



## **PRESS RELEASE**

**8 MARCH 2020**

### **The Central Bank is Closely Monitoring the Coronavirus Situation**

The Central Bank of The Bahamas is monitoring the Coronavirus situation very closely.

As travel plans continue to scale back globally, The Bahamas can also expect some negative economic fallout. It is difficult to put an estimate on the amount of economic harm that this could do. However, Bahamian public health defenses will play a key role in shaping confidence around travel to The Bahamas, and the path that the economy takes to recover from any setback. Given The Bahamas' proximity to the United States, the aggressive American public health responses should provide significant benefit, both from a containment perspective and incentives to travel to destinations that are closer to the US mainland.

The Central Bank is not able to provide direct stimulus to counter negative fallout from COVID-19 as such intervention would need to boost foreign exchange earnings capacity. Tourism, the principal foreign exchange earning sector is exposed due to the prudent international public health safety stance around travel. The Bank's focus, however is to ensure that the economy maintains access to foreign exchange to satisfy necessary import needs. The external reserves will help provide this buffer, as balances are at historical levels and can withstand larger drawdowns than normal. The Central Bank's policy responses in this and other regards will remain closely coordinated with the broader fiscal management strategies to preserve economic stability.

It should also be emphasised that the domestic banking system is mobilised to provide the forbearance and accommodation for households that might encounter interim challenges, if their earnings are disrupted. While a strain of this nature could aggravate the debt repayment challenges, local banks remain strongly capitalised to tolerate increased stress to their credit portfolios.

The advice nonetheless to Bahamian families is that until the uncertainty subsides, they should exercise prudence in their personal financial affairs, and keep a tight control on discretionary spending.

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