



Monthly Economic and Financial Developments October 2008

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:

2008: December 30th

Monthly Economic and Financial Developments

October 2008

1. *Domestic Developments*

Domestic economic conditions continued to weaken during the month of October, as the negative effects of the turmoil in the global financial sector became more entrenched in real sector activity. Anecdotal evidence suggest a pronounced seasonal falloff in local tourism, which foreshadowed the October and November job losses, while the pace of lending for local mortgages—which help support construction—continued to moderate. Although the cost of international crude oil trended downwards during the review month, the pass through effects of earlier increases still lingered, resulting in the domestic inflation rate firming for the 12-months to October. On the monetary front, both bank liquidity and external reserves contracted during the month, due partly to increased net foreign currency outflows and a larger net drawdown in Bahamian dollar deposits.

Reflecting heightened transmission of the external sector weakness to the local economy, total tourist arrivals to The Bahamas were down by 9.0% in the 3 months to August, following a 5% reduction in the same period a year earlier, with the 15.0% falloff in sea arrivals outweighing a 2.1% increase in air tourists. The softening was less pronounced in the year-to-date trends, as visitor traffic fell by 3.8% to 3.2 million during the first eight months of the year, although tempered from the 5.5% downturn registered in the same period last year. Air arrivals were higher by 1.7%, but were overshadowed by a 6.5% reduction in sea traffic. By port of entry, New Providence featured a 7.1% decline, as the improvement in the air segment was outstripped by a decrease in sea arrivals. Similarly, arrivals to Grand Bahama fell by 11.4%, explained by continued weakness in both air and sea travellers. However, gains in sea visitors supported an overall 7.3% hike in the number of tourists to the Family Islands.

During the first quarter of Fiscal Year 2008/09, growth in Government expenditure outpaced revenue collections, resulting in an 18.2% expansion in the overall deficit to \$60.1 million. Total revenue improved by 7.1% to \$314.6 million, as tax receipts rose by 8.2%, offsetting a 4.5% contraction in non-tax collections. However, Government expenditures grew by 8.8% to \$374.7 million, fuelled by a 9.1% increase in current outlays, which exceeded the 6.7% decline in capital expenditure.

With regard to prices, domestic inflation for the twelve months ending October firmed to 4.2% from 2.4% in the corresponding period last year, reflecting broad based increases across most categories. Accelerated firming was registered for furniture & household operations (6.9%), 'other' goods & services (6.1%), food & beverages (5.8%), medical care & health (5.0%), transport & communication (3.6%), housing (3.0%), education (2.6%) and clothing & footwear (1.6%). In contrast, the average cost for recreation, entertainment & services moderated (2.8%). Amid the downward trend in global fuel prices, local gasoline costs decreased by 3.9% to \$5.14 per gallon and diesel fell by 8.1% to \$4.86 per gallon; however, compared to the same month last year, prices were still higher by 0.5% and 6.2%, respectively.

2. International Developments

Given further deterioration in economic prospects since the release of its October 2008 World Economic Outlook Report, the International Monetary Fund (IMF) downgraded its global growth forecast by 0.8 percentage points to 2.2% in 2009—the lowest projection since 2002. Responding to similar concerns, most of the major economies' central banks reduced their benchmark interest rates in an attempt to spur economic activity, and efforts continued to mobilize fiscal stimuli. On the inflation front, developments have been more favourable as oil prices maintained a downward trajectory.

The moribund economic prospects, impaired housing and stock markets and declining employment, which have been characteristic of the United States' economy in recent months, continued during October. Preliminary estimates for the third quarter indicated that real GDP contracted by an annualized 0.5%, the largest since 2001, owing to the slump in personnel consumption, housing investment and some categories of business investment. Labour market conditions also softened further, as the unemployment rate rose to 6.5% in October from 6.1% in the previous month, and 240,000 nonfarm payroll jobs were slashed, culminating in losses of 1.2 million since the beginning of the year. The softness in consumer spending was further extended to October retail sales, which dropped by a historic 2.8%. Given the deepening economic slump, the index of consumer confidence plummeted to its lowest reading since 1967. Reduced demand also contributed to a fall in consumer prices, by 0.1% in September, although average levels remained 4.9% higher on a 12-month basis. Meanwhile, in an attempt to ward-off a protracted recession, the Federal Reserve Bank lowered its benchmark rate to 1.0% in October—the lowest in 50 years.

European economies also continued to be negatively affected by the financial market upheavals. In the United Kingdom, a weak services industry and slowed construction and production activities resulted in a 0.5% decline in output in the third quarter of 2008. Concurrently, the unemployment rate rose by 0.4% to 5.8% in the third quarter, while the consumer confidence index declined to a 34 year low. Similarly, euro area GDP fell by 0.2% in the third quarter. Sluggish consumer spending, which contributed to this outturn, also led to a 0.2% decline in September's retail sales volume. Consequently, the unemployment rate stood higher at 7.5% in September compared to 7.3% in the same month last year. However, the Euro Area's annual inflation rate slowed to 3.2% in October from 3.6% in September. Meanwhile, both the Bank of England and European Central Bank reduced their key policy rates, by 50 and 100 basis points to 4.50% and 3.25%, respectively.

Though very resilient in recent months, Asian economies are also feeling broader negative effects of the financial crisis. To offset the real effects on slowing growth, weakening export demand, factories closures and job losses, the Chinese Government announced a \$586.0 billion stimulus package. Moreover, in a bid to inject liquidity to a frozen credit market, the Central Bank decreased its benchmark deposit rate to 3.60% from 3.87%, and its lending rate to 6.66% from 6.93%. China also experienced a reduction in average consumer prices of 0.3% in the 3 months to October, although prices were up 4.0% in comparison to the same period of 2007. As real economic conditions deteriorated in Japan, the Government announced a \$51.0 billion economic stimulus plan. In addition, with average inflation stabilising at 2.1% in September on a monthly basis and weak economic activity, the Bank of Japan reduced its benchmark rates by 0.2 percentage points to 0.3% in October.

The major stock markets remained extremely volatile during the review month, as investors responded to continuing adverse forecasts for the global economy. In the United States, both the Dow Jones Industrial Average and the S&P 500 index posted sharp declines of 14.1% and 17.3%, respectively. In Europe, the United Kingdom's FTSE 100 index slumped by 10.7%, France's CAC 40 by 13.5% and Germany's DAX index by 14.5%. Likewise in Asia, Japan's Nikkei-225 index tumbled by 23.8% and China's SE index plummeted by 24.6%.

Reflecting a sustained reduction in demand, the price of oil dropped by 34.6% to \$64.00 per barrel in October. Similarly, gold and silver price fell by 16.8% and 18.1% to \$724.55 per ounce and \$9.85 per ounce, respectively.

3. Domestic Monetary and Credit Trends

Bank liquidity and external reserves contracted during October, as modest Bahamian dollar credit expansion contrasted with a larger decrease in Bahamian dollar deposits. Over the first ten months of 2008, liquidity and external reserves improved, amid more marked abatement in credit expansion relative to the slowing in the deposit base. Contributing to the outcome, net external borrowing supported a sharply reduced growth in net claims on Government and a turnaround in net foreign currency purchases by the Central Bank.

October 2008 vs. 2007

During the review month, excess reserves contracted by \$6.4 million to \$263.2 million, a reversal from the \$61.4 million expansion last year. Likewise, excess liquid assets fell by \$15.0 million, following a \$33.5 million improvement in 2007.

External reserves decreased by \$23.4 million, extending the previous year's reduction of \$14.2 million, occasioned by a \$5.2 million widening in the Central Bank's net foreign currency sale to \$22.4 million. The Bank's net sale to the public sector increased by \$26.7 million to \$41.6 million, partly supporting elevated outlays for fuel purchases. Transactions with commercial banks switched to a net purchase of \$19.2 million, from a net sale of \$2.2 million last year. Meanwhile, commercial banks' activities with their customers resulted in a net sale of \$1.1 million, following a net purchase of \$10.4 million in 2007, as a 22.0% falloff in aggregate purchases exceeded the 19.8% contraction in total sales.

The expansion in Bahamian dollar credit firmed to \$66.6 million from \$56.2 million a year earlier. Trends were influenced by strengthened growth in net credit to Government to \$28.1 million from \$17.5 million last year and the \$13.1 million upturn in claims on the public corporations. In contrast, private sector credit growth was nearly halved to \$25.5 million, as gains in mortgages and consumer credit moderated by 51.1% and 33.0%, to \$14.4 million and \$8.3 million, respectively.

Foreign currency credit contracted by \$8.4 million in October vis-à-vis a \$26.5 million upturn a year earlier. Of note, private sector credit fell by \$3.1 million, relative to a \$32.0 million accumulation in 2007. Similarly, net credit to the Government waned by \$1.7 million, extending last year's \$0.4 million reduction, and claims on the rest of the public sector fell further by \$3.6 million.

During the month, the contraction in Bahamian dollar deposits stabilized at \$5.9 million. Notably, fixed deposit growth tapered by \$6.5 million to \$20.1 million, while the falloff in demand deposits almost doubled to \$32.4 million. Conversely, following a \$15.6 million downturn last year, savings balances rose by \$6.3 million.

In interest rate developments, the weighted average deposit rate at commercial banks softened by 5 basis points to 3.78%, with the highest rate of 6.50% offered on fixed deposit accounts of over 6-12 months. Similarly, the weighted average loan rate declined by 21 basis points to 10.52%.

January–October 2008

During the first ten months of 2008, the improvement in excess reserves waned more than four-fold to \$21.5 million. However, as excess resources were channelled into Government securities, gains in excess liquid assets firmed to \$167.2 million from \$158.8 million in 2007.

Underpinned by increased net inflow in both the public and private sectors, external reserves strengthened by \$171.4 million during January to October, significantly outpacing the \$5.2 million buildup in 2007. In particular, the Central Bank's net foreign currency transactions were reversed to a net intake of \$161.1 million versus a net sale of \$14.5 million in the same period last year. The outturn was bolstered by a \$55.8 million improvement in the net inflow from commercial banks to \$224.8 million, supported by the \$34.3 million widening in commercial banks' net purchase from customers to \$203.0 million. Meanwhile, the Central Bank's net foreign currency sale to the public sector decreased by \$119.8 million to \$63.7 million, being largely offset by proceeds from the Government's \$100 external bond issue.

Based on the latest Exchange Control data, through the month of September, the largest boost in foreign currency outflows was associated with the nearly three-fourths hike in oil imports payments to \$596.6 million. Payments for non-oil imports were also incrementally elevated by 1.7% to \$1,094.9 million. In addition, "other" foreign payments rose on a year-to-date basis by 14.5%. All other categories recorded lower outflows, led by the approximately one-fourth curtailment in factor income remittances.

Bahamian dollar credit expansion slackened to \$354.7 million from \$528.2 million over the ten month period and corresponded to tempered 12 month growth of 5.4%, compared to 8.9% over the same period ending October 2007. Moderation in the year-to-date outturn was evidenced in both Government and private sector trends. Given the offset from external borrowing, growth in net claims on Government decelerated to \$12.0 million from \$178.8 million. Similarly, private sector credit expansion tapered by one-fifth to \$318.6 million, as expansion in both consumer credit and mortgages abated by almost one-third to \$110.0 million and \$178.6 million, respectively. However, credit to the rest of the public sector rose by \$24.1 million, reversing the \$62.0 million contraction registered a year earlier.

An analysis of consumer lending trends for the first nine months of the year revealed further shifts in the purpose categories, as the uptick in debt consolidation loans almost doubled to \$67.4 million. Similarly, increases to outstanding credit card balances were nearly 50 percent higher at \$24.2 million. In contrast, growth in lending for land purchases and travel tapered by 50.0% and 21.5%,

to \$10.1 million and \$3.4 million, respectively; while contractions were registered for credit for private vehicles (\$3.1 million) and for “miscellaneous” (\$6.9 million) lending.

Asset quality indicators for October indicated a slight worsening in loan quality in comparison to the previous month, amid continuing elevated levels relative to December 2007. On a year-to-date basis, the value of loans with payment arrears of 31 days and over increased by \$125.6 million (23.7%) to \$656 million. This also corresponded to a firming in the arrears rate to 10.82% of outstanding loans from 9.27% at end 2007. Delinquencies in the 31-90 day segment rose by \$40.2 million (14.4%) to \$318 million, while the value of non-performing loans—those with arrears payments of more than 90 days—rose by \$85.4 million (33.9%) to \$337 million. With regard to the key components, commercial mortgage arrears were \$66.9 million (71.1%) higher on year-to-date basis, for a hike in the arrears rate to 15.73% from 9.27% at end-2007. Consumer loans and residential mortgage balances encountering arrears expanded over the last 10 months by \$30.9 million (17.9%) and \$27.8 million (10.5%) respectively; corresponding the arrears rates stood higher at 9.20% and 10.74% from 8.32% and 10.44% last December. Closely approximating the increase in arrears, banks raised their provisions by \$39.3 million (32.6%), boosting the ratio of provisions to total arrears to 24.4% from 22.8% in 2007.

Domestic foreign currency credit contracted by \$24.6 million, a turnaround from last year’s \$23.3 million advance. This reflected a net private sector repayment of \$94.2 million, in contrast to a \$33.3 million buildup a year ago. Meanwhile, growth in net claims on the Government firmed to \$23.9 million from \$2.1 million in 2007. Buttressed by \$140.0 million in loans to a public utility company for fuel and capital expenditures, claims on the public corporations expanded by \$93.5 million, strongly reversing the \$7.9 million reduction recorded in the previous year.

Accretions to Bahamian dollar deposits narrowed by \$67.5 million to \$291.4 million. Savings deposits growth moderated by almost two thirds to \$20.8 million, while gains in fixed deposits eased by 16.9% to \$267.2 million. These overshadowed a \$3.4 million upturn in demand deposits, following a \$13.2 million decline a year ago.

4. Outlook and Policy Implications

The domestic outlook continues to weaken, as the effects of the global crisis further accumulate in the local economy diminishing growth prospects for 2008 and early 2009. Indications are that the employment retrenchment underway in the hotel sector is partly in response to projected low occupancy levels during the peak visitor months of 2009. The likelihood of a recovery in the short-term remains tied to a turnaround in the US economy, including a sustained rebound in consumer confidence and resumption in net job creation, which are not expected to occur significantly before 2010. Along with the lingering illiquidity in credit markets, that is hampering foreign investments, these trends also underscore softness in construction attributed to the forecasted ebb in second homes demand. Meanwhile, domestic inflation is likely to remain elevated for the remainder of 2008, due to the accumulated impact of earlier price increases although, given the downward trajectory in international oil prices, it is anticipated that the monthly rate will continue to moderate.

The priority objectives of domestic monetary policy continue to be focused on ensuring the stability of the banking sector and maintaining sufficient foreign reserves to sustain the Bahamian dollar fixed exchange rate. In the current environment of weak foreign currency inflows, the Bank will

continue to closely monitor domestic credit trends to ensure that growth remains in sync with the likely tapered gains in Bahamian dollar deposits. The Bank will also maintain its surveillance of commercial banks' asset quality conditions, to ensure that lending practices remain prudent in view of the increased uncertainty facing many categories of business and household borrowers.

Recent Monetary and Credit Statistics

(B\$ Millions)

OCTOBER					
Value		Change		Change YTD	
2007	2008	2007	2008	2007	2008

1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	240.52	263.21	61.43	-6.43	104.36	21.52
1.2 Excess Liquid Assets	168.25	322.02	33.48	-15.00	158.81	167.17
1.3 External Reserves	457.15	626.22	-14.16	-23.35	5.24	171.42
1.4 Bank's Net Foreign Assets	-704.29	-718.83	-27.30	-7.90	-71.90	-29.98
1.5 Usable Reserves	114.83	262.61	-50.47	-16.78	-43.88	158.12

2.0 DOMESTIC CREDIT

2.1 Private Sector	6,092.68	6,434.30	72.14	22.42	444.65	224.35
a. B\$ Credit	5,564.94	5,996.72	40.09	25.49	411.36	318.58
of which: Consumer Credit	2,041.91	2,211.76	12.38	8.30	155.56	110.04
Mortgages	2,489.43	2,718.85	29.36	14.37	249.16	178.62
b. F/C Credit	527.74	437.57	32.04	-3.07	33.29	-94.23
of which: Mortgages	40.84	80.52	0.75	0.56	9.52	26.50
2.2 Central Government (net)	844.79	845.17	17.14	26.35	176.75	-11.86
a. B\$ Loans & Securities	961.57	993.75	14.55	29.09	172.36	30.15
Less Deposits	117.37	146.29	-2.97	1.01	-6.48	18.12
b. F/C Loans & Securities	4.08	3.39	0.01	0.00	-0.89	-19.77
Less Deposits	3.50	5.68	0.40	1.73	1.20	4.12
2.3 Rest of Public Sector	303.70	396.74	-6.55	9.48	-69.98	117.55
a. B\$ Credit	69.73	87.16	-1.37	13.07	-62.04	24.07
b. F/C Credit	233.97	309.58	-5.18	-3.59	-7.94	93.48
2.4 Total Domestic Credit	7,241.17	7,676.21	82.72	58.25	551.42	330.04
a. B\$ Domestic Credit	6,478.87	6,931.35	56.24	66.64	528.16	354.68
b. F/C Domestic Credit	762.30	744.86	26.48	-8.39	23.26	-24.64

3.0 DEPOSIT BASE

3.1 Demand Deposits	1,063.59	1,091.97	-17.16	-32.41	-13.17	3.38
a. Central Bank	23.77	18.50	11.05	-11.21	6.55	8.68
b. Banks	1,039.83	1,073.46	-28.21	-21.20	-19.72	-5.30
3.2 Savings Deposits	1,001.39	1,012.18	-15.56	6.34	50.68	20.82
3.3 Fixed Deposits	3,102.28	3,422.69	26.61	20.13	321.33	267.16
3.4 Total B\$ Deposits	5,167.26	5,526.83	-6.12	-5.94	358.84	291.36
3.5 F/C Deposits of Residents	181.63	151.11	-3.05	-18.99	0.72	-48.57
3.6 M2	5,363.18	5,727.06	-8.18	1.24	329.60	278.51
3.7 External Reserves/M2 (%)	8.52	10.93	-0.25	-0.41	-0.45	2.59
3.8 Reserves/Base Money (%)	70.02	89.95	-10.00	-3.43	-10.37	22.39
3.9 External Reserves/Demand Liabilities (%)	ND	86.02	ND	-1.65	ND	ND

Value		Year to Date		Change	
2007	2008	2007	2008	Month	YTD

4.0 FOREIGN EXCHANGE TRANSACTIONS

4.1 Central Bank Net Purchase/(Sale)	-17.13	-22.35	-14.47	161.09	-5.21	175.56
a. Net Purchase/(Sale) from/to Banks	-2.21	19.24	169.04	224.81	21.45	55.77
i. Sales to Banks	31.69	2.76	257.24	183.04	-28.93	-74.19
ii. Purchases from Banks	29.47	22.00	426.28	407.86	-7.47	-18.42
b. Net Purchase/(Sale) from/to Others	-14.92	-41.59	-183.51	-63.72	-26.67	119.79
i. Sales to Others	34.90	55.09	409.21	590.93	20.19	181.72
ii. Purchases from Others	19.98	13.51	225.70	527.21	-6.48	301.51
4.2 Banks Net Purchase/(Sale)	10.44	-1.13	168.68	202.95	-11.57	34.27
a. Sales to Customers	419.21	336.27	2,978.05	3,770.84	-82.93	792.79
b. Purchases from Customers	429.64	335.14	3,146.73	3,973.79	-94.50	827.06
4.3 B\$ Position (change)	-0.18	3.17				

5.0 EXCHANGE CONTROL SALES

	Sep-07	Sep-08	YTD Sep-07	YTD Sep-08		
5.1 Current Items	294.82	289.08	2,547.82	2,898.96	-5.73	351.14
of which Public Sector	42.55	45.34	383.57	520.03	2.79	136.47
a. Nonoil Imports	115.12	124.76	1,076.36	1,094.89	9.64	18.53
b. Oil Imports	57.90	65.79	344.92	596.63	7.89	251.71
c. Travel	16.41	14.25	195.41	190.52	-2.17	-4.90
d. Factor Income	15.15	4.18	81.47	58.84	-10.97	-22.63
e. Transfers	8.52	8.52	69.34	64.65	0.00	-4.69
f. Other Current Items	81.72	71.59	780.32	893.44	-10.13	113.12
5.2 Capital Items	8.41	7.31	82.71	74.18	-1.10	-8.53
of which Public Sector	1.72	1.11	30.21	24.26	-0.61	-5.95
5.3 Bank Remittances	5,892.00	0.00	24,868.00	3,050.00	-5,892.00	-21,818.00

Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: OCTOBER 31, 2007 and OCTOBER 29, 2008

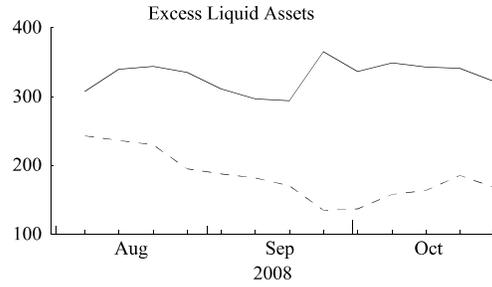
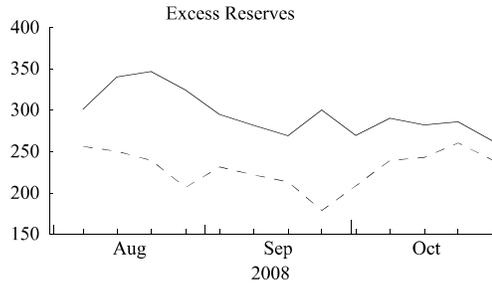
Exchange Control Sales figures are as at month end.

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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.

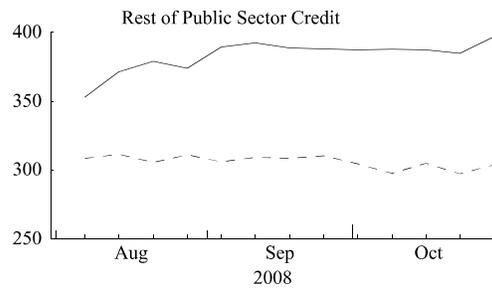
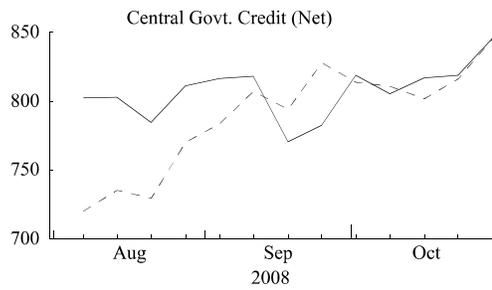
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SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



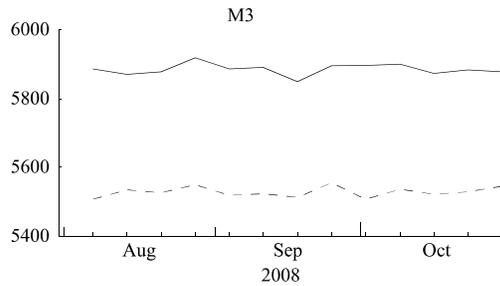
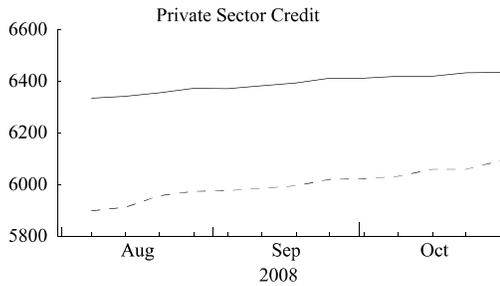
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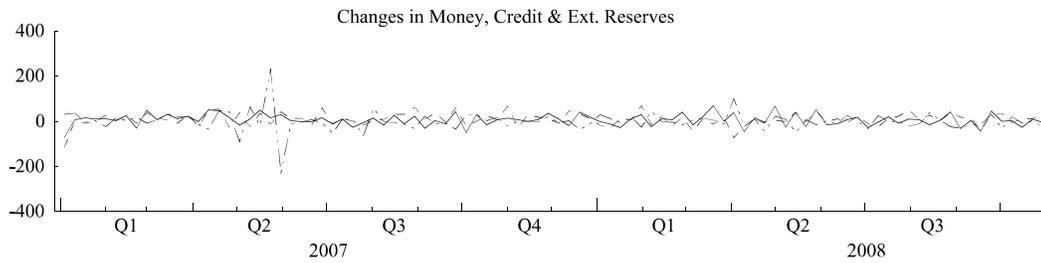
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... External Reserves

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	4.2	3.2	5.7	2.0	n/a	n/a
United States	1.6	0.1	4.2	1.8	5.6	6.9
Euro-Area	1.3	0.2	3.5	1.9	7.6	8.3
<i>Germany</i>	<i>1.8</i>	<i>-</i>	<i>2.9</i>	<i>1.4</i>	<i>7.4</i>	<i>8.0</i>
Japan	0.7	0.5	0.6	1.6	4.1	4.5
United Kingdom	1.0	-0.1	3.8	2.9	5.4	6.0
Canada	0.7	1.2	2.5	2.1	6.2	6.3

Sources: IMF World Economic Outlook, September 2008 & 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
November 2006	5.25	3.25	6.25	5.25	5.00
December 2006	5.25	3.50	6.25	5.25	5.00
January 2007	5.25	3.50	6.25	5.25	5.25
February 2007	5.25	3.50	6.25	5.25	5.25
March 2007	5.25	3.75	6.25	5.25	5.25
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	3.25	1.25	1.00	4.50

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	Oct-07	Sep-08	Oct-08	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.6902	0.7096	0.7859	10.8	14.7	15.0
Yen	115.43	106.11	98.46	-7.2	-11.9	-11.5
Pound	0.4808	0.5616	0.6220	10.8	23.5	27.9
Canadian \$	0.9429	1.0644	1.2124	13.9	21.4	21.4
Swiss Franc	1.1582	1.1221	1.1579	3.2	2.2	2.3

Source: Bloomberg as at October 31, 2008

D. Selected Commodity Prices (\$)					
Commodity	October 2007	September 2008	October 2008	Mthly % Change	YTD % Change
Gold / Ounce	796.59	871.0	724.55	-16.8	-13.1
Silver / Ounce	14.49	12.0	9.85	-18.1	-33.4
Oil / Barrel	88.81	97.8	64.0	-34.6	-32.6

Source: Bloomberg as at October 31, 2008

E. Equity Market Valuations – October 31, 2008 (%chg)								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-1.64	-14.06	-17.25	-10.71	-13.52	-14.46	-23.83	-24.63
3 month	0.41	-19.22	-24.58	-22.34	-22.21	-22.33	-34.39	-27.89
YTD	-12.60	-29.70	-34.52	-32.21	-37.89	-38.17	-43.97	-67.14
12-month	-10.10	-30.26	-35.22	-31.95	-38.51	-36.62	-45.30	-64.51

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	GBP	EUR
o/n	0.13	4.00	3.10
1 Month	2.00	5.45	4.40
3 Month	3.25	5.80	4.70
6 Month	4.03	5.70	4.80
9 Month	4.25	5.90	4.85
1 year	4.33	5.94	4.90

Source: Bloomberg, as at October 31, 2008

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

	VALUE										CHANGE									
	Sep. 03	Sep. 10	Sep. 17	Sep. 24	Oct. 01	Oct. 08	Oct. 15	Oct. 22	Oct. 29		Sep. 03	Sep. 10	Sep. 17	Sep. 24	Oct. 01	Oct. 08	Oct. 15	Oct. 22	Oct. 29	
I. External Reserves	681.27	687.05	672.48	669.39	649.57	656.00	647.40	644.87	626.22		-3.11	5.78	-14.57	-3.09	-19.82	6.43	-8.60	-2.53	-18.65	
II. Net Domestic Assets (A + B + C + D)	42.98	9.73	10.59	46.66	45.99	52.69	57.47	59.76	69.93		-22.92	-33.25	0.86	36.07	-0.67	6.70	4.79	2.29	10.18	
A. Net Credit to Gov't (i + ii + iii - iv)	183.49	166.94	153.62	185.13	184.21	183.32	182.72	183.37	186.01		-2.54	-16.55	-13.32	31.51	-0.93	-0.89	-0.60	0.65	2.65	
i) Advances	71.99	71.99	71.99	71.99	71.99	71.99	71.99	71.99	71.99		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
ii) Registered Stock	126.95	126.96	127.02	127.06	127.18	127.16	127.04	126.78	126.33		0.08	0.01	0.06	0.04	0.12	-0.03	-0.12	-0.26	-0.46	
iii) Treasury Bills	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
iv) Deposits	15.45	32.01	45.39	13.92	14.96	15.83	16.31	15.40	12.30		2.62	16.56	13.38	-31.47	1.05	0.86	0.48	-0.91	-3.10	
B. Rest of Public Sector (Net) (i + ii - iii)	-24.06	-28.67	-14.49	-25.00	-23.16	-15.06	-9.57	-9.47	-12.03		-19.72	-4.60	14.18	-10.51	1.84	8.09	5.49	0.10	-2.56	
i) BDB Loans	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.48		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.08	
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	30.61	35.22	21.04	31.55	29.71	21.61	16.12	16.02	18.50		19.72	4.60	-14.18	10.51	-1.84	-8.09	-5.49	-0.10	2.48	
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) *	-116.45	-128.54	-128.55	-113.47	-115.06	-115.57	-115.67	-114.14	-104.05		-0.66	-12.09	-0.00	15.07	-1.59	-0.51	-0.11	1.54	10.09	
III. Monetary Base	724.25	696.78	683.07	716.05	695.56	708.69	704.87	704.63	696.15		-26.03	-27.47	-13.71	32.99	-20.49	13.13	-3.81	-0.25	-8.47	
A. Currency in Circulation	288.39	279.25	269.97	271.22	278.96	277.21	277.02	275.86	281.08		7.95	-9.15	-9.27	1.25	7.74	-1.75	-0.19	-1.16	5.21	
B. Bank Balances with CBOB	435.85	417.53	413.09	444.83	416.60	431.48	427.85	428.76	415.08		-33.98	-18.32	-4.44	31.74	-28.23	14.88	-3.62	0.91	-13.68	

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

