



## **Monthly Economic and Financial Developments March 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 Dates:**

**2008:** June 2<sup>nd</sup>, July 28<sup>th</sup>, September 1<sup>st</sup>, November 3<sup>rd</sup>, December 1<sup>st</sup>, December 23<sup>rd</sup>

## ***1. Domestic Economic Developments***

Preliminary indicators for the month of March suggested a continuation of a mild economic outturn, supported by relatively stable growth in consumer spending and net tourism inflows; and, as anticipated, with less contribution from foreign investment activity. Monetary developments featured strong growth in both liquidity and external reserves, following the receipt of proceeds from the Government's US\$100 million bond issue; and credit quality indicators of commercial banks' loan portfolios remained relatively stable over the end-December 2007 levels.

The most recent data on the tourism sector, indicated a significant rebound in overall arrivals for the year-to-date February 2008, compared to the same period last year. Total arrivals recovered by 3.8% to 0.8 million visitors, after registering a 7.1% decline a year earlier, with both air and sea arrivals improving by 6.7% and 2.6%, respectively. A 6.1% fall-off in the dominant sea component primarily explained the overall 0.9% drop in arrivals to New Providence, although mitigated by the 8.7% upturn in the higher spending air visitor segment. Weakness in the Grand Bahama market persisted, with declines in both air (2.2%) and sea (13.7%) arrivals culminating in a 10.0% reduction in visitor traffic. For the Family Islands, growth in arrivals was extended to 19.1% from 15.0% last year, largely on account of a nearly 21.3% gains in sea visitors.

Based on initial estimates for the first eight months of FY2007/08, the Government's overall deficit widened by 24.4% (\$18.2 million) to \$92.7 million. Expenditures grew by 2.8% to \$966.1 million, surpassing the 1.0% rise in revenue receipts to \$873.4 million. Growth in current spending of 5.1% included a higher wages and salaries bill, as well as increased outlays for transfers and subsidies; while reduced spending for infrastructure projects tempered capital expenditure by 5.9%. A \$14.6 million (1.8%) gain in tax receipts, mainly for international trade, hotel services and business & professional fees, underpinned the expansion in revenue, whereas a timing-related decrease in other "miscellaneous" income was primarily behind the \$6.0 million (7.8%) decline in non-tax revenue.

High prices continued to dominate the domestic economic landscape. Average consumer prices rose by 2.37% during the twelve-month period ending March 2008, up marginally from 2.29% last year, reflecting the persistent high global prices for oil and other commodities. The most significant cost increases were noted for furniture and household operation (6.57%), food and beverages (3.80%), medical and health care (3.52%) and transport & communication (3.10%), with cost appreciations of less than 3% posted for the remaining categories.

## ***2. International Developments***

The global slowdown, fueled by the severe downturn in the United States (US) housing market and the resultant financial crisis, prompted the IMF to lower its semi-annual forecast for 2008 world growth by half a percentage point to 3.7%, in the April 2008 edition of its World Economic Outlook. This is consistent with recent economic indicators for several major economies, which suggest some measure of contagion from the US economic downturn. In light of the current period of uncertainty in the global financial markets, major equity indices fell, while oil prices continued their upward trajectory.

In an attempt to avert a severe crisis in financial markets, the US Federal Reserve took several unprecedented steps to support ailing institutions and inject liquidity into the banking sector. In this regard, the country's central bank partnered with a major investment bank to prevent the collapse of Bear Stearns, one of the largest investment firms in the country. Primary dealers were allowed to access credit directly from the Bank, under similar terms as commercial banks, for an initial period of six months. Simultaneously, the Federal Reserve doubled the size of funds loaned to the banking sector under its Term Auction Facility (TAF) to \$100 billion, and increased the amount of US dollars provided to the European and Swiss central banks, to \$30 billion and \$6 billion, respectively. In addition, the Bank lowered its federal funds and discount rates, by 0.75 percentage points each, to 2.25% and 2.50%, respectively.

Reflecting a slowdown in export growth and adverse weather conditions, which dampened the expansion in the industrial sector, real GDP in China advanced at a reduced rate of 10.6% during the first quarter, compared to 11.7% a year earlier. A trade surplus of \$41.4 billion, combined with buoyant foreign inflows to support capital investments, elevated the country's external reserves by an estimated \$153.9 billion over the three-month period to \$1.68 trillion. With the rapid 8.3% expansion in consumer prices in March, the People's Bank of China raised its reserve requirements by 0.5 percentage points, in an attempt to restrain consumer demand.

Recent statistics suggest that the Japanese economy maintained a moderate pace of economic growth. Despite the continued weakness in exports to the US market, the trade surplus increased in February, by 0.9% to ¥970.0 billion over the previous year, based on higher shipments of automobiles and steel to non-US regions. The unemployment rate rose marginally from the preceding month to 3.9%, while consumer prices declined by 0.2% on a monthly basis, but firmed by 1.0% over the previous year. In light of these developments, the Bank of Japan maintained its neutral monetary policy stance during March, keeping its key uncollateralized overnight call rate at 0.5%.

Economic activity in the United Kingdom remained relatively anemic during the first few months of the year, as the trade deficit contracted on a monthly basis, by £0.6 billion to £4.4 billion in February. In addition, retail sales were up by 1.0% for the three months ending February, in comparison with the previous period, underpinned by increased purchases of food-related items. Under the impact of higher energy prices on housing and household services, inflation firmed by an annualized 0.3 percentage points to 2.5%. Faced with the countervailing forces of rising prices and weak economic growth, the Bank of England decided to maintain its key interest rate, the official bank rate, at 5.25% in March.

Preliminary information for the euro zone pointed to a mixed economic performance, with industrial production firming by 0.3% in February, but retail sales down by 0.5% on a monthly basis and by 0.2% year-on-year. The trade deficit also worsened to an estimated €10.7 billion in January from €7.3 billion in the corresponding period a year earlier, as exports contracted in the wake of the currency's continued strengthening. Meanwhile, the unemployment rate steadied at 7.1% and estimates for March indicated that inflation firmed by 0.2 percentage points to 3.5%. Notwithstanding strong inflationary pressures, the European Central Bank held its refinancing interest rate at 4.00% at its March meeting.

At its conference in March, OPEC members indicated that crude oil production would remain at the present level, given the balance between demand and supply conditions. The cartel also reiterated its position that the upward pressure on oil prices was the result of investors' use of commodities to hedge their portfolios against the depreciating US dollar and higher inflation. Consequently, at the end of March, oil prices rose by 4.8% on a monthly basis to \$104.17 per barrel. In contrast, gold and silver prices trended lower, by 5.9% to \$916.88 per troy ounce and 13.0%, to \$17.24 per troy ounce, respectively.

In light of the uncertainty caused by the global financial crisis, all of the major equity indices contracted during the review month. The US S&P 500 recorded a 0.55% loss, while the Dow Jones Industrial Average softened by a marginal 0.03%. In Europe, contractions were noted for the FTSE 100 (3.10%), the DAX (3.12%) and the CAC 40 (1.74%). Steeper declines were posted for China's SE composite (20.14%) and Japan's Nikkei 225 (7.92%).

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

Money and credit trends for the month of March showed a significant increase in both liquidity and external reserves, owing largely to the receipt of proceeds from Government's US\$100.0 million bond issue. These inflows further consolidated the buildup in deposits observed in the opening months which, combined with a moderation in credit growth, boosted external reserves and led to more buoyant liquidity conditions in the first quarter of 2008.

#### *March 2008 vs. 2007*

During the review period, excess reserves expanded by \$117.2 million, for a gain of \$33.4 million over last year. Similarly, excess liquid assets firmed by \$115.2 million, compared with an \$85.9 million improvement in 2007.

External reserves grew by \$147.1 million, more than double the \$65.0 million increase posted a year earlier, as a result of proceeds from Government's foreign currency borrowings. Consequent on this transaction, the Central Bank's overall net purchase of foreign currency was higher by \$83.0 million at \$147.8 million, as transactions with the public sector were reversed to a net gain of \$93.6 million from a net sale of \$14.2 million a year ago. Despite a 31.8% increase in commercial banks' purchases from their customers, as activity in the foreign exchange earnings sector firmed, higher import payments underpinned a 43.9% advance in banks' sales to customers to \$348.6 million, culminating in an overall decrease in their net purchase of 13.2% to \$56.4 million. Similarly, the Central Bank's net purchase from commercial banks weakened by 31.4% to \$54.3 million. Exchange Control information showed that payments for oil imports stabilized at \$28.8 million; however, outlays for non-oil imports firmed by 22.9% to \$116.7 million.

Government's utilization of borrowing proceeds to reduce outstanding loans and advances caused Bahamian dollar credit to contract by \$51.8 million, following last year's \$38.0 million increase. In particular, net claims on the Government receded by \$100.9 million, compared to a \$12.6 million net increase in 2007; however, credit to the rest of the public sector rebounded from a \$4.7 million decline a year earlier to a \$16.0 million upturn in the current period. Growth in private sector credit

was \$3.1 million higher at \$33.1 million, due solely to gains in commercial loans of \$9.6 million, as accretions to consumer credit and mortgages softened, by \$3.0 million and \$3.5 million, to \$10.5 million and \$17.0 million, respectively.

Foreign currency credit declined by \$43.9 million, after expanding by \$5.6 million in the previous year. In particular, loan repayments by hotels contributed to a \$46.5 million contraction in private sector credit, in contrast to a \$4.4 million expansion in March 2007. Net claims on the Government rose by \$5.8 million, compared to a \$14.1 million drop a year earlier; while credit to the rest of the public sector switched, from a \$15.3 million advance in 2007 to a \$3.2 million decline.

Accretions to Bahamian dollar deposits strengthened by 17.4% to \$87.6 million in March. Reflecting broad-based increases in depositors' accounts, demand deposits surged by \$75.4 million, more than four times higher than 2007's \$16.6 million expansion. Fixed deposit gains softened by \$17.2 million, to \$22.0 million; whereas saving deposits fell by \$9.7 million, reversing the \$18.9 million improvement registered in 2007.

The weighted average deposit rate was lower by 11 basis points at 3.95%, with the highest rate offered of 6.75% on one fixed deposit account, valued at \$1.0 million. The weighted average loan rate decreased by 19 basis points to 10.86%.

#### *January - March 2008*

For the first quarter, excess reserves registered growth of \$177.8 million, some 11.3% above the 2007 level, although accretions to excess liquid assets were lower at 4.6% for a gain of \$168.1 million.

Growth in external reserves advanced by \$11.3 million to \$180.1 million, as the Central Bank's net foreign currency purchase was \$13.8 million higher at \$177.8 million. Underlying these developments was a reversal in the Central Bank's foreign currency transactions, to a net purchase of \$83.9 million from the public sector, in contrast to a \$14.4 million net sale a year earlier. However, increased sales for imports reduced the commercial banks' net purchase from consumers by \$60.0 million to \$105.7 million, resulting in a corresponding \$84.5 million decline in banks' net sale to the Central Bank. Information from the Exchange Control Department showed that for the quarter, the value of oil imports doubled to \$136.3 million and a more tempered growth of 12.8% for non-oil import payments to \$366.2 million.

Occasioned by a significant reduction in net claims on the Government, Bahamian dollar credit contracted by \$15.3 million, following the previous year's increase of \$13.1 million. The \$109.3 million fall in net credit to Government contrasted with last year's decline of \$13.3 million, whereas credit to the rest of the public sector advanced by \$19.7 million vis-à-vis a \$56.3 million reduction a year ago. Growth in private sector credit of nearly \$74.3 million, was 10% below the 2007 accretion given the contraction in consumer credit by \$7.8 million as mortgages growth of \$56.5 million was relatively maintained.

The latest information on commercial banks' credit quality, revealed that total loan arrears (loans which over 30 days past due) declined marginally by 0.8% to \$525.4 million representing a slightly lower 9.0% of total loans compared to 9.3% at end-December 2007. However, non-accrual loans

(those which are over 90 days past due) firmed by 6.9% to \$269.0 million for a modest rise in the associated ratio to total loans to 4.6%. As part of their risk management practices, banks increased their provisions against loan losses by 6.8% to \$128.8 million, resulting in the ratio of provisions to non-accrual loans remaining stable at 48% over the quarter.

The decline in foreign currency credit broadened to \$29.1 million from \$2.0 million in the corresponding period of 2007. Debt repayments by hotel entities largely explained the turnaround in private sector credit, from a \$6.2 million gain last year to a \$67.3 million falloff. After contracting by \$8.2 million in 2007, credit to the rest of the public sector advanced by \$37.5 million, with net claims on the Government also moderately higher.

The \$165.1 million or 8.0% advance in Bahamian dollar deposits to \$5,389.3 million during the review period, reflected an improvement in both fixed and demand balances, which mitigated the moderate downturn in saving deposits. Accretions to fixed deposits moved higher by \$9.8 million to \$135.0 million, and demand deposits posted an increase of \$36.3 million, after an \$8.2 million decline last year. However, there was a \$6.3 million downturn in saving deposits, which contrasted with 2007's \$35.9 million advance.

#### **4. Outlook**

Despite signs of positive developments in the tourism sector, indications point to a softening in economic growth in the first half of the year, as the pace of domestic and foreign-related construction activity slows and accretions to consumer spending remain relatively stable. However, monetary conditions are expected to remain favourable, with public sector borrowing activities augmenting the seasonal gains in both liquidity and external reserves. Prospects for a stronger economic outturn remain dependent upon the commencement of various foreign investment projects and public works programmes.

However, downside risks to the outlook remain, attributed mainly to the pace of activity in the United States economy, as well as further growth in global oil prices which are expected to maintain the rate of increase in the consumer prices at an elevated level.

# Recent Monetary and Credit Statistics

(B\$ Millions)

<b>MARCH</b>					
Value		Change		Change YTD	
2007	2008	2007	2008	2007	2008

## 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	295.89	390.07	83.81	117.21	159.73	177.78
1.2 Excess Liquid Assets	170.09	293.83	85.92	115.23	160.66	168.12
1.3 External Reserves	620.69	641.18	65.04	147.06	168.78	180.06
1.4 Bank's Net Foreign Assets	-718.96	-636.90	-12.63	70.00	-86.57	71.97
1.5 Usable Reserves	257.24	212.61	20.15	83.15	98.53	104.07

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>5,736.92</b>	<b>6,225.71</b>	<b>34.39</b>	<b>-13.41</b>	<b>88.89</b>	<b>7.05</b>
a. B\$ Credit	5,236.25	5,759.59	30.03	33.12	82.67	74.32
of which: Consumer Credit	1,917.56	2,122.62	13.50	10.51	31.21	23.46
Mortgages	2,297.43	2,594.65	20.49	17.02	57.16	56.54
b. F/C Credit	500.67	466.13	4.36	-46.53	6.22	-67.28
of which: Mortgages	33.58	50.48	1.30	-5.36	2.26	-4.35
<b>2.2 Central Government (net)</b>	<b>654.78</b>	<b>748.46</b>	<b>-1.46</b>	<b>-95.14</b>	<b>-13.26</b>	<b>-108.53</b>
a. B\$ Loans & Securities	763.52	865.37	11.05	-102.49	-25.69	-100.72
Less Deposits	111.41	138.76	-1.57	-1.57	-12.43	8.57
b. F/C Loans & Securities	4.97	23.16	-14.00	-0.01	0.00	0.00
Less Deposits	2.30	1.32	0.09	-5.78	0.00	-0.77
<b>2.3 Rest of Public Sector</b>	<b>309.16</b>	<b>343.14</b>	<b>10.67</b>	<b>12.85</b>	<b>-64.52</b>	<b>57.12</b>
a. B\$ Credit	75.48	87.26	-4.66	16.04	-56.29	19.68
b. F/C Credit	233.68	255.89	15.34	-3.19	-8.24	37.45
<b>2.4 Total Domestic Credit</b>	<b>6,700.86</b>	<b>7,317.31</b>	<b>43.59</b>	<b>-95.70</b>	<b>11.11</b>	<b>-44.35</b>
a. B\$ Domestic Credit	5,963.84	6,573.46	37.99	-51.76	13.13	-15.29
b. F/C Domestic Credit	737.02	743.86	5.60	-43.94	-2.02	-29.07

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	1,068.56	1,125.82	16.58	75.36	-8.20	36.33
a. Central Bank	21.47	20.95	3.20	-0.23	4.25	12.97
b. Banks	1,047.09	1,104.87	13.38	75.59	-12.45	23.36
3.2 Savings Deposits	986.65	999.88	18.87	-9.69	35.93	-6.28
3.3 Fixed Deposits	2,906.15	3,263.56	39.17	21.95	125.21	135.02
3.4 Total B\$ Deposits	4,961.36	5,389.26	74.62	87.61	152.94	165.08
3.5 F/C Deposits of Residents	155.49	217.15	0.20	23.66	-25.43	38.20
<b>3.6 M2</b>	<b>5,158.86</b>	<b>5,589.70</b>	<b>73.41</b>	<b>94.32</b>	<b>125.28</b>	<b>118.77</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>12.03</b>	<b>11.47</b>	<b>1.11</b>	<b>2.48</b>	<b>3.05</b>	<b>3.04</b>
<b>3.8 External Reserves/Base Money (%)</b>	<b>89.03</b>	<b>79.10</b>	<b>-1.54</b>	<b>6.95</b>	<b>8.64</b>	<b>10.87</b>

Value		Year to Date		Change	
2007	2008	2007	2008	Month	YTD

## 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>64.86</b>	<b>147.83</b>	<b>163.98</b>	<b>177.79</b>	<b>82.98</b>	<b>13.81</b>
a. Net Purchase/(Sale) from/to Banks	79.07	54.25	178.36	93.85	-24.82	-84.51
i. Sales to Banks	2.89	6.80	23.59	48.53	3.91	24.94
ii. Purchases from Banks	81.96	61.05	201.95	142.38	-20.91	-59.57
b. Net Purchase/(Sale) from/to Others	-14.22	93.58	-14.38	83.93	107.80	98.31
i. Sales to Others	31.62	41.00	122.26	176.12	9.38	53.87
ii. Purchases from Others	17.41	134.58	107.88	260.06	117.18	152.18
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>64.99</b>	<b>56.39</b>	<b>165.72</b>	<b>105.70</b>	<b>-8.60</b>	<b>-60.02</b>
a. Sales to Customers	242.28	348.62	776.86	1,028.39	106.34	251.54
b. Purchases from Customers	307.27	405.01	942.57	1,134.09	97.74	191.52
<b>4.3 B\$ Position (change)</b>	<b>14.60</b>	<b>-16.00</b>				

## 5.0 EXCHANGE CONTROL SALES

<b>5.1 Current Items</b>	<b>221.25</b>	<b>268.96</b>	<b>687.01</b>	<b>855.80</b>	<b>47.71</b>	<b>168.79</b>
<b>of which Public Sector</b>	<b>38.96</b>	<b>37.62</b>	<b>92.25</b>	<b>110.02</b>	<b>-1.34</b>	<b>17.78</b>
a. Nonoil Imports	94.89	116.66	324.51	366.20	21.76	41.69
b. Oil Imports	28.77	28.78	67.48	136.25	0.00	68.77
c. Travel	14.41	16.49	50.58	59.84	2.08	9.26
d. Factor Income	4.76	10.68	14.97	22.60	5.92	7.63
e. Transfers	6.07	4.90	22.19	18.42	-1.18	-3.77
f. Other Current Items	72.34	91.47	207.27	252.48	19.12	45.21
<b>5.2 Capital Items</b>	<b>7.73</b>	<b>10.11</b>	<b>26.90</b>	<b>20.22</b>	<b>2.38</b>	<b>-6.68</b>
<b>of which Public Sector</b>	<b>1.15</b>	<b>4.71</b>	<b>11.21</b>	<b>5.96</b>	<b>3.56</b>	<b>-5.26</b>
<b>5.3 Bank Remittances</b>	<b>0.63</b>	<b>0.00</b>	<b>0.64</b>	<b>0.37</b>	<b>-0.63</b>	<b>-0.27</b>

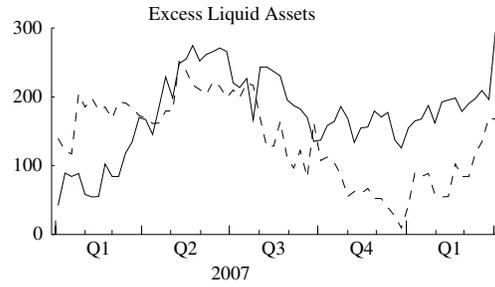
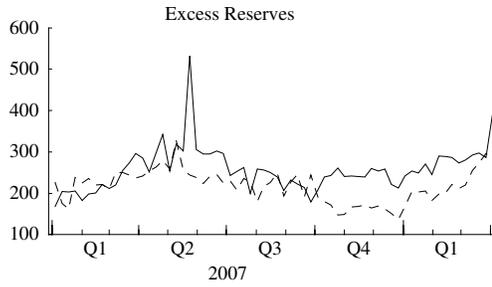
Sources: Research Department Brief Database and Banking Brief for the week ending MARCH 8, 2007 and APRIL 02, 2008

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.

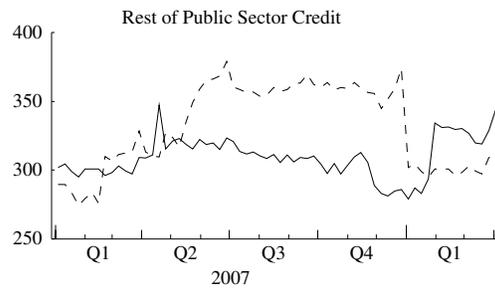
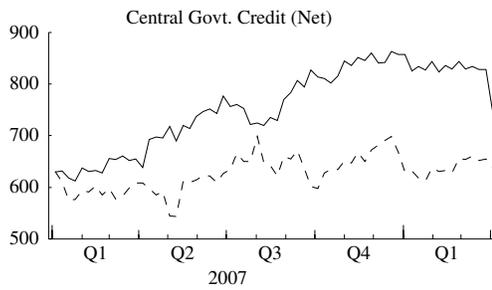
Components may not sum to totals due to round-off error.

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



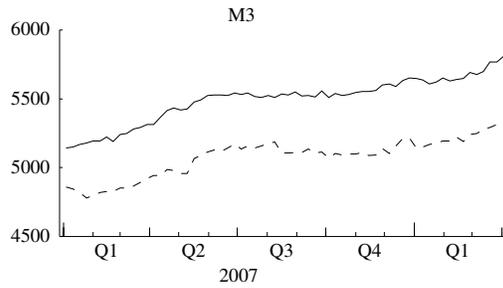
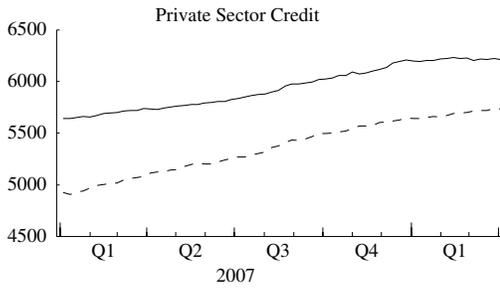
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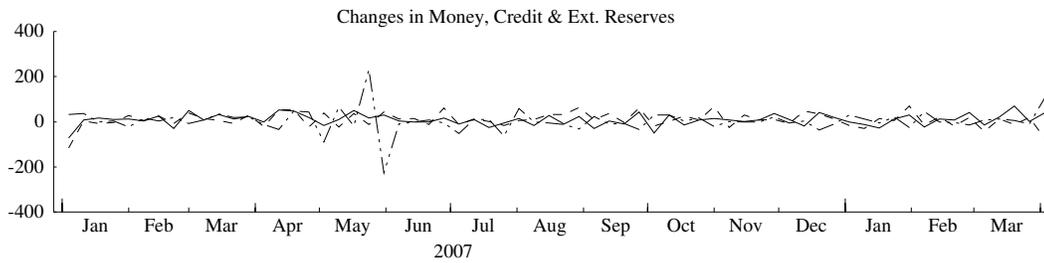
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## Selected International Statistics

<b>A: Selected Macroeconomic Projections (Annual % Change and % of labor force)</b>						
	<b>Real GDP</b>		<b>Inflation Rate</b>		<b>Unemployment</b>	
	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>
Bahamas	4.0	4.5	1.9	1.9	7.9	n/a
United States	2.2	1.5	3.2	2.7	4.6	4.7
Euro-Area	2.6	1.6	2.2	2.0	7.8	6.9
<i>Germany</i>	<i>2.9</i>	<i>2.4</i>	<i>1.8</i>	<i>2.1</i>	<i>8.1</i>	<i>6.5</i>
Japan	1.9	1.5	0.3	--	4.1	4.0
United Kingdom	2.8	3.1	2.3	2.4	5.4	5.4
Canada	2.8	2.5	2.0	2.2	6.3	6.1
<i>Sources: IMF World Economic Outlook, January 2008 &amp; The Bahamas Department of Statistics.</i>						

<b>B: Official Interest Rates – Selected Countries (%)</b>					
<i>With effect from</i>	<b>CBOB</b>	<b>ECB (EU)</b>	<b>Federal Reserve (US)</b>		<b>Bank of England</b>
	<b>Bank Rate</b>	<b>Refinancing Rate</b>	<b>Primary Credit Rate</b>	<b>Target Funds Rate</b>	<b>Repo Rate</b>
September 2006	5.25	3.00	6.25	5.25	4.75
October 2006	5.25	3.25	6.25	5.25	4.75
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

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	Mar-07	Feb-08	Mar-08	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.7559	0.6588	0.6334	-3.9	-7.6	-15.4
Yen	118.56	103.74	99.69	-3.9	-10.8	-15.4
Pound	0.5092	0.5027	0.5041	0.3	0.1	-0.8
Canadian \$	1.1699	0.9879	1.0254	3.8	2.7	-11.1
Swiss Franc	1.2196	1.0408	0.9931	-4.6	-12.4	-18.3

*Source: Bloomberg as at March 31, 2008*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	Mar 2007	Feb 2008	Mar 2008	Mthly % Change	YTD % Change
Gold / Ounce	663.79	974.17	916.88	-5.9	9.9
Silver / Ounce	13.38	19.82	17.24	-13.0	16.6
Oil / Barrel	66.70	99.42	104.17	4.8	9.7

*Source: Bloomberg as at March 31, 2008*

<b>E. Equity Market Valuations – March 31, 2008 (%chg)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-0.52	-0.03	-0.55	-3.10	-1.74	-3.16	-7.92	-20.14
3 month	-4.19	-3.06	-4.03	-3.02	-3.34	-4.62	-7.85	-20.78
YTD	-5.00	-7.55	-10.37	-11.69	-16.16	-18.99	-18.18	-34.00
12-month	10.23	-0.74	-6.82	-9.61	-16.45	-5.52	-27.55	9.07

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
<b>o/n</b>	2.25	4.98	3.97
<b>1 Month</b>	2.63	5.42	4.24
<b>3 Month</b>	2.70	5.82	4.69
<b>6 Month</b>	2.55	5.79	4.74
<b>9 Month</b>	2.55	5.75	4.69
<b>1 year</b>	2.39	5.70	4.69

*Source: Bloomberg, as at March 31, 2008*

## SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

	VALUE										CHANGE									
	Feb. 06	Feb. 13	Feb. 20	Feb. 27	Mar. 05	Mar. 12	Mar. 19	Mar. 26	Feb. 06	Feb. 13	Feb. 20	Feb. 27	Mar. 05	Mar. 12	Mar. 19	Mar. 26				
<b>I. External Reserves</b>	488.92	497.23	497.65	494.11	519.31	527.84	539.15	535.55	17.42	8.31	0.42	-3.54	25.20	8.52	11.31	-3.60				
<b>II. Net Domestic Assets (A + B + C + D)</b>	210.58	195.50	193.11	190.81	174.41	172.45	172.22	168.79	19.37	-15.09	-2.39	-2.30	-16.39	-1.97	-0.23	-3.43				
<b>A. Net Credit to Gov't (i + ii + iii - iv)</b>	331.67	323.86	314.38	312.81	295.24	295.78	292.69	295.24	21.31	-7.81	-9.48	-1.57	-17.56	0.54	-3.09	2.54				
i) Advances	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				
ii) Registered Stock	130.85	130.60	130.54	130.35	130.29	129.99	131.46	130.44	0.15	-0.25	-0.06	-0.19	-0.06	-0.30	1.47	-1.02				
iii) Treasury Bills	148.50	143.47	133.54	133.54	122.61	122.61	117.64	117.64	9.99	-5.03	-9.93	0.00	-10.93	0.00	-4.97	0.00				
iv) Deposits	19.67	22.20	21.69	23.07	29.64	28.80	28.39	24.83	-11.17	2.53	-0.51	1.38	6.57	-0.84	-0.41	-3.56				
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-12.65	-15.64	-12.34	-14.49	-12.63	-14.80	-13.20	-18.83	1.77	-2.99	3.30	-2.15	1.86	-2.18	1.60	-5.63				
i) BDB Loans	6.69	6.69	6.69	6.69	6.69	6.69	6.69	6.69	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	19.33	22.33	19.03	21.18	19.32	21.49	19.89	25.52	-1.77	2.99	-3.30	2.15	-1.86	2.18	-1.60	5.63				
<b>C. Loans to/Deposits with Banks</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
<b>D. Other Items (Net)*</b>	-108.44	-112.72	-108.93	-107.51	-108.20	-108.53	-107.27	-107.61	-3.71	-4.28	3.79	1.42	-0.70	-0.33	1.26	-0.34				
<b>III. Monetary Base</b>	699.50	692.73	690.76	684.92	693.73	700.28	711.37	704.34	36.79	-6.77	-1.97	-5.84	8.81	6.56	11.09	-7.03				
A. Currency in Circulation	285.58	277.94	275.51	279.07	280.48	279.78	283.03	288.65	2.78	-7.64	-2.42	3.56	1.41	-0.71	3.26	5.62				
B. Bank Balances with CBOB	413.92	414.79	415.24	405.85	413.24	420.51	428.34	415.69	34.01	0.87	0.46	-9.40	7.40	7.26	7.83	-12.65				

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

## FISCAL/REAL SECTOR INDICATORS

(IN MILLIONS)  
(% change represents current month from previous month)

	YEAR TO DATE															
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008				
<b>Fiscal Operations:</b>																
1. Government Revenue & Grants	106.1	111.5	106.7	94.3	114.1	87.9	79.4	107.0	115.7	112.1	104.0	96.9	123.3	134.2	115.4	125.5
% change	-23.6%	-19.4%	0.9%	-13.4%	6.8%	-6.7%	-30.4%	21.7%	43.8%	4.8%	-10.1%	-13.6%	18.5%	38.6%	-6.4%	-3.5%
2. Import Duties	37.8	42.9	46.3	40.0	34.4	39.3	38.0	46.6	43.4	46.6	36.4	37.6	40.9	50.8	36.6	40.4
% change	-44.1%	-28.0%	22.4%	-6.9%	-23.7%	-1.7%	10.6%	18.6%	14.1%	-0.9%	-16.0%	-9.2%	12.2%	35.0%	-10.5%	-20.4%
3. Recurrent Expenditure	89.8	101.6	93.1	98.1	90.7	103.0	103.3	107.3	111.1	106.0	85.3	105.8	124.7	130.4	100.6	95.8
% change	-21.0%	-34.0%	-6.3%	-2.0%	-2.6%	3.9%	13.9%	4.2%	7.6%	-1.2%	-23.2%	-0.2%	46.2%	23.2%	-19.3%	-26.5%
4. Capital Expenditure	5.6	7.6	11.7	14.0	13.0	9.0	11.3	8.4	10.3	14.6	13.6	10.5	11.1	12.1	15.5	10.5
% change	-75.0%	-77.8%	110.8%	83.0%	11.0%	-35.8%	-13.9%	-6.2%	-8.4%	73.1%	31.9%	-27.9%	-18.9%	15.3%	40.3%	-13.0%
5. Deficit/Surplus*	-0.8	0.7	1.1	-23.8	3.2	-27.7	-41.8	-12.6	-9.6	-14.0	-3.4	-22.1	-20.2	-13.8	-4.8	20.6
% change	-95.6%	-100.9%	-250.1%	-37.6%	185.5%	16.1%	-1394.1%	-54.6%	-70.5%	11.8%	-60.1%	57.3%	492.2%	-37.5%	-76.0%	-249.2%

	YEAR TO DATE															
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008				
<b>Debt**</b>																
6. Total Debt	2,386.8	2,632.1	2,376.8	2,632.0	2,427.5	2,631.3										
% change	3.8%	-0.02%	-0.42%	0.0%	2.13%	-0.03%										
7. External Debt	292.8	272.1	292.7	272.0	283.4	271.3										
% change	2.1%	0.0%	-0.03%	-0.06%	0.25%	-0.27%										
8. Internal FIC Debt	1.9	20.1	1.9	20.1	1.9	20.1										
% change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%										
9. Bahamian Dollar Debt	2,092.1	2,339.9	2,082.1	2,339.9	2,132.1	2,339.9										
% change	3.43%	-0.02%	-0.48%	0.0%	2.40%	0.0%										
10. Total Amortization	0.5	0.5	10.1	0.1	0.7	0.7										
% change	-51.0%	162.0%	1915.0%	-80.4%	-93.2%	669.02%										

	YEAR TO DATE															
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008				
<b>Real Sector Indicators</b>																
12. Real Price Index	121.2	124.2	121.4	124.6	121.5	124.7										
% change, over previous month	0.51%	0.0%	0.16%	2.74%	0.04%	0.0%										
13. Tourist Arrivals (000's)	397.3	372.0														
% change, over previous year	-7.17%	-6.38%														
14. Air Arrivals (000's)	103.4	110.1														
% change, over previous year	-0.23%	6.49%														
15. Occupied Room Nights	1616	n.a.														
% change, over previous year																

	YEAR TO DATE															
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008				
16. Res. Mortgage Commitments New Const.																
% change, over previous year																
17. Res. Mortgage Commitments New Const.	165.81	117.13														
% change, over previous year	57.80%	-39.80%														

\* Includes Net Lending to Public Corporation

\*\* Debt figures pertain to central government only and are unsecured liabilities

P = provisional

Annual F.I.C.D. Real Price Index are averages.