



Monthly Economic and Financial Developments June 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 Dates:

2009: August 31, September 28, November 2, December 29.

Monthly Economic and Financial Developments

June 2009

1. Domestic Economic Developments

Despite modest signs that the global economic recession had started to stabilize during the review month, weakness in the major countries continued to feed through to the domestic economy. Consequently, activity in the tourism sector remained anaemic and the reduced levels of foreign investment inflows negatively impacted construction activity. Stimulus from private sector credit also declined, amid net repayment of business and consumer loans and a significant narrowing in residential mortgage lending. In this environment, Government's revenue performance continued to deteriorate which, alongside increased outlays, resulted in the fiscal deficit almost tripling over the eleven-months of FY2008/09. Liquidity conditions remained buoyant, although tightening modestly over the month; with external reserves boosted by Government's foreign currency financing activities.

Indications are that the sustained slump in air arrivals negatively impacted overall visitor trends during the first half of the year, following a 2.2% decrease a year earlier. The fall in air visitors remained broad-based, with the New Providence, Grand Bahama and the Family Island markets registering contractions. These trends continued to have an adverse effect on employment in the sector, with further downsizing expected at some properties during the summer months. Some offset was provided by the firming in cruise arrivals, which benefitted in recent months from significant price discounting and the rerouting of several cruise ships.

Reflecting the easing in inflationary pressures during the first half of 2009, annual inflation through June tapered to 1.7% from 5.1% last year. However, the average inflation for the twelve months ending June slowed to 4.28% over the previous month, but remained 1.29 percentage points above 2008's level, amid the continuing impact of the escalated cost increases during the second half of 2008. In particular, cost increases remained accelerated for food and beverages (8.3%), housing (2.8%), clothing & footwear (1.7%), recreation entertainment & services (3.9%), education (3.3%) and "other" uncategorized goods & services (7.5%). However, average cost gains moderated for furniture & household operations (5.3%) and transportation & communication (2.3%). With regard to local fuel prices, the average cost of gasoline rose by \$0.34 to \$3.97 per gallon during the review month; however, prices remained 29.4% lower than the June 2008 level. Similarly, the cost of diesel rose by \$0.18 to \$2.81 over the month, but fell by 52.4% on an annual basis.

Data on the Government's budgetary operations for the eleven months of FY2008/09 indicated that the deficit widened to \$219.0 million from \$79.9 million in the corresponding period. Underlying this outcome was a 6.1% (\$78.0 million) reduction in revenues, coupled with a 4.5% (\$61.2 million) firming in expenditures. In terms of collections, tax receipts fell by 11.0%, as the downturn in consumer demand constrained collections on international trade transactions by 13.0%. Similarly, other "miscellaneous" taxes were lower by 15.1%, reflecting declines in stamp taxes on financial transactions, departure collections and "unclassified" revenue items. In contrast, buoyed by dividend income, non-tax revenue rose by almost 50% to \$155.1 million. Disaggregated data revealed that current outlays rose by 5.3%, explained by increases in payments for goods & services (7.0%), personal emoluments (4.2%) and transfers & subsidies (5.6%). However, capital outlays decreased by 6.7%, due to a falloff in acquisitions of assets and a slight reduction in transfers to non-financial public entities.

2. Business Sentiments Survey

Results from the Central Bank's inaugural survey on Business Sentiments and Expectations, conducted between May and June, indicate that the weakness in the economy has also had a negative effect on operating trends outside of the more prominent tourism and construction sectors. The respondents, which represented a broad range of firms from a number of sectors, including retail distribution, professional services, construction and the automobile trade, reported total employees of nearly 7,000 and consolidated annual sales in the \$1.3 billion range. More than two thirds of the private sector establishments responding to the survey indicated that, compared to the same period in 2008, operating conditions within the general business environment had deteriorated during the first 6 months of 2009, and did not foresee an improvement over the remainder of the year. Nevertheless, businesses expect the pace at which the economy declines to moderate over the rest of the year. In addition, the results suggest that, on average, individual firms plan to make less severe employment adjustments than they anticipated were occurring overall in the economy.

When weighted by the size of the workforce, a larger number of companies (61.5%) projected that profits would decrease over the next 6 months, than those which experienced reductions during the first half of the year. Correspondingly, a smaller percentage (27.1%) of employers, expected sales growth over the remainder of the year, when compared to those who reported gains in the first half of the year (38.9%); while a larger fraction anticipated some narrowing in profit margins, owing to a combination of lowered prices on goods sold and rising inventory costs. As to employment adjustments, a majority of firms indicated that staffing levels had been reduced in the last 6 months, with more than four-fifths signaling either no anticipated change or likely further reductions in the months ahead.

3. International Developments

Indicators suggest that the global economy remained moribund over the first half of the year; however, in recent months, modest signs of a flattening in the economic downturn emerged, buoyed by the aggressive "stimulus" from monetary and fiscal packages, improved consumer confidence indicators and corporate sector cost cutting measures, which supported stock market gains. Nevertheless, the IMF, in its most recent "World Economic Outlook" update, revised downwards its forecasts for World GDP to a decline of 1.4% in 2009, due in part to the negative impact of the slowdown in consumer demand on export-driven economies.

In the United States, economic conditions remained challenging, with GDP contracting by 5.5% on an annual basis in the first quarter, following a decline of 6.3% in the previous period. The unemployment rate reached a new 20 year high of 9.5% in June, as non-farm payrolls fell by an estimated 467,000. With the rapid increase in unemployment, foreclosure filings surged by 9.0% to an historic high of 1.9 million over the first half of the year. However, other indicators showed signs of stabilization, as annualized housing starts and completions rose on a monthly basis, by 3.6% and 0.4% in June. Similarly, building permits—a more forward looking indicator—firmed during June by 8.7%. In monetary developments, the Federal Reserve announced that it would continue to support activity in the credit markets via the extension of some of its ongoing liquidity management programmes through February, 2010.

The United Kingdom's economy continued to deteriorate during the second quarter, as declines in construction, manufacturing and services led to a 0.8% fall in output, following a decrease of 2.4% over the previous three-month period. As a consequence, the unemployment rate rose by 0.9 percentage points in the three-months to May over the previous quarter. Reflecting, in part, lower prices for food and furniture,

inflation fell to 1.8% in June, the first time it moved below its target 2.0% rate since September 2007. In external developments, trade in goods and services improved by £0.8 billion to £2.2 billion, due to a decline in the goods deficit. Amid the tempering in inflationary pressures, the Bank of England kept its policy rate unchanged at 0.5% and agreed to continue with its £125 billion asset purchase programme during the review month.

Propelled by lower consumption expenditure and domestic investment, euro area GDP declined by 2.5% during the first quarter, following a 1.8% contraction in the previous three-month period. Reflecting the sluggishness of the economy, retail trade fell by 0.4% in May on a monthly basis; while the trade surplus narrowed by €0.8 billion to €1.9 billion over the previous month. In this environment, the unemployment rate advanced to 9.5%, 0.2 percentage points higher than in April; however, with consumer prices falling by 0.1 percentage points in June, the European Central Bank left its benchmark rate unchanged at 1.0%.

Buoyed by the Government's aggressive US\$585 billion "stimulus" programme, China's economy grew by an annualized 7.9% from April to June, exceeding the 6.1% recorded in the previous quarter. Credit accelerated, and retail sales increased by an annualized 15.0% for the first half of the year, vis-à-vis the comparable period a year ago. Despite the 2.1% narrowing in the trade surplus for the first half of the year to \$96.9 billion, relative to the comparable 2008 period, the influx of foreign investment supported an annual 17.8% increase in foreign exchange reserves to \$2.13 trillion at end-June. Reflecting lower food and transportation costs, consumer prices fell by 1.7%, on a year-on-year basis, in June.

Recent indicators for Japan suggest some signs of stabilization during the second quarter. In May, industrial output advanced by 5.9% on a monthly basis, reflecting a recovery in car and electronics production; while the goods and services balance was reversed to a small surplus, buoyed by a fall in imports which offset the decline in exports. However, as firms continued to reduce costs, the unemployment rate rose by 20 basis points to 5.2% in May. With the sharp downturn in demand, deflation persisted as lower electricity and gas prices resulted in consumer prices falling by 1.1% in May compared to the previous year. Faced with these challenges, the Bank of Japan maintained its zero interest rate policy and pledged to continue its emergency credit programmes until the end of 2009.

In June, OPEC's crude oil production averaged 28.23 million barrels per day, a 55,000 barrel increase from the previous month's level. Notwithstanding the increase in supply, a decline in the US dollar at the beginning of June, combined with increased optimism over the prospects for a near-term strengthening in demand, contributed to a 10.5% hike in the price of oil to \$69.99 per barrel. In terms of other commodities, the price of gold and silver decreased by 5.4% to \$926.60 per ounce and by 13.6% to \$13.61 per ounce, respectively.

Reflecting investors' concerns about the slow pace of economic recovery, most of the major equity indices recorded declines in June. In the United States, the Dow Jones Industrial Average (DJIA) decreased by 0.6% to 8,447 points, although the broader S&P 500 index rose marginally by 0.2% to 915.5 points. Europe's major indices also recorded losses, with the FTSE 100 declining by 3.8% to 4,249.2 points, France's CAC 40, by 4.2% to 3,140.4 points and Germany's DAX, by 2.7% to 4,808.6 points. However, in Asia, where investor sentiment remained more positive, Japan's Nikkei 225 increased by 4.6% to 9,958.4 points and China's SE composite gained 12.4% to 2,959.4 points.

3. Domestic Monetary Trends

Domestic monetary and credit trends for the month of June featured a modest reduction in bank liquidity, as Bahamian dollar credit expansion, mainly to Government, outpaced growth in Bahamian dollar deposits. However, buoyed by the Government's foreign currency loan proceeds, external reserves firmed slightly over the review period. For the first half of the year, the downturn in Bahamian dollar credit combined with nearly steadied public and private sector net foreign currency inflows supported gains in both external reserves and bank liquidity.

June 2009 vs. 2008

In June, bank liquidity declined by \$27.4 million, following the \$10.8 million contraction a year ago. Similarly, excess liquid assets fell by \$24.7 million, a reversal from the \$3.2 million gain recorded in 2008. Supported by Government's \$20 million foreign currency loan proceeds, external reserves advanced by \$5.6 million to \$764.2 million, a turnaround from the \$24.4 million decline registered a year earlier. Reflective of these developments, the Central Bank made a net foreign currency purchase of \$3.3 million from the public sector, as opposed to last year's \$32.3 million net sale. In contrast, the Bank made a net sale of \$3.4 million to commercial banks, to augment the latter's net sale to the private sector of \$18.7 million.

Reflecting a significant falloff in consumer demand, accretions to Bahamian dollar credit tapered by \$10.8 million to \$28.9 million. Private sector credit growth slowed from \$44.5 million to \$2.1 million, as consumer lending fell by \$5.7 million; while accretions to mortgages tapered by almost 50% to \$7.8 million. In contrast, increased advances elevated banks' net claim on the Government by \$22.0 million, compared to a \$1.3 million net repayment a year ago; while credit to the rest of the public sector expanded by \$4.9 million, following a comparable \$3.4 million decline.

Domestic foreign currency credit rebounded by \$25.6 million, from the previous year's \$20.3 million contraction. This outturn reflected an accelerated \$22.3 million increase in the net claims on government. Further, private sector credit advanced by \$5.9 million, a turnaround from the \$16.5 million net repayment in the previous year; while the net repayment by public corporations tapered by \$1.7 million to \$2.7 million.

Total Bahamian dollar deposits grew by \$18.5 million vis-à-vis a \$20.0 million contraction in 2008, due to a \$38.3 million build-up in fixed deposit balances, following a \$3.1 million drawdown a year ago. Additionally, the fall-off in demand deposits moderated by \$9.6 million to \$4.6 million, to contrast with an accelerated contraction in savings deposits by \$12.6 million to \$15.3 million.

In terms of interest rates, the weighted average deposit rate at banks increased by 5 basis points to 3.84%, with the highest rate of 6.75% offered on fixed balances of over 1-3 months. Similarly, the weighted average loan rate firmed by 63 basis points to 10.82%.

January – June 2009

During the first six months of the year, liquidity conditions strengthened, amid higher public sector foreign currency borrowing activities. Accretions to excess reserves firmed by \$118.9 million to \$179.2 million, and gains in excess liquid assets were approximately 50.0% higher at \$252.0 million.

The expansion in external reserves narrowed by \$17.7 million to \$201.5 million, owing to a reduction in the Central Bank's net foreign currency purchase, by \$21.8 million to \$191.2 million. In particular, the net purchase from commercial banks declined by \$21.6 million to \$142.9 million, partly corresponding to a

\$48.4 million falloff in their net purchase from the private sector. Conversely, the Bank's net purchase from the public sector was nearly stable at \$48.3 million.

Led by a significant falloff in private demand, Bahamian dollar credit contracted by \$53.1 million vis-à-vis a \$129.4 million expansion a year earlier. Credit to the private sector declined by \$14.5 million, partly reversing last year's \$198.8 million expansion. This mainly reflected a \$35.1 million downturn in consumer credit, from a \$57.9 million advance a year ago, and a \$34.0 million contraction in lending for commercial and other purposes; while mortgage growth was nearly halved to \$54.6 million. Corresponding to converted deposit proceeds from foreign currency borrowings, net claims on the Government tapered further by \$42.5 million, following a \$73.7 million reduction in 2008. In contrast, expansion in credit to public corporations slowed slightly to \$3.9 million.

An analysis of consumer lending trends for the first five months of the year revealed persistent weakness in the credit activity, reflecting the deterioration in asset quality and tightened lending standards. Notable declines were registered in facilities for "miscellaneous" purposes (\$15.6 million), credit cards (\$15.4 million) and private cars (\$12.3 million), compared to respective gains in the previous year. Contractions also occurred for travel (\$8.2 million), home improvement (\$4.1 million) and education (\$3.5 million) loans. However, amid continued strains on household finances, consumers increased their use of debt consolidation loans, which grew at an accelerated pace of \$34.1 million.

Credit asset quality indicators recorded mixed movements during the month of June; the value of private sector loan arrears eased by \$3.4 million (0.4%) to \$837.8 million, and the corresponding ratio of arrears to total loans softened by 14 basis points to 13.74%. In terms of the average age of the components, the value of arrears in the 31 – 90 days segment fell by \$4.9 million (1.4%) to \$368.0 million, resulting in a 12 basis points contraction in the corresponding loan ratio to 6.0%. However, as the average age of arrears increased, non-performing loans (those more than 90 days in arrears on which banks ceased accumulating interest) rose modestly by \$1.6 million (0.3%) to \$469.8 million, for a 3 basis points gain in the corresponding ratio to 7.8%.

With regard to the major categories, the decline in total arrears rate during the month reflected a 62 basis points decrease in the commercial ratio to 19.21%. However, the corresponding arrears rate for mortgages advanced by 4 basis points to 13.04% and for consumer loans, by 12 basis points to 12.57%. As a continued buffer against the deterioration in loan quality, banks increased their loan loss provisions by \$3.1 million (1.6%) to \$201.4 million during June, resulting in the ratio of provisions to arrears and non-performing loans expanding by 0.47 and 0.53 percentage points, to 24.0% and 42.9%, respectively.

Buttressed by a surge in credit to Government, domestic foreign currency credit expanded by \$113.4 million, a reversal from the \$54.6 million net repayment recorded during 2008. Net claims on the Government rebounded by \$159.5 million, from a \$20.3 million decrease a year earlier, on account of an increase in short-term advances. In contrast, claims on the rest of the public sector fell by \$45.4 million compared to a \$52.9 million upswing a year earlier, as a public entity reduced its outstanding liabilities. The contraction in private sector credit slackened to \$0.7 million from \$87.1 million in 2008, when several tourism-related companies reduced their outstanding debts.

In line with the economic downturn, accretions to Bahamian dollar deposits were markedly lower by \$139.0 million to \$81.6 million. This reflected an almost four-fold narrowing in fixed deposit growth, to \$46.8 million from \$186.8 million, and a 26.9% slowing in accretions to savings deposits to \$18.9 million. Conversely, demand deposits growth firmed by \$7.9 million to \$15.9 million.

4. Outlook and Policy Implications

The Bahamian economy is expected to remain weak over the balance of the year, as the spillover effects of the global downturn continue to depress inflows from foreign investments and stopover tourism activity. In line with private sector business expectations, these trends are projected to cause an elevation in the unemployment rate. A modest offset is anticipated from the hosting of a number of international events in the latter half of the year; however, the economy is not projected to return to its long-term growth trend until late 2010.

The public sector's ongoing infrastructure programmes are expected to continue to assist in tempering the effects of the global recession on the local economy. Added to private sector signals that employment adjustment outside of the tourism sector could moderate over the rest of the year, this is likely to cause some tempering in the pace of the economic decline. Nevertheless, given the strains on Government's revenue from the downturn in consumer demand, the fiscal deficit and the corresponding debt to GDP ratios are expected to remain elevated in the near to medium term.

On the monetary side, the slowdown in private sector demand combined with the foreign currency borrowing activities of the Government, are projected to sustain liquidity and external reserves at comfortable levels over the remainder of the year. The Central Bank will continue to monitor the domestic environment, to ensure the stability of monetary conditions.

Recent Monetary and Credit Statistics

(B\$ Millions)

JUNE					
Value		Change		Change YTD	
2008	2009	2008	2009	2008	2009

1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	301.92	386.47	-10.76	-27.42	60.23	179.17
1.2 Excess Liquid Assets	322.21	513.92	3.18	-24.73	167.37	251.97
1.3 External Reserves	673.98	764.22	-24.36	5.59	219.18	201.49
1.4 Bank's Net Foreign Assets	-620.84	-830.51	26.70	-82.48	68.01	-108.70
1.5 Usable Reserves	290.19	331.76	-10.23	11.03	185.70	98.18

2.0 DOMESTIC CREDIT

2.1 Private Sector	6,321.63	6,487.96	28.00	8.01	111.68	-15.19
a. B\$ Credit	5,876.97	6,049.26	44.49	2.09	198.83	-14.52
of which: Consumer Credit	2,159.64	2,179.79	12.11	-5.65	57.92	-35.13
Mortgages	2,648.00	2,805.87	15.58	7.88	107.77	54.62
b. F/C Credit	444.66	438.70	-16.49	5.92	-87.14	-0.67
of which: Mortgages	51.89	93.96	3.77	5.78	-2.14	8.63
2.2 Central Government (net)	763.06	1,015.92	-0.64	44.28	-93.97	116.96
a. B\$ Loans & Securities	906.63	1,035.55	-13.32	18.25	-56.97	2.32
Less Deposits	144.86	181.22	-12.01	-3.71	16.69	44.80
b. F/C Loans & Securities	3.39	164.75	1.01	20.18	-19.77	160.84
Less Deposits	2.10	3.16	0.34	-2.14	0.54	1.39
2.3 Rest of Public Sector	336.27	360.35	-7.87	2.20	57.08	-41.48
a. B\$ Credit	67.31	88.74	-3.43	4.86	4.22	3.87
b. F/C Credit	268.96	271.61	-4.44	-2.66	52.86	-45.35
2.4 Total Domestic Credit	7,420.95	7,864.23	19.49	54.49	74.79	60.29
a. B\$ Domestic Credit	6,706.05	6,992.34	39.75	28.91	129.39	-53.13
b. F/C Domestic Credit	714.90	871.89	-20.26	25.57	-54.60	113.42

3.0 DEPOSIT BASE

3.1 Demand Deposits	1,096.61	1,097.36	-14.20	-4.56	8.03	15.92
a. Central Bank	21.32	16.36	-3.06	0.92	11.49	7.41
b. Banks	1,075.30	1,081.00	-11.14	-5.48	-3.46	8.51
3.2 Savings Deposits	1,017.19	1,038.93	-2.69	-15.25	25.84	18.90
3.3 Fixed Deposits	3,342.28	3,479.20	-3.10	38.29	186.75	46.80
3.4 Total B\$ Deposits	5,456.08	5,615.48	-19.99	18.48	220.61	81.62
3.5 F/C Deposits of Residents	208.52	201.27	1.82	-18.78	8.85	32.29
3.6 M2	5,649.64	5,805.97	-26.71	18.91	201.09	66.31
3.7 External Reserves/M2 (%)	11.93	13.16	-0.37	0.05	3.58	3.36
3.8 Reserves/Base Money (%)	92.99	93.60	-1.69	3.37	25.43	6.35
3.9 External Reserves/Demand Liabilities (%)	87.61	88.16	-0.11	1.60	22.82	2.88

Value		Year to Date		Change	
2008	2009	2008	2009	Month	YTD

4.0 FOREIGN EXCHANGE TRANSACTIONS

4.1 Central Bank Net Purchase/(Sale)	-27.68	-0.06	213.04	191.20	27.62	-21.84
a. Net Purchase/(Sale) from/to Banks	4.66	-3.35	164.49	142.87	-8.01	-21.62
i. Sales to Banks	33.03	21.30	111.15	54.23	-11.73	-56.92
ii. Purchases from Banks	37.68	17.95	275.65	197.11	-19.74	-78.54
b. Net Purchase/(Sale) from/to Others	-32.34	3.29	48.55	48.32	35.63	-0.22
i. Sales to Others	68.31	41.87	353.35	237.07	-26.45	-116.28
ii. Purchases from Others	35.97	45.15	401.89	285.39	9.18	-116.50
4.2 Banks Net Purchase/(Sale)	21.82	-18.71	173.90	125.54	-40.53	-48.36
a. Sales to Customers	538.42	324.71	2,155.03	1,977.43	-213.71	-177.60
b. Purchases from Customers	560.24	306.00	2,328.94	2,102.98	-254.24	-225.96
4.3 B\$ Position (change)	-16.06	17.65				

5.0 EXCHANGE CONTROL SALES

5.1 Current Items	294.58	240.52	1,816.27	1,080.96	-54.06	-735.31
of which Public Sector	53.04	50.25	272.42	162.57	-2.79	-109.85
a. Nonoil Imports	111.08	86.72	738.05	470.87	-24.35	-267.18
b. Oil Imports	51.13	41.44	333.90	112.25	-9.69	-221.65
c. Travel	19.97	13.64	117.68	67.63	-6.33	-50.04
d. Factor Income	9.72	10.09	43.67	50.20	0.36	6.53
e. Transfers	6.50	5.63	37.91	27.64	-0.87	-10.27
f. Other Current Items	96.18	82.99	545.06	352.37	-13.18	-192.69
5.2 Capital Items	8.36	22.49	49.52	39.20	14.14	-10.32
of which Public Sector	2.40	0.05	18.31	4.17	-2.35	-14.14
5.3 Bank Remittances	0.49	3.00	3.04	27.80	2.51	24.76

Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: JULY 02, 2008 and JULY 01, 2009

Exchange Control Sales figures are as at month end.

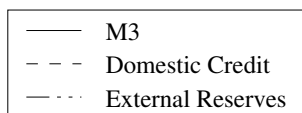
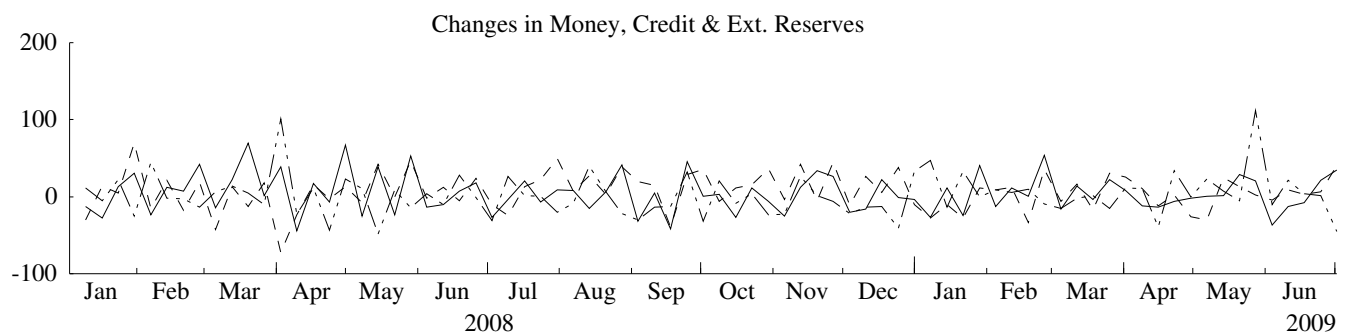
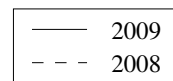
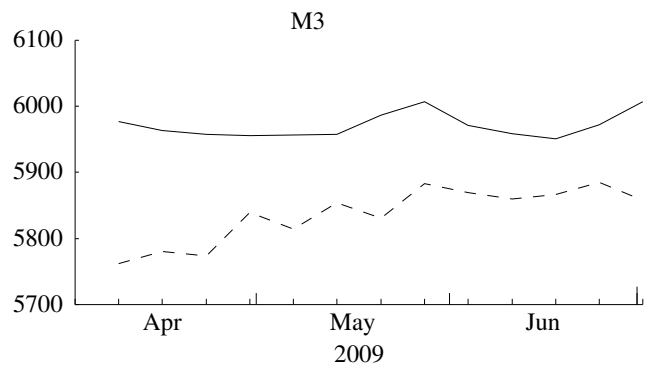
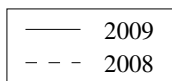
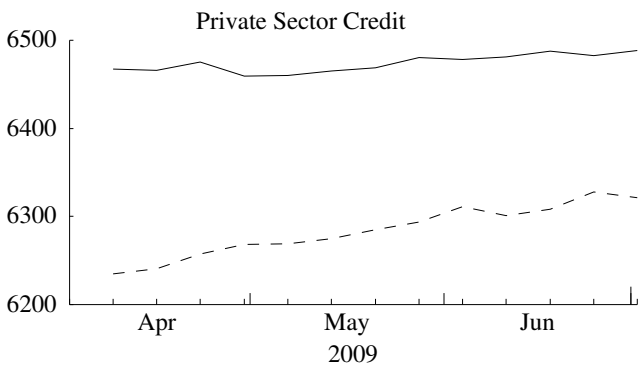
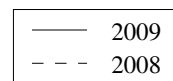
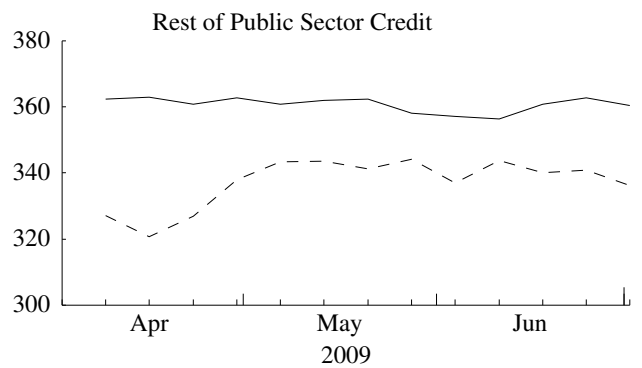
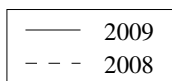
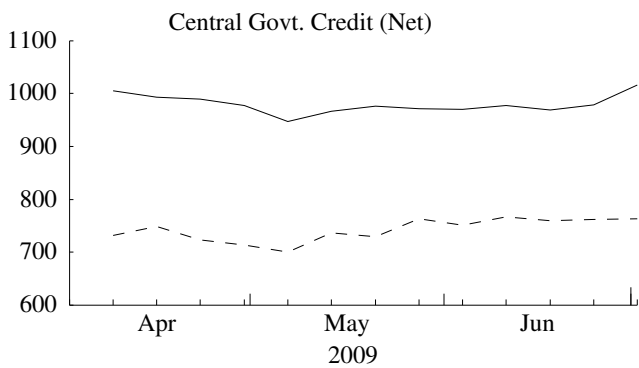
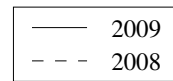
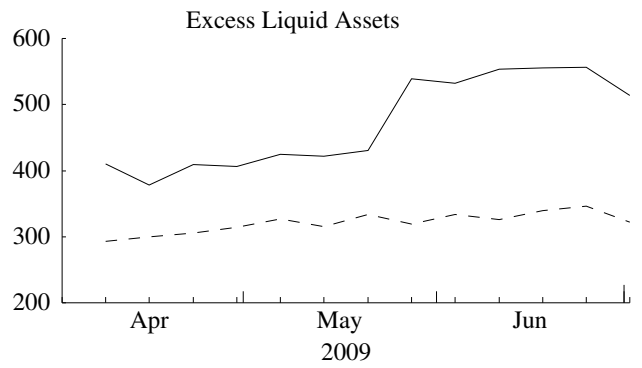
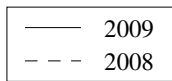
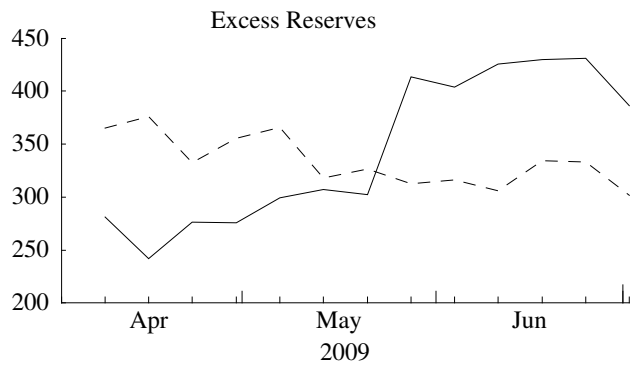
Page 8

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*	n/a
United States	1.1	-2.8	3.8	-0.9	5.8	8.9
Euro-Area	0.9	-4.2	3.3	0.4	7.6	10.1
<i>Germany</i>	<i>1.3</i>	<i>-5.6</i>	<i>2.8</i>	<i>0.1</i>	<i>7.3</i>	<i>9.0</i>
Japan	-0.6	-6.2	1.4	-1.0	4.0	4.6
United Kingdom	0.7	-4.1	3.6	1.5	5.5	7.4
Canada	0.5	-2.5	2.4	0.0	6.2	8.4

Sources: 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
April 2007	5.25	3.75	6.25	5.25	5.25
May 2007	5.25	3.75	6.25	5.25	5.50
June 2007	5.25	4.00	6.25	5.25	5.50
July 2007	5.25	4.00	6.25	5.25	5.75
August 2007	5.25	4.00	5.75	5.25	5.75
September 2007	5.25	4.00	5.25	4.75	5.75
October 2007	5.25	4.00	5.00	4.50	5.75
November 2007	5.25	4.00	5.00	4.50	5.75
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

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	Jun-08	May-09	Jun-09	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.6347	0.7062	0.7126	0.9	-0.4	12.3
Yen	106.21	95.33	96.36	1.1	6.3	-9.3
Pound	0.5019	0.6176	0.6076	-1.6	-11.1	21.1
Canadian \$	1.0215	1.0912	1.1623	6.5	-4.8	13.8
Swiss Franc	1.0211	1.0669	1.0864	1.8	1.6	6.4

Source: Bloomberg as at June 30, 2009

D. Selected Commodity Prices (\$)					
Commodity	June 2008	May 2009	June 2009	Mthly % Change	YTD % Change
Gold / Ounce	925.40	979.15	926.6	-5.4	5.1
Silver / Ounce	17.41	15.74	13.61	-13.6	19.5
Oil / Barrel	140.91	63.32	69.99	10.5	77.1

Source: Bloomberg as at June 30, 2009

E. Equity Market Valuations –June 30, 2009 (%chg)								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-1.17	-0.63	0.21	-3.82	-4.19	-2.68	4.58	12.40
3 month	-3.00	3.41	5.72	0.13	-0.61	0.82	12.80	19.45
YTD	-7.77	-3.75	1.71	-4.17	-2.41	-0.03	12.40	62.53
12-month	-13.37	-25.58	-28.54	-24.47	-29.19	-25.08	-26.13	8.16

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	GBP	EUR
o/n	0.20	0.30	0.25
1 Month	0.40	0.56	0.75
3 Month	0.68	0.95	0.99
6 Month	1.00	1.20	1.18
9 Month	1.19	1.35	1.30
1 year	1.10	1.60	1.37

Source: Bloomberg, as at June 30, 2009

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

	VALUE										CHANGE									
	May. 06	May. 13	May. 20	May. 27	Jun. 03	Jun. 10	Jun. 17	Jun. 24	May. 06	May. 13	May. 20	May. 27	Jun. 03	Jun. 10	Jun. 17	Jun. 24				
I. External Reserves	644.47	652.32	646.97	758.63	760.77	774.39	775.62	777.50	5.81	7.85	-5.35	111.66	2.14	13.62	1.23	1.88				
II. Net Domestic Assets (A + B + C + D)	75.77	72.39	74.34	82.10	71.90	71.93	70.20	70.76	10.03	-3.38	1.95	7.76	-10.21	0.03	-1.73	0.56				
A. Net Credit to Gov¹ (i + ii + iii - iv)	196.71	196.41	194.45	195.59	194.37	195.09	192.86	186.84	3.85	-0.30	-1.96	1.14	-1.22	0.72	-2.23	-6.02				
i) Advances	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				
ii) Registered Stock	118.94	118.64	118.28	117.96	117.66	117.23	117.09	116.86	-0.35	-0.30	-0.36	-0.32	-0.30	-0.43	-0.14	-0.24				
iii) Treasury Bills	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
iv) Deposits	19.22	19.22	20.82	19.36	20.27	19.13	21.22	27.00	-4.20	-0.00	1.60	-1.46	0.91	-1.15	2.09	5.78				
B. Rest of Public Sector (Net) (i + ii - iii)	-14.78	-10.34	-6.60	-9.22	-7.14	-8.15	-5.88	-1.41	-8.73	4.44	3.74	-2.62	2.08	-1.01	2.27	4.47				
i) BDB Loans	6.21	6.21	6.21	6.21	6.21	6.21	6.21	6.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
ii) BMC Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
iii) Deposits	20.99	16.55	12.81	15.43	13.35	14.36	12.09	7.62	8.73	-4.44	-3.74	2.62	-2.08	1.01	-2.27	-4.47				
C. Loans to/Deposits with Banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
D. Other Items (Net)**	-106.16	-113.68	-113.51	-104.26	-115.33	-115.01	-116.78	-114.67	14.91	-7.52	0.18	9.24	-11.07	0.32	-1.77	2.11				
III. Monetary Base	720.24	724.71	721.31	840.73	832.67	846.32	845.82	848.26	15.84	4.47	-3.40	119.42	-8.06	13.65	-0.50	2.44				
A. Currency in Circulation	278.51	269.98	267.35	272.79	282.79	280.69	272.97	272.76	2.31	-8.52	-2.63	5.44	10.00	-2.10	-7.73	-0.21				
B. Bank Balances with CBOB	441.73	454.72	453.96	567.94	549.88	565.63	572.86	575.50	13.53	12.99	-0.77	113.98	-18.06	15.75	7.22	2.65				

* 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		YEAR TO DATE		
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	
Fiscal Operations:																											
1. Government Revenue & Grants	111.5	100.1	94.3	116.5	87.9	97.8	107.0	108.3	112.1	87.8	96.9	110.8	134.2	117.6	129.5	91.5	111.5	100.7	163.3	150.1	131.5	120.5	120.5	120.5	1279.7	1201.7	
% change	-19.47%	-27.75%	-15.45%	16.45%	-6.78%	-16.10%	21.70%	10.80%	4.80%	-18.98%	-13.61%	26.30%	38.61%	6.08%	-3.53%	-22.19%	-13.93%	10.09%	46.46%	49.00%	-19.42%	-19.68%	-19.68%	-19.68%	6.66%	-6.09%	
2. Import/Excise Duties	42.9	39.5	40.0	51.3	39.3	51.1	46.6	59.8	46.6	47.1	37.6	48.7	50.8	38.2	40.4	44.6	40.8	46.1	47.5	45.5	40.8	41.6	41.6	41.6	473.1	513.5	
% change	-28.09%	-33.78%	-6.90%	29.76%	-1.68%	-0.39%	18.50%	16.93%	-0.04%	-2.119%	-19.23%	3.33%	35.01%	-21.60%	-20.48%	16.93%	1.04%	3.37%	16.49%	-1.31%	-14.17%	-8.55%	-8.55%	-8.55%	5.66%	8.52%	
3. Recurrent Expenditure	101.6	116.7	99.1	100.0	103.0	114.8	106.9	114.7	106.4	111.2	105.8	108.5	130.4	128.3	95.9	100.7	112.7	129.5	113.1	126.2	118.1	105.6	105.6	105.6	1192.9	1256.2	
% change	-34.02%	-24.19%	-2.50%	-14.32%	3.94%	14.77%	3.82%	-0.07%	-0.45%	-3.04%	-0.60%	-2.42%	23.28%	18.19%	-26.45%	-21.50%	17.52%	28.64%	0.24%	-2.55%	4.44%	-16.34%	-16.34%	-16.34%	5.35%	5.31%	
4. Capital Expenditure	7.6	8.2	14.0	10.8	9.0	9.5	8.4	9.2	14.6	10.0	10.5	11.2	12.1	6.5	10.5	8.4	10.2	14.0	12.2	13.7	9.9	9.3	9.3	9.3	118.9	110.9	
% change	-77.81%	-76.01%	85.10%	32.58%	-35.84%	-12.40%	-6.32%	-2.21%	73.11%	8.58%	-27.95%	11.81%	15.34%	-41.82%	-13.07%	28.99%	-2.95%	66.04%	19.29%	-1.98%	-18.83%	-32.36%	-32.36%	-32.36%	-10.01%	-6.77%	
5. Deficit/Surplus*	0.8	-29.4	-23.9	1.4	-27.7	-32.4	-12.1	-21.0	-14.4	-40.2	-22.1	-13.6	-13.8	-24.1	20.5	-21.0	-16.4	-44.2	31.6	3.5	-2.2	1.8	1.8	1.8	-79.9	-219.2	
% change	-101.20%	-55.22%	-3127.59%	-104.67%	15.74%	-2451.67%	-35.15%	-56.15%	-18.98%	91.66%	52.88%	-66.23%	-37.46%	-77.17%	-248.21%	-12.85%	-180.27%	-110.59%	-292.79%	-107.87%	-106.97%	-47.15%	-47.15%	-47.15%	-32.08%	-174.40%	

	JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Debt:														
6. Total Debt	2,635.0	2,873.4	2,635.2	2,883.9	2,624.4	2,946.8	2,687.6	2,953.4	2,678.7	3,058.5	2,678.6	3,084.2	2,678.6	3,084.2
% change	-0.02%	4.99%	0.01%	0.37%	-0.41%	2.18%	2.41%	0.22%	-0.33%	3.56%	0.00%	0.84%	0.00%	0.84%
7. External Debt	272.4	383.2	272.6	393.7	271.9	392.8	370.9	390.2	370.9	415.3	370.8	421.0	370.8	421.0
% change	0.00%	0.04%	0.08%	2.75%	-0.27%	-0.24%	36.44%	-0.66%	0.00%	6.43%	-0.03%	1.38%	-0.03%	1.38%
8. Internal F/C Debt	23.2	3.6	23.2	3.6	23.2	53.6	2.3	52.7	3.4	142.7	3.4	162.7	3.4	162.7
% change	-0.17%	158.00%	0.00%	0.00%	0.00%	1384.27%	-90.25%	-1.68%	50.01%	170.75%	0.00%	14.01%	0.00%	14.01%
9. Bahamian Dollar Debt	2,339.4	2,486.6	2,339.4	2,486.6	2,329.4	2,500.5	2,314.4	2,510.5	2,304.4	2,500.5	2,304.4	2,500.5	2,304.4	2,500.5
% change	-0.02%	4.51%	0.00%	0.00%	-0.43%	0.56%	-0.64%	0.40%	-0.43%	-0.40%	0.00%	0.00%	0.00%	0.00%
10. Total Amortization	0.5	0.0	0.1	0.0	10.7	0.9	37.7	18.5	10.1	60.0	0.1	0.0	0.1	0.0
% change	391.80%	-100.00%	-80.46%	-11076.79%	11076.79%	0.9	250.76%	1868.38%	-73.18%	224.72%	-98.95%	-100.00%	-98.95%	-100.00%
11. Total Public Sector F/C Debt	692.0	846.4	690.5	855.2	684.1	912.1	761.1	908.1	760.1	1,021.1	773.5	1,045.2	773.5	1,045.2
% change	25.94%	31.46%	-18.42%	23.85%	-20.00%	33.32%	-16.56%	19.31%	-16.29%	34.33%	-24.25%	35.13%	-24.25%	35.13%

	JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Real Sector Indicators														
12. Retail Price Index	124.2	129.8	124.6	129.8	124.7	130.0	126.6	130.2	128.1	130.4	128.5	130.7	128.5	130.7
% change: over previous month	0.22%	4.81%	0.32%	-0.03%	0.09%	0.15%	1.56%	0.18%	1.2%	0.1%	0.5%	0.2%	0.5%	0.2%
13. Tourist arrivals (000's)	372.7	410.8	430.9	389.3	500.6	466.0	396.9	414.7	396.9	414.7	396.9	414.7	396.9	414.7
% change: over previous year	-6.24%	10.21%	14.34%	-9.65%	28.58%	-6.90%	-14.85%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
14. Air arrivals (000's)	110.8	90.0	125.8	103.1	166.8	133.4	138.1	131.2	138.1	131.2	138.1	131.2	138.1	131.2
% change: over previous year	7.07%	-18.74%	6.47%	-18.04%	61.83%	-20.03%	3.50%	-4.95%	3.50%	-4.95%	3.50%	-4.95%	3.50%	-4.95%
15. Occupied Room Nights	212.9	169.7	228.7	168.3										
% change: over previous year	7.01%	-20.30%	11.07%	-26.41%										
16. Res. Mortgage Commitments-New Const.					44.4	49.2								
% change: over previous qtr.					44.63%	22.99%								

* Includes Net Lending to Public Corporations

** Debt figures pertain to central government only unless otherwise indicated

P - Provisional

Annual/3-D Retail Price data are averages.