



## **Monthly Economic and Financial Developments April 2007**

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:

2007: July 2<sup>nd</sup>, July 30<sup>th</sup>, September 3<sup>rd</sup>, October 1<sup>st</sup>, October 29<sup>th</sup>, December 3<sup>rd</sup>

## **1. Domestic Economic Developments**

Initial data for the month of April suggests that the growth momentum continued to be sustained by strong residential and commercial construction activity. Increased foreign investment inflows, primarily associated with the funding of ongoing tourism projects, supported healthy accretions to overall bank liquidity and amid mild private sector credit trends, boosted external reserves.

The latest information for the tourism sector revealed a slight weakening in overall arrivals for the first three months of 2007, by 0.9% to 1.29 million, as the 5.0% contraction in air arrivals overshadowed the 1.0% firming in sea tourists. With regards to the major ports, visitor arrivals to New Providence declined by 3.2%, reflecting contractions in both air (7.1%) and sea (0.8%) tourists. Similarly, visitor traffic to Grand Bahama fell by 8.1%, occasioned by reductions in air (3.5%) and sea (10.2%) arrivals. In contrast, gains in air (3.8%) and sea (8.9%) visitors elevated total visitors to the Family Island tourist market by 8.0%.

Based on initial estimates for the third quarter of FY2006/07, the Government's deficit widened by \$10.8 million to \$35.6 million, as the 15.3% advance in expenditure outstripped the 13.1% growth in revenue. Among the main income components, tax receipts firmed by 13.0%, owing to higher "miscellaneous" tax revenues; while non-tax collections expanded by 13.1%. Accretions to total expenditure reflected broad-based growth in both current outlays (15.5%) and capital spending (15.4%), concentrated in asset acquisitions and public infrastructure projects, respectively.

In price developments, inflation for the twelve-month period ending March 2007 firmed to 2.3% from 1.8% in the previous year. Reflecting in part the ongoing impact of high oil prices, significant accretions to costs were recorded for other goods and services (7.9%), food and beverages (4.2%), medical care and health (2.7%) and recreation and entertainment services (2.4%). Lesser price gains of below 2% were recorded for the remaining categories.

## **2. International Developments**

Preliminary data suggests that global economic output advanced during the first quarter of 2007, as the surge in China's real GDP growth and moderate accretions to output in Europe, offset softening in the US economic expansion. Signs of some stability in domestic prices resulted in several of the major central banks maintaining a neutral monetary policy stance in April; however, concerns remained over the potential for continued strengthening in global oil prices.

Reflecting the sustained slump in the housing sector as well as a widening trade balance, real GDP in the US advanced at an annualized rate of a mere 0.6% in the first quarter 2007, the slowest rate in four years. The trade deficit deteriorated to \$63.9 billion in March from \$57.9 billion in the previous month, as imports outstripped export growth. Consumer prices firmed by 0.4% in April, slightly lower than March's 0.6% rise, with higher prices registered for energy, transportation and food and beverages. Buoyed by gains in health-care, as well as food services, non-farm employment rose by 88,000 persons in April; however, the unemployment rate remained virtually unchanged at 4.5%. There were no Federal Reserve meetings in April, but the release of the minutes from March's meeting indicated the Committee's concern that inflation would not moderate over the medium term.

Following the 11.1% surge in GDP during the first quarter, industrial production in China firmed by 17.4% in April, occasioned by the strengthening in exports and retail sales. Consequently, the country's trade surplus expanded by 63.0%, on a year-on-year basis, to \$16.9 billion. Consumer prices trended upwards by 3.3% in March over the same period a year earlier, reinforced by cost increases for food products and residential accommodation. Meanwhile, in an ongoing attempt to reign in domestic investment and reduce the level of monetary accommodation, the People's Bank of China increased banks' reserve ratio by 0.5 percentage points at its April meeting.

Preliminary estimates for the first quarter of 2007 suggest that GDP growth in Japan softened to 0.6% on a quarter-to-quarter basis, compared to an expansion of 1.2% in the previous three-month period. The slowdown was mainly attributed to downturns in both residential and non-residential investments, which offset improvements in private consumption. The country's trade surplus expanded by 74% over the previous year to \$14 billion in March, supported by the yen's depreciation and greater exports to China. Approximately 430,000 workers were added to the labour force; however on a monthly basis, the unemployment rate remained relatively unchanged at 4.0%. Further, consumer prices rose by 0.3% in March, due mainly to higher apparel costs. In light of the slowdown in economic growth, the Bank of Japan during its April policy meeting, maintained its uncollateralized overnight call rate at 0.5%.

The UK economy grew by an estimated 0.7% in the first quarter of 2007, in line with the advance noted in the previous period, due to broad-based expansions in the main sectors. In the external sector, the trade deficit widened by €0.2 billion, on a monthly basis, to €4.5 billion in March. The quarterly unemployment rate was unchanged at 5.5% during the first quarter; however, annual inflation was 0.2 percentage points below the previous month at 2.8% in April. Despite inflation remaining above the Bank of England's target rate of 2.0%, the Bank kept its key policy rate at 5.25% during its April meeting.

Initial estimates are that real output in the euro area rose by 0.6% in the first quarter, a slight slowdown from the 0.9% advance in the previous three-month period. In March, the monthly volume of retail trade expanded by 2.6%, while industrial production advanced by 0.4%. Indications are that the unemployment rate softened slightly by 0.1 percentage points to 7.2%. Continuing the trend observed since the start of the year, inflation remained below the ECB's target rate of 2.0% in April, registering a value of 1.8%. Consequently, the Bank decided to leave its main policy rate unchanged.

Concerns that political elections would negatively impact fuel supplies from Nigeria, coupled with the possibility of further production cuts by OPEC, resulted in oil prices rising during the review month, by 1.5% to \$67.70 per barrel. With regards to other commodities, the price of gold and silver rose by 2.2% and 0.2% to \$678.45 and \$13.41, respectively.

Continued investor confidence resulted in all of the major indices moving higher during April. In particular, the Dow Jones Industrial Average and the S&P 500 rose by 5.74% and 4.33%, respectively. Likewise, the European indices, the DAX, the CAC 40, and the FTSE 100 expanded by 7.11%, 5.78%, and 2.24%, respectively; while the Japanese Nikkei 225 index grew more moderately by 0.65%.

### **3. Domestic Monetary and Credit Trends**

For the review month, monetary conditions featured an improvement in broad liquidity and external reserves, reflecting increased foreign currency inflows associated with tourism investment related activity. This extended the trend observed over the first four months of the year, as the combination of a slowdown in domestic credit growth and heightened net foreign exchange inflows boosted both reserves and liquidity.

#### *April 2007 vs. 2006*

Following last year's \$42.2 million upturn, excess reserves declined by \$42.4 million as commercial banks invested free cash balances in Treasury bills. Buoyed by the increased inflows of foreign currency, the growth in excess liquid assets was four times higher at \$28.3 million.

External reserves rose by \$33.2 million, outpacing the \$10.7 million expansion registered in 2006. This outturn reflected a more than three-fold increase in the Central Bank's net purchase from commercial banks to \$63.6 million, which eclipsed the \$25.6 million advance in the net sale to the public sector to \$34.2 million. The Central Banks' foreign currency transactions were supported by the \$47.2 million hike in commercial banks net purchase from customers to \$54.8 million.

Propelled by strong growth in net credit to Government, accretions to Bahamian dollar credit were more than double the previous year at \$97.9 million. Net credit to Government advanced by \$63.8 million, a reversal from a net repayment of \$19.0 million in 2006. In contrast, the growth in private sector credit tapered by 29.1% to \$39.6 million, owing to a moderation in consumer credit growth by 46.0% to \$12.0 million; while the gains in mortgages were relatively steady at \$27.7 million, vis-à-vis \$23.5 million last year. Claims on the rest of the public sector were reduced by \$5.5 million, extending last year's \$2.5 million decline.

Reflecting net repayments by Government as well as the private sector, accretions to foreign currency credit were almost halved to \$5.5 million. Net claims on the Government fell by \$0.6 million, in contrast to an advance of \$2.1 million a year ago, and credit to the private sector receded by \$11.4 million, a turnaround from last year's \$7.6 million expansion. Foreign currency borrowing by the Nassau Airport Development Company boosted credit to the rest of the public sector by \$17.4 million compared to marginal growth of \$1.2 million last year.

Total Bahamian dollar deposits expanded by \$89.2 million, significantly higher than the \$33.9 million advance registered a year earlier, led by a strong upturn in demand deposits growth to \$49.6 million. Accretions to fixed deposits also firmed by \$14.0 million to \$30.0 million; however, savings deposit growth tapered slightly by \$1.2 million to \$9.5 million.

In interest rate developments, both the monthly weighted average deposit and loan rates at banks weakened by 2 basis points, to 3.65% and by 27 basis points to 10.57%, respectively. The highest rate offered was 6.00% for 1-3 months and over 6 months fixed maturities.

## *January –April 2007*

For the first four months of the year, robust growth in deposits, which outstripped gains in credit, facilitated an appreciable recovery in excess reserves to \$117.4 million, compared with growth of \$83.6 million last year. Similarly, accretions to the broader excess liquid assets more than doubled to \$188.9 million.

Supported by increased foreign currency inflows, related to tourism investment projects and public corporations borrowings, external reserves advanced by \$201.9 million, three times higher than the previous year's expansion. Underlying this, the Central Bank's net foreign currency purchase surged to \$193.4 million from \$60.2 million in 2006, as the net purchase from commercial banks almost doubled to \$242.0 million—sourced out of gains in the latter's overall net purchase from customers of \$96.3 million to \$220.5 million. Moreover, the Central Bank's net sale to the public sector waned by \$13.5 million to \$48.6 million.

Reflecting an easing of private sector demand pressures during the first four months of the year, the expansion in Bahamian dollar credit slowed by \$34.3 million to \$111.0 million. With regards to the major categories, the net repayment by the public sector was extended to \$61.8 million from \$1.7 million in 2006. Further, accretions to private sector credit moderated by \$67.5 million to \$122.2 million, as gains in both consumer credit and mortgages softened by \$10.9 million to \$43.3 million and \$11.9 million to \$84.9 million, respectively. Conversely, net credit to Government grew by \$50.6 million, a turnaround from a \$42.8 million net repayment in the previous year.

The expansion in domestic foreign currency credit tapered significantly by \$50.3 million to \$3.5 million, compared to the previous year when private entities borrowed to finance foreign investment projects. Reflecting these developments, credit to the private sector and net claims on the Government reversed to net repayments of \$5.2 million and \$0.6 million, from corresponding accumulations of \$37.8 million and \$0.1 million in 2006. However, the growth in claims on the rest of the public sector softened by \$6.7 million to \$9.2 million.

Bahamian dollar deposits firmed by \$242.1 million, compared to growth of \$136.3 million a year ago. Expansions occurred in all major categories, with the advance in fixed deposits more than doubled to \$155.2 million. Similarly, demand and savings deposits strengthened by \$41.4 million and \$45.5 million respectively, extending the year-earlier gains of \$25.5 million and \$42.8 million.

## **4. Outlook**

Indications are that the country's growth momentum should be maintained in the near term, buoyed mainly by tourism and residential related construction activity. However, prospects will continue to be impacted by the rate of growth in the US economy, which is poised to continue to expand but at a subdued rate and by the persistence of high global oil prices based on strong demand.

# Recent Monetary and Credit Statistics

(B\$ Millions)

| <b>APRIL</b> |      |        |      |            |      |  |
|--------------|------|--------|------|------------|------|--|
| Value        |      | Change |      | Change YTD |      |  |
| 2006         | 2007 | 2006   | 2007 | 2006       | 2007 |  |

## 1.0 LIQUIDITY & FOREIGN ASSETS

|                               |         |         |       |        |        |        |
|-------------------------------|---------|---------|-------|--------|--------|--------|
| 1.1 Excess Reserves           | 278.94  | 253.53  | 42.18 | -42.36 | 83.57  | 117.37 |
| 1.2 Excess Liquid Assets      | 179.42  | 198.35  | 6.74  | 28.26  | 66.97  | 188.91 |
| 1.3 External Reserves         | 647.89  | 653.84  | 10.67 | 33.15  | 64.96  | 201.93 |
| 1.4 Bank's Net Foreign Assets | -634.24 | -729.29 | 9.04  | -10.32 | -64.31 | -96.90 |
| 1.5 Usable Reserves           | 297.48  | 297.03  | 10.50 | 39.79  | 37.35  | 138.32 |

## 2.0 DOMESTIC CREDIT

|                                     |                 |                 |               |               |               |               |
|-------------------------------------|-----------------|-----------------|---------------|---------------|---------------|---------------|
| <b>2.1 Private Sector</b>           | <b>5,145.34</b> | <b>5,765.12</b> | <b>63.38</b>  | <b>28.20</b>  | <b>227.47</b> | <b>117.08</b> |
| a. B\$ Credit                       | 4,645.65        | 5,275.81        | 55.78         | 39.56         | 189.71        | 122.23        |
| of which: Consumer Credit           | 1,704.02        | 1,929.60        | 22.30         | 12.04         | 54.19         | 43.25         |
| Mortgages                           | 2,003.20        | 2,325.16        | 23.45         | 27.72         | 96.81         | 84.88         |
| b. F/C Credit                       | 499.69          | 489.31          | 7.60          | -11.36        | 37.76         | -5.15         |
| of which: Mortgages                 | 18.91           | 36.55           | 2.46          | 2.97          | 6.63          | 5.23          |
| <b>2.2 Central Government (net)</b> | <b>591.92</b>   | <b>718.04</b>   | <b>-16.86</b> | <b>63.25</b>  | <b>-42.68</b> | <b>50.00</b>  |
| a. B\$ Loans & Securities           | 745.02          | 820.71          | -7.76         | 57.18         | -5.89         | 31.49         |
| Less Deposits                       | 151.28          | 104.78          | 11.24         | -6.63         | 36.92         | -19.07        |
| b. F/C Loans & Securities           | 2.26            | 4.97            | 2.26          | 0.00          | 2.26          | 0.00          |
| Less Deposits                       | 4.08            | 2.86            | 0.12          | 0.56          | 2.13          | 0.56          |
| <b>2.3 Rest of Public Sector</b>    | <b>327.38</b>   | <b>321.07</b>   | <b>-1.21</b>  | <b>11.92</b>  | <b>14.20</b>  | <b>-52.61</b> |
| a. B\$ Credit                       | 96.64           | 69.98           | -2.45         | -5.50         | -1.66         | -61.79        |
| b. F/C Credit                       | 230.74          | 251.10          | 1.24          | 17.42         | 15.85         | 9.18          |
| <b>2.4 Total Domestic Credit</b>    | <b>6,064.64</b> | <b>6,804.23</b> | <b>45.31</b>  | <b>103.37</b> | <b>198.99</b> | <b>114.47</b> |
| a. B\$ Domestic Credit              | 5,336.03        | 6,061.71        | 34.32         | 97.87         | 145.25        | 111.00        |
| b. F/C Domestic Credit              | 728.61          | 742.51          | 10.98         | 5.50          | 53.74         | 3.48          |

## 3.0 DEPOSIT BASE

|   |                 |                 |              |              |               |               |
|---|-----------------|-----------------|--------------|--------------|---------------|---------------|
| 3.1 Demand Deposits                         | 1,081.08        | 1,118.17        | 7.22         | 49.62        | 25.46         | 41.41         |
| a. Central Bank                             | 23.92           | 36.86           | -29.58       | 15.40        | -5.94         | 19.65         |
| b. Banks                                    | 1,057.16        | 1,081.31        | 36.80        | 34.22        | 31.40         | 21.77         |
| 3.2 Savings Deposits                        | 925.65          | 996.17          | 10.74        | 9.52         | 42.76         | 45.46         |
| 3.3 Fixed Deposits                          | 2,645.07        | 2,936.16        | 15.97        | 30.01        | 68.03         | 155.21        |
| 3.4 Total B\$ Deposits                      | 4,651.80        | 5,050.51        | 33.93        | 89.15        | 136.25        | 242.08        |
| 3.5 F/C Deposits of Residents               | 145.40          | 159.64          | 26.89        | 4.16         | -4.28         | -21.27        |
| <b>3.6 M2</b>                               | <b>4,832.73</b> | <b>5,257.16</b> | <b>30.64</b> | <b>98.30</b> | <b>111.71</b> | <b>223.58</b> |
| <b>3.7 External Reserves/M2 (%)</b>         | <b>13.41</b>    | <b>12.44</b>    | <b>0.14</b>  | <b>0.41</b>  | <b>1.06</b>   | <b>3.46</b>   |
| <b>3.8 External Reserves/Base Money (%)</b> | <b>99.80</b>    | <b>97.74</b>    | <b>-4.83</b> | <b>8.72</b>  | <b>0.71</b>   | <b>17.35</b>  |

| Value |      | Year to Date |      | Change |     |
|-------|------|--------------|------|--------|-----|
| 2006  | 2007 | 2006         | 2007 | Month  | YTD |

## 4.0 FOREIGN EXCHANGE TRANSACTIONS

|   |               |              |               |               |              |               |
|---|---------------|--------------|---------------|---------------|--------------|---------------|
| <b>4.1 Central Bank Net Purchase/(Sale)</b> | <b>9.96</b>   | <b>29.37</b> | <b>60.20</b>  | <b>193.36</b> | <b>19.41</b> | <b>133.16</b> |
| a. Net Purchase/(Sale) from/to Banks        | 18.56         | 63.61        | 122.28        | 241.97        | 45.06        | 119.70        |
| i. Sales to Banks                           | 18.37         | 21.89        | 76.71         | 45.49         | 3.52         | -31.22        |
| ii. Purchases from Banks                    | 36.93         | 85.51        | 198.99        | 287.46        | 48.58        | 88.47         |
| b. Net Purchase/(Sale) from/to Others       | -8.59         | -34.24       | -62.07        | -48.61        | -25.64       | 13.46         |
| i. Sales to Others                          | 33.09         | 62.21        | 136.71        | 184.47        | 29.12        | 47.76         |
| ii. Purchases from Others                   | 24.49         | 27.97        | 74.64         | 135.85        | 3.48         | 61.22         |
| <b>4.2 Banks Net Purchase/(Sale)</b>        | <b>7.58</b>   | <b>54.81</b> | <b>124.20</b> | <b>220.53</b> | <b>47.23</b> | <b>96.33</b>  |
| a. Sales to Customers                       | 246.64        | 317.70       | 981.55        | 1,094.55      | 71.06        | 113.00        |
| b. Purchases from Customers                 | 254.22        | 372.50       | 1,105.75      | 1,315.08      | 118.29       | 209.33        |
| <b>4.3 B\$ Position (change)</b>            | <b>-10.54</b> | <b>23.44</b> |               |               |              |               |

## 5.0 EXCHANGE CONTROL SALES

|                               |               |           |                 |           |           |           |
|-------------------------------|---------------|-----------|-----------------|-----------|-----------|-----------|
| <b>5.1 Current Items</b>      | <b>253.85</b> | <b>ND</b> | <b>1,086.20</b> | <b>ND</b> | <b>ND</b> | <b>ND</b> |
| <b>of which Public Sector</b> | <b>28.99</b>  | <b>ND</b> | <b>176.40</b>   | <b>ND</b> | <b>ND</b> | <b>ND</b> |
| a. Nonoil Imports             | 115.19        | ND        | 495.25          | ND        | ND        | ND        |
| b. Oil Imports                | 25.92         | ND        | 142.16          | ND        | ND        | ND        |
| c. Travel                     | 20.40         | ND        | 71.66           | ND        | ND        | ND        |
| d. Factor Income              | 23.70         | ND        | 47.22           | ND        | ND        | ND        |
| e. Transfers                  | 4.76          | ND        | 23.62           | ND        | ND        | ND        |
| f. Other Current Items        | 63.88         | ND        | 306.29          | ND        | ND        | ND        |
| <b>5.2 Capital Items</b>      | <b>12.20</b>  | <b>ND</b> | <b>58.87</b>    | <b>ND</b> | <b>ND</b> | <b>ND</b> |
| <b>of which Public Sector</b> | <b>5.41</b>   | <b>ND</b> | <b>13.28</b>    | <b>ND</b> | <b>ND</b> | <b>ND</b> |
| <b>5.3 Bank Remittances</b>   | <b>15.00</b>  | <b>ND</b> | <b>97.00</b>    | <b>ND</b> | <b>ND</b> | <b>ND</b> |

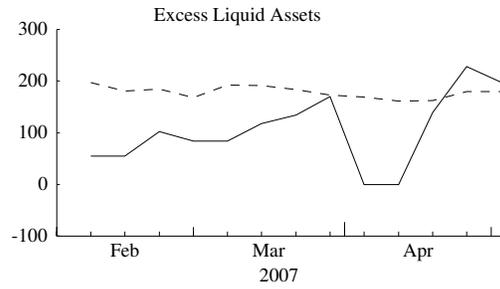
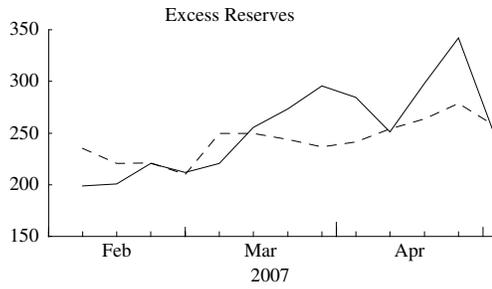
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: APRIL 26, 2006 and MAY 02, 2007

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.

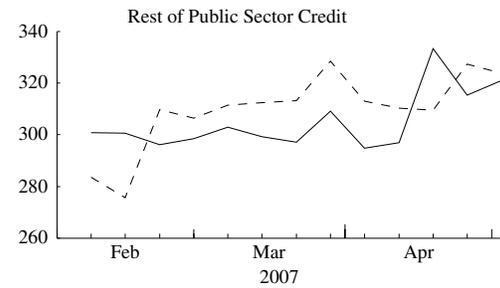
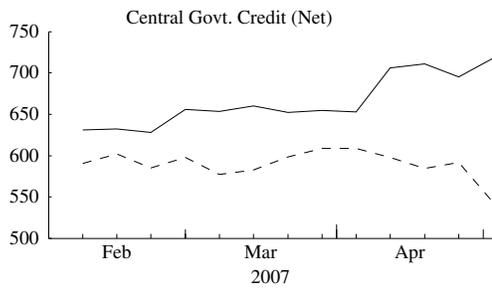
Components may not sum to totals due to round-off error.

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



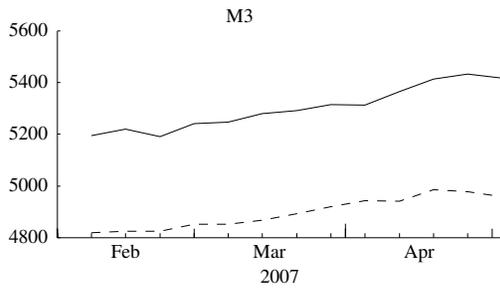
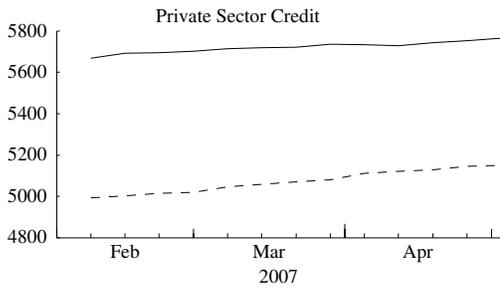
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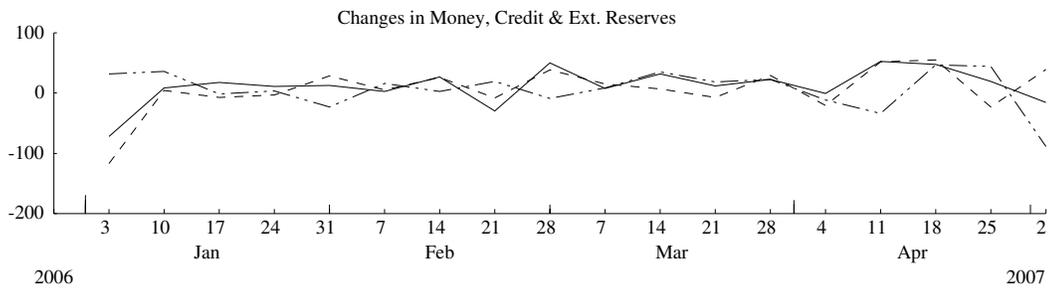
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— M3  
- - - Domestic Credit  
- · - · External Reserves

## Selected International Statistics

| <b>A: Selected Macroeconomic Projections</b><br>(Annual % Change and % of labor force)             |            |            |                |            |              |            |
|--|------------|------------|----------------|------------|--------------|------------|
|  | Real GDP   |            | Inflation Rate |            | Unemployment |            |
|  | 2006       | 2007       | 2006           | 2007       | 2006         | 2007       |
| Bahamas  | 4.0        | 4.5        | 1.9            | 1.9        | 7.6          | n/a        |
| United States  | 3.3        | 2.2        | 3.2            | 1.9        | 4.6          | 4.8        |
| Euro-Area  | 2.6        | 2.3        | 2.2            | 2.0        | 7.7          | 7.3        |
| <i>Germany</i>   | <i>1.8</i> | <i>1.9</i> | <i>1.8</i>     | <i>2.0</i> | <i>8.1</i>   | <i>7.8</i> |
| Japan  | 2.2        | 2.3        | 0.2            | 0.3        | 4.1          | 4.0        |
| United Kingdom   | 2.7        | 2.9        | 2.3            | 2.3        | 5.4          | 5.3        |
| Canada   | 2.7        | 2.4        | 2.0            | 1.7        | 6.3          | 6.2        |
| <i>Sources: IMF World Economic Outlook, April 2007 &amp; The Bahamas Department of Statistics.</i> |            |            |                |            |              |            |

| <b>B: Official Interest Rates - Selected Countries (%)</b> |                  |                         |                             |                          |                        |
|--|------------------|-------------------------|-----------------------------|--------------------------|------------------------|
| <i>With effect</i><br><br><i>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>       |
| January 2006   | 5.25             | 2.25                    | 5.50                        | 4.50                     | 4.50                   |
| February 2006  | 5.25             | 2.25                    | 5.50                        | 4.50                     | 4.50                   |
| March 2006   | 5.25             | 2.50                    | 5.75                        | 4.75                     | 4.50                   |
| April 2006   | 5.25             | 2.50                    | 5.75                        | 4.75                     | 4.50                   |
| May 2006   | 5.25             | 2.50                    | 6.00                        | 5.00                     | 4.50                   |
| June 2006  | 5.25             | 2.75                    | 6.25                        | 5.25                     | 4.50                   |
| July 2006  | 5.25             | 2.75                    | 6.25                        | 5.25                     | 4.50                   |
| August 2006  | 5.25             | 3.00                    | 6.25                        | 5.25                     | 4.75                   |
| 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                   |

## Selected International Statistics

| <b>C. Selected Currencies<br/>(Per United States Dollars)</b> |        |        |        |                   |                 |                   |
|---|--------|--------|--------|-------------------|-----------------|-------------------|
| Currency  | Apr-06 | Mar-07 | Apr-07 | Mthly %<br>Change | YTD %<br>Change | 12-Mth%<br>Change |
| Euro  | 0.7915 | 0.7488 | 0.7327 | -2.2              | -3.3            | -7.4              |
| Yen   | 113.8  | 117.8  | 119.5  | 1.4               | 0.4             | 5.0               |
| Pound   | 0.5477 | 0.5082 | 0.5001 | -1.6              | -2.0            | -8.7              |
| Canadian \$   | 1.1170 | 1.154  | 1.1097 | -3.8              | -4.8            | -0.7              |
| Swiss Franc   | 1.2387 | 1.2156 | 1.2073 | -0.7              | -1.0            | -2.5              |

*Source: Bloomberg as at April 30, 2007*

| <b>D. Selected Commodity Prices (\$)</b> |          |          |          |                   |                 |
|--|----------|----------|----------|-------------------|-----------------|
| Commodity                                | Apr 2006 | Mar 2007 | Apr 2007 | Mthly %<br>Change | YTD %<br>Change |
| Gold / Ounce                             | 654.42   | 663.79   | 678.45   | 2.2               | 6.6             |
| Silver / Ounce                           | 13.72    | 13.38    | 13.41    | 0.2               | 4.0             |
| Oil / Barrel                             | 71.40    | 66.70    | 67.67    | 1.5               | 11.3            |

*Source: Bloomberg as at April 30, 2007*

| <b>E. Equity Market Valuations – April, 2007 (%chg)</b> |       |       |              |          |        |       |               |
|---|-------|-------|--------------|----------|--------|-------|---------------|
|   | BISX  | DJIA  | **S&P<br>500 | FTSE 100 | CAC 40 | DAX   | Nikkei<br>225 |
| 1 month   | 0.26  | 5.74  | 4.33         | 2.24     | 5.78   | 7.11  | 0.65          |
| 3 month   | 1.20  | 6.47  | 5.37         | 4.50     | 8.04   | 10.33 | -1.16         |
| YTD   | 6.54  | 4.81  | 3.78         | 3.67     | 7.55   | 12.31 | 1.01          |
| 12-month  | 22.48 | 14.92 | 10.77        | 7.07     | 14.87  | 23.28 | 2.92          |

*Sources: Bloomberg and BISX*

| <b>F: Short Term Deposit Rates in Selected Currencies (%)</b> |      |      |      |
|---|------|------|------|
|   | USD  | GBP  | EUR  |
| <b>o/n</b>  | 5.32 | 5.25 | 3.82 |
| <b>1 Month</b>  | 5.27 | 5.53 | 3.82 |
| <b>3 Month</b>  | 5.24 | 5.64 | 3.99 |
| <b>6 Month</b>  | 5.23 | 5.77 | 4.10 |
| <b>9 Month</b>  | 5.26 | 5.88 | 4.21 |
| <b>1 year</b>   | 5.15 | 5.93 | 4.28 |

*Source: Bloomberg, as at April 30, 2007*

\*\* Revised

## SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

|  | VALUE   |         |         |         |         |         |         |         |         |         |         |         | CHANGE  |         |         |         |         |         |  |  |  |  |  |  |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|--|--|--|--|--|
|  | Feb. 28 | Mar. 07 | Mar. 14 | Mar. 21 | Mar. 28 | Apr. 04 | Apr. 11 | Apr. 18 | Apr. 25 | Feb. 28 | Mar. 07 | Mar. 14 | Mar. 21 | Mar. 28 | Apr. 04 | Apr. 11 | Apr. 18 | Apr. 25 |  |  |  |  |  |  |
| <b>I. External Reserves</b>                          | 555.64  | 574.37  | 585.72  | 612.80  | 620.69  | 627.80  | 615.31  | 649.36  | 669.85  | 11.13   | 18.73   | 11.35   | 27.08   | 7.88    | 7.11    | -12.49  | 34.05   | 20.49   |  |  |  |  |  |  |
| <b>II. Net Domestic Assets (A + B + C + D)</b>       | 57.85   | 43.74   | 61.39   | 53.89   | 76.51   | 65.30   | 43.73   | 48.28   | 72.53   | -6.14   | -14.11  | 17.65   | -7.49   | 22.61   | -11.20  | -21.57  | 4.55    | 24.26   |  |  |  |  |  |  |
| <b>A. Net Credit to Gov't (i + ii + iii - iv)</b>    | 173.26  | 181.24  | 177.85  | 177.40  | 194.01  | 188.10  | 179.28  | 183.05  | 206.04  | 0.30    | 7.99    | -3.40   | -0.45   | 16.61   | -5.92   | -8.81   | 3.77    | 22.99   |  |  |  |  |  |  |
| i) Advances  | 61.99   | 61.99   | 61.99   | 61.99   | 61.99   | 61.99   | 61.99   | 61.99   | 71.99   | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 10.00   |  |  |  |  |  |  |
| ii) Registered Stock                                 | 75.99   | 75.71   | 75.69   | 75.69   | 90.71   | 90.63   | 90.66   | 90.66   | 90.58   | -0.22   | -0.29   | -0.02   | 0.00    | 15.02   | -0.07   | 0.02    | 0.01    | -0.08   |  |  |  |  |  |  |
| iii) Treasury Bills                                  | 40.21   | 50.14   | 49.14   | 49.14   | 49.14   | 44.18   | 45.19   | 40.22   | 50.17   | 0.00    | 9.93    | -0.99   | 0.00    | 0.00    | -4.97   | 1.01    | -4.97   | 9.95    |  |  |  |  |  |  |
| iv) Deposits   | 4.93    | 6.59    | 8.98    | 9.42    | 7.83    | 8.71    | 18.55   | 9.81    | 6.70    | -0.52   | 1.66    | 2.39    | 0.45    | -1.59   | 0.88    | 9.84    | -8.74   | -3.12   |  |  |  |  |  |  |
| <b>B. Rest of Public Sector (Net) (i + ii - iii)</b> | -11.31  | -34.52  | -13.54  | -18.33  | -14.51  | -18.47  | -40.33  | -29.01  | -27.74  | -5.37   | -23.21  | 20.98   | -4.79   | 3.83    | -3.96   | -21.86  | 11.33   | 1.27    |  |  |  |  |  |  |
| i) BDB Loans   | 6.96    | 6.96    | 6.96    | 6.96    | 6.96    | 6.96    | 6.96    | 6.96    | 6.89    | 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  | 18.27   | 41.48   | 20.50   | 25.30   | 21.47   | 25.43   | 47.29   | 35.97   | 34.63   | 5.37    | 23.21   | -20.98  | 4.79    | -3.83   | 3.96    | 21.86   | -11.33  | -1.34   |  |  |  |  |  |  |
| <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    | 0.00    | 0.00    |  |  |  |  |  |  |
| <b>D. Other Items (Net)*</b>                         | -104.10 | -102.99 | -102.92 | -105.17 | -103.00 | -104.33 | -95.22  | -105.77 | -105.77 | -1.07   | 1.12    | 0.07    | -2.25   | 2.17    | -1.33   | 9.10    | -10.55  | 0.00    |  |  |  |  |  |  |
| <b>III. Monetary Base</b>                            | 613.49  | 618.11  | 647.11  | 666.70  | 697.19  | 693.10  | 659.03  | 697.64  | 742.38  | 4.98    | 4.62    | 29.00   | 19.58   | 30.50   | -4.09   | -34.07  | 38.60   | 44.74   |  |  |  |  |  |  |
| A. Currency in Circulation                           | 274.23  | 272.69  | 270.44  | 268.85  | 272.33  | 297.15  | 291.90  | 279.71  | 281.38  | 9.38    | -1.54   | -2.26   | -1.59   | 3.48    | 24.81   | -5.25   | -12.19  | 1.67    |  |  |  |  |  |  |
| B. Bank Balances with CBOB                           | 339.26  | 345.42  | 376.67  | 397.84  | 424.86  | 395.95  | 367.13  | 417.93  | 461.00  | -4.39   | 6.16    | 31.25   | 21.17   | 27.02   | -28.91  | -28.82  | 50.79   | 43.07   |  |  |  |  |  |  |

\* 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)

| Fiscal Operations                        | JUL      |         | AUG     |          | SEP       |         | OCT     |          | NOV     |         | DEC     |         | JAN     |         | FEB     |           | MAR     |         | YEAR TO DATE |         |         |         |
|--|----------|---------|---------|----------|-----------|---------|---------|----------|---------|---------|---------|---------|---------|---------|---------|-----------|---------|---------|--------------|---------|---------|---------|
|  | 2006     | 2007    | 2006    | 2007     | 2006      | 2007    | 2006    | 2007     | 2006    | 2007    | 2006    | 2007    | 2006    | 2007    | 2006    | 2007      | 2006    | 2007    | 2006         | 2007    |         |         |
| 1. Government Revenue & Grants           | 90.6     | 106.1   | 94.7    | 106.7    | 86.6      | 114.1   | 79.9    | 114.1    | 79.9    | 103.0   | 115.7   | 90.59   | 104.04  | 111.1   | 123.3   | 102.0     | 115.4   | 98.1    | 113.1        | 856.50  | 977.95  |         |
| % change                                 | -2.02%   | 18.87%  | 4.52%   | 0.59%    | -8.33%    | 6.87%   | -7.24%  | 0.00%    | -0.44%  | 28.90%  | 43.83%  | -12.02% | -10.10% | 22.67%  | 18.33%  | -8.18%    | -6.40%  | -3.86%  | -1.88%       | 0.191   | 0.142   |         |
| 2. Import Duties                         | 34.32    | 37.80   | 37.39   | 46.30    | 32.69     | 34.37   | 31.53   | 38.04    | 42.37   | 43.41   | 43.41   | 31.85   | 36.44   | 45.06   | 40.90   | 30.827    | 36.6    | 32.9    | 44.1         | 319.90  | 357.98  |         |
| % change                                 | -38.69%  | -0.22   | 0.09    | 0.22     | -0.13     | -0.36   | -0.04   | 0.11     | 0.84    | 0.14    | -2.48%  | -16.65% | -16.65% | 41.50%  | 12.84%  | -31.59%   | -10.51% | 6.62%   | 20.54%       | 0.429   | 0.123   |         |
| 3. Recurrent Expenditure                 | 84.748   | 99.63   | 91.63   | 93.09    | 84.52     | 90.87   | 93.11   | 103.10   | 98.01   | 111.25  | 111.25  | 95.18   | 85.12   | 98.67   | 124.00  | 86.2      | 100.6   | 94.7    | 109.9        | 836.81  | 917.38  |         |
| % change                                 | 24.63%   | 0.02    | 0.08    | -0.07    | -0.08     | -0.03   | 0.10    | 0.14     | 0.05    | 0.08    | -2.88%  | -23.49% | 3.66%   | 45.67%  | -2.46%  | -18.88%   | -1.69%  | 9.30%   | 0.096        | 0.122   | 0.096   |         |
| 4. Capital Expenditure                   | 5.489    | 5.55    | 6.02    | 11.71    | 14.90     | 13.00   | 7.37    | 11.29    | 6.80    | 10.33   | 10.33   | 9.39    | 13.63   | 6.59    | 11.05   | 11.3      | 15.5    | 13.4    | 9.6          | 81.25   | 101.61  |         |
| % change                                 | -0.574   | -0.83   | 0.10    | 1.11     | 1.48      | 0.11    | -0.51   | -0.13    | -0.08   | -0.08   | -0.08   | 38.13%  | 31.62%  | -26.79% | -18.90% | 71.90%    | 40.34%  | 18.02%  | -38.39%      | 0.930   | 0.251   |         |
| 5. Deficit/Suplus*                       | 0.30     | -0.75   | -4.00   | 1.13     | -16.58    | 3.23    | -24.46  | -41.65   | -5.64   | -5.64   | -8.68   | -20.59  | -3.24   | -0.002  | -19.47  | -9.4      | -4.8    | -15.4   | -11.3        | -85.76  | -85.56  |         |
| % change                                 | -92.30%  | -4.97   | -14.17  | -2.59    | 3.14      | 1.85    | 0.48    | -13.90   | -0.77   | -0.77   | 265.24% | -62.63% | -62.63% | -99.99% | 590.80% | 46959.00% | -75.17% | 64.02%  | 133.97%      | -18.20% | -10.62% |         |
| <b>Total Debt</b>                        | 2,092.1  | 2,382.1 | 2,310.0 | 2,372.0  | 2,383.9   | 2,432.7 | 2,490.3 | 2,499.8  | 2,490.3 | 2,490.3 | 2,490.3 | 2,490.3 | 2,490.3 | 2,490.3 | 2,490.3 | 2,490.3   | 2,490.3 | 2,490.3 | 2,490.3      | 2,490.3 | 2,490.3 | 2,490.3 |
| % change                                 | -2.11%   | -0.02%  | 0.03%   | -0.42%   | -0.87%    | 2.14%   | 0.02%   | -0.53%   | 0.02%   | 0.02%   | 0.02%   | 0.02%   | 0.02%   | 0.02%   | 0.02%   | 0.02%     | 0.02%   | 0.02%   | 0.02%        | 0.02%   | 0.02%   | 0.02%   |
| 7. External Debt                         | 286.5    | 288.4   | 287.3   | 288.3    | 287.2     | 289.0   | 285.9   | 282.5    | 285.9   | 282.5   | 285.9   | 282.5   | 285.9   | 282.5   | 285.9   | 282.5     | 285.9   | 282.5   | 285.9        | 282.5   | 285.9   | 282.5   |
| % change                                 | 0.67%    | 0.00%   | 0.27%   | -0.03%   | -0.02%    | 0.25%   | -0.48%  | -0.18%   | 0.25%   | -0.48%  | -0.18%  | -0.48%  | -0.18%  | 0.25%   | -0.48%  | -0.18%    | 0.25%   | -0.48%  | -0.18%       | 0.25%   | -0.48%  | -0.18%  |
| 8. Internal F/C Debt                     | 0.0      | 1.6     | 0.0     | 1.6      | 0.0       | 1.6     | 2.3     | 0.7      | 0.0     | 1.6     | 2.3     | 0.0     | 1.6     | 2.3     | 0.0     | 1.6       | 2.3     | 0.0     | 1.6          | 2.3     | 0.0     | 1.6     |
| % change                                 | -100.00% | 0.00%   | 0.00%   | 0.00%    | 0.00%     | 0.00%   | 235.78% | -57.17%  | 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%   |
| 9. Bahamian Dollar Debt                  | 2,022.7  | 2,092.1 | 2,022.7 | 2,082.1  | 2,092.7   | 2,132.1 | 2,092.2 | 2,146.6  | 2,092.2 | 2,132.1 | 2,092.2 | 2,132.1 | 2,092.2 | 2,146.6 | 2,092.2 | 2,132.1   | 2,092.2 | 2,146.6 | 2,092.2      | 2,132.1 | 2,092.2 | 2,132.1 |
| % change                                 | -3.80%   | -0.02%  | 0.00%   | -0.48%   | -0.99%    | 2.49%   | -0.02%  | 0.68%    | -0.02%  | 0.68%   | -0.02%  | 0.68%   | -0.02%  | 0.68%   | -0.02%  | 0.68%     | -0.02%  | 0.68%   | -0.02%       | 0.68%   | -0.02%  | 0.68%   |
| 10. Total Amortization                   | 1.0      | 0.5     | 0.1     | 10.1     | 20.6      | 0.7     | 1.9     | 32.9     | 0.7     | 1.9     | 32.9    | 0.7     | 1.9     | 32.9    | 0.7     | 1.9       | 32.9    | 0.7     | 1.9          | 32.9    | 0.7     | 1.9     |
| % change                                 | -60.12%  | -50.94% | -92.10% | 1915.09% | 26165.94% | -92.29% | -90.88% | 4773.78% | -90.88% | -90.88% | -90.88% | -90.88% | -90.88% | -90.88% | -90.88% | -90.88%   | -90.88% | -90.88% | -90.88%      | -90.88% | -90.88% | -90.88% |
| <b>11 Total Public Sector F/C Debt</b>   | 547.1    | 625.7   | 547.9   | 623.9    | 570.4     | 620.9   | 599.4   | 593.4    | 599.4   | 593.4   | 599.4   | 593.4   | 599.4   | 593.4   | 599.4   | 593.4     | 599.4   | 593.4   | 599.4        | 593.4   | 599.4   | 593.4   |
| % change                                 | -37.10%  | -0.62%  | -12.44% | 13.88%   | 4.11%     | 8.83%   | -0.18%  | 4.22%    | -0.18%  | 4.22%   | -0.18%  | 4.22%   | -0.18%  | 4.22%   | -0.18%  | 4.22%     | -0.18%  | 4.22%   | -0.18%       | 4.22%   | -0.18%  | 4.22%   |
| <b>Real Sector Indicators</b>            | 117.8    | 121.2   | 117.8   | 121.4    | 117.8     | 121.5   | 117.8   | 121.5    | 117.8   | 121.5   | 117.8   | 121.5   | 117.8   | 121.5   | 117.8   | 121.5     | 117.8   | 121.5   | 117.8        | 121.5   | 117.8   | 121.5   |
| % change                                 | -0.10%   | 0.51%   | 0.02%   | 0.14%    | 0.00%     | 0.06%   | 0.00%   | 0.06%    | 0.00%   | 0.06%   | 0.00%   | 0.06%   | 0.00%   | 0.06%   | 0.00%   | 0.06%     | 0.00%   | 0.06%   | 0.00%        | 0.06%   | 0.00%   | 0.06%   |
| 13. Tourist arrivals (000s)              | 398.4    | 397.3   | 398.3   | 376.7    | 503.5     | 500.0   | 500.0   | 500.0    | 500.0   | 500.0   | 500.0   | 500.0   | 500.0   | 500.0   | 500.0   | 500.0     | 500.0   | 500.0   | 500.0        | 1285.71 | 1274.05 |         |
| % change: over previous year             | -4.74%   | -2.31%  | -5.64%  | -4.25%   | -7.85%    | -0.70%  | -0.70%  | -0.70%   | -0.70%  | -0.70%  | -0.70%  | -0.70%  | -0.70%  | -0.70%  | -0.70%  | -0.70%    | -0.70%  | -0.70%  | -0.70%       | -0.45%  | -0.97%  |         |
| 14. Air arrivals (000s)                  | 109.8    | 103.4   | 129.7   | 118.1    | 171.6     | 168.0   | 168.0   | 168.0    | 168.0   | 168.0   | 168.0   | 168.0   | 168.0   | 168.0   | 168.0   | 168.0     | 168.0   | 168.0   | 168.0        | 410.16  | 389.60  |         |
| % change: over previous year             | 5.64%    | -5.83%  | 2.47%   | -8.22%   | 3.79%     | -2.06%  | -2.06%  | -2.06%   | -2.06%  | -2.06%  | -2.06%  | -2.06%  | -2.06%  | -2.06%  | -2.06%  | -2.06%    | -2.06%  | -2.06%  | -2.06%       | 3.86%   | -5.01%  |         |
| 15. Occupied Room Nights                 |          |         |         |          |           |         |         |          |         |         |         |         |         |         |         |           |         |         |              |         |         |         |
| % change: over previous year             |          |         |         |          |           |         |         |          |         |         |         |         |         |         |         |           |         |         |              |         |         |         |
| 16. Res. Mortgage Commitments-New Const. |          |         |         |          |           |         |         |          |         |         |         |         |         |         |         |           |         |         |              |         |         |         |
| % change: over previous year             |          |         |         |          |           |         |         |          |         |         |         |         |         |         |         |           |         |         |              |         |         |         |

\* Includes Net Leasing to Public Companies

\*\* Data Source pertains to central government only unless otherwise indicated

P - provisional

Annually LED Real Price data averages.