Release Date: 30th September, 2019

Monthly Economic and Financial Developments
August 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: November 4, December 2

Monthly Economic and Financial Developments (MEFD)
August 2019

1. Domestic Economic Developments

Overview

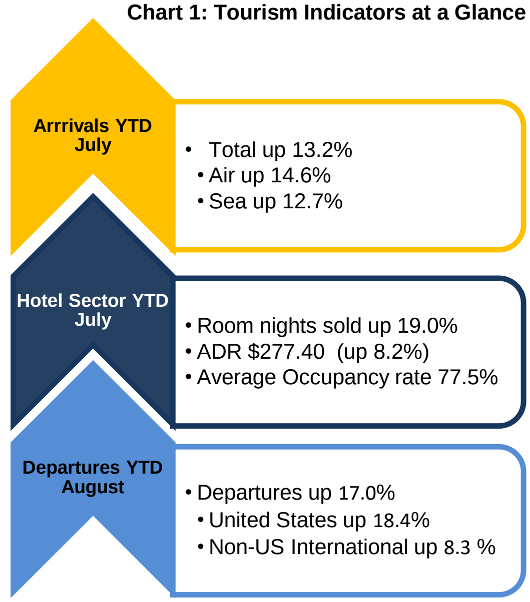
Domestic economic developments, which remained healthy through August, pre-dated the passage of Hurricane Dorian which caused extensive damages to private and public sector infrastructure in Grand Bahama and Abaco. Tourism maintained a positive momentum, evidenced by sustained gains in high value-added stopover arrivals, while ongoing foreign investment projects provided stimulus to the construction sector. The latest price developments continued to show pass-through influence from the hike in the value added tax (VAT) rate at the beginning of the 2018/19 fiscal year, while Government's budgetary operations for the fiscal period showed a halving in the deficit, owing predominantly to a VAT-led increase in total revenue. On the monetary front, bank liquidity contracted during the review month, amid a reduction in total deposits and a rise in domestic credit; similarly, external reserves declined, on account of the seasonal uptick in foreign currency demand.

Real Sector

Tourism

Both July and August indicators confirm ongoing strengthening in tourism.

Chart 1: Tourism Indicators at a Glance



Sources: Ministry of Tourism & Nassau Airport Development Co. & AirDNA

In the latest official data from the Ministry of Tourism (MOT), total visitor arrivals rose by 7.9% during July, after a 10.7% growth the year earlier. In particular, both air and sea traffic registered increases of 7.7% and 8.0%, compared to 13.0% and 9.9%, respectively last year. Stopover lead gains for New Providence were incrementally firmer at 2.9%; while cruise trends undermined most of the robust but moderate boost to the Family Islands of 17.8%. However, Grand Bahama' slackened stopover performance caused an overall slowing in arrivals to 2.6%.

On a year-to-date basis, total arrivals grew by 13.2%, surpassing the 5.0% growth during the same period last year. Underlying this outcome, gains in sea visitors accelerated to 12.7%, from 2.1% in 2018, while air arrivals growth steadied at 14.6%. By island, total visitors to New Providence advanced by 20.0%, as both air and sea traffic strengthened. Similarly, total arrivals to the Family Islands rose by 10.1%, attributed to gains in both the air and sea segments. In contrast, the sustained weakness in Grand Bahama tourism was evidenced by a 10.1% decrease in total arrivals, with declines recorded for air and sea passengers.

In line with the rise in arrivals to New Providence, the latest data from The Bahamas Hotel & Tourism Association (BHTA) and the MOT showed improvements in key performance indicators. Specifically, the average hotel occupancy rate rose by 9.9 percentage points, to 82.9% for the month of July, as the number of room nights sold advanced by 16.0%. Further, the average daily room rate (ADR) firmed by 2.9% to $258.87 per night, contributing to a 19.0% growth in room revenue. Over the seven-month period, the occupancy rate grew by 10.5 percentage points to 77.5%, while the number of room nights sold expanded by 19.0%. Further, the ADR advanced by 8.2% to $277.40, resulting in a 29.0% strengthening in room revenue.

The latest data from the Nassau Airport Development Company Ltd. (NAD), which extend stopover indicators through August, showed that total departures for the month of August—net of domestic traffic—expanded by 12.1%, extending the 11.7% growth in the prior year. Specifically, the dominant U.S. segment firmed by 13.2%, following a 10.7% increase a year ago, while gains in the non-U.S. segment slowed to 4.1% from 20.0% a year earlier. A similar trend was evident on an 8-month basis, as total departures advanced by 17.0%, outpacing the 11.7% rise recorded over the same period of 2018. In particular, growth in U.S. departures accelerated to 18.4% from 10.9% in the prior year, while gains in non-U.S. departures decelerated to 8.3% from 16.9% last year.

In the vacation rental market, the latest data from AirDNA revealed that total room nights sold improved by 49.1% in August over the same month in 2018, reflecting increased bookings for both hotel comparable and entire place listings within all of the major markets. However, pricing indicators varied as the average daily room rate (ADR) for entire place listings edged up by 0.4% to $403.31, while the ADR for hotel comparable listings decreased by 5.1% to $153.76. By island, ADRs for entire place listings across all of the major destinations, with the exception of Abaco, increased during the month, while for hotel comparable listings, declines were registered across all the major markets, with the exception of Abaco and Grand Bahama.

Over an eight-month period, vacation rental sales grew by 30.4% in comparison to 2018, with all major destination groupings showing improvements. However, average nightly pricing for entire place listings fell by 1.4%, while that of hotel comparable accommodations decreased by 6.5%.

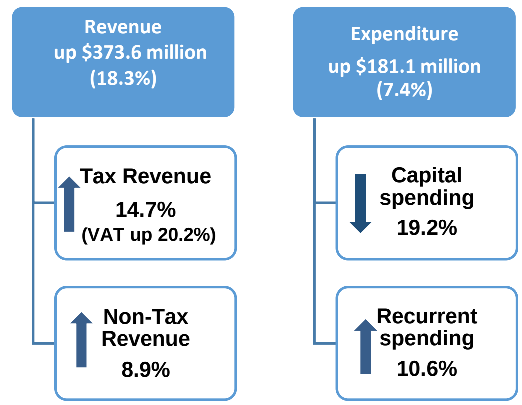
Prices

Reflective mainly of the increase in the VAT rate, domestic inflation—as measured by the All Bahamas Retail Price Index—rose by 2.0 percentage points to 3.3% during the twelve months to June. A breakdown by category showed that after posting reductions in 2018, average prices for furnishing, household equipment & maintenance, rose by 6.4%; clothing & footwear, by 2.3% and miscellaneous goods & services, by 4.9%. In addition, average prices quickened for transport (8.4%), alcohol beverages, tobacco & narcotics (3.7%), food & non-alcoholic beverages (2.0%), as well as for housing, gas, electricity & other fuels (2.6%). In contrast, during the review period, average costs decreased for communication, recreation and culture, education and restaurant & hotels.

Fiscal Sector

Chart 2: Budgetary Operations at a Glance

Provisional 12 Months FY2018/2019



Source: The Ministry of Finance

Provisional data on the Government's budgetary operations for the entire FY2018/19, revealed a reduction in the deficit, by $192.5 million (46.4%), to $222.4 million vis-à-vis FY2017/2018. Underlying this outturn, total revenue expanded by $373.6 million (18.3%) to $2,416.0 million, outstripping the $181.1 million (7.4%) growth in aggregate expenditure, to $2,638.4 million.

Total revenue gains were largely bolstered by the 4.5 percentage points increase in the VAT rate, which led to a $214.3 million (31.5%) expansion in VAT receipts to $894.9 million. Further, amid the reclassification of VAT on realty taxes to stamp taxes, financial and realty-associated stamp taxes rose more than two-fold, to $225.3 million from $109.5 million in the comparable period of the previous fiscal year. In addition, receipts from business license and banks & trust companies' fees advanced by $31.8 million (28.1%) and $9.5 million (52.3%), respectively. In addition, gains in customs & other import duties, as well as a rise in inflows from departure taxes, supported a $10.4 million (2.4%) growth in taxes on international trade to $442.4 million. Further, non-tax revenue rose by $19.4 million (9.5%) to $223.4 million, attributed to a $30.1 million rise in income from the sale of good and services, explained by higher immigration fees, and increased collections from fines, penalties & forfeits.

Expenditure growth was due in large measure to a $232.6 million (10.6%) rise in recurrent spending to $2,421.2 million. Specifically, purchases of goods and services—mainly related to the settlement of arrears—rose by $141.6 million (31.5%). In addition, subsidies were higher by $64.9 million (19.8%) and social assistance, by $20.3 million (12.3%). Further, increases were also posted for current transfers, by $21.7 million (16.8%) and interest payments, by $15.8 million (5.0%). In contrast, disbursements related to employee compensation fell by $17.6 million (2.4%). Total capital outlays were reduced by $51.6 million (19.2%) to $217.2 million, attributed mostly to a $41.1 million (18.0%) decline in the acquisition of non-financial assets and a $10.4 million (26.1%) falloff in capital transfers.

2. Domestic Monetary Trends
August 2019 vs. 2018

Liquidity

Monetary trends for the month of August featured a comparatively smaller contraction in bank liquidity, as the reduction in the deposit base moderated; albeit combined with domestic credit growth. Specifically, excess reserves—a narrow measure of liquidity—declined by $35.6 million to $834.3 million, vis-à-vis a $79.2 million contraction a year earlier. Similarly, broader excess liquid assets decreased by $37.1 million to $1,818.1 million, following a $61.1 million retrenchment in 2018.

External Reserves

Led by an increase in public sector demand for foreign currency, external reserves contracted by $38.4 million to $1,545.1 million—lower than the $83.9 million reduction in the prior year. In particular, the Central Bank's net sale to commercial banks slowed to $4.2 million from $16.2 million last year, as banks' net sales to their customers tapered to $6.5 million, from $39.1 million a year earlier. Further, the Bank's net sale to the public sector was approximately halved to $32.8 million.

Exchange Control Sales

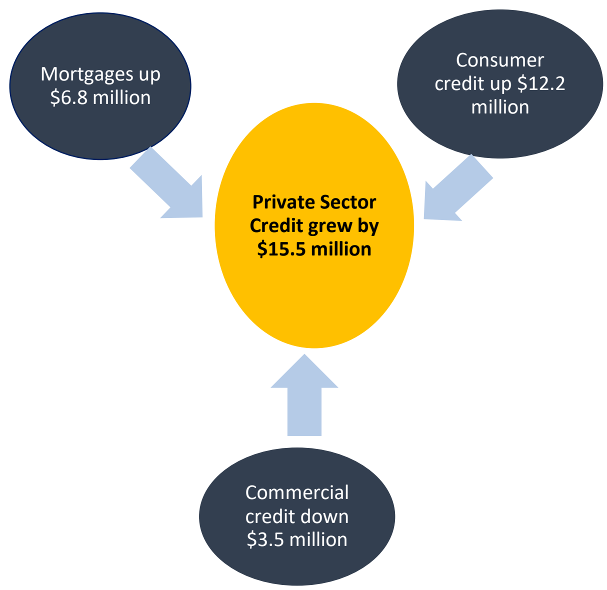
Provisional data on foreign currency sales for current account transactions revealed a $79.0 million decline in recorded outflows, to $513.6 million in August, compared with the same month last year. Underlying this outturn was a $49.2 million decrease in payment for "other" current items (44.6% of the total)—which typically comprises insurance services, remittances, royalties and credit card financed imports. Further, factor income transactions (4.8% of the total) and non-oil imports (23.5% of the total) were reduced by $35.3 million and $6.3 million, respectively. More muted declines were recorded for travel-associated sales (7.3% of the total) and transfer payments (3.8% of the total), of $3.6 million and $1.2 million, respectively. In a partial offset, foreign currency sales for oil imports (16.1% of the total) increased by $16.7 million.

Domestic Credit

Bahamian Dollar Credit

Total Bahamian dollar credit rose by $8.3 million in August, notably lower than the $55.4 million expansion in the preceding year. In particualr, the growth in credit to public corporations slowed to $0.5 million from $1.8 million in the previous year, while net claims on the Government declined by $7.8 million, a reversal from a $62.0 million expansion a year earlier. Conversely, private sector credit grew by $15.5 million, a turnaround from an $8.3 million falloff last year. In this regard, consumer credit and mortgages registered gains of $12.2 million and $6.8 million, respectively, vis-à-vis decreases of $6.9 million and $3.1 million in 2018, outweighing the reduction in commercial and "other" loans by $3.5 million, following a $1.7 million increase last year.

Chart 3: B$ Private Sector Credit



Source: Central Bank of The Bahamas

Foreign Currency Credit

During the review period, the contraction in domestic foreign currency credit moderated to $5.1 million, from $9.9 million in the prior year. In particular, credit to the private sector grew marginally by $0.6 million, a reversal from the previous year's $3.2 million reduction. Further, the decrease in net claims on the Government slowed to $4.9 million from $6.0 million in 2018. However, credit to the public sector fell by $0.9 million, extending the $0.7 million decline a year earlier.

Credit Quality

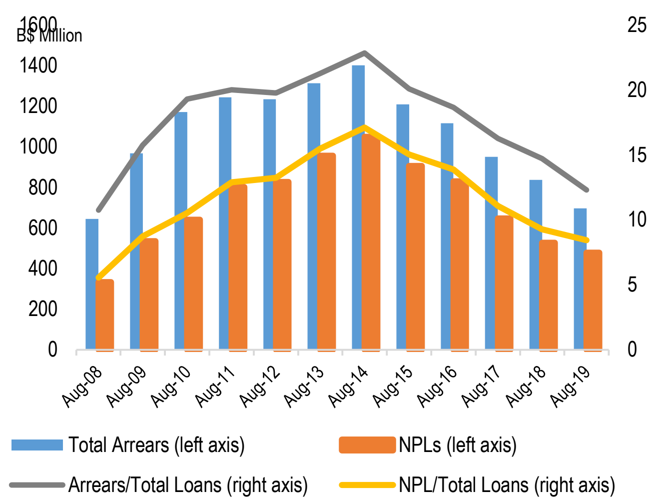
Reflective of an uptick in short-term delinquencies, total private sector arrears rose by $13.0 million (1.9%) to $696.8 million in August, while the corresponding ratio firmed by 20 basis points to 12.3% of total private sector loans. An analysis by age of delinquencies revealed that short-term arrears (31-90 days), grew by $15.6 million (7.7%) to $219.3 million, with the relevant ratio increasing by 27 basis points to 3.9% of total private sector loans. In contrast, non-performing loans (NPLs) declined by $2.5 million (0.5%) to $477.5 million, with the attendant ratio narrowing by 7 basis points to 8.4% of total private sector loans.

Disaggregated by loan type, the uptick in total arrears was led by an $8.5 million (4.4%) growth in consumer loan delinquencies, to $202.7 million, as both the short and long-term categories rose by $8.4 million (12.1%) and $0.1 million (0.1%), respectively. Similarly, mortgage arrears increased by $5.4 million (1.3%) to $437.2 million, with a $6.2 million (5.0%) rise in the short-term segment, overshadowing the $0.8 million (0.3%) falloff in the non-accrual category. In contrast, commercial arrears fell by $0.9 million (1.5%), as a $1.8 million (3.7%) reduction in NPLs, eclipsed a $0.9 million (10.0%) increase in the short-term segment.

In line with the reduction in NPLs, banks reduced their total provisions for loan losses by $0.7 million (0.2%) to $417.1 million in the review month. As a consequence, the ratio of total provisions to both arrears and NPLs, fell by 1.2 and 0.3 percentage points to 59.9% and 87.3%, respectively. During the month, banks wrote-off an estimated $9.4 million and recovered approximately $3.0 million.

When compared to August 2018, the total arrears rate decreased by 2.4 percentage points, as both the short-term and NPLs rates reduced by 1.6 and 0.8 percentage points, respectively. Declines were recorded across all categories, with the commercial, mortgages and consumer arrears rates narrowing by 4.8, 2.4 and 1.7 percentage points, respectively.

Graph 1: B$ Credit Quality Indicators



Source: Central Bank of The Bahamas

Deposits

During the review month, the contraction in total Bahamian dollar deposits slowed to $9.5 million, from $15.5 million in the corresponding period of 2018. Underlying this development, the falloff in savings deposits tapered to $5.7 million, from $13.0 million in the previous year, while demand deposits grew by $5.3 million, following an identical increase a year earlier. However, the reduction in fixed deposits deepened to $9.1 million, from $7.8 million in the preceding year. In addition, residents' foreign currency deposits declined by $18.7 million, extending the prior year's $2.4 million decrease.

Interest Rates

In interest rate developments, the weighted average deposit rate at banks narrowed by 16 basis points to 0.40%, with the highest rate of 4.00% offered on fixed balances of over 12 months. Conversely, the weighted average loan rate edged up by 1 basis point to 11.92%.

3. Domestic Outlook

The domestic economy will experience a negative, short-term fallout from Hurricane Dorian, which devastated some of the northern islands of The Bahamas and disrupted travel itineraries. Prospects remain for a positive growth in 2019, but considerably less than the original forecast which predated the storm. This is largely due to the timing of the storm, at the onset of the slowest months in the tourism season, whereas the robust gains from the first half of 2019 have already been realized. The performance could be flat, to slightly contracted for 2020, before a healthy growth trajectory resumes in 2021. Underlying this would be an expected steady, earlier return of operation in the core of Grand Bahama's economy, in contrast to a lengthier absence of commerce, other than rebuilding activities, in Abaco.

Some immediate indicators of the impacted islands' economic importance evolve around public finances and tourism. In the stopover market where recovery could extend beyond 2020, Abaco accounted for 7.9% of the air arrivals recorded in the first seven months of 2019. In the vacation rental market in the eight months to August 2019, Abaco further housed an estimated 17.5% of booked listings in The Bahamas, compared to 29.4% for New Providence and 13.3% for Exuma. In the meantime, Grand Bahama's recent share of air visitor arrivals was 3.8%; and the Island received an estimated 8.1% of vacation rental bookings in the first eight months of 2019. As to the fiscal exposure an estimated 7.8% of recent VAT revenue payments originate from Grand Bahama and 5.0% from Abaco. The islands, Grand Bahama and Abaco, account respectively for 7.1% and 3.6% of recent customs duty collections.

The recovery phase in both Abaco and Grand Bahama will feature significant rebuilding activities, with a private sector component partly financed by external reinsurance proceeds. This should result in elevated demand for, and employment of, construction-related skills, which should partly offset reduced payrolls in the remaining sectors.

Two factors that could mitigate the depth and duration of the economic slowdown are the size of the available pool of construction labour to expedite the rebuilding process, and the degree of substitutability of tourism capacity elsewhere in The Bahamas for the facilities taken offline in Abaco and Grand Bahama. Available construction skills speak to the speed at which the housing and commercial plant will be returned to use. In the meantime, underused tourism capacity in New Providence and other Family Islands could provide some offsetting relief to displaced visitor demand. For vacation rentals in particular, the current average occupancy rates approaching 50% provides space for near-term business expansion without required growth in the physical plant, providing the marketing and other support infrastructure are aligned.

The Government's fiscal position is projected to deteriorate over the near to medium-term, due to an anticipated rise in spending to restore key infrastructure and provide social assistance. In addition, revenue performance is expected to be impacted by the disruption in collections from the affected islands, and tax relief offered to support the rebuilding efforts. However, assistance from the global community, as well as special credit facilities from international agencies are likely to alleviate some of the financing pressures on the Government.

Meanwhile, near-term, inflationary trends are likely to be benign, as the initial impact of the VAT hike wanes and Government's tax exemptions for hurricane relief mitigate some of the costs pressure associated with importing of construction materials.

In the monetary sector, liquidity is expected to remain elevated, although modest growth in private sector credit is anticipated, given the measures implemented by both the Government and the Central Bank to support hurricane recovery efforts. With regard to external reserves, developments will largely depend on one-off re-insurance inflows, as well as the net effects of the seasonal increase in foreign currency demand and a rise in imports for rebuilding activities. As to timing, it is projected that the reserves will close out 2019 higher than in the absence of the storm, as re-insurance proceeds accumulate, with a net drawdown only evident in 2020. Nevertheless, external balances indicators are anticipated to remain above international targets.

Monetary Policy Implications

In context of the current outlook, the Central Bank will continue to enforce policies that support recovery efforts in the affected islands, such as the relaxed lending guidance for distressed households and businesses. Also, the Bank will continue to monitor the impact of the storm on economic developments, particularly in the real and monetary sectors, in a bid to maintain financial sector stability.

APPENDIX

International Developments

During the review period, global economic conditions continued to improve, although at a moderated pace, amid the ongoing trade disputes between the United States and its major trading partners, as well as uncertainty surrounding post "Brexit" economic policies. In this environment, all of the major central banks retained their accommodative monetary policy stances.

Indications are that the United States sustained its mildly positive growth momentum during the review period. In particular, industrial production advanced by 0.6% in August, a turnaround from the 0.1% decline a month earlier. Further, total non-farm employment increased by 130,000, although the jobless rate was unchanged at 3.7%. On the external front, the trade deficit narrowed by $1.5 billion (2.7%) to $54.0 billion in July, reflecting a $1.2 billion increase in exports—of mainly consumer goods—and a $0.4 billion softening in imports. Retail sales firmed by 0.4%, buoyed by auto sales, albeit a slowdown from the 0.8% growth in July. Meanwhile, consumer prices rose marginally by 0.1% in August, following a 0.3% firming in July. Against this backdrop, the Federal Reserve elected to leave its key interest rates unchanged.

Economic conditions in European markets were tepid over the review period. Despite positive impulses from the services sector, GDP in the UK was flat during the three months to July, following a 0.2% contraction, in the prior three-month period. However, industrial output in the UK firmed by 0.1% in July, rebounding from a 0.1% decrease in the previous month; while in the euro area, industrial production softened by 0.4%, after a 1.4% decline in the prior month. In terms of retail activity, sales fell by 0.6% in the euro area in July, reversing the 2.2% increase a month earlier; meanwhile in the UK, August retail sales fell by 0.2%, vis-à-vis a gain of the same magnitude in the previous month. In this environment, jobless rates in both the euro area and the UK were unchanged, at 7.5% and 3.8%, respectively, in July. In price developments, the inflation rate softened by 0.9 percentage points to 1.0% in August. In light of these conditions, the European Central Bank and the Bank of England maintained their accommodative monetary policy stances.

Outcomes within the major Asian economies were mixed during the review period. In Japan, a reduction in the sales of machinery and equipment led to a 2.0% decline in retail activity in July, vis-à-vis a 0.5% gain a month earlier. In contrast, retail sales in China grew by 0.7%, relative to a 0.2% uptick in July. Further, China's industrial production rose by 0.3% in August, following a 0.2% increase in the previous month, while in Japan, production edged up by 0.2%, reversing the prior month's 0.7% falloff. In the labour market, China's jobless rate increased by 20 basis points to 5.3%; conversely, Japan's unemployment rate decreased by 10 basis points to 2.2%. Reflecting ongoing trade tensions, Japan's trade surplus narrowed by ¥114.4 billion to ¥136.3 billion in August, with the ¥616.8 billion reduction in imports, eclipsing the ¥502.4 billion falloff in exports. Regarding inflation, consumer prices in China firmed by 0.7% in August, extending the 0.4% increase recorded in July, while consumer prices in Japan were virtually unchanged. Against this backdrop, the Bank of Japan retained its policy rate of -0.1%, and the People's Bank of China maintained its reverse repo rate at 2.55% and its reserve requirements for large and small institutions at 13.5% and 11.5%, respectively.

Reflecting an increase in trade tensions between the United States and China, as well as growing fears of a global economic slowdown, the major global stock markets recorded broad based losses during the month of August. Specifically, in the United States, the S&P 500 index and the Dow Jones Industrial Average (DJIA) declined by 1.9% and 1.7%, respectively. In Europe, the United Kingdom's FTSE fell by 5.0%, Germany's DAX, by 2.1% and France's CAC 40, by 0.7%, respectively. Similarly, in Asian markets, Japan's Nikkei 225 and China's SE Composite decreased by 3.8% and 1.6%, respectively.

Currency market developments were mixed during the review month. In particular, the dollar strengthened relative to the Chinese Renminbi, by 4.0% to CNY7.1567, the Canadian dollar, by 0.9% to CAD$1.3312, and the euro by, 0.8% to €0.9098, respectively. In contrast, the dollar weakened relative to the Japanese Yen, by 2.3% to ¥106.28, the Swiss Franc, by 0.4% to CHF0.9903 and the British Pound, by 0.03% to £0.8220, respectively.

Reflective of an increase in OPEC's oil production by 136 thousand barrels per day (tb/d) to 29.7 million barrels per day (mb/d), crude oil prices declined by 2.0% to $65.19 per barrel in August. Conversely, prices for precious metals rose during the period, as the cost of gold advanced by 7.5% to $1,520.30 per troy ounce and silver, by 13.0% to $18.38 per troy ounce, reflecting investors' increased demand for less risky assets.

Recent Monetary and Credit Statistics

(B$ Millions)

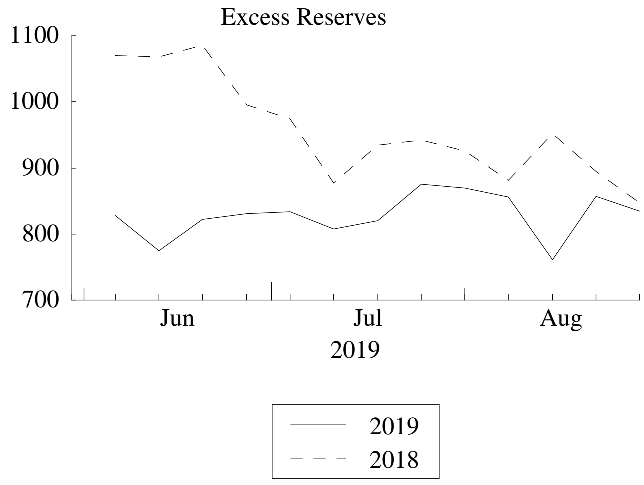
	AUGUST					
	Value		Change		Change YTD	
	2018	2019	2018	2019	2018	2019
1.0 LIQUIDITY & FOREIGN ASSETS						
1.1 Excess Reserves	846.94	834.31	-79.15	-35.64	-10.62	162.96
1.2 Excess Liquid Assets	1,841.97	1,818.08	-61.12	-37.10	43.70	286.15
1.3 External Reserves	1,440.23	1,545.12	-83.86	-38.41	31.94	347.76
1.4 Bank's Net Foreign Assets	-45.81	91.20	10.35	-12.64	125.19	29.17
1.5 Usable Reserves	701.70	781.34	-44.08	-18.38	32.80	258.99
2.0 DOMESTIC CREDIT						
2.1 Private Sector	***5,894.78***	***5,827.84***	***-11.48***	***16.11***	***-81.69***	***-27.13***
a. B$ Credit	5,660.72	5,640.37	-8.32	15.53	-91.35	-6.93
of which: Consumer Credit	2,138.73	2,087.67	-6.88	12.22	-58.80	-30.24
Mortgages	2,865.92	2,859.45	-3.13	6.77	-16.08	-6.78
Commercial and Other Loans B$	656.07	693.25	1.69	-3.46	-16.47	30.08
b. F/C Credit	234.07	187.47	-3.16	0.58	9.66	-20.20
of which: Mortgages	67.42	57.65	1.06	1.12	5.23	-0.46
Commercial and Other Loans F/C	166.65	129.83	-4.22	-0.54	4.44	-19.74
2.2 Central Government (net)	***2,432.27***	***2,504.93***	***56.00***	***-12.63***	***54.26***	***-24.55***
a. B$ Loans & Securities	2,662.49	2,767.78	60.67	-16.88	53.54	25.85
Less Deposits	220.63	260.41	-1.31	-9.09	-5.51	50.05
b. F/C Loans & Securities	0.00	7.00	0.00	0.00	0.00	-0.00
Less Deposits	9.59	9.44	5.98	4.85	4.79	0.35
2.3 Rest of Public Sector	***318.27***	***291.18***	***1.02***	***-0.41***	***47.38***	***-26.94***
a. B$ Credit	125.25	114.95	1.76	0.51	25.05	-13.38
b. F/C Credit	193.02	176.23	-0.74	-0.92	22.33	-13.56
2.4 Total Domestic Credit	***8,645.38***	***8,625.27***	***45.56***	***3.14***	***20.00***	***-77.39***
a. B$ Domestic Credit	8,227.83	8,262.68	55.41	8.25	-7.25	-44.51
b. F/C Domestic Credit	417.54	362.58	-9.85	-5.11	27.25	-32.88
3.0 DEPOSIT BASE						
3.1 Demand Deposits	2,509.83	2,735.12	5.29	5.31	149.36	277.85
a. Central Bank	28.72	44.92	2.99	-2.67	14.65	-30.06
b. Banks	2,481.11	2,690.21	2.30	7.98	134.71	307.91
3.2 Savings Deposits	1,429.46	1,512.47	-13.03	-5.66	61.80	91.73
3.3 Fixed Deposits	2,600.33	2,470.50	-7.79	-9.11	-142.32	-91.75
3.4 Total B$ Deposits	6,539.62	6,718.09	-15.52	-9.45	68.84	277.83
3.5 F/C Deposits of Residents	451.27	517.65	-2.40	-18.68	149.25	-0.42
3.6 M2	***6,833.87***	***7,019.65***	***-13.22***	***-11.46***	***56.07***	***275.78***
3.7 External Reserves/M2 (%)	***21.07***	***22.01***	***-1.18***	***-0.51***	***0.30***	***4.26***
3.8 Reserves/Base Money (%)	***100.91***	***108.60***	***-0.39***	***0.21***	***3.29***	***12.94***
3.9 External Reserves/Demand Liabilites (%)	***97.51***	***101.15***	***-0.40***	***0.13***	***2.27***	***12.46***

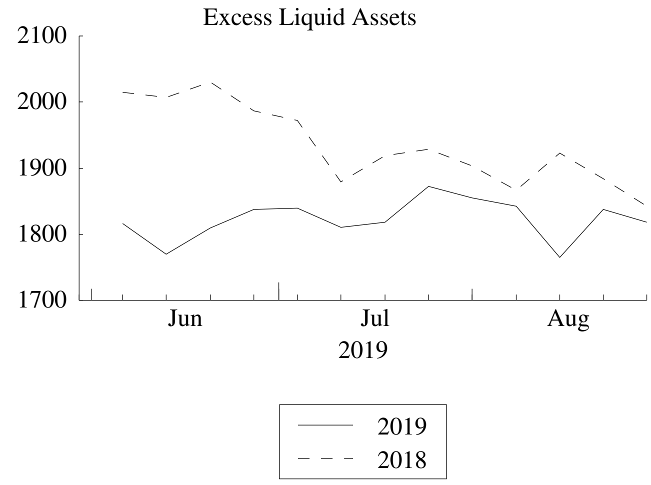
	Value		Year to Date		Change	
	2018	2019	2018	2019	Month	YTD
4.0 FOREIGN EXCHANGE TRANSACTIONS						
4.1 Central Bank Net Purchase/(Sale)	***-83.83***	***-36.98***	***11.55***	***322.40***	***46.86***	***310.85***
a. Net Purchase/(Sale) from/to Banks	-16.15	-4.21	193.48	582.25	11.94	388.77
i. Sales to Banks	32.90	21.40	238.34	47.25	-11.50	-191.09
ii. Purchases from Banks	16.75	17.19	431.82	629.50	0.44	197.68
b. Net Purchase/(Sale) from/to Others	-67.69	-32.77	-181.94	-259.86	34.92	-77.92
i. Sales to Others	89.70	62.77	515.73	606.16	-26.92	90.43
ii. Purchases from Others	22.01	30.00	333.80	346.31	7.99	12.51
4.2 Banks Net Purchase/(Sale)	***-39.05***	***-6.53***	***105.99***	***555.58***	***32.52***	***449.59***
a. Sales to Customers	456.00	390.87	3,662.39	3,238.45	-65.13	-423.94
b. Purchases from Customers	416.95	384.34	3,768.38	3,794.03	-32.61	25.65
4.3 B$ Position (change)	***14.22***	***-10.24***				
5.0 EXCHANGE CONTROL SALES						
5.1 Current Items	***592.55***	***513.57***	***3,900.23***	***3,678.36***	***-78.98***	***-221.87***
of which Public Sector	***66.70***	***83.72***	***373.16***	***223.52***	***17.02***	***-149.64***
a. Nonoil Imports	126.80	120.46	1,082.46	952.99	-6.34	-129.47
b. Oil Imports	66.13	82.81	338.35	362.83	16.68	24.48
c. Travel	41.09	37.45	214.03	211.32	-3.64	-2.72
d. Factor Income	59.95	24.66	332.43	157.00	-35.29	-175.43
e. Transfers	20.49	19.26	147.85	152.23	-1.23	4.38
f. Other Current Items	278.10	228.93	1,785.10	1,841.99	-49.17	56.89
5.2 Capital Items	***31.34***	***14.38***	***191.34***	***125.79***	***-16.96***	***-65.55***
of which Public Sector	***24.53***	***1.11***	***126.06***	***46.10***	***-23.42***	***-79.96***
5.3 Bank Remittances	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***	***0.00***

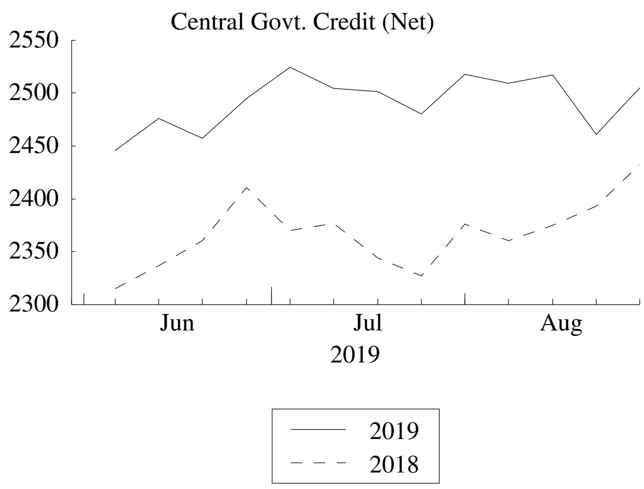
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending:AUGUST 29, 2018 and AUGUST 28, 2019
Exchange Control Sales figures are as at month end.

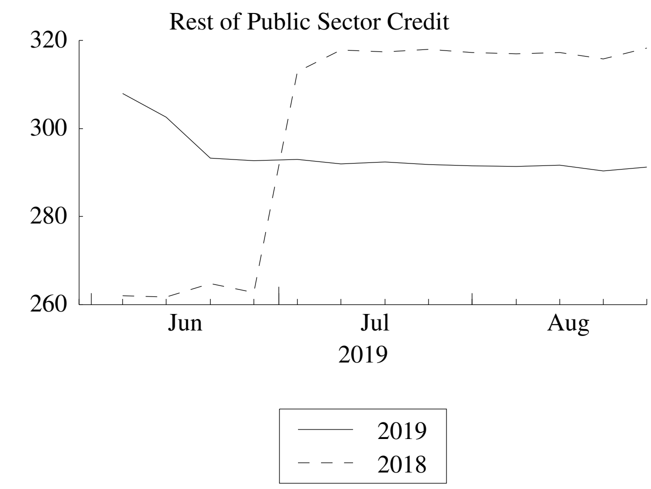
Notes: 1.0, 2.0 and 3.0 YTD change reflects change of current month over previous year end; for 4.0 and 5.0 change is over corresponding period of previous year.

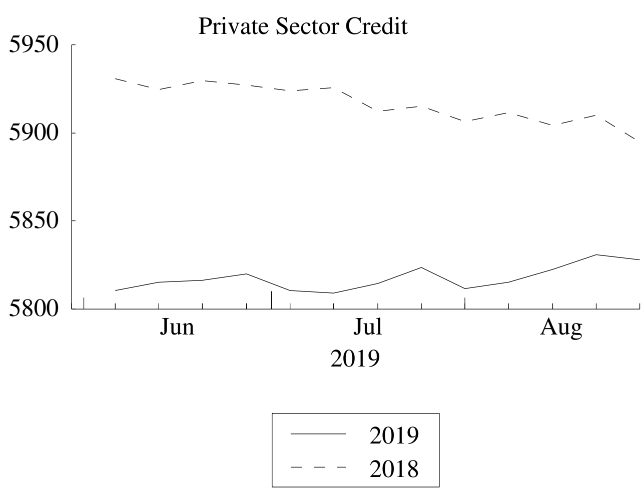
SELECTED MONEY AND CREDIT INDICATORS
(B$ Millions)

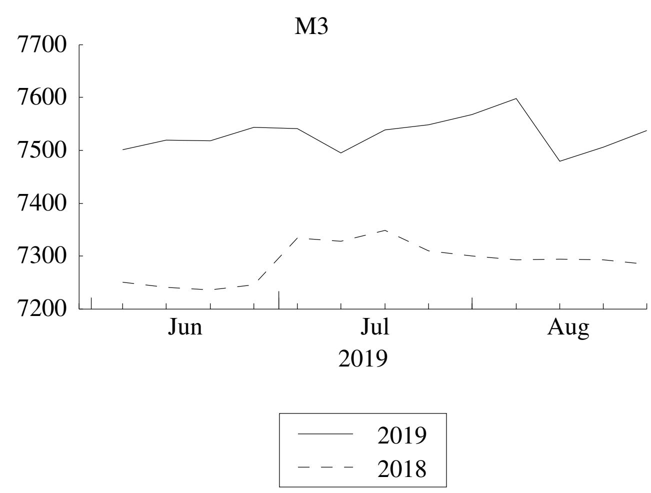


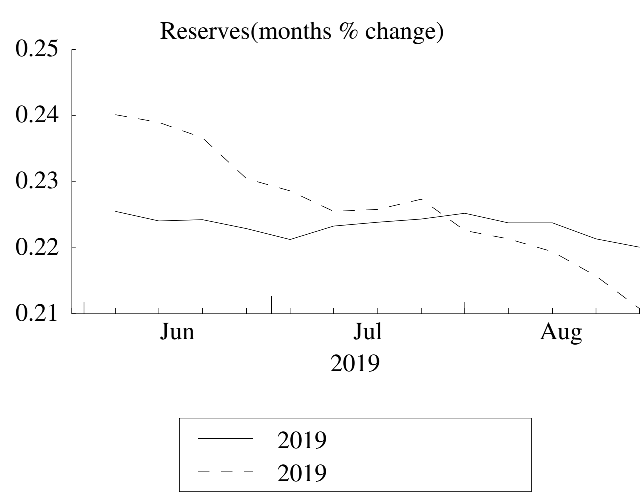












A: Selected Macroeconomic Projections (Annual % Change and % of labor force)						
	Real GDP		**Inflation Rate**		**Unemployment**	
	2017	**2018**	**2017**	**2018**	**2017**	**2018**
Bahamas	1.4	2.3	1.4	2.5	10.1	10.7
United States	2.2	2.9	2.1	2.4	4.4	3.8
Euro-Area	2.4	2.0	1.5	1.7	9.1	8.3
Germany	*2.5*	*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
July 2019	4.00	0.00	3.00	2.00-2.25	0.75
August 2019	4.00	0.00	2.75	2.00-2.25	0.75

C. Selected Currencies (Per United States Dollars)						
Currency	**Aug-18**	**July-19**	**Aug-19**	**Mthly % Change**	**YTD % Change**	**12-Mth% Change**
Euro	0.8618	0.9029	0.9098	0.76	4.34	5.56
Yen	111.02	108.77	106.28	-2.29	-3.12	-4.27
Pound	0.7714	0.8223	0.8220	-0.03	4.89	6.57
Canadian $	1.304	1.3191	1.3312	0.92	-2.41	2.09
Swiss Franc	0.9689	0.994	0.9903	-0.37	0.89	2.21
Renminbi	6.8316	6.8842	7.1567	3.96	4.04	4.76
Source: Bloomberg as of August 30th, 2019						

D. Selected Commodity Prices ($)					
Commodity	**August 2018**	**July 2019**	**August 2019**	**Mthly % Change**	**YTD % Change**
Gold / Ounce	1201.40	1413.90	1520.30	7.53	18.55
Silver / Ounce	14.54	16.26	18.38	13.01	18.59
Oil / Barrel	74.25	66.50	65.19	-1.97	24.69
Source: Bloomberg as of August 30th 2019					

E. Equity Market Valuations – August 30th, 2019 (% change)								
	BISX	**DJIA**	**S&P 500**	**FTSE 100**	**CAC 40**	**DAX**	**Nikkei 225**	**SE**
1 month	-3.33	-1.72	-1.81	-5.00	-0.70	-2.05	-3.80	-1.58
3 month	-1.21	6.40	6.34	0.63	5.24	1.81	0.50	-0.43
YTD	5.10	0.97	3.64	-4.33	-0.03	-9.48	-10.36	-17.08
12-month	9.39	8.14	8.18	-6.13	1.52	-6.74	-6.74	-6.76
Sources: Bloomberg and BISX								

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	**GBP**	**EUR**
o/n	2.19	0.83	-0.50
1 Month	2.14	0.75	-0.47
3 Month	2.13	0.77	-0.46
6 Month	2.05	0.79	-0.46
9 Month	2.03	0.87	-0.43
1 year	2.11	0.92	-0.44
Source: Bloomberg as of August 30th, 2019			

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B$ Millions)

	VALUE									CHANGE								
	Jul. 03	Jul. 10	Jul. 17	Jul. 24	Jul. 31	Aug. 07	Aug. 14	Aug. 21	Aug. 28	Jul. 03	Jul. 10	Jul. 17	Jul. 24	Jul. 31	Aug. 07	Aug. 14	Aug. 21	Aug. 28
I. External Resrves	***1,553.86***	***1,556.86***	***1,567.63***	***1,574.84***	***1,583.53***	***1,575.03***	***1,551.24***	***1,545.37***	***1,545.12***	***-9.09***	***3.00***	***10.77***	***7.21***	***8.69***	***-8.51***	***-23.78***	***-5.87***	***-0.25***
II. Net Domestic Assets (A + B + C + D)	***-126.33***	***-161.97***	***-162.00***	***-117.26***	***-122.56***	***-131.09***	***-214.06***	***-105.94***	***-122.36***	***18.25***	***-35.64***	***-0.03***	***44.74***	***-5.30***	***-8.53***	***-82.97***	***108.13***	***-16.42***
A. Net Credit to Gov't(i + ii + iii - iv)	***297.09***	***300.25***	***277.84***	***282.66***	***289.08***	***288.29***	***288.42***	***304.97***	***286.82***	***41.59***	***3.16***	***-22.41***	***4.82***	***6.42***	***-0.79***	***0.13***	***16.55***	***-18.15***
i) Advances	14.96	14.96	14.96	14.96	14.96	14.96	14.96	14.96	14.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii) Registered Stock	260.79	260.89	260.76	257.59	257.77	257.83	257.90	257.47	247.62	40.76	0.09	-0.12	-3.17	0.17	0.06	0.07	-0.43	-9.86
iii) Treasury Bills	77.44	80.43	80.43	79.31	75.17	75.15	75.15	90.09	83.87	0.00	3.00	0.00	-1.13	-4.13	-0.02	0.00	14.94	-6.21
iv) Deposits	56.10	56.03	78.32	69.20	58.82	59.64	59.58	57.55	59.63	-0.83	-0.07	22.29	-9.12	-10.38	0.82	-0.06	-2.04	2.08
B. Rest of Public Sector (Net) (i + ii - iii)	***-38.39***	***-36.39***	***-18.73***	***-28.05***	***-45.21***	***-44.47***	***-46.91***	***-37.63***	***-42.54***	***-0.39***	***2.00***	***17.67***	***-9.33***	***-17.15***	***0.74***	***-2.44***	***9.27***	***-4.91***
i) BDB Loans	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	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	40.77	38.77	21.10	30.43	47.58	46.84	49.28	40.01	44.92	0.39	-2.00	-17.67	9.33	17.15	-0.74	2.44	-9.27	4.91
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)*	***-385.02***	***-425.82***	***-421.11***	***-371.87***	***-366.43***	***-374.92***	***-455.58***	***-373.27***	***-366.64***	***-22.95***	***-40.80***	***4.71***	***49.24***	***5.43***	***-8.49***	***-80.66***	***82.31***	***6.63***
III. Monetary Base	***1,427.53***	***1,394.89***	***1,405.63***	***1,457.58***	***1,460.97***	***1,443.93***	***1,337.18***	***1,439.44***	***1,422.76***	***9.16***	***-32.64***	***10.74***	***51.94***	***3.40***	***-17.04***	***-106.75***	***102.25***	***-16.67***
A. Currency in Circulation	433.42	435.11	429.45	423.91	436.13	436.57	421.80	419.49	422.47	2.61	1.69	-5.66	-5.54	12.22	0.44	-14.77	-2.31	2.98
B. Bank Balances with CBOB	994.11	959.78	976.18	1,033.66	1,024.84	1,007.36	915.38	1,019.95	1,000.30	6.55	-34.33	16.41	57.48	-8.83	-17.47	-91.98	104.56	-19.65

* 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 2017/2018	YEAR TO DATE 2018/2019
									(Over previous year)	
1. Government Revenue & Grants	453.7	513.8	427.1	497.8	589.6	677.4	572.0	726.9	2042.4	2416.0
% change; over previous quarter	*-24.7%*	*-9.6%*	*-5.9%*	*-3.1%*	*38.1%*	*36.1%*	*-2.99%*	*7.30%*	*-0.9%*	*18.3%*
2. Value Added Tax	168.8	199.4	149.5	185.9	171.8	203.6	190.5	306.0	680.6	894.9
% change; over previous quarter	*-2.3%*	*-1.9%*	*-11.4%*	*-6.8%*	*15.0%*	*9.5%*	*10.89%*	*50.32%*	*6.7%*	*31.5%*
3. Import/Excise Duties	135.0	151.2	127.6	114.4	130.2	103.7	134.4	155.3	527.2	524.6
% change; over previous quarter	*-25.8%*	*-5.6%*	*-5.5%*	*-24.3%*	*2.0%*	*-9.4%*	*3.26%*	*49.83%*	*-8.2%*	*-0.5%*
4. Recurrent Expenditure	484.6	539.9	517.2	566.3	548.5	594.9	638.4	720.1	2188.6	2421.2
% change; over previous quarter	*-41.6%*	*-15.0%*	*6.7%*	*4.9%*	*6.0%*	*5.1%*	*16.39%*	*21.05%*	*-6.5%*	*10.6%*
5. Capital Expenditure	74.4	38.8	56.7	41.2	52.5	48.1	85.2	89.1	268.7	217.2
% change; over previous quarter	*-54.3%*	*-54.4%*	*-23.8%*	*6.2%*	*-7.4%*	*16.6%*	*62.25%*	*85.40%*	*-31.1%*	*-19.2%*
6. Deficit/Surplus*	-105.2	-64.9	-146.8	-109.6	-11.3	34.5	-151.6	-82.3	-414.9	-222.4
% change; over previous quarter	*-73.0%*	*-57.3%*	*39.5%*	*69.0%*	*-92.3%*	*-131.4%*	*1238.64%*	*-338.88%*	*-38.1%*	*-46.4%*

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	7,243.2	7,527.0	7,290.6	7,508.8	7,337.3	7,543.9								
% change; over previous month	*0.4%*	*0.2%*	*-0.1%*	*-0.5%*	*0.1%*	*0.0%*	*-0.4%*	*0.0%*	*0.6%*	*-0.1%*	*0.4%*	*0.8%*	*0.7%*	*-0.2%*	*0.6%*	*0.5%*								
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	2,637.1	2,553.2	2,632.1	2,544.9	2,608.2	2,538.1								
% change; over previous month	*2.3%*	*0.0%*	*-0.5%*	*-0.9%*	*0.0%*	*-0.4%*	*-0.4%*	*-0.2%*	*-0.3%*	*0.0%*	*-0.2%*	*0.0%*	*-0.2%*	*-0.3%*	*-0.9%*	*-0.3%*								
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	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	4,606.1	4,973.9	4,658.5	4,963.9	4,729.1	5,005.8								
% change; over previous month	*-0.7%*	*0.3%*	*0.1%*	*-0.3%*	*0.2%*	*0.2%*	*-0.4%*	*0.0%*	*1.1%*	*-0.2%*	*0.7%*	*1.2%*	*1.1%*	*-0.2%*	*1.5%*	*0.8%*								
11. Total Amortization	34.7	41.4	29.0	36.3	91.8	112.5	100.4	133.5	0.1	33.8	21.0	27.7	56.7	36.9	72.5	11.8								
% change; over previous month	*4.9%*	*-18.9%*	*-19.7%*	*-14.0%*	*217.1%*	*209.9%*	*9.3%*	*18.7%*	*-99.9%*	*-74.7%*	*40684%*	*-18.0%*	*169.5%*	*33.1%*	*27.9%*	*-67.9%*								
12.Total Public Sector F/C Debt	3,364.4	3,508.8	3,528.8	3,484.9	3,526.7	3,462.0	3,516.8	3,457.0	3,508.6	3,457.3	3,497.5	3,440.6	3,585.6	3,432.3	3,560.9	3,425.5								
% change; over previous month	*-3.4%*	*4.8%*	*4.7%*	*-0.7%*	*-0.1%*	*-0.7%*	*-0.3%*	*-0.1%*	*-0.2%*	*0.01%*	*-0.3%*	*-0.48%*	*2.5%*	*-0.2%*	*-0.7%*	*-0.2%*								

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	104.2	108.4	104.7	108.2	105.1	108.1													104.4	107.9
% change; over previous month	*0.00%*	*0.70%*	*0.35%*	*1.26%*	*-0.30%*	*0.12%*	*0.18%*	*0.15%*	*0.5%*	*-0.17%*	*0.3%*	*-0.06%*													*1.34%*	*3.42%*
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	539.8	641.4	602.5	650.4											4,005.4	4,532.8
% change; over previous year	*4.79%*	*19.33%*	*-0.08%*	*13.89%*	*3.63%*	*5.87%*	*0.94%*	*11.88%*	*6.59%*	*17.83%*	*9.62%*	*18.83%*	*10.72%*	*7.9%*											*5.00%*	*13.17%*
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	154.9	168.4	163.4	176.0											1,009.8	1,156.9
% change; over previous year	*6.95%*	*28.78%*	*16.73%*	*19.65%*	*26.09%*	*9.48%*	*4.32%*	*18.83%*	*18.94%*	*16.61%*	*15.72%*	*8.71%*	*12.98%*	*7.7%*											*14.81%*	*14.57%*
16. Occupied Room Nights																										
% change; over previous year																										
17. Res. Mortgage Commitments-Value of New Const. & Rehab. (B$Millions)					12.25	7.82					8.60	24.55													20.85	32.38
% change; over previous qtr.					*-19.04%*	*-5.88%*					*-29.8%*	*213.8%*													*-10.23%*	*55.27%*

* Includes Net Lending to Public Corporations

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

p - provisional