.25	5.50
January 2008	5.25	4.00	3.50	3.00	5.50
February 2008	5.25	4.00	3.50	3.00	5.25
March 2008	5.25	4.00	2.50	2.25	5.25
April 2008	5.25	4.00	2.25	2.00	5.00
May 2008	5.25	4.00	2.25	2.00	5.00
June 2008	5.25	4.00	2.25	2.00	5.00
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

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	Dec-08	Nov-09	Dec-09	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.7157	0.6665	0.6980	4.7	-2.5	-2.5
Yen	90.68	86.41	93.01	7.6	2.6	2.6
Pound	0.6836	0.6082	0.6183	1.7	-9.5	-9.5
Canadian \$	1.2205	1.0562	1.0533	-0.3	-13.7	-13.7
Swiss Franc	1.0695	1.0053	1.0356	3.0	-3.2	-3.2

Source: Bloomberg as at December 31, 2009

D. Selected Commodity Prices (\$)					
Commodity	December 2008	November 2009	December 2009	Mthly % Change	YTD % Change
Gold / Ounce	882.05	1179.60	1096.95	-7.0	24.4
Silver / Ounce	11.39	18.49	16.88	-8.7	48.2
Oil / Barrel	39.53	75.94	77.85	2.5	96.9

Source: Bloomberg as at December 31, 2009

E. Equity Market Valuations –December 31, 2009 (%chg)								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	5.24	0.80	1.91	4.28	6.96	5.89	12.85	2.56
3 month	6.04	7.36	8.04	7.30	9.11	10.02	5.10	9.39
YTD	-8.58	18.82	23.40	22.07	22.32	23.85	19.04	79.98
12-month	-8.58	18.82	23.40	22.07	22.32	23.85	19.04	79.98

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	GBP	EUR
o/n	0.06	0.35	0.24
1 Month	0.25	0.37	0.32
3 Month	0.35	0.45	0.50
6 Month	0.55	0.65	0.80
9 Month	0.40	0.85	0.93
1 year	1.00	1.05	1.05

Source: Bloomberg as at December 31, 2009

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

	VALUE												CHANGE											
	Nov. 04	Nov. 11	Nov. 18	Nov. 25	Dec. 02	Dec. 09	Dec. 16	Dec. 23	Dec. 30	Nov. 04	Nov. 11	Nov. 18	Nov. 25	Dec. 02	Dec. 09	Dec. 16	Dec. 23	Dec. 30						
I. External Reserves	692.25	746.12	742.26	1,031.01	838.93	833.63	851.55	843.13	825.37	8.41	53.86	-3.86	288.76	-192.08	-5.31	17.93	-8.43	-17.76						
II. Net Domestic Assets (A + B + C + D)	-86.15	-75.44	-70.68	-295.38	-121.19	-115.37	-125.27	-124.51	-126.69	14.90	10.71	4.77	-224.70	174.19	5.82	-9.90	0.75	-2.17						
A. Net Credit to Gov't (i + ii + iii - iv)	225.22	230.21	227.09	7.13	190.50	189.91	180.23	178.13	180.05	23.06	4.98	-3.11	-219.96	183.37	-0.58	-9.69	-2.10	1.93						
i) Advances	96.99	96.99	96.99	96.99	96.99	96.99	96.99	96.99	96.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
ii) Registered Stock	114.12	113.84	111.49	109.36	109.20	108.22	105.19	104.53	104.52	-0.04	-0.28	-2.34	-2.13	-0.17	-0.97	-3.03	-0.66	-0.01						
iii) Treasury Bills	35.89	36.75	36.75	36.75	0.00	0.00	0.00	0.00	0.00	29.93	0.86	0.00	0.00	-36.75	0.00	0.00	0.00	0.00						
iv) Deposits	21.77	17.36	18.14	235.97	15.69	15.30	21.95	23.39	21.45	6.83	-4.41	0.77	217.83	-220.28	-0.39	6.66	1.44	-1.94						
B. Rest of Public Sector (Net) (i + ii - iii)	-11.78	-5.65	2.27	-3.72	-10.17	-2.41	-3.21	-3.45	-6.46	-7.11	6.13	7.92	-5.99	-6.45	7.76	-0.80	-0.24	-3.01						
i) BDB Loans	6.15	6.15	6.15	6.15	6.15	6.15	6.15	6.15	6.15	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	17.93	11.80	3.88	9.87	16.32	8.56	9.36	9.60	12.61	7.11	-6.13	-7.92	5.99	6.45	-7.76	0.80	0.24	3.01						
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)*	-299.60	-300.00	-300.04	-298.79	-301.52	-302.87	-302.28	-299.20	-300.29	-1.04	-0.40	-0.04	1.25	-2.73	-1.36	0.59	3.09	-1.09						
III. Monetary Base	606.10	670.67	671.58	735.64	717.75	718.26	726.29	718.61	698.69	23.32	64.57	0.91	64.06	-17.89	0.51	8.03	-7.67	-19.93						
A. Currency in Circulation	267.65	263.31	261.37	268.42	278.82	279.56	288.49	315.62	317.08	3.81	-4.34	-1.94	7.05	10.40	0.74	8.93	27.13	1.46						
B. Bank Balances with CBOB	338.45	407.36	410.21	467.22	438.93	438.70	437.80	402.99	381.61	19.51	68.91	2.85	57.01	-28.28	-0.24	-0.90	-34.81	-21.38						

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

