



## **Monthly Economic and Financial Developments August 2004**

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:**

**2004:** October 4th, October 29th, December 6<sup>th</sup>

**2005:** January 3rd, January 31st, February 28th, April 4th, May 2nd, May 30th, July 4th, August 2nd, August 29th, October 3rd, October 31st, November 28th

## 1. Domestic Economy

**Indications are that the tourism sector's strong momentum continued to support healthy growth in the Bahamian economy during the first eight months of 2004**, with gains evidenced in both the monthly and cumulative pickup in foreign currency inflows through the banking system. August marked the seasonal peak in tourism, with inflows expected to subside over the remainder of the year. Meanwhile, the demand stimulus from private sector credit is expected to firm, following the August 9<sup>th</sup> lifting of the Central Bank's lending restrictions; albeit, the effects might be indiscernible from those created by hurricane relief facilities.

**Damage caused by Hurricanes Frances and Jeanne, particularly in Grand Bahama and Abaco, is expected to adversely impact the economy over the remainder of 2004, and alter spending priorities in the Government's budget.** Some hotel properties on these and several of the easterly islands of the Archipelago are expected to be closed for repairs for the rest of the year. Fortunately, the disruption should only marginally diminish the expected growth in expenditure for 2004, since the storms hit at the close of the peak tourist season and spared the bulk of the industry's capacity in New Providence from any major damage. Moreover, most properties are expected to re-open in time to benefit from a resumed business growth in 2005, favoured by the healthy outlook for the United States' economy.

**It is anticipated that hurricane recovery efforts will spark increased construction expenditure which, up to this point, has been supported by steady net residential mortgage lending.** A significant portion of these outlays will be financed by re-insurance inflows, minimizing the impact on external reserves. Public sector outlays on infrastructural repairs will have a similar effect on construction, however these will inevitably increase the budget deficit, coinciding with reduced revenue yields owing to customs duty concessions on imported building materials and decreased taxes from tourism and productive activities on the severely affected islands. Beyond these short-term stimuli, the gradual pickup in foreign investments is still expected to provide the main support to building activity during 2005 and over the medium-term.

**Money and credit trends remained more sustainable than in 2003 but with resumed growth in net claims on the Government,** following last year's external bond issue, the proceeds from which, conversely, paid down net liabilities to banks. Both external reserves and bank liquidity remained buoyant and are expected to close the year at higher levels than in 2003, owing to stronger net foreign currency inflows through the private sector.

As to the outlook, **rising short-term interest rates, as the Federal Reserve tightens its stance against inflation, could temper travel spending among US households and limit the domestic economy's upside potential.** The firming trend in oil prices also poses some uncertainty, contributing to higher operating costs in the travel industry and impeding global economic growth.

## 2. International Economy

In his September 8<sup>th</sup> testimony before a US House of Representative Committee on the Budget, **Federal Reserve Chairman Alan Greenspan indicated that the US economy had picked up speed since the slowing in June, caused by rising energy prices.** Strengthening was

particularly evident in consumer spending and in housing and business investments, with employment conditions also marginally improved. The Fed therefore maintained its anti-inflationary focus, effecting the third increase in the Federal Funds and Discount rates since June, each by another 25 basis points to 1.75% and 2.75% respectively, on September 21<sup>st</sup>. At the Bank of England, where tightening began in February, another 25 basis point was added to the Repurchase rate on August 5<sup>th</sup>.

**Rising US interest rate expectations have sparked some rebound in the value of the dollar since the beginning of 2004, notwithstanding a slight setback in August, which predated the latest evidence of rekindled growth.** The currency is still expected to be weak in the medium-term, however, as a result of continued record budget and trade deficits. This will offer some cost advantage to US dollar priced vacation destinations such as The Bahamas.

August, meanwhile, marked the implementation of the last of OPEC's agreed daily production increases, of 8.5% to 26 million barrels. Despite this, and evidence that daily production remained above quotas at close to 30 million barrels, crude oil prices rose further during the month and approached new record highs in September, with lingering concerns about the reliability of supplies, particularly from Nigeria, Russia and Iraq.

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

**During the month of August, an expansion in Bahamian dollar credit contrasted with a contraction in Bahamian dollar deposits, resulting in a sizeable decrease in narrow-based bank liquidity and external reserves.** Growth in credit was indicative of net borrowing by both Government and the private sector, coinciding with the relaxation of the lending restrictions on August 9<sup>th</sup>. The drawdown in deposits was largely associated with increased month-end transactions in preparation for Hurricane Frances and settlement of non-bank subscriptions to a \$100 Bahamas Government Registered Stock (BGRS) issue, which occurred on July 29<sup>th</sup>. Broad-based liquid assets were not impacted by these developments as banks also subscribed to the bond issue. On a year-to-date basis, external reserves and liquidity remained appreciably above year-earlier levels, underscoring stronger tourism-led gains in the deposit base, notwithstanding a strong resumption in credit expansion. Discounting the 2003 influence of net proceeds from the Government's external bond issue, healthier private sector activity remained the largest contributor to net foreign currency inflows, on an expanded basis in 2004.

#### *AUGUST 2004*

**Excess reserves of the banking system declined by \$44.56 million to \$176.5 million in August, as private sector deposits funded BGRS subscriptions, and currency in circulation increased.** In contrast, excess liquid assets rose further by \$21.9 million.

**Both public and private sector net foreign currency demand contributed to the \$45.0 million decrease in external reserves to \$633.0 million, which contrasted with the \$64.6 million increase to \$535.0 million in August 2003.** In particular, the Central Bank's foreign currency transactions switched to a net sale of \$47.8 million from a net purchase of \$62.5 million in 2003, with a notable net sale to the public sector (\$22.2 million), as compared to a \$66.1 million net intake in 2003, which mainly represented residual proceeds from the \$200 million external bond issue floated in July 2003. The Central Bank's net foreign currency sale to commercial banks was sharply boosted to \$25.6 million, accommodating an increased net sale by the latter to the private

sector of almost the same amount. **According to Exchange Control data, gross foreign currency sales by the banking sector during August financed increased external payments for non-oil imports, oil and “other” current items.**

**Total Bahamian dollar credit expanded by \$72.6 million in August, as opposed to a year-earlier contraction of \$43.0 million.** With the BGRS issue, net credit to Government rose by \$38.1 million relative to a sharp decrease in 2003, when the Government reduced its overdraft balances with the net proceeds from the US\$ bond issue. Credit to the rest of the public sector fell further by \$6.5 million; albeit, growth in claims on the private sector strengthened moderately to \$41.0 million, reflecting a stronger pickup in consumer lending and almost steady net gains in residential mortgages. Meanwhile, **a marginal expansion in domestic foreign currency credit (\$1.0 million) contrasted with a significant contraction of \$115.8 million in 2003**, which was due to the Government’s repayment of the \$125 million short-term facility obtained from banks the year before.

**Bahamian dollar deposits decreased by \$6.7 million in August, as compared to an expansion of \$29.1 million in 2003.** Added to the \$10.8 million downturn in savings balances, smaller increases were registered for demand and fixed deposits, impacted by non-bank subscriptions to the BGRS issue.

In interest rate developments, the weighted average deposit rate at banks firmed by 13 basis points to 3.76%. The highest rate offered was 5.50% for fixed maturities between 1-6 months. The weighted average loan rate rose by 33 basis points to 11.66%.

#### *JANUARY – AUGUST 2004*

**During the first eight months of 2004, excess reserves growth narrowed considerably to \$9.9 million; however, gains in broader excess liquid assets were moderately extended to \$96.3 million.** External reserves registered cumulative growth of \$150.9 million, some 7.4% less than in 2003. Although net private sector inflows, evidenced by the Central Bank’s net purchase from commercial banks, strengthened by 32.5% to \$234.1 million, net outflows via the public sector rose almost four-fold to \$96.6 million, corresponding to a normalization of trends following the significant offsetting influence from net proceeds of the 2003 external bond issue. Commercial banks’ net foreign currency purchases from customers expanded by 12.7% to \$211.8 million. Indicative of tourism’s influence, total purchases from customers advanced by 11.6% to \$1,836.6 million, pacing ahead of the 11.4% expansion in sales to \$1,624.8 million.

**Exchange Control records of foreign currency sales for current account transactions, inclusive of public and private sector activity, indicate increased outflows of \$109.2 million (7.5%) to \$1,559.2 million during January – August 2004.** This included higher external payments for non-oil imports (11.4%) and “other” current items (13.1%), which countered decreased outflows for factor income remittances (10.8%) and travel (2.0%). Payments for oil imports were evenly matched over the first eight months of the current and last year. Meanwhile, reduced outflows were recorded under capital transactions.

**Bahamian dollar credit growth rebounded by \$304.2 million from a contraction of \$25.2 million in 2003.** With a resumed emphasis on domestic financing, net credit to Government rose by \$108.3 million following a net repayment of \$55.4 million last year. **Private sector credit**

**expansion accelerated** to \$201.4 million from \$34.3 million, with mortgages gains nearly doubled to \$134.8 million and a \$99.8 million revival in net consumer lending. However, claims on the rest of the public sector fell further by \$5.5 million.

**Domestic foreign currency credit expanded by \$4.2 million, reversing a 2003 reduction of \$210.5 million that was led by the Government's repayment of the \$125 million domestic facility obtained from commercial banks in 2002.** In contrast to 2003's industrial sector-led repayment of \$76.6 million, claims on the private sector rose by \$34.0 million, overshadowing an extended \$23.2 million contraction in credit to the public corporations.

**Growth in the Bahamian dollar deposit base strengthened more than threefold to \$368.3 million, reflecting broad-base accretions among businesses, private individuals and public corporations.** Demand deposits growth accelerated to \$218.3 million from \$47.6 million, while the buildup in fixed deposits strengthened to \$87.1 million from \$6.7 million and savings deposits gains firmed moderately to \$62.9 million.

#### **4. Outlook Assessment**

Temporarily reduced tourism inflows, during the recovery period following Hurricanes Frances and Jeanne, are expected to be largely offset by construction expenditures on related rebuilding activities. This, and the timing of the disruption during the slowest point in the tourism season should minimize the drag on economic growth. It is anticipated that the hotel sector's recovery should be completed by the start of the Winter 2005 season, positioning the industry to continue its healthy expansion, reinforced by supportive conditions in the US. Domestic credit trends should remain sustainable over the remainder of 2004, permitting some retention of accumulated gains in external reserves and bank liquidity. The incidence of hurricane related needs could nevertheless impede the Central Bank's ability to identify short-term credit supply and demand responses directly related to the removal of the lending restriction. While the disruption in hotel sector employment could aggravate households' loan servicing difficulties in the short-term, steady improvement in these conditions is expected to resume in 2005 and with such, a further amelioration of asset quality indicators.

# Recent Monetary and Credit Statistics

(B\$ Millions)

	<b>AUGUST</b>																		
	Value		Change		Change YTD														
	2003	2004	2003	2004	2003	2004													
<b>1.0 LIQUIDITY &amp; FOREIGN ASSETS</b>																			
1.1 Excess Reserves	185.67	176.54	38.29	-44.55	38.45	9.87													
1.2 Excess Liquid Assets	182.62	224.32	39.10	21.90	85.91	96.34													
1.3 External Reserves	535.04	632.98	64.60	-44.99	162.98	150.89													
1.4 Bank's Net Foreign Assets	-469.23	-618.44	99.52	-28.24	250.95	-25.87													
1.5 Usable Reserves	266.56	294.02	47.33	-28.81	129.69	66.90													
<b>2.0 DOMESTIC CREDIT</b>																			
<b>2.1 Private Sector</b>	<b>4,022.67</b>	<b>4,308.59</b>	<b>42.19</b>	<b>46.33</b>	<b>-42.23</b>	<b>235.40</b>													
a. B\$ Credit	3,631.82	3,882.70	35.37	41.03	34.34	201.40													
of which: Consumer Credit	1,388.17	1,448.26	12.86	22.15	-47.23	99.83													
Mortgages	1,405.82	1,567.51	18.18	15.77	73.95	134.77													
b. F/C Credit	390.86	425.90	6.82	5.30	-76.57	33.99													
of which: Mortgages	10.07	13.21	0.16	-5.16	0.56	2.52													
<b>2.2 Central Government (net)</b>	<b>466.36</b>	<b>610.25</b>	<b>-180.95</b>	<b>35.80</b>	<b>-181.98</b>	<b>101.65</b>													
a. B\$ Loans & Securities	560.58	726.42	-49.81	12.16	-33.08	125.40													
Less Deposits	107.85	114.38	7.80	-25.93	22.29	17.15													
b. F/C Loans & Securities	14.99	0.00	-123.63	-2.64	-126.10	-8.01													
Less Deposits	1.37	1.79	-0.29	-0.34	0.51	-1.41													
<b>2.3 Rest of Public Sector</b>	<b>213.75</b>	<b>332.85</b>	<b>-20.07</b>	<b>-8.51</b>	<b>-11.46</b>	<b>-28.69</b>													
a. B\$ Credit	96.19	105.24	-20.79	-6.54	-4.16	-5.49													
b. F/C Credit	117.56	227.61	0.72	-1.97	-7.30	-23.20													
<b>2.4 Total Domestic Credit</b>	<b>4,702.78</b>	<b>5,251.69</b>	<b>-158.83</b>	<b>73.62</b>	<b>-235.67</b>	<b>308.36</b>													
a. B\$ Domestic Credit	4,180.74	4,599.97	-43.03	72.59	-25.19	304.17													
b. F/C Domestic Credit	522.04	651.72	-115.80	1.03	-210.48	4.19													
<b>3.0 DEPOSIT BASE</b>																			
3.1 Demand Deposits	697.46	958.42	9.28	2.49	47.58	218.30													
a. Central Bank	34.06	156.56	-3.79	29.31	26.20	137.17													
b. Banks	663.40	801.86	13.07	-26.82	21.37	81.13													
3.2 Savings Deposits	685.67	741.34	13.11	-10.76	55.03	62.91													
3.3 Fixed Deposits	2,288.18	2,396.73	6.68	1.53	6.65	87.09													
3.4 Total B\$ Deposits	3,671.31	4,096.49	29.07	-6.74	109.25	368.30													
3.5 F/C Deposits of Residents	100.42	111.42	-23.35	6.91	9.08	13.67													
<b>3.6 M3</b>	<b>3,920.10</b>	<b>4,378.17</b>	<b>3.03</b>	<b>13.60</b>	<b>111.82</b>	<b>390.24</b>													
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2" style="text-align: center;">Value</th> <th colspan="2" style="text-align: center;">Year to Date</th> <th colspan="2" style="text-align: center;">Change</th> </tr> <tr> <th style="text-align: center;">2003</th> <th style="text-align: center;">2004</th> <th style="text-align: center;">2003</th> <th style="text-align: center;">2004</th> <th style="text-align: center;">Month</th> <th style="text-align: center;">YTD</th> </tr> </thead> </table>								Value		Year to Date		Change		2003	2004	2003	2004	Month	YTD
	Value		Year to Date		Change														
	2003	2004	2003	2004	Month	YTD													
<b>4.0 FOREIGN EXCHANGE TRANSACTIONS</b>																			
<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>62.45</b>	<b>-47.79</b>	<b>151.91</b>	<b>137.55</b>	<b>-110.24</b>	<b>-14.37</b>													
a. Net Purchase/(Sale) from/to Banks	-3.69	-25.55	176.68	234.12	-21.86	57.44													
i. Sales to Banks	38.91	51.88	216.86	207.98	12.98	-8.88													
ii. Purchases from Banks	35.22	26.34	393.54	442.10	-8.88	48.56													
b. Net Purchase/(Sale) from/to Others	66.14	-22.24	-24.76	-96.57	-88.38	-71.81													
i. Sales to Others	139.27	30.43	301.34	186.76	-108.83	-114.58													
ii. Purchases from Others	205.41	8.19	276.57	90.19	-197.21	-186.38													
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>-3.28</b>	<b>-26.20</b>	<b>187.89</b>	<b>211.84</b>	<b>-22.92</b>	<b>23.95</b>													
a. Sales to Customers	186.31	268.90	1,458.50	1,624.79	82.59	166.28													
b. Purchases from Customers	183.03	242.70	1,646.39	1,836.62	59.67	190.23													
<b>4.3 B\$ Position (change)</b>	<b>0.80</b>	<b>-0.15</b>																	
<b>5.0 EXCHANGE CONTROL SALES</b>																			
<b>5.1 Current Items</b>	<b>202.11</b>	<b>229.90</b>	<b>1,449.94</b>	<b>1,559.18</b>	<b>27.79</b>	<b>109.24</b>													
<b>of which Public Sector</b>	<b>18.85</b>	<b>22.91</b>	<b>151.48</b>	<b>190.25</b>	<b>4.06</b>	<b>38.77</b>													
a. Nonoil Imports	87.03	101.56	681.10	758.60	14.53	77.50													
b. Oil Imports	17.31	26.71	140.05	139.70	9.41	-0.35													
c. Travel	27.88	25.03	134.50	131.85	-2.84	-2.66													
d. Factor Income	12.55	7.45	89.94	78.19	-5.10	-11.75													
e. Transfers	5.64	5.22	33.67	39.34	-0.43	5.67													
f. Other Current Items	51.71	63.93	370.68	411.51	12.22	40.83													
<b>5.2 Capital Items</b>	<b>130.48</b>	<b>8.21</b>	<b>223.36</b>	<b>96.51</b>	<b>-122.27</b>	<b>-126.86</b>													
<b>of which Public Sector</b>	<b>126.54</b>	<b>2.00</b>	<b>165.56</b>	<b>29.28</b>	<b>-124.54</b>	<b>-136.28</b>													
<b>5.3 Bank Remittances</b>	<b>5.70</b>	<b>4.13</b>	<b>35.89</b>	<b>64.64</b>	<b>-1.57</b>	<b>28.75</b>													

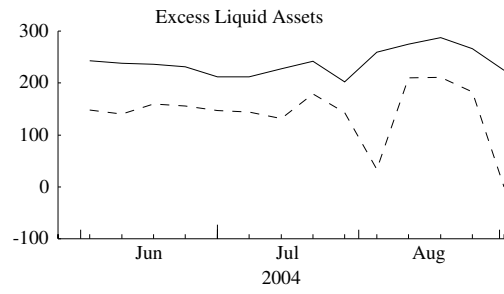
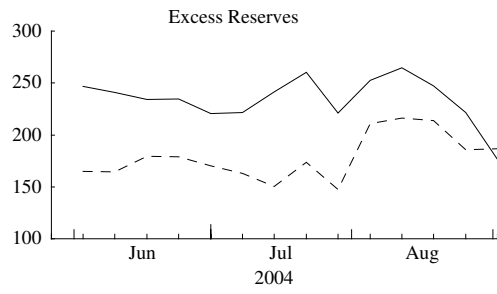
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: AUGUST 27, 2003 and SEPTEMBER 01, 2004

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.

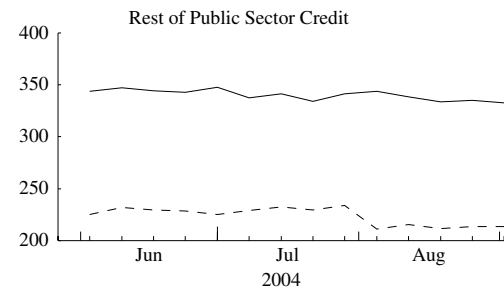
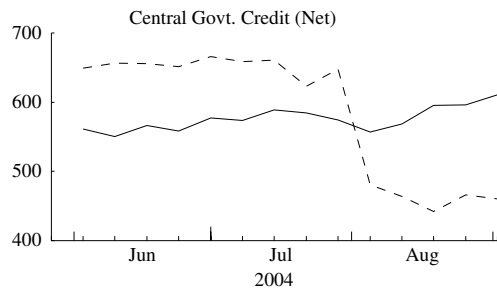
Components may not sum to totals due to round-off error.

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



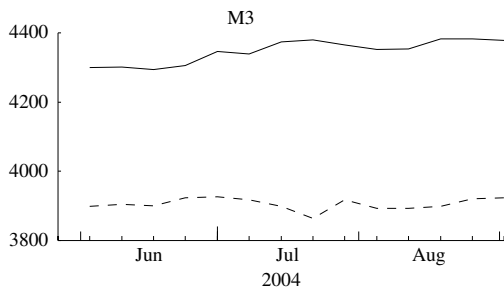
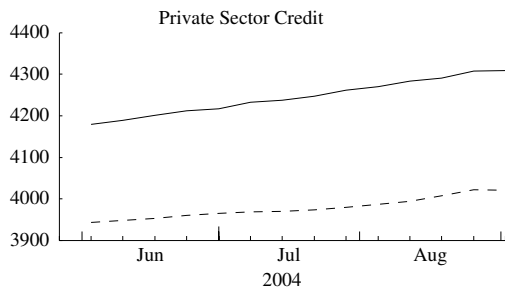
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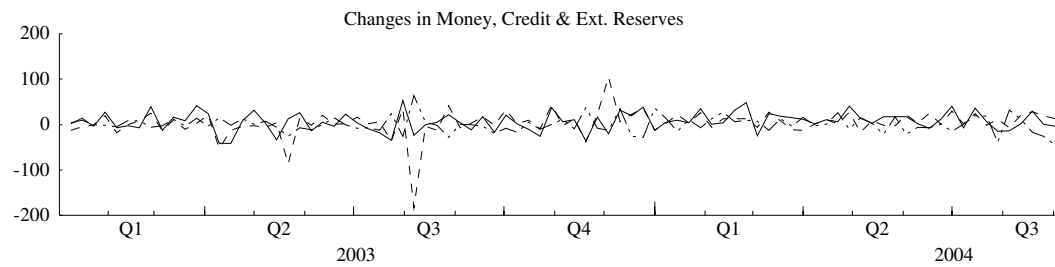
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## Selected International Statistics

<b>A: Selected Macroeconomic Projections</b>						
<b>(Annual % Change and % of labor force)</b>						
	<b>Real GDP</b>		<b>Inflation Rate</b>		<b>Unemployment</b>	
	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>
Bahamas	2.5	3.0	2.5	2.0	n.a.	n.a.
United States	4.6	3.9	2.7	2.1	5.5	5.4
Euro-Area	1.7	2.3	1.6	1.6	9.1	8.9
<i>Germany</i>	<i>1.6</i>	<i>1.9</i>	<i>1.1</i>	<i>0.8</i>	<i>10.2</i>	<i>10.0</i>
Japan	3.4	1.9	-0.2	0.1	4.9	4.9
United Kingdom	3.5	2.5	1.6	2.0	4.9	4.9
Canada	2.6	3.1	1.6	2.0	7.4	7.1

*Source: IMF World Economic Outlook, April 2004*

<b>B. Official Interest Rates – Selected Countries(%)</b>					
<i>With effect</i>	<b>CBOB</b>	<b>ECB (EU)</b>	<b>Federal Reserve (US)</b>		<b>Bank of England</b>
<i>from</i>	<b>Bank Rate</b>	<b>Refinancing Rate</b>	<b>Primary Credit Rate</b>	<b>Target Funds Rate</b>	<b>Repo Rate</b>
December 2002	5.75	2.75	**	1.25	4.00
January 2003	5.75	2.75	2.25	1.25	4.00
February 2003	5.75	2.75	2.25	1.25	3.75
March 2003	5.75	2.50	2.25	1.25	3.75
April 2003	5.75	2.50	2.25	1.25	3.75
May 2003	5.75	2.50	2.25	1.25	3.75
June 2003	5.75	2.00	2.20	1.00	3.75
July 2003	5.75	2.00	2.00	1.00	3.50
August 2003	5.75	2.00	2.00	1.00	3.50
September 2003	5.75	2.00	2.00	1.00	3.50
October 2003	5.75	2.00	2.00	1.00	3.50
November 2003	5.75	2.00	2.00	1.00	3.75
December 2003	5.75	2.00	2.00	1.00	3.75
January 2004	5.75	2.00	2.00	1.00	3.75
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	4.00
May 2004	5.75	2.00	2.00	1.00	4.25
June 2004	5.75	2.00	2.25	1.25	4.50
July 2004	5.75	2.00	2.25	1.25	4.50
August 2004	5.75	2.00	2.50	1.50	4.75
September 2004	5.75	2.00	2.75	1.75	4.75

Note: \*\*The US Federal Reserve established primary and secondary credit rates on January 6 2003, and ceased use of the discount rate.



## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>					
Currency	August 2003	July 2004	August 2004	Mthly % Change	YTD % Change
Euro	0.9104	0.8321	0.8208	-1.35	3.38
Yen	116.92	111.35	109.17	-1.96	1.82
Pound	0.6338	0.5495	0.5548	0.97	-0.93
Canadian \$	1.3865	1.3314	1.3127	-1.40	1.21
Swiss Franc	1.3999	1.2815	1.2664	-1.18	2.20

*Source: Bloomberg*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	August 2003	July 2004	August 2004	Mthly % Change	YTD % Change
Gold / Ounce	375.55	391.05	409.85	4.81	-1.44
Silver / Ounce	5.1	6.54	6.755	3.29	13.72
Oil / Barrel	29.51	39.29	40.82	3.89	37.07

*Source: Bloomberg*

<b>E. Equity Market Valuations – July 2004 (%chg)</b>							
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225
1 month	1.1	0.3	0.2	1.0	-1.4	-2.8	-2.2
3 month	5.9	-0.1	-1.5	0.6	-2.1	-3.5	-1.4
YTD	13.3	-2.7	-0.7	-0.4	1.0	-4.5	3.8
12-month	18.0 <sup>c</sup>	8.1	9.5	7.2	8.5	8.6	7.1

*Sources: Bloomberg & BISX and BISX*

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

	VALUE												CHANGE											
	Jun. 30	Jul. 07	Jul. 14	Jul. 21	Jul. 28	Aug. 04	Aug. 11	Aug. 18	Aug. 25	Jun. 30	Jul. 07	Jul. 14	Jul. 21	Jul. 28	Aug. 04	Aug. 11	Aug. 18	Aug. 25						
<b>I. External Reserves</b>	651.27	654.82	670.67	676.52	677.97	662.00	664.50	663.69	646.50	-7.78	3.55	15.85	5.85	1.46	-15.97	2.50	-0.81	-17.19						
<b>II. Net Domestic Assets (A + B + C + D)</b>	-104.13	-113.99	-111.63	-104.81	-134.97	-81.97	-77.34	-102.83	-112.08	12.42	-9.86	2.36	6.81	-30.16	53.00	4.63	-25.49	-9.24						
<b>A. Net Credit to Gov<sup>t</sup>(i + ii + iii - iv)</b>	106.00	100.31	110.16	110.90	77.00	126.05	125.94	125.70	122.70	-3.02	-5.70	9.86	0.73	-33.90	49.05	-0.11	-0.24	-2.99						
i) Advances	71.02	71.02	71.02	71.02	71.02	71.02	71.02	71.02	71.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
ii) Registered Stock	45.61	45.66	45.66	45.64	45.64	60.75	60.75	60.70	60.37	-0.20	0.05	-0.01	-0.02	0.00	15.11	0.00	-0.05	-0.34						
iii) Treasury Bills	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
iv) Deposits	10.62	16.38	6.51	5.76	39.66	5.72	5.83	6.02	8.68	2.83	5.75	-9.86	-0.75	33.90	-33.94	0.11	0.19	2.66						
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-120.46	-119.62	-131.29	-123.77	-121.10	-110.60	-109.34	-135.76	-143.33	15.62	0.84	-11.67	7.51	2.67	10.50	1.27	-26.42	-7.57						
i) BDB Loans	6.21	6.21	6.21	6.21	6.15	6.15	6.15	6.15	6.15	0.00	0.00	0.00	0.00	-0.06	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	126.68	125.83	137.50	129.99	127.25	116.75	115.49	141.91	149.48	-15.62	-0.84	11.67	-7.51	-2.73	-10.50	-1.27	26.42	7.57						
<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>	-89.67	-94.68	-90.50	-91.94	-90.87	-97.42	-93.94	-92.77	-91.46	-0.18	-5.00	4.17	-1.43	1.07	-6.55	3.48	1.17	1.32						
<b>III. Monetary Base</b>	547.14	540.83	559.05	571.70	543.00	580.03	587.16	560.86	534.43	4.64	-6.31	18.21	12.66	-28.71	37.03	7.13	-26.30	-26.43						
A. Currency in Circulation	224.17	215.86	213.55	209.21	217.13	222.34	218.32	212.30	215.44	16.41	-8.31	-2.31	-4.34	7.92	5.21	-4.02	-6.02	3.14						
B. Bank Balances with CBOB	322.97	324.97	345.50	362.50	325.87	357.69	368.84	348.55	318.98	-11.77	2.00	20.52	17.00	-36.63	31.82	11.15	-20.28	-29.57						

\* 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)

	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE			
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	(Over previous year)	2003	2004	
<b>Fiscal Operations</b>																												
1. Government Revenue & Grants	75.1	69.8	61.0	69.2	69.3	78.5	72.5	67.6	77.9	72.5	92.9	91.1	86.1	69.2	70.3	71.6	62.5	112.5	77.8	75.0	78.2	90.6	78.2	78.2	127.6	901.8	995.2	
% change	14.8%	-32.1%	-18.7%	-0.8%	13.6%	-13.6%	4.6%	-13.8%	7.4%	7.3%	19.2%	25.6%	-7.3%	-24.8%	-18.3%	3.1%	-11.1%	57.2%	24.4%	-33.3%	0.2%	20.8%	0.0%	0.0%	40.8%	5.2%	10.8%	
2. Import Duties	35.9	28.7	27.4	34.7	29.7	33.3	34.9	32.9	29.7	29.2	31.9	31.6	33.0	13.4	29.5	28.9	25.1	31.0	30.2	32.3	29.4	33.2	33.2	84.4	421.1	383.1		
% change	-32.3%	-65.5%	-2.6%	20.9%	-4.0%	-4.0%	-1.2%	17.5%	-1.2%	-1.2%	7.4%	8.2%	3.4%	-57.5%	-10.6%	100.2%	-14.9%	15.3%	20.3%	4.1%	-2.6%	2.7%	187.0%	9.4%	-9.0%	-9.0%		
3. Recurrent Expenditure	69.6	72.5	66.9	71.1	70.5	79.0	78.8	81.1	69.8	77.9	74.7	80.8	79.6	84.9	71.3	74.8	85.6	69.7	72.3	83.3	70.6	72.6	152.9	68.0	992.6	935.7		
% change	-41.2%	-10.2%	-3.8%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	7.3%	-2.9%	
4. Capital Expenditure	3.3	0.6	5.1	4.5	9.5	2.9	4.8	7.1	6.0	3.8	6.4	5.1	3.3	8.0	7.6	6.0	5.3	5.2	4.5	7.0	9.6	5.7	18.3	12.9	65.7	68.8		
% change	-84.1%	-95.8%	54.5%	60.0%	86.2%	-33.5%	49.4%	14.8%	23.0%	-46.8%	6.6%	34.2%	-48.4%	56.8%	130.3%	-25.0%	-30.2%	-13.3%	-15.0%	34.6%	113.3%	-8.5%	90.6%	126.3%	-19.2%	-17.8%		
5. Deficit/Surplus*	-12	-69	-13.5	-8.3	-13.4	-4.4	-13.7	-23.3	-1.1	-11.5	9.8	1.4	-1.1	-27.8	-13.1	-11.5	31.8	15.1	-1.2	-17.5	-5.9	9.2	-101.5	43.5	-187.7	-42.0		
% change	-14.2%	-182.4%	1025.0%	20.2%	-0.4%	-46.0%	2.2%	-429.5%	-91.9%	-30.6%	990.9%	112.1%	-11.2%	-2683.7%	1009.1%	-88.6%	142.3%	231.3%	-213.8%	-213.8%	391.6%	-152.5%	1620.3%	372.8%	9.8%	-77.6%		

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		YEAR TO DATE											
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004										
<b>Debt **</b>																												
6. Total Debt	1,804.0	1,939.1	1,804.0	1,924.4	1,793.2	1,941.5	1,854.6	1,843.6	1,854.9	1,943.6	1,854.6	1,843.6	1,843.4	2,101.1	2,034.6	1,825.0	2,034.3											
% change	-0.1%	-0.9%	1.2%	-0.6%	1.2%	-0.7%	3.4%	0.1%	0.0%	-0.0%	-0.0%	-0.0%	13.2%	4.0%	-8.0%	-0.0%												
7. External Debt	93.5	291.5	93.5	291.5	92.7	290.6	94.0	292.7	94.2	292.7	93.9	292.5	295.5	291.3	295.2	291.0												
% change	-2.5%	0.0%	0.0%	0.0%	-0.8%	-0.3%	1.3%	0.7%	0.2%	0.0%	-0.3%	-0.0%	21.5%	-0.4%	-0.0%	-0.0%												
8. Internal FIC Debt	130.0	0.0	130.0	0.0	130.0	0.0	130.0	0.0	130.0	0.0	130.0	0.0	130.0	0.0	5.0	0.0												
% change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	96.5%	0.0%												
9. Bahamian Dollar Debt	1,580.5	1,647.6	1,580.5	1,670.9	1,570.5	1,650.9	1,630.6	1,650.9	1,630.6	1,650.9	1,630.6	1,630.6	1,743.3	1,631.9	1,743.3													
% change	0.0%	0.0%	0.0%	1.4%	-0.6%	1.2%	3.8%	0.0%	0.0%	0.0%	0.0%	0.0%	7.6%	-5.6%	-2.6%	0.0%												
10. Total Amortization	2.9	1.8	2.9	0.0	5.8	0.9	1.0	0.4	0.0	0.0	0.3	0.1	1.3	1.3	1.6	0.2												
% change	903.8%	541.6%	100.0%	-100.0%	104.1%	-100.0%	-82.8%	-93.8%	-100.0%	-100.0%	100.0%	100.0%	350.0%	97.6%	1024.9%	-87.3%												
<b>11.Total Public Sector FIC Debt</b>	512.2	570.4	511.1	568.5	506.2	570.4	504.7	568.0	503.3	564.1	497.3	557.6	691.9	551.4	565.5	551.1												
% change	-1.0%	1.3%	-0.2%	-0.3%	-0.9%	0.3%	-0.2%	0.2%	-0.2%	-0.2%	-1.2%	-1.1%	39.1%	-1.1%	-1.8%	-0.5%												

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		YEAR TO DATE											
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004										
<b>Real Sector Indicators</b>																												
12. Retail Price Index	113.1	114.4	113.1	114.5	113.4	114.5	113.7	114.6	113.7	114.7	113.7	114.7	114.1	114.1	114.8	114.1												
% change	1.2%	0.4%	0.0%	0.1%	0.2%	0.0%	0.3%	0.1%	0.0%	0.1%	0.0%	0.0%	0.4%	0.1%	0.0%	-0.2%												
13. Tourist arrivals (000's)	379.9	387.0	384.3	429.0	465.5	566.6	417.4	547.0	377.6	428.9	390.1	431.1	402.4	505.4														
% change	6.4%	4.0%	1.6%	11.6%	13.2%	18.3%	8.3%	31.0%	7.2%	13.6%	1.1%	10.3%	1.4%	25.6%														
14. Air arrivals (000's)	103.0	107.6	120.4	136.8	158.3	168.6	143.3	161.5	119.9	132.6	133.3	141.3	145.4	161.5														
% change	7.4%	4.7%	12.7%	12.7%	9.2%	6.1%	-14.5%	12.7%	-5.5%	10.6%	-1.6%	6.0%	6.0%	11.1%														
15. Occupied Room Nights	156.0	175.2	175.6	205.5	228.9	251.0	198.1	224.6	171.4	186.9																		
% change	7.3%	12.1%	4.8%	17.0%	12.2%	9.6%	-22.2%	13.3%	-17.1%	9.6%																		
16. Res. Mortgage Commitments-New Const.					15.2	18.6					16.8	16.7																
% change					-4.0%	-3.2%					10.5%	-10.2%																

\* All figures pertain to current government only unless otherwise indicated.  
Annual % T-D Retail Price data are averages.