Release Date: 26th July, 2019

Monthly Economic and Financial Developments
June 2019

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:

2019: September 2, September 30, November 4

1. *Domestic Economic Developments*

Overview

According to preliminary data, the modest-paced improvement in the domestic economy was sustained over the review period, with tourism sector output remaining buoyant, as evidenced by the continued record growth in high value-added stopover arrivals. In addition, ongoing small and medium-scale foreign investment projects undergirded construction sector activity. Monetary sector developments featured an expansion in bank liquidity, owing mainly to an increase in Central Bank financing to the Government, while the seasonal rise in foreign currency demand led to a decline in external reserves.

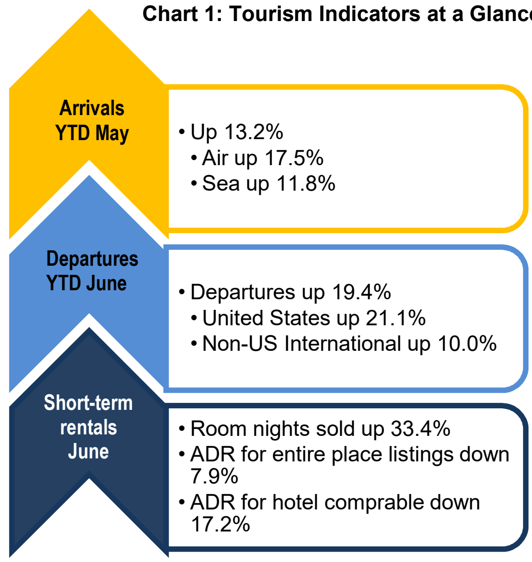
Real Sector

Tourism

Indications are that the tourism sector continued to strengthen during the review period, reflecting the gains in the high value-added stopover segment of the market.

Based on the latest data from the Ministry of Tourism (MOT), total visitor arrivals rose by 17.8% in May, outstripping the 6.6% improvement recorded in the prior year. Specifically, air arrivals firmed by 16.6%, following an 18.9% expansion in 2018, while the growth in the sea component accelerated to 18.3% from 2.6%.

Chart 1: Tourism Indicators at a Glance



Sources: Ministry of Tourism, NAD and AirDNA

A breakdown by island, showed that arrivals to New Providence rose by 11.8%, a turnaround from the 3.0% reduction recorded in 2018, with a 20.2% strengthening in the air segment. In addition, sea passengers reversed to a moderate gain from the prior year's contraction. Further, total arrivals to the Family Islands advanced by 33.3%, extending the 25.1% growth recorded a year ago, with the key Eleuthera and Abaco markets anchoring the gains in air arrivals. In contrast, the growth the Grand Bahama market slowed to 7.2% from 21.8% in the prior period, with the contraction in air traffic partly offsetting the expansion in sea arrivals.

A longer-term analysis showed a sustained improvement in the tourism sector over the five-month period, buoyed by the increase in room capacity. Total arrivals firmed by 13.2%, outstripping the 3.1% increase recorded during the same period last year, as gains in the air segment quickened to 17.5% from 15.0%, while sea arrivals rebounded from a marginal 0.2% contraction in the prior period, to an 11.8% improvement. A breakdown by market, showed robust growth in visitors to New Providence by 23.4%, while a smaller increase of 6.3% was reported for the Family Islands. In contrast, total arrivals to Grand

Bahama fell by 16.5%, amid reductions in both the air and sea segments, attributed in part to declining calls to the island by large cruise ships.

Buoyed by the robust gains in stopover visitors, data from The Bahamas Hotel & Tourism Association (BHTA) and the MOT for the month of May, showed improvements in the key performance indicators for the hotel sector. Specifically, room revenue firmed by 26.0%, as the average daily room rate (ADR) rose by 6.6%, year-on-year, to $237.93 and the average occupancy rate increased by 9.1 percentage points, to 72.6%, while the number of room nights sold advanced by 18.0%. Similar developments were noted over the January to May period, with the number of room nights sold firming by 21.0%, contributing to the 11.3 percentage point strengthening in the average occupancy rate to 76.8%. In addition, amid a 9.9% expansion in the ADR to $288.08, total room revenue advanced by 33.0%.

Initial indicators for June showed that the positive trends in the industry were sustained, as data from the Nassau Airport Development Company Ltd. (NAD) revealed that total departures—net of domestic traffic—increased by 16.9%, extending the 10.9% growth in the prior year. Specifically, the expansion in the dominant U.S. component accelerated to 18.8% from 8.8%; however, accretions to the non-U.S. departure segment decelerated to a mere 1.8% from 31.4%. Over the first six months of the year, aggregate departures firmed by 19.4%, extending the 12.4% expansion recorded for the corresponding period of 2018, as the U.S. segment strengthened by 21.1%, outpacing the 11.6% increase recorded in the prior year, while non-U.S. departures increased by 10.0%, a slowdown from the previous period's 17.2% expansion.

The latest data from AirDNA showed that part of the improvement in stopover arrivals was attributed to the sustained growth in the short-term rental market. Total room nights sold increased by 33.4% in June over the same period of 2018, with bookings for both "hotel comparable" and "entire place" listings advancing during the month. Moreover, an analysis of the major markets revealed gains in bookings for the key markets of Exuma, New Providence, Abaco, and Grand Bahama of over 30% each. In contrast, the ADR for both the "hotel comparable" and "entire place" segments contracted by 17.2% to $147.29 and by 7.9% to $402.32, respectively, as broad-based declines were reported across all major destinations, due in part to the addition of lower priced listings.

2. Domestic Monetary Trends
June 2019 vs. 2018

Liquidity

Buoyed by an increase in Central Bank financing to the Government, bank liquidity expanded in June. Specifically, excess liquid assets—a broad measure of liquidity—firmed by $13.0 million to $1,837.2 million, a reversal from a $33.5 million contraction a year earlier, while excess reserves—a narrow liquidity measure—contracted by $19.0 million to $831.0 million, extending the $84.3 million decline in 2018, as banks shifted a portion of their balances into Government securities.

Similar developments were recorded over the six-month period, as bank liquidity expanded robustly, reflecting the growth in deposits—amid strong inflows from the real sector—and a contraction in credit. In particular, accretions to excess liquid assets accelerated by almost two-fold to $305.2 million, compared to a $188.3 million expansion a year earlier. Similarly, excess reserves strengthened by $159.7 million, following a gain of $137.9 million in 2018.

External Reserves

Reflecting the traditional increase in demand for foreign currency, external reserves contracted by $23.7 million to $1,563.0 million in June, after a $73.8 million reduction a year earlier. In the underlying developments, the Bank's net sale to the public sector doubled to $51.3 million, from $25.9 million, due in part to an increase in fuel purchases and external debt repayments. In a partial offset, the Bank's net transactions with commercial banks reversed from a $48.3 million net sale to a $23.8 million net receipt, as they purchased a net of $16.9 million from their customers, vis-à-vis a net outflow of $23.0 million a year earlier.

Buttressed by the strengthening in the tourism sector's performance, accretions to external reserves over the first half of the year more than doubled to $365.6 million, from $179.7 million in the previous period. In particular, the Bank's net purchase from commercial banks firmed by $312.7 million to $554.0 million, reflecting a similar $355.0 million rise in their net purchases from customers to $531.5 million. However, amid the increased demand for fuel-related imports, the Bank's net sale to the public sector widened by $133.2 million to $210.0 million.

Exchange Control Sales

Provisional data on foreign currency sales for current account transactions, showed that outflows contracted by $206.1 million to $375.2 million, relative to the previous year, owing to broad-based declines across all categories during the month of June. Specifically, "other" non-merchandise current items (50.7% of the total)—which typically comprise services and electronic transactions—decreased by $89.3 million, while factor income (5.1% of the total) narrowed by $64.5 million and non-oil imports (28.4% of the total) contracted by $30.1 million. In addition, more muted declines were recorded for oil imports (6.6% of the total) by $14.1 million, travel (5.6% of the total) by $6.1 million, and transfers (3.8% of the total) by $2.1 million.

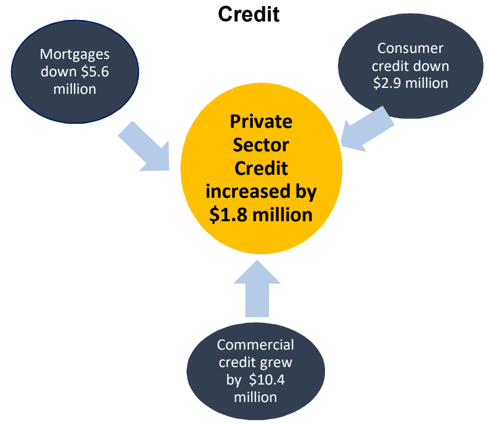
On a year-to-date basis, foreign currency sales to facilitate current account transactions declined modestly by $11.5 million to $2,712.3 million, underpinned by contractions of $123.0 million and $71.4 million, in non-oil imports (25.6% of the total) and factor income payments (4.7% of the total), respectively. In contrast, sales for "other current items" (51.5% of the total) increased by $164.0 million, while more muted gains were recorded for several of the other categories including: $13.0 million for oil imports (8.8% of the total), $5.7 million for transfer payments (4.2% of the total) and $0.2 million for travel (5.2% of the total).

Domestic Credit

Bahamian Dollar Credit

During the month of June, Bahamian dollar credit expanded by $33.7 million, a slowdown from the $51.1 million increase recorded in the prior year, as growth in net claims on the Government decelerated to $37.2 million, from $65.0 million in 2018. Further, private sector credit firmed marginally by $1.8 million, a reversal from a $13.4 million decline a year earlier, as the $10.4 million expansion in commercial loans, outstripped reductions of $5.6 million and $3.0 million, in mortgages and consumer credit, respectively. In contrast, claims on the public sector fell by $5.3 million, extending the $0.6 million softening in the prior period.

Chart 2: B$ Private Sector Credit



Source: Central Bank of The Bahamas

On a year-to-date basis, Bahamian dollar credit decreased by $72.5 million, compared to a contraction of $33.8 million in 2018. This outturn reflected a reduction in net claims on the Government by $41.6 million, a reversal from a $32.1 million increase recorded a year earlier, while credit to the rest of the public sector fell by $12.8 million, after a $1.6 million contraction in the previous year. Meanwhile, the reduction in private sector credit narrowed to $18.5 million, from $64.2 million a year ago, as commercial loans rose by $26.7 million, vis-à-vis an $18.7 million falloff in 2018, while the decline in consumer credit eased to $38.6 million from $40.4 million in the prior year. Conversely, the contraction in mortgages quickened to $6.2 million, from $5.1 million.

Foreign Currency Credit

Total foreign currency credit fell by $2.2 million in June, a reversal from a $19.4 million increase a year earlier. This development reflected a $10.0 million reduction in credit to public corporations, following a slight decline of $0.7 million in 2018; however, net claims on the Government rose by $7.5 million, outpacing the increase of $4.0 million a year earlier. Meanwhile, private sector credit stabilised, as the gain in mortgages was negated by the decline in commercial loans.

During the first half of the year, foreign currency credit receded by $20.9 million, in contrast to a $9.2 million advance in the prior period. Specifically, claims on the private sector fell by $16.9 million, as commercial loans and mortgages contracted by $16.7 million and $0.2 million, respectively. Further, the decline in credit to the rest of the public sector broadened to $12.6 million, from a $6.5 million falloff in the previous year. In contrast, accretions to net claims on the Government quickened by $6.3 million to $7.2 million.

Credit Quality

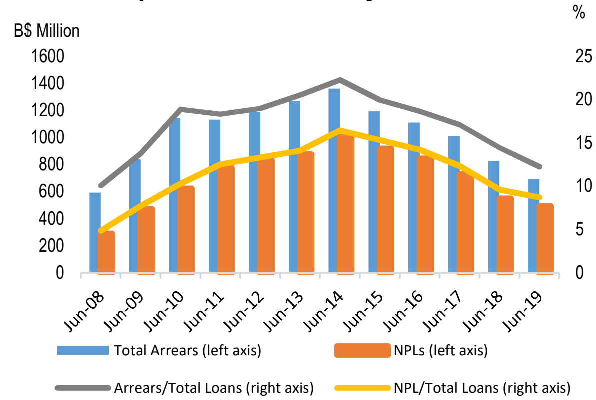
Banks credit quality indicators continued to improve during the review period. Specifically, total private sector arrears declined by $28.0 million (3.9%) to $691.2 million in June, with the relevant ratio to total private sector loans falling by 48 basis points to 12.2%—the lowest level recorded since November 2008. A breakdown by the average length of arrears, showed that short-term delinquencies declined by $17.7 million (8.2%) to $199.4 million, with the attendant ratio moderating by 31 basis points to 3.5% of total private sector loans, while non-performing loans (NPLs) softened by $10.4 million (2.1%) to $491.8 million, and by 17 basis points to 8.7% of the aggregate.

An analysis by loan type showed broad-based improvements, with mortgage arrears falling by $11.9 million (2.6%), amid reductions in both the short-term and non-accrual categories of $5.6 million (4.4%) and $6.3 million (1.9%), respectively. Similarly, the commercial component contracted by $9.3 million (14.1%), as the short-term segment declined by $7.6 million (49.4%) and NPLs decreased by $1.7 million (3.4%). Further, consumer arrears retreated by $6.8 million (3.4%), amid a $4.4 million (5.9%) reduction in the short-term category, and a $2.4 million (1.9%) falloff in non-accruals.

Banks increased their total provisions slightly, by $0.3 million (0.1%), to $425.5 million in June. Similarly, the ratio of provisions to arrears firmed by 2.5 percentage points to 61.6%, while the ratio to NPLs increased by 1.9 percentage points to 86.5%. Further, banks wrote-off $14.1 million during June, and recovered $2.5 million.

Reflecting mainly a combination of enhanced efforts to reduce loan delinquencies, and the modest growth in the economy, total private sector arrears contracted by $118.7 million (14.6%) over the first half of the year, corresponding to a 2.0 percentage point decline in the ratio of arrears to total private sector loans. A breakdown by the average age of delinquency, showed a $93.5 million (31.9%) reduction in the short-term segment, resulting in a 1.6 percentage point decrease in the accompanying ratio. In addition, NPLs declined by $25.2 million (4.9%), with the relevant loan ratio contracting by 39 basis points.

Graph 1: Credit Quality Indicators



Source: Central Bank of The Bahamas

In terms of the components, mortgage arrears fell by $60.6 million (12.1%), as both short-term delinquencies and non-accruals declined by $42.4 million (25.9%) and by $18.3 million (5.4%), respectively. Similarly, the consumer segment contracted by $33.8 million (14.7%), underpinned by a $25.5 million (26.6%) reduction in 31-90 day delinquencies, and an $8.3 million (6.2%) falloff in NPLs. In addition, commercial arrears decreased by a more muted $24.3 million (29.9%), as the $25.6 million (76.6%) falloff in the short-term segment, eclipsed the slight $1.4 million (2.8%) uptick in NPLs.

In light of the sustained decline in arrears, banks decreased their provisions for bad debts by $13.0 million (3.0%). Accordingly, the ratio of provisions to both total arrears and NPLs firmed by 7.4 and 1.7 percentage points, respectively. During the first half of the year, bank's loan write-offs and recoveries totalled $57.1 million and $15.9 million, respectively.

A comparison over the same period of 2018, showed a sustained improvement in banks' credit quality indicators, with the total private sector arrears rate declining by 2.2 percentage points year-on-year in June. In terms of the average age of delinquency, the short-term arrears rate narrowed by 1.3 percentage points, while the non-accruals rate softened by 87 basis points. With regards to the components, the most significant improvement was noted for the commercial arrears rate, at 4.8 percentage points, while smaller declines of 2.1 and 1.5 percentage points were recorded for consumer loans and mortgages, respectively.

Deposits

Bahamian dollar deposits declined by $17.8 million in June, a slowdown from the $34.9 million reduction recorded a year earlier, as the falloff in fixed deposits narrowed by $33.4 million to $14.6 million, while demand balances fell by $17.3 million, a reversal from a $7.8 million gain a year ago. In a slight offset, the growth in savings deposits quickened to $14.1 million, from $5.3 million. Further, residents' foreign currency deposits firmed by $16.6 million, slightly higher than the prior year's $14.3 million expansion.

Over the six-month period, total Bahamian deposits strengthened by $271.2 million, outstripping the $125.5 million increase in 2018, supported by net receipts from real sector activities. In terms of the components, the growth in demand balances accelerated to $226.6 million, from $154.8 million in the prior year, while savings deposits rose by $89.6 million, outpacing the $62.4 million gain in 2018. Further, the decline in fixed deposits narrowed to $44.9 million, from $91.6 million during the previous period. In addition, the growth in residents' foreign currency balances narrowed by $42.1 million to $11.1 million.

Interest Rates

In interest rate developments, the weighted average loan rate at banks decreased by 34 basis points to 10.96% in June; however, the weighted average deposit rate edged-up by 6 basis points to 0.60%—with the highest rate of 4.0% being offered on balances of over 12 months. As a result, the interest rate spread narrowed by 40 basis points to 10.36 percentage points.

3. Domestic Outlook

The domestic economy is expected to sustain its modest growth trajectory over the near-term, as tourism sector output gains are anticipated to remain supported by continued improvements in several key source markets. In addition, a number of varied-scale foreign investment-related projects are projected to continue to buttress activity in the construction sector. In this environment, employment conditions are forecasted to gradually improve, while consumer price inflation should remain relatively benign, as the effects of the increase in the VAT rate in prior periods tapers, and energy prices stabilize.

In the fiscal sector, the success of Government's efforts to reduce the deficit and corresponding debt indicators will continue to hinge on the effectiveness of measures focused on strengthening revenue administration and enhancing tax compliance; and on policies geared towards curbing expenditure growth.

Monetary sector developments are expected to continue to feature elevated levels of bank liquidity, as institutions maintain their conservative lending stance and consumers continue to deleverage. Further seasonal drawdowns in external reserves are expected during the remainder of the year; although balances are projected to remain above international benchmarks.

4. Monetary Policy Implications

In the context of the relatively positive outlook for the domestic economy, led by the tourism sector, robust levels of external reserves and subdued inflationary pressures, the Bank has decided to maintain its current accommodative monetary policy stance.

Nonetheless, the Bank will continue to monitor potential downside risks to the economy, specifically the ongoing trade disputes between the United States and other major markets, given the likely negative spillover effects on global growth.

The Bank will also continue to mitigate the potential near-term risks posed to external reserves from the significant liquidity overhang in the banking sector, through the ongoing sales of its holdings of Government securities. Moreover, the establishment of a credit bureau will serve to enhance lending institutions' ability to assess the creditworthiness of potential borrowers, over the medium to long-term.

APPENDIX

International Developments

Preliminary data suggests that global economic conditions continued to improve at a moderate pace during the review period, despite the ongoing trade disputes between the United States and other major markets, as well as the continued political uncertainty arising from the United Kingdom's "BREXIT" debate. Against this backdrop, all of the major central banks retained their accommodative policy stances, with the Federal Reserve signaling the potential for lower interest rates in the near-term.

Economic conditions in the United States remained on a modestly upward trajectory over the review period, despite persistent trade tensions with other major markets. Specifically, retail sales rose by 0.4% for the second consecutive month in June, supported by motor vehicle sales, while industrial production was unchanged, with manufacturing and mining gains countering a reduction in utilities. In the labor market, total nonfarm payroll employment increased by 224,000; however, the jobless rate still firmed slightly, by 10 basis points to 3.7% in June. In the external sector, the trade deficit widened by $4.3 billion to $55.5 billion in May, as increased imports—of mainly automotive goods and industrial supplies—outstripped export growth. In terms of inflation, consumer prices rose slightly by 0.1% in June for the second consecutive month, as reduced energy costs were offset by increases in other items such as shelter, apparel and medical care. In light of these conditions, the Federal Reserve elected to maintain its key interest rates; however, the central bank also signaled that going forward, it is likely to shift its policy stance to be more accommodative.

Indications are that European economies maintained a mildly positive growth trend, as the UK's GDP rose by 0.3% during the three months to May, after a 0.4% improvement over the April quarter. Further, buoyed by gains in the manufacturing sector, UK production firmed by 1.4% in May, a rebound from a 2.9% decline in the prior month, while industrial production in the euro area increased by 0.9%, reversing a month-earlier 0.4% contraction. In addition, the volume of retail trade in the euro area softened by 0.3% in May, after the prior month's 0.1% reduction. Further, the UK's trade deficit narrowed on a monthly basis by £1.4 billion to £2.3 billion, while the euro area's trade surplus strengthened by €4.5 billion to €20.2 billion. In terms of employment, the euro area's jobless rate narrowed by 10 basis points to 7.5% in May, while the unemployment rate in the UK was relatively unchanged at 3.8% over the three months to May. In terms of prices, the inflation rate in the euro area firmed by 10 basis points to 1.2% in June, while the growth in the UK's consumer prices held steady at 1.9%. In this environment, both the European Central Bank and the Bank of England left their benchmark rates unchanged.

Asian economies continued to show signs of growth over the review period; although trade-related headwinds remained prevalent. Specifically, China's trade surplus widened by US$9.3 billion in June on a monthly basis to US$ 51.0 billion, as the decline in imports eclipsed the falloff in exports, while a reduction in exports led to Japan recording a ¥968.0 billion trade deficit in May, vis-à-vis a month-earlier ¥53.5 billion surplus. In China, monthly retail sales grew by 1.0% in June, after a month-earlier 0.8% increase, while growth in Japan's retail sales accelerated from 0.4%, to 1.2% in May. Further, the country's industrial production advanced by 2.3%, following April's 0.6% expansion, while China's industrial output firmed by 0.7% in June, after a month-earlier 0.4% expansion. In terms of the labor market, the unemployment rate in Japan remained unchanged at 2.4% in May. Further, inflation in Japan remained benign, as consumer prices were unchanged in May, after a marginal 0.1% increase the preceding month, while in China, prices softened by 0.1% in June following a flat outturn a month earlier. Against this backdrop, the Bank of Japan maintained its policy rate of -0.1%, and the People's Bank of China kept its reserve requirements for large and small institutions at 13.5% and 11.5%, respectively, and its reverse repo rate at 2.55%.

Despite the ongoing trade tensions between the United States and its major trading partners, most of the major global stock indices rebounded in June from the broad-based declines recorded a month earlier. In the United States, the Dow Jones Industrial Average (DJIA) rose by 7.2%, and the S&P 500 index firmed by 6.9%. Similarly, in Europe, France's CAC 40, Germany's DAX and the United Kingdom's FTSE, advanced by 6.4%, 5.7%% and 3.7%, respectively. Asian markets experienced similar performances, with gains in Japan's Nikkei 225 (3.3%) and China's SE Composite (2.8%).

Reflecting the decline in long-term US Treasury bond yields and the prospect of the Federal Reserve increasing the level of monetary accommodation, the U.S. dollar weakened relative to other major currencies during the month of June. Specifically, the dollar depreciated against the Canadian dollar (by 3.1% to CAD$1.3095), the Swiss Franc (by 2.4% to CHF0.9763) and the euro (by 1.7% to €0.8797). More muted declines were reported versus the Chinese Yuan, the British Pound and the Japanese Yen of 0.6%, 0.5% and 0.4% to CNY6.8668, £0.7877 and ¥107.89, respectively.

Despite the slight contraction in OPEC's crude oil production by nearly 0.1 million barrels per day (b/d) to 29.83 million b/d, sustained growth in US shale gas production, combined with reports of high inventory levels globally, contributed to the price of crude oil falling sharply by 11.5% to $64.45 per barrel in June. In contrast, international trade tensions and expectations for US interest rate cuts led to increased demand for relatively "safe" assets. As a consequence, the prices of both gold and silver rose by 8.0% and 5.1% to $1,409.45 and $15.31 per troy ounce, respectively.

Recent Monetary and Credit Statistics

(B$ Millions)

	JUNE					
	Value		Change		Change YTD	
	2018	2019	2018	2019	2018	2019
1.0 LIQUIDITY & FOREIGN ASSETS						
1.1 Excess Reserves	995.44	831.01	-84.31	-19.00	137.88	159.67
1.2 Excess Liquid Assets	1,986.55	1,837.15	-33.54	12.97	188.27	305.23
1.3 External Reserves	1,587.97	1,562.95	-73.82	-23.68	179.68	365.59
1.4 Bank's Net Foreign Assets	-150.53	84.16	3.20	10.46	20.46	22.14
1.5 Usable Reserves	776.68	804.98	-36.40	-21.07	107.78	282.63
2.0 DOMESTIC CREDIT						
2.1 Private Sector	***5,926.91***	***5,820.07***	***2.88***	***1.77***	***-49.56***	***-34.90***
a. B$ Credit	5,687.86	5,629.25	-13.40	1.77	-64.21	-18.05
of which: Consumer Credit	2,157.11	2,079.31	-2.74	-2.94	-40.42	-38.59
Mortgages	2,876.92	2,860.05	-0.74	-5.64	-5.09	-6.17
Commercial and Other Loans B$	653.84	689.88	-9.92	10.35	-18.70	26.71
b. F/C Credit	239.05	190.82	16.28	-0.01	14.64	-16.85
of which: Mortgages	67.46	57.93	0.90	0.40	5.26	-0.17
Commercial and Other Loans F/C	171.59	132.89	15.38	-0.41	9.38	-16.68
2.2 Central Government (net)	***2,410.96***	***2,495.00***	***68.99***	***44.66***	***32.95***	***-34.48***
a. B$ Loans & Securities	2,642.30	2,759.26	78.46	44.49	33.35	17.34
Less Deposits	227.43	269.33	13.43	7.33	1.29	58.96
b. F/C Loans & Securities	0.00	7.00	0.00	0.00	0.00	-0.00
Less Deposits	3.91	1.94	-3.96	-7.50	-0.90	-7.15
2.3 Rest of Public Sector	***262.85***	***292.66***	***-1.28***	***-15.29***	***-8.05***	***-25.46***
a. B$ Credit	98.60	115.51	-0.56	-5.29	-1.60	-12.82
b. F/C Credit	164.25	177.15	-0.72	-10.00	-6.45	-12.64
2.4 Total Domestic Credit	***8,600.82***	***8,609.29***	***70.49***	***31.41***	***-24.56***	***-93.36***
a. B$ Domestic Credit	8,201.33	8,234.70	51.08	33.65	-33.75	-72.49
b. F/C Domestic Credit	399.49	374.59	19.42	-2.24	9.20	-20.87
3.0 DEPOSIT BASE						
3.1 Demand Deposits	2,515.29	2,683.83	7.82	-17.27	154.82	226.56
a. Central Bank	23.93	40.38	1.87	10.04	9.87	-34.59
b. Banks	2,491.36	2,643.45	5.94	-27.31	144.95	261.15
3.2 Savings Deposits	1,430.02	1,510.29	5.30	14.08	62.35	89.55
3.3 Fixed Deposits	2,651.01	2,517.36	-48.03	-14.59	-91.64	-44.90
3.4 Total B$ Deposits	6,596.32	6,711.48	-34.91	-17.78	125.53	271.21
3.5 F/C Deposits of Residents	355.24	529.18	14.30	16.58	53.22	11.11
3.6 M2	***6,890.46***	***7,013.90***	***-40.59***	***-22.60***	***112.66***	***270.03***
3.7 External Reserves/M2 (%)	***23.05***	***22.28***	***-0.93***	***-0.27***	***2.27***	***4.53***
3.8 Reserves/Base Money (%)	***100.89***	***110.19***	***0.94***	***-0.39***	***3.27***	***14.54***
3.9 External Reserves/Demand Liabilites (%)	***97.87***	***103.10***	***-0.03***	***-1.20***	***2.63***	***14.41***

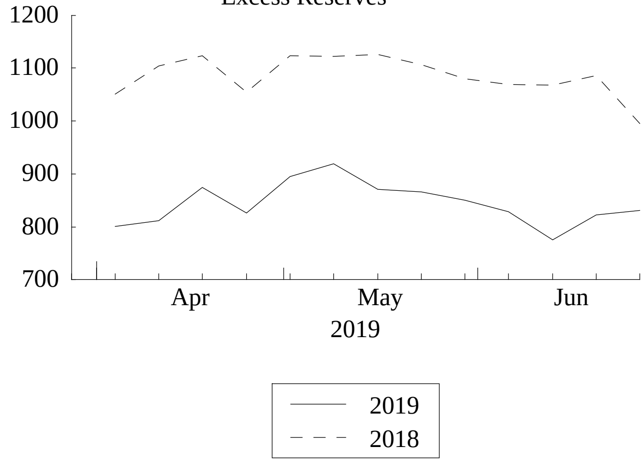
	Value		Year to Date		Change	
	2018	2019	2018	2019	Month	YTD
4.0 FOREIGN EXCHANGE TRANSACTIONS						
4.1 Central Bank Net Purchase/(Sale)	***-74.26***	***-27.48***	***164.52***	***344.03***	***46.78***	***179.51***
a. Net Purchase/(Sale) from/to Banks	-48.33	23.77	241.29	553.95	72.09	312.66
i. Sales to Banks	67.59	4.80	135.07	9.15	-62.79	-125.92
ii. Purchases from Banks	19.26	28.57	376.36	563.10	9.31	186.74
b. Net Purchase/(Sale) from/to Others	-25.93	-51.25	-76.78	-209.92	-25.31	-133.15
i. Sales to Others	54.33	82.14	347.45	465.41	27.81	117.96
ii. Purchases from Others	28.40	30.89	270.68	255.48	2.49	-15.19
4.2 Banks Net Purchase/(Sale)	***-23.02***	***16.94***	***176.49***	***531.50***	***39.97***	***355.02***
a. Sales to Customers	493.91	383.03	2,605.27	2,373.45	-110.88	-231.82
b. Purchases from Customers	470.89	399.98	2,781.76	2,904.95	-70.91	123.19
4.3 B$ Position (change)	***-8.46***	***-14.47***				
5.0 EXCHANGE CONTROL SALES						
5.1 Current Items	***581.31***	***375.24***	***2,723.80***	***2,712.27***	***-206.06***	***-11.53***
of which Public Sector	***59.86***	***1.45***	***254.91***	***133.59***	***-58.41***	***-121.31***
a. Nonoil Imports	136.61	106.56	816.06	693.06	-30.05	-123.00
b. Oil Imports	38.75	24.62	226.28	239.28	-14.13	13.00
c. Travel	26.91	20.86	139.49	139.73	-6.05	0.24
d. Factor Income	83.42	18.95	198.95	127.53	-64.47	-71.42
e. Transfers	16.29	14.19	109.51	115.18	-2.10	5.67
f. Other Current Items	279.33	190.07	1,233.52	1,397.50	-89.26	163.98
5.2 Capital Items	***27.34***	***13.88***	***142.27***	***104.56***	***-13.46***	***-37.71***
of which Public Sector	***15.70***	***0.00***	***93.55***	***44.99***	***-15.70***	***-48.56***
5.3 Bank Remittances	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***

Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending:JUNE 27, 2018 and JUNE 26, 2019
Exchange Control Sales figures are as at month end.

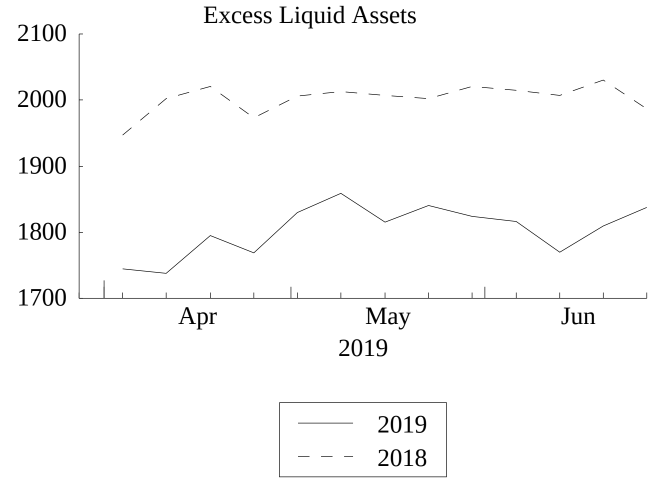
Notes: 1.0, 2.0 and 3.0 YTD change reflects change of current month over previous year end; for 4.0 and 5.0 change is over corresponding period of previous year.

SELECTED MONEY AND CREDIT INDICATORS
(B$ Millions)

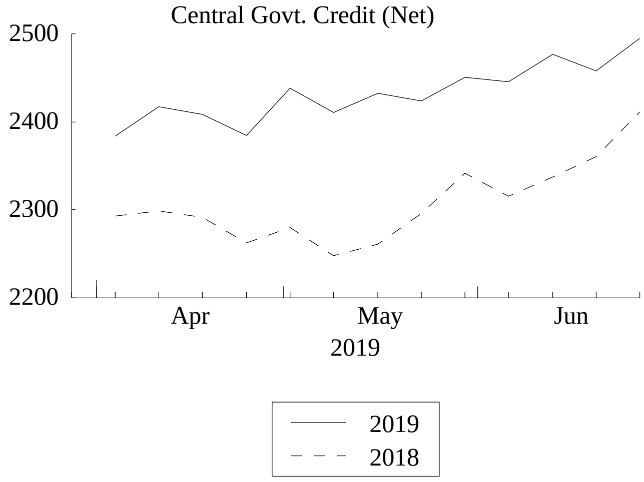
Excess Reserves



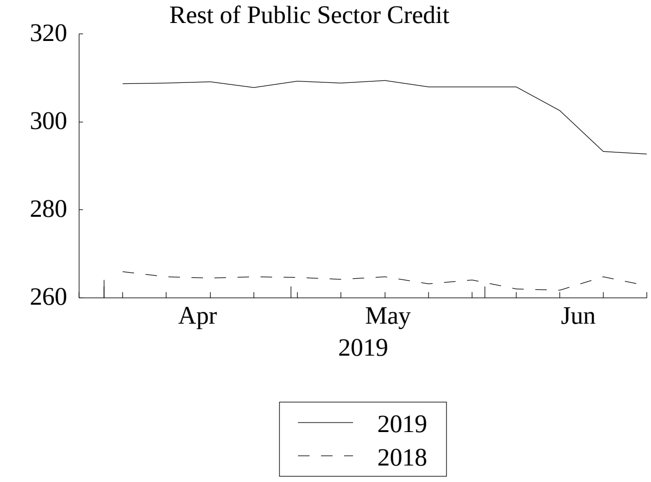
Excess Liquid Assets



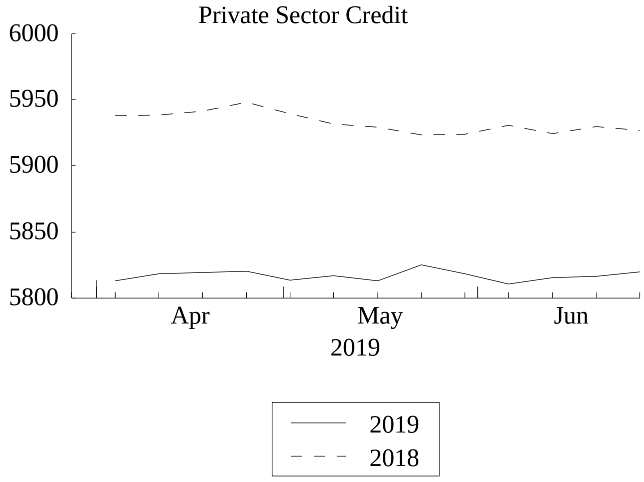
Central Govt. Credit (Net)



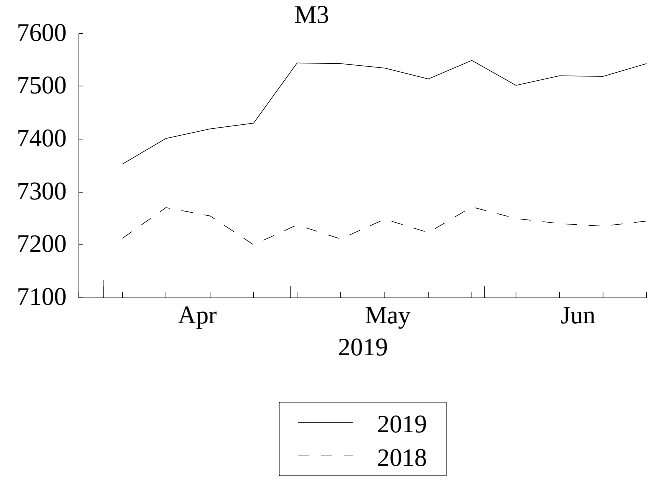
Rest of Public Sector Credit



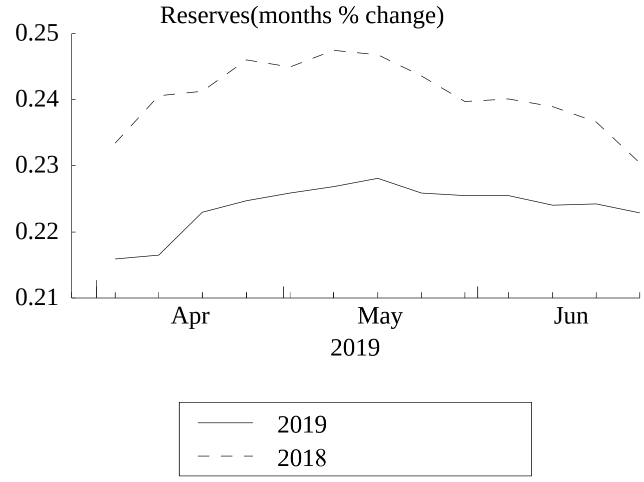
Private Sector Credit



M3



Reserves(months % change)



Selected International Statistics

A: Selected Macroeconomic Projections (Annual % Change and % of labor force)						
	Real GDP		Inflation Rate		Unemployment	
	2017	**2018**	**2017**	**2018**	**2017**	**2018**
Bahamas	1.4	2.3	1.4	2.5	10.1	10.7
United States	2.2	2.9	2.1	2.4	4.4	3.8
Euro-Area	2.4	2.0	1.5	1.7	9.1	8.3
Germany	*2.5*	*1.9*	*1.7*	*1.8*	*3.8*	*3.5*
Japan	1.7	1.1	0.5	1.2	2.9	2.9
China	6.9	6.6	1.6	2.2	3.9	4.0
United Kingdom	1.7	1.4	2.7	2.7	4.4	4.1
Canada	3.0	2.1	1.6	2.6	6.3	6.1

Source: IMF World Economic Outlook October 2018, Department of Statistics

B: Official Interest Rates – Selected Countries (%)					
With effect from	**CBOB**	**ECB (EU)**	**Federal Reserve (US)**		**Bank of England**
	Bank Rate	**Refinancing Rate**	**Primary Credit Rate**	**Target Funds Rate**	**Repo Rate**
June 2017	4.00	0.00	1.75	1.00-1.25	0.25
July 2017	4.00	0.00	1.75	1.00-1.25	0.25
August 2017	4.00	0.00	1.75	1.00-1.25	0.25
September 2017	4.00	0.00	1.75	1.00-1.25	0.25
October 2017	4.00	0.00	1.75	1.00-1.25	0.25
November 2017	4.00	0.00	1.75	1.00-1.25	0.25
December 2017	4.00	0.00	1.75	1.00-1.25	0.50
January 2018	4.00	0.00	2.00	1.25-1.50	0.50
February 2018	4.00	0.00	2.00	1.25-1.50	0.50
March 2018	4.00	0.00	2.00	1.25-1.50	0.50
April 2018	4.00	0.00	2.25	1.50-1.75	0.50
May 2018	4.00	0.00	2.25	1.50-1.75	0.50
June 2018	4.00	0.00	2.50	1.75-2.00	0.50
July 2018	4.00	0.00	2.50	1.75-2.00	0.50
August 2018	4.00	0.00	2.50	1.75-2.00	0.50
September 2018	4.00	0.00	2.50	1.75-2.00	0.75
October 2018	4.00	0.00	2.75	2.00-2.25	0.75
November 2018	4.00	0.00	2.75	2.00-2.25	0.75
December 2018	4.00	0.00	2.75	2.00-2.25	0.75
January 2019	4.00	0.00	3.00	2.25-2.50	0.75
February 2019	4.00	0.00	3.00	2.25-2.50	0.75
March 2019	4.00	0.00	3.00	2.25-2.50	0.75
April 2019	4.00	0.00	3.00	2.25-2.50	0.75
May 2019	4.00	0.00	3.00	2.25-2.50	0.75
June 2019	4.00	0.00	3.00	2.25-2.50	0.75

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	**June-18**	**May-19**	**June-19**	**Mthly % Change**	**YTD % Change**	**12-Mth% Change**
Euro	0.8559	0.8953	0.8797	-1.74	0.89	2.77
Yen	110.75	108.28	107.89	-0.36	-1.65	-2.58
Pound	0.7569	0.7916	0.7877	-0.50	0.51	4.07
Canadian $	1.3134	1.3509	1.3095	-3.06	-4.00	-0.30
Swiss Franc	0.9905	1.0007	0.9763	-2.44	-0.54	-1.43
Renminbi	6.6225	6.9051	6.8668	-0.55	-0.17	3.69
Source: Bloomberg as of June 28th , 2019						

D. Selected Commodity Prices ($)					
Commodity	**June 2018**	**May 2019**	**June 2019**	**Mthly % Change**	**YTD % Change**
Gold / Ounce	1253.17	1305.45	1409.45	7.97	9.90
Silver / Ounce	16.12	14.57	15.31	5.11	-1.17
Oil / Barrel	77.59	72.79	64.45	-11.46	23.28
Source: Bloomberg as of June 28, 2019					

E. Equity Market Valuations – June 28, 2019 (% change)								
	BISX	**DJIA**	**S&P 500**	**FTSE 100**	**CAC 40**	**DAX**	**Nikkei 225**	**SE**
1 month	-0.44	7.19	6.89	3.69	6.36	5.73	3.28	2.77
3 month	1.94	2.59	3.79	2.01	3.52	7.57	0.33	-3.62
YTD	5.91	1.72	4.18	-1.43	1.04	-5.99	-7.89	-14.42
12-month	12.08	4.66	4.46	-4.17	0.50	-3.18	-5.67	3.56
Sources: Bloomberg and BISX								

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	**GBP**	**EUR**
o/n	2.41	0.70	-0.43
1 Month	2.38	0.75	-0.41
3 Month	2.31	0.79	-0.39
6 Month	2.18	0.86	-0.33
9 Month	2.16	1.01	-0.29
1 year	2.33	1.08	-0.25
Source: Bloomberg as of June 28th, 2019			

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B$ Millions)

	VALUE									CHANGE								
	May. 01	**May. 08**	**May. 15**	**May. 22**	**May. 29**	**Jun. 05**	**Jun. 12**	**Jun. 19**	**Jun. 26**	**May. 01**	**May. 08**	**May. 15**	**May. 22**	**May. 29**	**Jun. 05**	**Jun. 12**	**Jun. 19**	**Jun. 26**
I. External Resrves	***1,583.72***	***1,584.67***	***1,589.95***	***1,576.25***	***1,586.64***	***1,575.47***	***1,562.84***	***1,565.29***	***1,562.95***	***41.67***	***0.96***	***5.28***	***-13.70***	***10.38***	***-11.17***	***-12.63***	***2.45***	***-2.34***
II. Net Domestic Assets (A + B + C + D)	***-104.77***	***-103.19***	***-150.73***	***-138.33***	***-151.81***	***-160.63***	***-207.38***	***-163.64***	***-144.58***	***43.03***	***1.58***	***-47.54***	***12.40***	***-13.48***	***-8.82***	***-46.75***	***43.74***	***19.06***
A. Net Credit to Gov't(i + ii + iii - iv)	***286.22***	***297.83***	***273.61***	***242.18***	***233.16***	***234.33***	***235.83***	***237.58***	***255.50***	***-11.08***	***11.60***	***-24.21***	***-31.44***	***-9.01***	***1.17***	***1.50***	***1.75***	***17.92***
i) Advances	59.66	59.66	34.66	34.66	34.66	34.66	34.66	14.96	14.96	0.00	0.00	-25.00	0.00	0.00	0.00	0.00	-19.70	0.00
ii) Registered Stock	247.55	245.71	246.35	235.11	226.61	226.63	226.77	226.91	220.03	5.62	-1.85	0.64	-11.24	-8.50	0.02	0.13	0.14	-6.87
iii) Treasury Bills	53.24	53.24	53.24	27.64	27.64	27.64	27.64	57.62	77.44	-14.74	0.00	0.00	-25.60	0.00	0.00	0.00	29.98	19.81
iv) Deposits	74.23	60.78	60.63	55.23	55.74	54.59	53.23	61.90	56.93	1.97	-13.45	-0.14	-5.41	0.51	-1.15	-1.37	8.67	-4.97
B. Rest of Public Sector (Net) (i + ii - iii)	***-29.71***	***-40.08***	***-36.46***	***-16.80***	***-27.97***	***-32.70***	***-56.85***	***-36.53***	***-38.00***	***-8.14***	***-10.37***	***3.62***	***19.65***	***-11.16***	***-4.73***	***-24.15***	***20.32***	***-1.47***
i) BDB Loans	2.50	2.50	2.50	2.50	2.38	2.38	2.38	2.38	2.38	0.00	0.00	0.00	0.00	-0.13	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	32.21	42.58	38.96	19.30	30.34	35.07	59.23	38.91	40.38	8.14	10.37	-3.62	-19.65	11.04	4.73	24.15	-20.32	1.47
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)*	***-361.28***	***-360.94***	***-387.89***	***-363.70***	***-357.00***	***-362.27***	***-386.37***	***-364.69***	***-362.08***	***62.26***	***0.35***	***-26.95***	***24.18***	***6.70***	***-5.26***	***-24.10***	***21.68***	***2.61***
III. Monetary Base	***1,478.94***	***1,481.48***	***1,439.22***	***1,437.92***	***1,434.83***	***1,414.84***	***1,355.45***	***1,401.65***	***1,418.37***	***84.71***	***2.54***	***-42.26***	***-1.30***	***-3.09***	***-19.99***	***-59.39***	***46.19***	***16.72***
A. Currency in Circulation	434.55	424.06	424.35	420.61	424.16	432.65	432.85	420.48	430.81	9.04	-10.50	0.29	-3.74	3.55	8.48	0.20	-12.37	10.33
B. Bank Balances with CBOB	1,044.39	1,057.43	1,014.87	1,017.31	1,010.66	982.19	922.61	981.16	987.56	75.67	13.04	-42.55	2.43	-6.64	-28.47	-59.59	58.56	6.39

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

FISCAL/REAL SECTOR INDICATORS

(B$ MILLIONS)

(% change represents current period from previous period)

Fiscal Operations[P]	JUL-SEP 2017/2018	JUL-SEP 2018/2019	OCT-DEC 2017/2018	OCT-DEC 2018/2019	JAN-MAR 2017/2018	JAN-MAR 2018/2019	APR-JUN 2017/2018	APR-JUN 2018/2019	YEAR TO DATE (Over previous year) 2017/2018	YEAR TO DATE (Over previous year) 2018/2019
1. Government Revenue & Grants	453.8	513.8	427.1	497.8	589.1	677.4			1469.9	1689.1
% change; over previous quarter	*-24.7%*	*-9.6%*	*-5.9%*	*-3.1%*	*37.9%*	*36.1%*			*0.8%*	*14.9%*
2. Value Added Tax	168.8	199.4	149.5	185.9	171.9	203.6			490.2	588.9
% change; over previous quarter	*-2.3%*	*-1.9%*	*-11.4%*	*-6.8%*	*15.0%*	*9.5%*			*5.4%*	*20.1%*
3. Import/Excise Duties	135.0	151.2	127.6	114.4	130.1	103.7			392.7	369.3
% change; over previous quarter	*-25.8%*	*-5.6%*	*-5.5%*	*-24.3%*	*1.9%*	*-9.4%*			*0.1%*	*-6.0%*
4. Recurrent Expenditure	484.5	537.2	517.2	564.0	548.5	590.7			1550.2	1691.9
% change; over previous quarter	*-41.6%*	*-15.4%*	*6.7%*	*5.0%*	*6.0%*	*4.7%*			*2.6%*	*9.1%*
5. Capital Expenditure	74.4	38.8	56.7	41.1	52.5	46.8			183.5	126.7
% change; over previous quarter	*-54.3%*	*-54.4%*	*-23.8%*	*6.0%*	*-7.4%*	*13.7%*			*-19.3%*	*-31.0%*
6. Deficit/Surplus*	-105.1	-62.1	-146.8	-107.3	-11.9	40.0			-263.8	-129.5
% change; over previous quarter	*-73.0%*	*-59.1%*	*39.6%*	*72.8%*	*-91.9%*	*-137.2%*			*-5.8%*	*-50.9%*

DebtP **	JAN 2018	JAN 2019	FEB 2018	FEB 2019	MAR 2018	MAR 2019	APR 2018	APR 2019	MAY 2018	MAY 2019	JUN 2018	JUN 2019	JUL 2018	JUL 2019	AUG 2018	AUG 2019	SEP 2018	SEP 2019	OCT 2018	OCT 2019	NOV 2018	NOV 2019	DEC 2018	DEC 2019
7. Total Direct Debt	7,209.3	7,514.2	7,198.9	7,476.9	7,205.4	7,476.9	7,175.1	7,473.4	7,217.2	7,465.2														
% change; over previous month	*0.4%*	*0.2%*	*-0.1%*	*-0.5%*	*0.1%*	*0.0%*	*-0.4%*	*0.0%*	*0.6%*	*-0.1%*														
8. External Debt	2,675.9	2,592.5	2,662.4	2,568.6	2,661.2	2,557.1	2,651.3	2,552.1	2,643.1	2,552.4														
% change; over previous month	*2.3%*	*0.0%*	*-0.5%*	*-0.9%*	*0.0%*	*-0.4%*	*-0.4%*	*-0.2%*	*-0.3%*	*0.0%*														
9. Internal F/C Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0														
% change; over previous month																								
10. Bahamian Dollar Debt	4,533.4	4,921.7	4,536.5	4,908.3	4,544.2	4,919.7	4,523.8	4,921.3	4,574.1	4,912.8														
% change; over previous month	*-0.7%*	*0.3%*	*0.1%*	*-0.3%*	*0.2%*	*0.2%*	*-0.4%*	*0.0%*	*1.1%*	*-0.2%*														
11. Total Amortization	34.7	41.4	29.0	36.3	91.8	112.5	100.4	133.5	0.1	33.8														
% change; over previous month	*4.9%*	*-18.9%*	*-19.7%*	*-14.0%*	*217.1%*	*209.9%*	*9.3%*	*18.7%*	*-99.9%*	*-74.7%*														
12.Total Public Sector F/C Debt	3,364.4	3,473.8	3,528.8	3,449.9	3,526.7	3,432.0	3,516.8	3,427.0	3,508.6	3,427.3														
% change; over previous month	*-3.4%*	*3.7%*	*4.7%*	*-0.7%*	*-0.1%*	*-0.5%*	*-0.3%*	*-0.1%*	*-0.2%*	*0.0%*														

Real Sector Indicators	JAN 2018	JAN 2019	FEB 2018	FEB 2019	MAR 2018	MAR 2019	APR 2018	APR 2019	MAY 2018	MAY 2019	JUN 2018	JUN 2019	JUL 2018	JUL 2019	AUG 2018	AUG 2019	SEP 2018	SEP 2019	OCT 2018	OCT 2019	NOV 2018	NOV 2019	DEC 2018	DEC 2019	2018 (Over previous year)	2019
13. Retail Price Index	103.9	106.7	104.3	108.1	104.0	108.2																			104.1	107.7
% change; over previous month	*0.00%*	*0.70%*	*0.35%*	*1.26%*	*-0.30%*	*0.12%*																			*1.01%*	*3.44%*
14. Tourist arrivals (000's)	533.7	636.9	534.2	608.4	707.5	749.0	587.8	657.6	500.0	589.1															2,863.1	3,241.0
% change; over previous year	*4.79%*	*19.33%*	*-0.08%*	*13.89%*	*3.63%*	*5.87%*	*0.94%*	*11.88%*	*6.59%*	*17.83%*															*3.06%*	*13.20%*
15. Air arrivals (000's)	100.9	129.9	126.3	151.1	184.1	201.6	144.0	171.2	136.1	158.7															691.4	812.5
% change; over previous year	*6.95%*	*28.78%*	*16.73%*	*19.65%*	*26.09%*	*9.48%*	*4.32%*	*18.83%*	*18.94%*	*16.61%*															*15.04%*	*17.51%*
16. Occupied Room Nights																										
% change; over previous year																										
17. Res. Mortgage Commitments-Value of New Const. & Rehab. (B$Millions)					12.25	7.82																			12.25	7.82
% change; over previous qtr.					*-19.04%*	*-5.88%*																			*7.07%*	*-36.12%*

* Includes Net Lending to Public Corporations

** Debt figures include Central Government only, unless otherwise indicated

p - provisional