



Monthly Economic and Financial Developments December 2005

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:

2006: 27th February, 3rd April, 1st May, 29th May, 3rd July, 31st July, 4th September, 30th October, 4th December

1. Domestic Economic Developments

The Bahamian economy's expansionary trend was sustained during December, underpinned by heightened construction activity and ongoing firming in private sector demand. Initial data suggests that tourist arrivals declined marginally over the January to October period, as the sector continued to recover from the effects of 2004's hurricanes. For the year, however, domestic output expanded, reflecting growth in construction activity, robust domestic demand and ongoing investments in the tourism sector.

Preliminary year-to-date October tourism data indicate a reduction in visitor arrivals to The Bahamas of 2.1% to 4,220,840. Overall, air visitors grew by 2.3%; however, arrivals by sea declined by 4.0%. In New Providence, arrivals increased slightly by 0.4% as an 11.2% rise in air tourists countered a 5.0% decline in sea passengers. Grand Bahama's tourism performance remained subdued, as total visitors to the island receded by 15.7%, reflecting contractions in both air and sea traffic. In contrast, Family Island arrivals rose marginally by 0.2%, led by higher air visitors (1.3%), while sea tourists were relatively unchanged.

Consumer price inflation for 2005 stood at 2.2% versus 0.9% a year ago, mainly reflecting higher costs for medical and health care, education as well as food and beverage items.

For the first five months of fiscal year 2005/06, preliminary data for Government's budgetary operations indicated that the overall fiscal deficit improved by \$13.2 million to \$50.0 million. Total tax revenue firmed by 16.1% to approximately \$420.4 million, on account of increases in import and related stamp taxes. However, total outlays advanced by 14% to \$504.5 million, due to gains in both current and capital expenditure.

During the review month, Government signed a Heads of Agreement for a \$3.7 billion resort project to be undertaken in West End Grand Bahama by The Ginn Company. This project is expected to revitalize Grand Bahama's tourism sector, with numerous spin-off benefits for the entire Bahamian economy.

2. International Developments

Sustained expansion in the US and Chinese economies continued to influence world economic growth in 2005. In Japan, economic activity rebounded, while real GDP growth in the UK moderated. Information from the IMF's September "World Economic Outlook" revealed that global inflation remained at moderate levels, despite sustained increases in oil prices.

During the month in review, consumer prices in the US softened by 0.1%, reflecting a weakening in energy prices which outweighed increases in food prices. However, on a point-to-point basis, consumer prices advanced by an estimated 3.4%, slightly higher than the upward movement registered in 2004. Sustained price increases, combined with concerns over resource utilisation, prompted the Federal Reserve to raise its target for the federal funds rate, by 25 basis points to 4.25 percent. Simultaneously, the Board also approved a hike in the discount rate to 5.25 percent. The unemployment rate decreased marginally by 0.1 percentage point to 4.9%, as the economy added approximately 108,000 jobs during December, mainly related to food services, professional and business services, health care and manufacturing. Meanwhile, an expansion in exports

accompanied by a reduction in imports resulted in the trade deficit contracting by \$3.9 billion to \$64.2 billion in November, compared to the previous month.

The Chinese economy experienced strong growth in 2005, with stable inflation. The economy grew by an estimated 9.9%, following revisions to its estimates for 2004, which showed that the economy expanded by 10.1% during that year. Meanwhile, the trade surplus tripled to \$102 billion.

The Japanese economy recovered steadily during 2005, driven by increased private sector demand and firming in domestic exports. Preliminary estimates are that GDP grew by 0.2% in the third quarter compared to 1.2% in the second quarter, while consumer inflation remained relatively benign. The recovery is expected to continue in 2006, based on positive growth prospects in the economies of its major trading partners, the US and China.

In the euro-zone, consumer confidence rose to its highest level in over three years during the month of December, driven by growth in the services sector and heightened demand for factory orders. Unemployment remained at 8.3% in November, compared to the previous month; however, on a year-on-year basis, the rate was marginally lower. Owing mainly to the effects of higher oil prices, inflation reached 2.3% in November, slightly above the ECB's target rate of 2%. Consequently, for the first time in five years, the ECB raised its refinancing rate on December 1st, from 2.0% to 2.25%. In the UK, real GDP rose by 1.8% in 2005, fuelled by growth in the services sector. Initial indications from the Bank of England are that the economy is expected to expand at a slightly higher pace in 2006.

On December 13, OPEC announced its decision to continue production at around 30 mb/pd to meet winter demand and maintain price stability. Preliminary data suggests that output of 29.92 mb/d for December was relatively unchanged from the previous month's level. The per barrel price for crude oil advanced to \$57.63 from \$54.68 in November, due to reduced production in Iraq. With regards to precious metals, the price of gold rose by 4.9% to \$517.00 per ounce during the month, while silver prices also advanced by 7.0% to \$8.82 per ounce.

For the month of December, equity indices were primarily higher vis-à-vis the previous month. In the US, the S&P 500 rose by less than 1%, while the Dow Jones Industrial Average moved lower by a similar percentage. The Euro indices recorded gains, with the FTSE 100, the CAC 40 and the DAX, up by 3.6%, 3.2% and 4.1%, respectively. In Asia, the Nikkei advanced by 8.3%.

3. Domestic Monetary and Credit Trends

During the month of December, money and credit trends were marked by robust growth in Bahamian dollar credit, which surpassed the expansion in Bahamian dollar deposits. Consequently, both excess reserves and excess liquid assets contracted. The heightened demand for imports was reflected in increased net sales of foreign currency, and a corresponding reduction in external reserves. Similar trends were evident for the annual position, as strong credit growth outpaced the moderate growth in deposits, contributing to contractions in excess liquidity and external reserves.

December 2005 vs. 2004

During the month under review, excess reserves of the banking system tightened significantly by \$87.9 million to \$195.4 million. Banks' excess liquid assets also declined by \$68.5 million to \$113.2 million, following a decrease of \$46.9 million in the previous year.

With continued firming in oil and non-oil imports, the external reserves declined by \$37.5 million to \$582.9 million, compared to a marginal decrease of \$2.4 million in the same period of 2004. The Bank recorded net foreign currency sales of \$38.5 million, significantly higher than the \$3.5 million of 2004. Commercial banks' foreign currency transactions with the Central Bank were reversed, from a net purchase of \$6.7 million in 2004 to a net sale of \$33.2 million; however, net sales to the public sector fell by 50% to \$5.3 million. Additionally, customers' transactions with commercial banks resulted in a net sale of \$21.3 million compared to a net purchase of \$16.8 million in the previous year.

A significant expansion in loans to the private sector was behind the strong growth in Bahamian dollar credit of \$111.3 million, which was \$20 million above the previous year's gain. Specifically, private sector credit grew by almost threefold to \$46.4 million, with mortgages and consumer credit up by \$29.8 million and \$17.7 million, respectively. Moreover, other public sector credit strengthened further by \$11.5 million, \$4 million higher than the growth recorded in the previous year. The increase in net credit to Government slowed to \$53.5 million from \$64.9 million.

Domestic foreign currency credit contracted further by \$13.0 million, which was concentrated in the private sector component. Claims on the Central Government increased by \$3.3 million, rebounding from the previous year's decrease of \$2.4 million. Similarly, foreign currency advances to public corporations firmed by \$3.5 million, following a marginal decline in 2004.

Bahamian dollar deposits increased by \$63.9 million, approximately 30% lower than the expansion in the previous period, and with all components registering gains. Demand deposits firmed by \$40.1 million, fixed deposits, by \$12.6 million, and savings, by \$11.3 million.

In interest rate developments, the weighted average deposit rate at banks moved higher by 7 basis points to 3.27%. The highest rate offered was 5.50% for fixed maturities in the 6 months and over range. In contrast, the weighted average loan rate fell by 11 basis points to 9.86%.

January – December 2005

Consequent on robust demand conditions, excess reserves of the banking system declined by \$96.0 million during 2005, contrasting with the \$123.0 million build-up recorded in 2004. Likewise, excess liquid assets narrowed by \$111.3 million, a reversal from the previous year's expansion of \$87.4 million.

Strong domestic demand, combined with higher fuel costs resulted in the external reserves contracting by \$81.7 million to \$582.9 million. This compares with 2004's gain of \$182.6 million to \$664.7 million, which was partly bolstered by hurricane related reinsurance proceeds. During the year, the Central Bank recorded net foreign currency sales of \$99.5 million, in contrast to a net

purchase of \$162.3 million in 2004. Notably, net purchases from banks abated by 90.2% to \$30.3 million; however, net sales to the public sector were 11.5% lower at \$129.8 million. The decline in purchases from commercial banks reflected a reduction in supply, as banks' net purchase from their customers weakened by almost 90.0% to \$33.6 million.

Bahamian dollar credit grew by \$568.0 million, almost double the expansion in the previous year. The increase reflected intensified growth in private sector credit, which firmed by \$507.3 million, led by a 67% increase in consumer credit to \$166.9 million and a 33% hike in mortgage lending to \$269.7 million. Net credit to Government grew by \$77.9 million—a gain of \$23.0 million over 2004, whereas the decline in credit to the rest of the public sector was extended to \$17.2 million from \$3.4 million in 2004.

During 2005, domestic foreign currency credit firmed by \$77.0 million, reversing a \$28.5 million contraction registered in 2004. The bulk of this was explained by the \$86.2 million rise in private sector credit. Net credit to Government also expanded by \$17.3 million, a turnaround from last year's \$10.8 million contraction, while the decline in claims on public corporations was slightly higher at \$26.4 million.

Bahamian dollar deposits strengthened by \$361.0 million, a slowdown from the \$426.5 million growth registered in the previous year. Developments reflected accretions to fixed (\$164.6 million) savings (\$101.5 million) and demand deposits (\$94.9 million).

4. Outlook

The Bahamian economy is poised for sustained growth in 2006, based on strong foreign investments in the tourism sector, which will suggest construction sector activity and employment creation. Robust construction sector activity is anticipated to extend into 2006. This outlook is supported by favourable prospects for the US economy and expected stability in the oil market.

Recent Monetary and Credit Statistics

(B\$ Millions)

| | DECEMBER | | | | | |
|---|-----------------|-----------------|---------------------|---------------|-------------------|----------------|
| | Value | | Change | | Change YTD | |
| | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 |
| 1.0 LIQUIDITY & FOREIGN ASSETS | | | | | | |
| 1.1 Excess Reserves | 291.39 | 195.37 | -42.41 | -87.94 | 123.02 | -96.01 |
| 1.2 Excess Liquid Assets | 224.44 | 113.15 | -46.92 | -68.49 | 87.41 | -111.29 |
| 1.3 External Reserves | 664.65 | 582.93 | -2.36 | -37.52 | 182.55 | -81.72 |
| 1.4 Bank's Net Foreign Assets | -589.75 | -559.73 | 20.01 | 29.40 | -3.29 | 30.02 |
| 1.5 Usable Reserves | 299.54 | 260.13 | 0.23 | -15.43 | 72.42 | -39.42 |
| 2.0 DOMESTIC CREDIT | | | | | | |
| 2.1 Private Sector | 4,324.92 | 4,918.41 | 8.27 | 26.61 | 253.43 | 593.49 |
| a. B\$ Credit | 3,949.15 | 4,456.48 | 16.97 | 46.40 | 249.26 | 507.33 |
| of which: Consumer Credit | 1,480.47 | 1,647.38 | 18.14 | 17.68 | 100.17 | 166.91 |
| Mortgages | 1,636.71 | 1,906.39 | 24.05 | 29.78 | 203.88 | 269.68 |
| b. F/C Credit | 375.77 | 461.93 | -8.70 | -19.79 | 4.17 | 86.16 |
| of which: Mortgages | 11.77 | 12.29 | -1.24 | 1.11 | 1.12 | 0.51 |
| 2.2 Central Government (net) | 552.68 | 647.87 | 62.57 | 56.75 | 44.09 | 95.19 |
| a. B\$ Loans & Securities | 653.11 | 750.91 | 41.93 | 45.46 | 52.09 | 97.81 |
| Less Deposits | 94.43 | 114.36 | -22.99 | -8.00 | -2.80 | 19.93 |
| b. F/C Loans & Securities | 0.00 | 13.27 | 0.00 | 1.63 | -8.01 | 13.27 |
| Less Deposits | 6.00 | 1.95 | 2.35 | -1.65 | 2.80 | -4.05 |
| 2.3 Rest of Public Sector | 343.53 | 299.92 | 6.71 | 14.93 | -25.23 | -43.61 |
| a. B\$ Credit | 115.46 | 98.30 | 7.43 | 11.45 | -3.37 | -17.17 |
| b. F/C Credit | 228.07 | 201.63 | -0.72 | 3.48 | -21.87 | -26.44 |
| 2.4 Total Domestic Credit | 5,221.13 | 5,866.20 | 77.55 | 98.29 | 272.28 | 645.07 |
| a. B\$ Domestic Credit | 4,623.29 | 5,191.33 | 89.32 | 111.32 | 300.79 | 568.04 |
| b. F/C Domestic Credit | 597.85 | 674.87 | -11.77 | -13.03 | -28.51 | 77.03 |
| 3.0 DEPOSIT BASE | | | | | | |
| 3.1 Demand Deposits | 960.75 | 1,055.62 | 73.80 | 40.11 | 220.73 | 94.87 |
| a. Central Bank | 82.38 | 29.87 | 35.18 | 22.36 | 62.99 | -52.52 |
| b. Banks | 878.36 | 1,025.75 | 38.62 | 17.75 | 157.73 | 147.39 |
| 3.2 Savings Deposits | 781.38 | 882.90 | 5.74 | 11.25 | 102.95 | 101.52 |
| 3.3 Fixed Deposits | 2,412.43 | 2,577.04 | 19.01 | 12.55 | 102.78 | 164.61 |
| 3.4 Total B\$ Deposits | 4,154.55 | 4,515.56 | 98.55 | 63.91 | 426.46 | 361.00 |
| 3.5 F/C Deposits of Residents | 86.04 | 159.89 | -6.33 | 8.00 | -11.71 | 73.84 |
| 3.6 M2 | 4,335.99 | 4,721.02 | 103.02 | 80.99 | 447.62 | 385.03 |
| 3.7 External Reserves/M2 (%) | 15.33 | 12.35 | -0.43 | -1.02 | 2.93 | -2.98 |
| | Value | | Year to Date | | Change | |
| | 2004 | 2005 | 2004 | 2005 | Month | YTD |
| 4.0 FOREIGN EXCHANGE TRANSACTIONS | | | | | | |
| 4.1 Central Bank Net Purchase/(Sale) | -3.46 | -38.51 | 162.27 | -99.49 | -35.05 | -261.76 |
| a. Net Purchase/(Sale) from/to Banks | 6.66 | -33.18 | 308.91 | 30.34 | -39.84 | -278.56 |
| i. Sales to Banks | 31.43 | 63.38 | 341.12 | 460.64 | 31.95 | 119.52 |
| ii. Purchases from Banks | 38.09 | 30.20 | 650.02 | 490.98 | -7.89 | -159.04 |
| b. Net Purchase/(Sale) from/to Others | -10.12 | -5.33 | -146.64 | -129.84 | 4.79 | 16.80 |
| i. Sales to Others | 21.06 | 21.43 | 286.28 | 339.68 | 0.38 | 53.40 |
| ii. Purchases from Others | 10.94 | 16.11 | 139.65 | 209.84 | 5.16 | 70.20 |
| 4.2 Banks Net Purchase/(Sale) | 16.76 | -21.30 | 294.42 | 33.55 | -38.06 | -260.88 |
| a. Sales to Customers | 203.92 | 262.99 | 2,455.75 | 2,884.69 | 59.07 | 428.93 |
| b. Purchases from Customers | 220.68 | 241.69 | 2,750.18 | 2,918.23 | 21.01 | 168.06 |
| 4.3 B\$ Position (change) | -4.91 | -8.02 | | | | |
| 5.0 EXCHANGE CONTROL SALES | | | | | | |
| 5.1 Current Items | 224.51 | ND | 2,345.25 | ND | ND | ND |
| of which Public Sector | 24.65 | ND | 279.78 | ND | ND | ND |
| a. Nonoil Imports | 107.44 | ND | 1,147.22 | ND | ND | ND |
| b. Oil Imports | 14.65 | ND | 203.40 | ND | ND | ND |
| c. Travel | 27.10 | ND | 218.78 | ND | ND | ND |
| d. Factor Income | 4.35 | ND | 113.66 | ND | ND | ND |
| e. Transfers | 8.87 | ND | 67.27 | ND | ND | ND |
| f. Other Current Items | 62.11 | ND | 594.91 | ND | ND | ND |
| 5.2 Capital Items | 9.88 | ND | 149.09 | ND | ND | ND |
| of which Public Sector | 2.85 | ND | 43.51 | ND | ND | ND |
| 5.3 Bank Remittances | 0.00 | ND | 73.79 | ND | ND | ND |

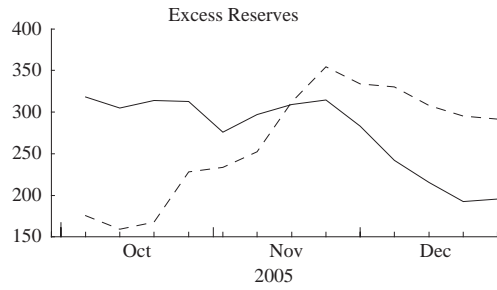
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: DECEMBER 29, 2004 and DECEMBER 28, 2005

Exchange Control Sales figures are as at month end.

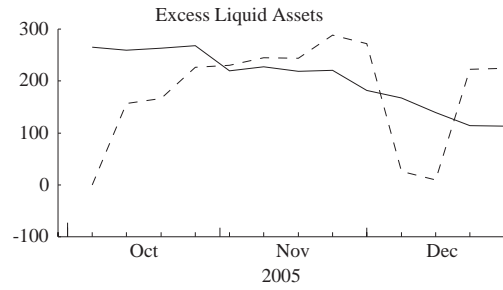
Notes: 1.0, 2.0 and 3.0 YTD change reflects change of current month over previous year end; for 4.0 and 5.0 change is over corresponding period of previous year.

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

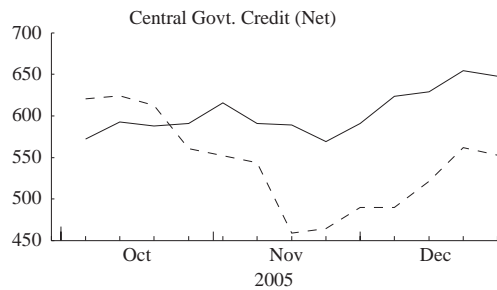
SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



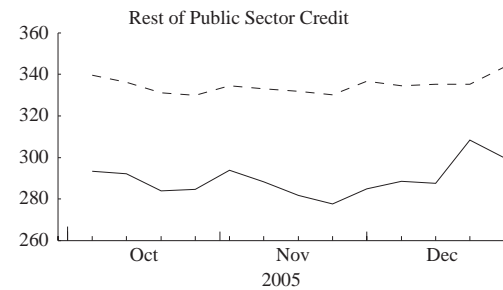
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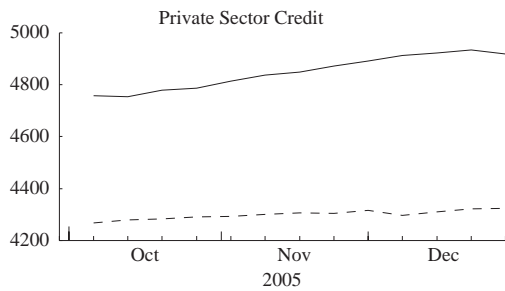
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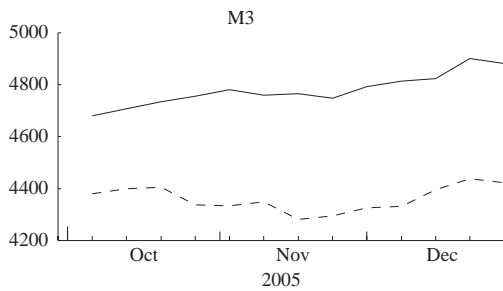
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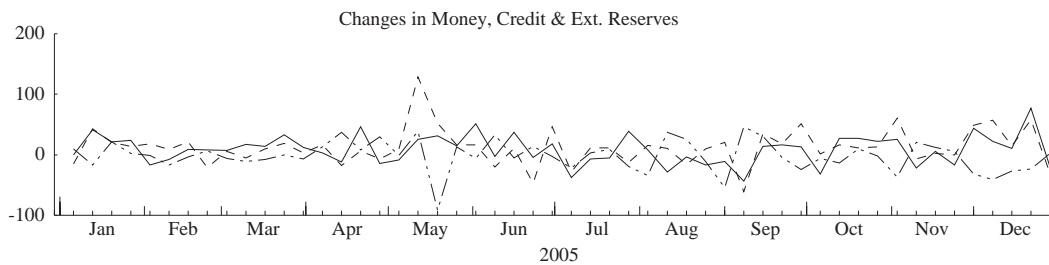
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— M3
- - - Domestic Credit
... External Reserves

Selected International Statistics

| A: Selected Macroeconomic Projections (Annual % Change and % of labor force) | | | | | | |
|---|------------|------------|----------------|------------|--------------|------------|
| | Real GDP | | Inflation Rate | | Unemployment | |
| | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 |
| Bahamas | 3.5 | 3.5 | n/a | n/a | n/a | n/a |
| United States | 3.5 | 3.3 | 3.1 | 2.8 | 5.2 | 5.2 |
| Euro-Area | 1.2 | 1.8 | 2.1 | 1.8 | 8.7 | 8.4 |
| <i>Germany</i> | <i>0.8</i> | <i>1.2</i> | <i>1.7</i> | <i>1.7</i> | <i>9.5</i> | <i>9.3</i> |
| Japan | 2.0 | 2.0 | -0.4 | -0.1 | 4.3 | 4.1 |
| United Kingdom | 1.9 | 2.2 | 2.0 | 1.9 | 4.7 | 4.8 |
| Canada | 2.9 | 3.2 | 2.2 | 2.5 | 6.8 | 6.7 |
| <i>Sources: IMF World Economic Outlook ,September 2005</i> | | | | | | |

| B: Official Interest Rates - Selected Countries (%) | | | | | |
|--|--------------|---------------------|---------------------------|-------------------------|--------------------|
| <i>With effect from</i> | CBOB | ECB (EU) | Federal Reserve (US) | | Bank of England |
| | Bank Rate | Refinancing Rate | Primary Credit Rate | Target Funds Rate | Repo Rate |
| January 2004 | 5.75 | 2.00 | 2.00 | 1.00 | 4.00 |
| February 2004 | 5.75 | 2.00 | 2.00 | 1.00 | 4.00 |
| March 2004 | 5.75 | 2.00 | 2.00 | 1.00 | 4.00 |
| April 2004 | 5.75 | 2.00 | 2.00 | 1.00 | 4.25 |
| May 2004 | 5.75 | 2.00 | 2.00 | 1.00 | 4.50 |
| June 2004 | 5.75 | 2.00 | 2.25 | 1.25 | 4.50 |
| July 2004 | 5.75 | 2.00 | 2.25 | 1.25 | 4.75 |
| August 2004 | 5.75 | 2.00 | 2.50 | 1.50 | 4.75 |
| September 2004 | 5.75 | 2.00 | 2.75 | 1.75 | 4.75 |
| October 2004 | 5.75 | 2.00 | 2.75 | 1.75 | 4.75 |
| November 2004 | 5.75 | 2.00 | 3.00 | 2.00 | 4.75 |
| December 2004 | 5.75 | 2.00 | 3.25 | 2.25 | 4.75 |
| January 2005 | 5.75 | 2.00 | 3.25 | 2.25 | 4.75 |
| February 2005 | 5.25 | 2.00 | 3.50 | 2.50 | 4.75 |
| March 2005 | 5.25 | 2.00 | 3.75 | 2.75 | 4.75 |
| April 2005 | 5.25 | 2.00 | 3.75 | 2.75 | 4.75 |
| May 2005 | 5.25 | 2.00 | 4.00 | 3.00 | 4.75 |
| June 2005 | 5.25 | 2.00 | 4.25 | 3.25 | 4.75 |
| July 2005 | 5.25 | 2.00 | 4.25 | 3.25 | 4.75 |
| August 2005 | 5.25 | 2.00 | 4.50 | 3.50 | 4.50 |
| September 2005 | 5.25 | 2.00 | 4.75 | 3.75 | 4.50 |
| October 2005 | 5.25 | 2.00 | 4.75 | 3.75 | 4.50 |
| November 2005 | 5.25 | 2.00 | 5.00 | 4.00 | 4.50 |
| December 2005 | 5.25 | 2.25 | 5.25 | 4.25 | 4.50 |

Selected International Statistics

| C. Selected Currencies (Per United States Dollars) | | | | | | |
|---|---------------|---------------|---------------|---------------------------|-------------------------|---------------------------|
| Currency | Dec-04 | Nov-05 | Dec-05 | Mthly % Change | YTD % Change | 12-Mth% Change |
| Euro | 0.7378 | 0.8483 | 0.844 | -0.51 | 10.03 | 14.39 |
| Yen | 102.63 | 119.81 | 117.75 | -1.72 | 13.55 | 14.73 |
| Pound | 0.5213 | 0.5783 | 0.5804 | 0.36 | 9.28 | 11.33 |
| Canadian \$ | 1.2019 | 1.1657 | 1.162 | -0.32 | -6.28 | -3.32 |
| Swiss Franc | 1.1403 | 1.3152 | 1.3134 | -0.14 | 10.47 | 15.18 |

Source: Bloomberg

| D. Selected Commodity Prices (\$) | | | | | |
|--|-----------------|-----------------|-----------------|---------------------------|-------------------------|
| Commodity | Dec 2004 | Nov 2005 | Dec 2005 | Mthly % Change | YTD % Change |
| Gold / Ounce | 438.45 | 493.08 | 517.00 | 4.85 | 22.34 |
| Silver / Ounce | 6.82 | 8.24 | 8.82 | 7.04 | 31.25 |
| Oil / Barrel | 39.90 | 54.68 | 57.63 | 5.40 | 26.30 |

Source: Bloomberg

| E. Equity Market Valuations – December 2005 (%chg) | | | | | | | |
|---|-------------|-------------|--------------------|-----------------|---------------|------------|-----------------------|
| | BISX | DJIA | S&P 500 | FTSE 100 | CAC 40 | DAX | Nikkei 225 |
| 1 month | 4.71 | -0.82 | 0.30 | 3.61 | 3.24 | 4.14 | 8.33 |
| 3 month | 5.88 | 2.66 | 3.72 | 5.67 | 6.28 | 9.72 | 18.41 |
| YTD | 29.87 | 2.17 | 5.83 | 15.80 | 20.48 | 27.11 | 41.48 |
| 12-month | 29.95 | -0.61 | 3.05 | 16.71 | 23.40 | 27.07 | 40.24 |

Sources: Bloomberg and BISX

| F: Short Term Deposit Rates in Selected Currencies (%) | | | |
|---|------------|------------|------------|
| | USD | GBP | EUR |
| o/n | 4.31 | 4.68 | 2.32 |
| 1 Month | 4.34 | 4.56 | 2.36 |
| 3 Month | 4.49 | 4.54 | 2.46 |
| 6 Month | 4.59 | 4.51 | 2.60 |
| 9 Month | 4.72 | 4.50 | 2.67 |
| 1 year | 4.72 | 4.44 | 2.76 |

Source: Bloomberg, as at December 30, 2005

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

| | VALUE | | | | | | | | | | CHANGE | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|--|
| | Nov. 02 | Nov. 09 | Nov. 16 | Nov. 23 | Nov. 30 | Dec. 07 | Dec. 14 | Dec. 21 | Dec. 28 | Nov. 02 | Nov. 09 | Nov. 16 | Nov. 23 | Nov. 30 | Dec. 07 | Dec. 14 | Dec. 21 | Dec. 28 | | |
| I. External Reserves | 634.34 | 646.64 | 635.61 | 638.53 | 620.45 | 614.48 | 599.45 | 594.68 | 582.93 | -16.38 | 12.30 | -11.03 | 2.92 | -18.08 | -5.97 | -15.03 | -4.78 | -11.75 | | |
| II. Net Domestic Assets (A + B + C + D) | 2.39 | 11.81 | 33.20 | 35.39 | 36.13 | 0.89 | -3.28 | -3.83 | 5.35 | -16.12 | 9.41 | 21.39 | 2.19 | 0.74 | -35.24 | -4.17 | -0.55 | 9.18 | | |
| A. Net Credit to Gov't (i + ii + iii - iv) | 133.45 | 128.19 | 125.90 | 126.48 | 130.20 | 123.53 | 122.81 | 122.95 | 122.67 | -7.49 | -5.25 | -2.30 | 0.59 | 3.72 | -6.67 | -0.73 | 0.14 | -0.28 | | |
| i) Advances | 76.99 | 76.99 | 76.99 | 76.99 | 76.99 | 76.99 | 76.99 | 76.99 | 76.99 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | |
| ii) Registered Stock | 75.28 | 74.15 | 74.05 | 73.75 | 73.45 | 73.27 | 73.05 | 72.93 | 72.68 | -0.25 | -1.13 | -0.10 | -0.31 | -0.29 | -0.18 | -0.22 | -0.12 | -0.24 | | |
| iii) Treasury Bills | 0.00 | 0.00 | 0.00 | 0.00 | 5.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.00 | -5.00 | 0.00 | 0.00 | 0.00 | | |
| iv) Deposits | 18.82 | 22.95 | 25.15 | 24.25 | 25.24 | 26.73 | 27.23 | 26.97 | 27.00 | 7.23 | 4.13 | 2.20 | -0.89 | 0.99 | 1.48 | 0.50 | -0.26 | 0.03 | | |
| B. Rest of Public Sector (Net) (i + ii - iii) | -35.88 | -20.44 | 1.75 | -1.75 | -0.21 | -28.00 | -29.25 | -32.16 | -22.57 | -10.21 | 15.44 | 22.19 | -3.50 | 1.54 | -27.79 | -1.25 | -2.90 | 9.59 | | |
| i) BDB Loans | 7.30 | 7.30 | 7.30 | 7.30 | 7.30 | 7.30 | 7.30 | 7.30 | 7.30 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | |
| ii) BMC Bonds | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | |
| iii) Deposits | 43.18 | 27.74 | 5.55 | 9.05 | 7.51 | 35.30 | 36.55 | 39.46 | 29.87 | 10.21 | -15.44 | -22.19 | 3.50 | -1.54 | 27.79 | 1.25 | 2.90 | -9.59 | | |
| 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)* | -95.17 | -95.95 | -94.44 | -89.34 | -93.86 | -94.64 | -96.83 | -94.62 | -94.75 | 1.58 | -0.78 | 1.50 | 5.10 | -4.52 | -0.78 | -2.19 | 2.21 | -0.13 | | |
| III. Monetary Base | 636.74 | 658.45 | 668.81 | 673.92 | 656.58 | 615.37 | 596.17 | 590.85 | 588.28 | -32.50 | 21.71 | 10.36 | 5.11 | -17.34 | -41.21 | -19.20 | -5.33 | -2.56 | | |
| A. Currency in Circulation | 247.81 | 242.06 | 245.83 | 249.02 | 255.88 | 262.07 | 264.33 | 287.79 | 296.67 | 9.91 | -5.75 | 3.77 | 3.19 | 6.86 | 6.19 | 2.26 | 23.46 | 8.88 | | |
| B. Bank Balances with CBOB | 388.92 | 416.39 | 422.97 | 424.89 | 400.70 | 353.30 | 331.84 | 303.05 | 291.61 | -42.41 | 27.47 | 6.59 | 1.92 | -24.20 | -47.40 | -21.46 | -28.79 | -11.44 | | |

* 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)

| | YEAR TO DATE | | | | | | | | | | | |
|--------------------------------|--------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | JUL 2003 | AUG 2003 | SEP 2003 | OCT 2003 | NOV 2003 | DEC 2003 | JAN 2004 | FEB 2004 | MAR 2004 | APR 2004 | MAY 2004 | JUN 2004 |
| Fiscal Operations: | | | | | | | | | | | | |
| 1. Government Revenue & Grants | 73.8 | 90.6 | 76.7 | 84.7 | 60.5 | 86.6 | 74.5 | 79.7 | 92.3 | 102.9 | | |
| % change | -21.6% | -30.73% | 6.64% | 4.53% | -23.13% | -8.55% | 23.14% | -7.97% | 23.89% | 29.17% | 379.8 | 454.5 |
| 2. Import Duties | 24.3 | 34.3 | 31.8 | 37.4 | 24.3 | 32.7 | 31.4 | 31.6 | 28.7 | 42.4 | | |
| % change | -5.65% | -29.13% | 30.86% | 9.04% | -23.85% | -12.57% | 29.22% | -3.86% | -8.06% | 34.18% | 140.5 | 178.4 |
| 3. Recurrent Expenditure | 81.0 | 84.7 | 78.0 | 91.6 | 81.9 | 84.6 | 85.3 | 93.1 | 82.9 | 97.5 | | |
| % change | 19.12% | -19.77% | -7.70% | 8.15% | 5.06% | -7.66% | 4.15% | 7.73% | -2.87% | 4.73% | 408.1 | 451.5 |
| 4. Capital Expenditure | 1.6 | 5.5 | 3.8 | 6.0 | 5.1 | 14.9 | 3.7 | 7.4 | 5.7 | 6.7 | | |
| % change | -87.66% | -83.02% | 137.50% | 9.09% | 34.21% | 148.33% | -27.45% | -50.34% | 54.05% | -9.40% | 18.9 | 40.5 |
| 5. Deficit/Surplus* | -12.0 | 0.3 | -6.9 | -4.0 | -28.4 | -16.7 | -17.1 | -94.6 | 1.2 | -5.1 | | |
| % change | -17.73% | -42.54% | -123.33% | 311.86% | -17.56% | 31.78% | -47.71% | -92.72% | -10.26% | -79.27% | 63.2 | -50.1 |
| | | | | | | | | | | | 15.92% | -30.68% |

| | YEAR TO DATE | | | | | | | | | | | |
|---|--------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | JAN 2004 | FEB 2004 | MAR 2004 | APR 2004 | MAY 2004 | JUN 2004 | JUL 2004 | AUG 2004 | SEP 2004 | OCT 2004 | NOV 2004 | DEC 2004 |
| Debt*** | | | | | | | | | | | | |
| 6. Total Debt | 1,934.5 | 2,097.9 | 1,956.5 | 2,097.8 | 1,928.4 | 2,096.7 | 1,937.9 | 2,136.9 | 1,937.9 | 2,129.9 | 2,022.2 | 2,241.5 |
| % change | -0.09% | 8.60% | -1.74% | 6.60% | -1.03% | -0.05% | 0.08% | 0.08% | 0.00% | -0.42% | -0.26% | 0.00% |
| 7. External Debt | 286.9 | 284.6 | 285.6 | 284.5 | 285.5 | 284.4 | 287.0 | 283.5 | 286.9 | 284.6 | 283.9 | 282.8 |
| % change | -0.58% | 0.00% | -0.43% | -0.03% | 0.00% | -0.04% | 0.55% | -0.51% | 0.04% | 0.19% | -0.13% | -0.04% |
| 8. Internal F/C Debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| % change | 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 | 1,647.6 | 1,813.3 | 1,670.9 | 1,813.3 | 1,650.9 | 1,813.3 | 1,650.9 | 1,852.3 | 1,650.9 | 1,842.3 | 1,738.3 | 1,958.7 |
| % change | 0.00% | 1.01% | 0.00% | 0.00% | -1.20% | -0.05% | 0.00% | 2.21% | 0.00% | -0.54% | -0.29% | 0.00% |
| 10. Total Amortization | 1.7 | 0.0 | 1.3 | 10.1 | 20.1 | 10.1 | 0.9 | 0.9 | 10.0 | 10.0 | 5.4 | 0.0 |
| % change | -91.02% | -22.60% | 1462.80% | 0.47% | -92.26% | -90.76% | -90.76% | -90.76% | -90.76% | 968.42% | -110.00% | -88.63% |
| 11. Total Public Sector F/C Debt | 589.1 | 557.7 | 585.6 | 558.0 | 585.4 | 557.3 | 584.8 | 556.6 | 581.8 | 556.5 | 562.6 | 533.7 |
| % change | -0.89% | -0.54% | -0.10% | -4.77% | -0.10% | -4.80% | -0.10% | -0.13% | -0.52% | -0.32% | -1.01% | -0.22% |

| | YEAR TO DATE | | | | | | | | | | | |
|--|--------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | JAN 2004 | FEB 2004 | MAR 2004 | APR 2004 | MAY 2004 | JUN 2004 | JUL 2004 | AUG 2004 | SEP 2004 | OCT 2004 | NOV 2004 | DEC 2004 |
| Real Sector Indicators | | | | | | | | | | | | |
| 12. Retail Price Index | 114.4 | 115.4 | 114.5 | 115.5 | 114.5 | 114.5 | 116.3 | 116.6 | 114.7 | 116.7 | 114.8 | 117.0 |
| % change | -0.57% | 0.86% | 0.13% | 0.08% | 0.00% | 0.00% | 0.6% | 0.2% | 0.6% | 0.3% | -0.3% | 0.2% |
| 13. Tourist arrivals (000's) | 397.2 | 414.2 | 429.0 | 420.3 | 568.6 | 516.9 | 547.0 | 493.3 | 428.9 | 397.7 | 431.1 | 468.7 |
| % change; over previous year | 4.53% | 4.23% | 11.65% | -2.05% | 34.81% | -8.77% | 5.8% | -9.53% | -13.7% | -7.3% | 8.4% | 20.6% |
| 14. Air arrivals (000's) | 107.6 | 103.9 | 135.8 | 125.6 | 188.6 | 165.2 | 161.5 | 145.4 | 132.6 | 136.6 | 141.3 | 140.6 |
| % change; over previous year | 4.47% | -3.44% | 12.70% | -7.51% | 34.24% | -2.02% | -2.2% | -10.0% | -8.8% | 3.0% | 3.4% | 8.0% |
| 15. Occupied Room Nights | 175.2 | 170.9 | 205.5 | 189.3 | 255.8 | 241.2 | 224.6 | 211.8 | 187.5 | 187.5 | 202.7 | 216.9 |
| % change; over previous year | 12.31% | -2.45% | 17.05% | -7.89% | 35.12% | -5.70% | -6.88% | -5.70% | -1.8% | 0.0% | 8.1% | 7.0% |
| 16. Res. Mortgage Commitments-New Const. | | | | | | | | | | | | |
| % change; over previous year | | | | | | | | | | | | |

* Includes Net Lending to Public Corporations

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

P = Provisional

Annual F/C Debt Real Price data are averages.