Release Date: 4th May, 2020

Monthly Economic and Financial Developments
March 2020

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:

2020: June 1, June 29, August 4, August 31, September 28, November 2, November 30, December 21,

Monthly Economic and Financial Developments **(MEFD)**
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1. Domestic Economic Developments

Overview

During the review month, developments in the domestic economy were dominated by the Novel Coronavirus (COVID-19) pandemic. Globally imposed travel restrictions related to COVID-19 adversely impacted tourism output, as both the high value-added air segment and sea traffic ground to a halt. While the construction sector was undergirded by ongoing foreign investment projects and hurricane rebuilding efforts, these also paused as the Emergency Powers (COVID-19) Order, 2020, imposed a lockdown of the country. On the monetary front, bank liquidity contracted over the review period, as the expansion in domestic credit outpaced the rise in the deposit base. Further, external reserves grew, albeit a slowdown from the prior month, buoyed by net foreign currency inflows from re-insurance receipts. The Central Bank's policy posture, meanwhile, shifted to promoting credit forbearance for borrowers displaced by the pandemic and to managing foreign exchange market stability.

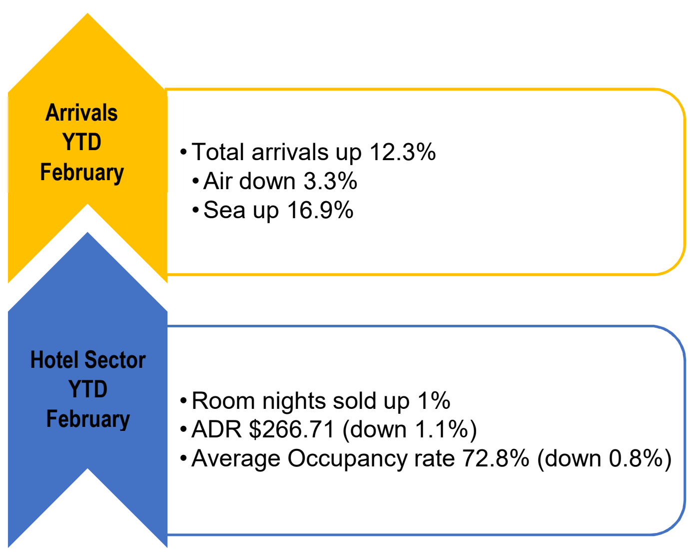
Real Sector

Tourism

Ahead of the pandemic impact, damage from Hurricane Dorian still weighed down stopover tourism, discounting strong cruise sector growth, which also featured significant shifts in calls to private port facilities outside of New Providence and Grand Bahama.

Official data provided by the Ministry of Tourism (MOT) revealed that total foreign arrivals grew by 17.0% for the month of February, extending the 13.9% growth during the same period in the previous year. In the underlying developments, sea traffic gains (largely cruise visitors) accelerated to 23.6%, after a 12.1% rise the prior year. However, air arrivals decreased by 3.1%, in a reversal from the 19.7% expansion in 2019 that had captured the hotel capacity boost from Baha Mar.

Chart 1: Tourism Indicators at a Glance



Source: Ministry of Tourism & BHTA

A breakdown by island, revealed that arrivals to the Family Islands increased by 50.9%, after a 0.2% uptick a year earlier, as sea passengers expanded by 64.1%, outstripping the 28.2% reduction in air traffic. This reflected increased first ports of call to the private island developments of cruise lines. Visitor arrivals growth for New Providence tapered to 0.5%, from a healthy 32.2% expansion last year, with the air component increasing further by 5.9%, while sea arrivals declined by 2.0%. Conversely, the contraction in arrivals to Grand Bahama continued, but at a sharply moderated 2.2%, compared to 22.3% during the same period last year. This reflected a 48.6% reduction in air arrivals, which outweighed the 5.5% gain in the sea segment.

For the first two months of the year, total arrivals rose by 12.3%, but was below the 16.6% growth recorded in the previous year. Notably, a 16.9% increase in sea passengers, negated the 3.3% falloff in air visitors. The Family Islands experienced a 57.1% boost, extending the 10.0% rise in the prior year, with robust cruise segment gains eclipsing the sharp falloff in air arrivals that was mainly due to Abaco's capacity absence. In contrast, visitors to New Providence declined by 7.3%, vis-à-vis a 31.0% expansion in 2019, with the reduction in the sea segment, outpacing further stopover traffic increase. Similarly, underpinned by contractions in both air (49.9%) and sea (6.5%) arrival, total traffic to Grand Bahama fell by 12.2%.

The latest data from The Bahamas Hotel & Tourism Association (BHTA) and the MOT indicated that pricing and occupancy trends among large surveyed resorts culminated in a marginal hotel room revenue growth of 1.0% during February. This reflected a 0.7% decrease in the average daily room rate (ADR) to $272.24, and a 1.8% growth in room night sales. However, the average hotel occupancy rate fell by 1.1 percentage points, to 76.5%. For the year-to-date, room revenue declined by 1.0%, as the ADR reduced by 1.1% to $266.71, and the average occupancy rate moved lower by 0.8 percentage points to 72.8%, despite a 1.0% rise in the number of room nights sold.

The most recent data, provided by AirDNA showed that for the month of March, activity within the short-term vacation rental market contracted. Specifically, total room nights sold decreased by 3.3%, contrasting with a 56.2% growth during the same period in the previous year. Underlying this development, bookings for both entire place listings and hotel comparable fell by 1.9% and 13.4%, respectively. In contrast, the average daily room rate (ADR) for both entire place listings and hotel comparable rose by 12.9% to $412.19 and by 2.3% to $153.89, respectively. On a year-to-date basis, total room nights sold advanced by 21.9%, as bookings for both entire place and hotel comparable advanced by 19.9% and 38.9%, respectively. Conversely, the ADR for entire place and hotel comparable listings declined by 3.3% and by 3.5% to $383.01 and to $152.47, respectively.

Employment

Owing to the passage of Hurricane Dorian, which dislocated significant parts of the workforce in Grand Bahama and Abaco, the latest Labour Force Survey by the Department of Statistics was confined to just New Providence. The Survey revealed that, for the 12 months to November, 2019, conditions in New Providence improved, with the number of employed persons increasing by 4.6% to 152,640, extending the 2.4% gain of the preceding year. After factoring the labour force growth of 4.4%, to 170,835 the unemployment rate narrowed by 30 basis points to 10.7%.

2. Domestic Monetary Trends

Liquidity

Monetary developments for the month of March featured a declined in broad liquidity by $48.6 million to $2,048.9 million, exceeding the $32.0 million falloff a year earlier, as the growth in domestic credit outpaced the rise in deposits. In contrast, excess reserves—the narrow measure of liquidity—grew by $13.6 million to $1,150.9 million, a reversal from a $36.1 million contraction during the same period in 2019.

For the first quarter, liquidity expanded, largely attributed to further net foreign currency inflows from re-insurance receipts and seasonal net tourism inflows. Specifically, excess reserves increased by $44.7 million, extending the $4.8 million gain in 2019. In addition, excess liquid assets rose by $79.4 million, albeit a slowdown from the $88.0 million growth recorded in the previous year.

External Reserves

During the review month, external reserves grew by $34.7 million to $2,000.6 million, although a moderation from the $91.0 million expansion in the preceding year. In the underlying transactions, the Central Bank's net purchase from commercial banks increased by $8.6 million to $114.4 million. In contrast, the commercial banks' net intake from their customers contracted by $28.5 million to $97.4 million. Further, the Central Bank's net sale to the public sector widened to $90.5 million from $17.3 million a year earlier.

With re-insurance proceeds added to seasonal net tourism inflows, external reserves expanded by $242.4 million in the first quarter, surpassing the $193.0 million build-up in 2019. Specifically, the Central Bank's net foreign currency purchases from commercial banks grew by $51.2 million to $328.9 million, as the latter's net intake from customers firmed by $5.8 million to $310.6 million. In contrast, the Bank's net sale to the public sector rose by $13.8 million to $103.7 million.

Exchange Control Sales

Provisional data on foreign currency sales for current account transactions showed a $47.6 million increase in outflows to $540.6 million in March, in comparison to the same period last year. The outturn reflected expanded outflows for "other" current items—largely services and credit card-financed imports—($31.0 million), factor income payments ($17.2 million) and non-oil imports ($16.9 million). Further, oil imports payments edged up by $0.8 million. In contrast, declines were registered for transfer payments ($10.6 million) and travel related transactions ($8.3 million).

On a year-to-date basis, foreign currency sales for current account transactions grew by $97.2 million to $1,585.1 million, relative to 2019. Specifically, notable accretions were recorded for non-oil imports ($64.0 million), "other" current items ($63.3 million) and factor income payments ($21.4 million). Conversely, foreign currency sales declined for transfer payments ($28.0 million), travel related transactions ($19.7 million) and oil imports ($3.9 million).

Domestic Credit

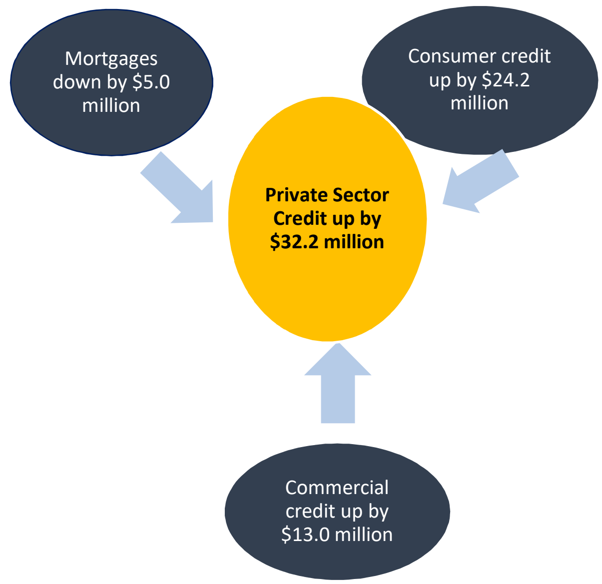
Bahamian Dollar Credit

Total Bahamian dollar credit grew by $92.1 million in March, a reversal from the $81.6 million reduction recorded in the same period last year. Underlying this outturn, net claims on the Government recovered by $61.7 million, following the $70.1 million contraction in 2019. In addition, credit to the private sector rose by $32.2 million, a turnaround from the $8.7 million decrease in the previous year. In particular, consumer credit increased by $24.2 million vis-à-vis a $6.3 million reduction last year; and commercial credit advanced by $13.0 million in contrast to the $4.0 million falloff in the prior year. However, mortgages reduced by $5.0

million, compared to a $1.6 million gain a year earlier. Meanwhile, the falloff in credit to public corporations moderated to $1.8 million from $2.8 million in 2019.

During the quarter, the contraction in total Bahamian dollar credit slowed sharply to $15.7 million from $137.8 million in 2019. Particularly, the reduction in net claims on the Government tapered to $5.9 million from $104.8 million; and public corporations net repayments moderated to $1.0 million from $6.0 million last year. The decline in private sector credit tapered to $8.8 million from $27.0 million, as consumer credit expanded by $23.3 million, largely reversing the $29.5 million decrease of a year earlier. Nevertheless, mortgages reduced by $21.6 million vis-à-vis a $2.6 million increase in the preceding year and commercial credit, fell by to $10.5 million, from a nearly stable outcome in 2019.

Chart 2: B$ Private Sector Credit



Foreign Currency Credit

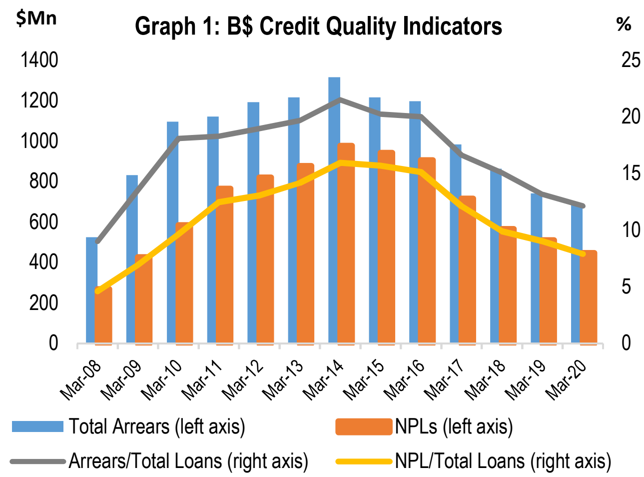
Domestic foreign currency declined further by $2.1 million during March, vis-à-vis $2.6 million a year earlier. Net claims on the Government fell by a more muted $0.1 million, as compared to $3.4 million in 2019; and credit to public corporations contracted by $1.3 million, following a flat position in the prior period. Further, private sector credit fell by $0.8 million, contrasting with an increase of the same magnitude in the previous year. Underlying this outcome, mortgages decreased by $0.8 million and commercial credit registered a flat outturn.

During the quarter, the contraction in foreign currency credit deepened to $71.2 million from $9.3 million in 2019. The private sector portion fell by $69.0 million, extending the $9.7 million decline in the prior year, as the reduction in commercial credit widened to $72.7 million from $13.0 million last year. Conversely, private mortgages increase was almost steady at $3.6 million. Meanwhile, net claims on the Government reduced by $0.9 million, vis-à-vis a $2.1 million growth last year. In a slight offset, the reduction in credit to public corporations slowed slightly to $1.3 million.

Credit Quality

During the month of March, total private sector arrears advanced by $47.7 million (7.5%) to $687.9 million, elevating the arrears rate by 79 basis points to 12.2% of corresponding loans. By length of delinquency, short-term arrears (31-90 days) rose by $45.1 million (23.1%) to $240.0 million, with the accompanying ratio increasing by 78 basis points to 4.2%. Similarly, non-performing loans (NPLs) grew by $2.6 million (0.6%) to $447.9 million, resulting in the NPL rate firming by 1 basis point to 7.9%.

In terms of the various categories, mortgages delinquencies expanded by $32.2 million (8.3%) to $419.9 million, as the short-term component rose by $35.4 million (30.4%), outstripping the $3.1 million (1.2%) decrease in the non-accrual segment. In addition, consumer arrears advanced by $11.3 million (6.0%) to $199.8 million, owing to increases in both the short-term arrears and the NPLs, of $8.6 million (12.1%) and $2.7 million (2.3%), respectively. Similarly, commercial arrears grew by $4.2 million (6.5%) to $68.2 million, amid a rise in both the long and short-term categories, by $3.0 million (5.3%) and by $1.2 million (15.0%), respectively. The corresponding NPL rate for mortgages fell by 11 basis points to 10.3%; while the consumer rate firmed by 7 basis points to 5.4%; and the commercial rate rose by 31 basis points to 7.3%.



Source: Central Bank of The Bahamas

Banks decreased their total provisions for loan losses by $7.0 million (1.6%) to $423.1 million in March. As a result, the ratio of total provisions to both arrears and NPLs narrowed by 5.7 and 2.1 percentage points to 61.5% and 94.5%, respectively. Banks also wrote off approximately $7.3 million in bad loans and recovered an estimated $3.4 million.

On a year-to-date basis, banks' total arrears firmed by $1.6 million (0.2%), leading to a 4 basis points firming in the ratio of arrears to total private sector loans. The outcome reflected a $7.7 million (3.3%) increase in short term delinquencies, which overshadowed the $6.1 million (1.3%) decline in the non-accrual category. When compared to March 2019, the total private sector arrears rate fell by 1.0 percentage points, as the 1.1 percentage point reduction in the NPL rate, overshadowed the 0.1 percentage point firming in the short term arrears rate. Declines were recorded across all credit segments, with the commercial, mortgages and consumer arrears ratios narrowing by 2.4, 0.9 and 0.5 percentage points, respectively.

By loan type, commercial delinquencies rose by $3.6 million (5.6%), as the $9.4 million (18.7%) growth in the long-term balances, outstripped the $5.7 million (39.3%) reduction in the short term segment. Similarly, consumer arrears edged up by $1.3 million (0.7%), due to a $4.5 million (3.9%) rise in NPLs, which negated the $3.1 million (3.8%) contraction in the short-term category. In contrast, mortgage delinquencies declined by $3.3 million (0.8%), as the $19.9 million (6.9%) decrease in long-term delinquencies, outweighed the $16.5 million (12.3%) growth in short-term arrears.

During the three-month period, banks lowered their total provisions for loan losses by $5.6 million (1.3%). As a consequence, the ratio of total provisions to arrears decreased by 1.0 percentage points, while the ratio of total provisions to NPLs was relatively unchanged. For the three months period, banks wrote-off an estimated $20.3 million in bad loans and recovered approximately $8.8 million.

Deposits

During the review month, total Bahamian dollar deposits grew by $84.4 million, surpassing the $7.4 million increase recorded in the same period last year. The outturn reflected an acceleration in the growth in demand balances to $85.1 million from $13.2 million and savings deposits, to $43.0 million from $6.7 million in the prior year. Conversely, fixed deposits declined by $43.7 million, extending the $12.6 million contraction a year earlier. Also, foreign currency deposits contracted by $90.1 million, a turnaround from the $39.1 million increase in 2019.

These trends persisted over the quarter, as total Bahamian dollar deposits rose by $180.7 million, extending the $37.1 million growth recorded during the comparable period of 2019. Demand and savings balances advanced by $182.7 million and by $95.5 million, following gains of $21.6 million and $55.2 million, respectively, a year earlier. In contrast, the reduction in fixed deposits widened to $97.5 million from $39.8 million in 2019. Meanwhile, the expansion in foreign currency deposits moderated to $24.0 million from $80.1 million last year.

Interest Rates

In interest rate developments, banks' weighted average loan rate rose by 1.1 percentage points to 11.05% in March. In contrast, the weighted average deposit rate fell by 10 basis points to 0.36%, with the highest rate of 4.00% offered on fixed balances of over 12 months.

3. Domestic Outlook

Expectations are that the domestic economy will register a negative outturn in 2020, owing to the COVID-19 pandemic, which is adversely impacting global economic activity and travel. This is combined with the fallout from Hurricane Dorian. In this regard, tourism sector output is expected to contract, with any potential for recovery largely contingent on the progress on the international health front. In this environment, a sharp increase in the jobless rate is estimated over the near-term, with any job gains concentrated mainly in the construction sector. Nonetheless, domestic inflation is forecasted to remain subdued, amid declining international oil prices.

On the fiscal front, costs associated with the reconstruction of lost infrastructure following the storm, combined with heightened social welfare and health care spending and revenue intake disruptions related to COVID-19, are expected to weigh heavily on the Government's fiscal outturn. Some of the shortfall in revenue is anticipated to be alleviated by reinsurance receipts and donations from domestic and international sources. However, the remaining budgetary gap will require increased domestic and external borrowing.

Monetary sector developments will continue to be underpinned by healthy banking sector liquidity, with commercial banks maintaining their cautious lending posture. However, external reserve balances are projected to decrease significantly during the year, attributed to a reduction in foreign currency receipts related to tourism activity and a rise in spending on imports for rebuilding efforts. Nevertheless, a prudent reliance on external borrowing in the Government's deficit financing strategy is expected to provide important support to the foreign exchange flows, bolstering the policy interventions taken by the Central Bank.

4. Monetary Policy and Financial Stability Implications

The Central Bank's near-term priorities center around maintaining sustainable foreign exchange market conditions, domestic financial stability, and targeted accommodation of distressed borrower.

The banking sector remains highly capitalised, with sufficient buffers to absorb losses from the pandemic, while providing forbearance to distressed borrowers in the private sector. The Central Bank has increased its monitoring of the system to specifically track these exposures and how they resolve themselves whenever the economy re-starts. For qualified facilities, commercial banks have been given latitude, as recovery prospects emerge, to extend credit support even at levels which might ordinarily exceed the Central Bank's prudential tolerance for leverage, relative to debt service burden or down payment requirement. In addition, facilities with payment deferrals have not been classified as restructured loans by the Central Bank—ordinarily, a less favourable regulatory treatment—given the offsetting macro-economic benefits of the accommodation.

Other interventions are targeting the foreign exchange markets and protection of the fixed exchange rate. Pressures, on foreign exchange adequacy result from expected drawdown in Bahamian dollar deposits, over the course of the pandemic, while some expansion in domestic credit is anticipated, mainly for the public sector. The external reserves remain adequate to achieve this objective in the context of a fiscal financing strategy that also relies on significant external borrowing, and other tools at the Central Bank's disposal, to prioritise or conserve on foreign exchange usage.

The Central Bank has taken the following measures to date:

i. In March 2020, the Central Bank suspended dividend approvals for all commercial banks. This standstill maintains loss absorption in all supervised financial institutions (SFIs), while pausing outward remittances by foreign-owned SFIs.

ii. As of May 2020, access to foreign exchange has been suspended for investment currency purchases and financing of Bahamas Depository Receipts (BDRs), both being categories of external portfolio investments.

iii. For commercial banks, the ceiling on the Bahamian Open Position on foreign exchange transactions has been relaxed to the maximum 5 percent of Tier 1 capital, removing the more binding limit of $5.0 million on net long exposures that constrained most institutions. This authorises commercial banks to incur a larger overhang between their Bahamian dollar (B$) assets and liabilities, before such positions must be corrected though purchases of foreign exchange from the Central Bank[1].

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[1]The short position on net exposures remains capped at 5.0% of Tier 1 capital, subject to not exceeding $5.0 million. When through cumulative net sales of foreign exchange to the public the long exposure of any bank exceeds its respective limit, they are required to replenish or correct the position either through inter-bank purchases of foreign exchange or via the Central Bank. Conversely, cumulative net purchases of foreign exchange from customers that cause the exposure to exceed the short limit require corrective sales of foreign exchange either to the Central Bank or the inter-bank market.

iv. In keeping with the extended treatment of the external portfolio of the National Insurance Board (NIB) as a source of foreign exchange liquidity, the Central Bank has requested the NIB to repatriate its external assets, excluding any exposures to Bahamas and Caribbean domestic issuers.

The Central Bank is continuing to assess the foreign exchange market outlook and is prepared to adopt additional measures, as necessary to ensure an adequate outcome for the foreign reserves. Of necessity, such measures would have to apply at the macro-financial level, so that spending on imports of goods and services remain sustainable.

In the present context, expansionary monetary policies remain inappropriate, unless added ample supplies of foreign exchange also enter the economy. Otherwise, such responses would introduce import spending pressures that intensify foreign exchange market pressures.

APPENDIX

International Developments

Developments within the major economies were lackluster during the review month, as global economic developments were dominated by the novel coronavirus (COVID-19) pandemic and unfavorable economic forecasts. Against this backdrop, major central banks either maintained or enhanced their highly accommodative monetary policy stance, with the Federal Reserve Bank, the People's Bank of China and Bank of England reducing key policy rates, while other central banks implemented quantitative easing measures to sustain stability in the financial markets.

Economic performance indicators for the United States faced strong headwinds during the month of March, owing to the COVID-19 pandemic. Specifically, retail sales reduced by 8.7% to $483.1 billion, while the industrial production index registered a decrease of 5.4%, underpinned by a 6.3% contraction in manufacturing output, as well as reductions in utility (3.9%) and mining (2.0%) output. Further, the jobless rate advanced by 90 basis points to 4.4%, as total non-farm payroll employment declined by 701,000, as the spread of the virus led to a significant decline in the leisure and hospitality industry, as well as, reductions in health care & social assistance, professional & business services and the construction sectors. However, the consumer price index narrowed by 0.1%, owing primarily to lower energy, apparel and transportation costs. With regard to international trade, the deficit decreased by $5.5 billion (12.2%) to $39.9 billion in February, bolstered by a 2.5% decline in imports to $247.5 billion, which outweighed the 0.4% falloff in exports to $207.5 billion. Against this backdrop, the Federal Reserve reduced its benchmark interest rate to a range of 0.00% to 0.25% from 1.00% to1.25%, and established a temporary repurchase agreement facility for foreign and international monetary authorities, all in response to the COVID-19 outbreak which adversely impacted economic activity.

Economic indicators in the European economies were subdued over the review period. In the United Kingdom, production for the three months to February decreased by 0.6%, amid declines in the manufacturing, mining & quarrying and electricity & gas sectors. Similarly, retail sales fell by 0.3% owing to excessive rainfall, as well as declines in food stores, department stores and non-store retailing. Further, UK's inflation rate, as measured by the Consumer Price Index, edged down to an annualized 1.5% in March from 1.7% in the prior month. In terms of the labour market, the unemployment rate for the three months to February edged up by 10 basis points to 4.0%. On the external front, the trade balance for the UK rose by £6.6 billion to a surplus of £1.4 billion, as imports, of largely machinery and transport equipment, chemicals and miscellaneous manufactures, fell by £10.1 billion, partially offsetting the £3.5 billion reduction in exports. Further, in the euro area, industrial production for February fell by 10 basis points, underpinned by reductions in durable consumer goods (2.0%) and capital goods (1.5%). However, retail trade improved by 0.9%, sustained by gains in food, drinks and tobacco sales and non-food product sales. Meanwhile, in February, the euro area recorded a trade surplus of €23.0 billion, as gains in exports (€189.3 billion), outpaced the growth in imports (€166.3 billion). Prior to the widespread implementation of COVID-19 countermeasures, the jobless rate for the euro area moved lower by 10 basis points to 7.3% in February−the lowest since 2008. Likewise, the inflation rate decreased by 50 basis points to 0.7% during the review period, owing to a falloff in the cost of energy (4.5%). In this environment, the Bank of England reduced its benchmark rate to 0.1% from 0.25%, while the European Central Bank maintained the interest rate on the main refinancing operations, the marginal lending facility and the deposit facility at 0.00%, 0.25% and -0.50%, respectively.

Over the review period, the impact of the COVID-19 pandemic translated in some variations in economic indicators within the Asian economies. Specifically, China's real GDP for the first quarter of 2020 contracted by 6.8%−the first since 1992−as consumer spending, exports and fixed investments fell, as the country was placed on lockdown to stem the spread of the virus. Retail sales also declined by 4.7% during the review period. However, the industrial production index improved by 32.1%, attributed to a rise in the output of natural gas, non-woven fabrics and chemical medicine materials. Further, China's inflation rate, as measured by the consumer price index, narrowed by 1.2% in March, following a 0.8% increase in the previous month, underpinned by broad-based declines in the price of foodstuff, consumer goods, non-foodstuff and services. In addition, the unemployment rate fell by 30 basis points to 5.9% during the review period, reflecting a dampening of the COVID-19 impact. On the external front, China's trade balance for the review period registered a surplus of $19.9 billion in the review month, a reversal from a $7.1 billion deficit in February, as exports more than doubled to $185.2 billion, surpassing the $165.3 billion (15.8%) rise in imports. In Japan, retail sales rose by 0.6% for February, month over month, bolstered by gains in the sale of fuel by 3.5%, while industrial production fell by 0.3%. Further, Japan recorded a sharp reduction in the trade surplus to ¥5.0 million from ¥517.3 billion a year earlier, as the decline in exports outstripped the falloff in imports. The unemployment rate for Japan remained unchanged at 2.4% in February, while the annualized inflation rate remained unchanged at 0.4% in March, primarily driven by a decrease in transport & communication costs. In this environment, the Bank of Japan maintained its policy rate of -0.1%, supplementing its monetary policy efforts with an emergency stimulus of ¥117.0 million, while the People's Bank of China reduced its reverse repo rate by 20 basis points to 2.20%.

Activity in the major global stock indices during the month of March was largely subdued, amid the ongoing COVID-19 pandemic. In the United States, the Dow Jones Industrial Average (DJIA) and the S&P 500 reduced by 13.7% and 12.5%, respectively. In Europe, France's CAC 40, Germany's DAX and the United Kingdom's FTSE 100 weakened by 17.2%, 16.4% and 13.8%, respectively. Similarly, in the Asian markets, Japan's Nikkei 225 decreased by 10.5%, while China's SE Composite fell by 4.5%

Currency market developments varied during the review period. Specifically, the US dollar appreciated against the Swiss Franc, by 0.4% to CHF 0.9611 and Japanese Yen, by 0.2% to ¥107.54, while remaining relatively unchanged vis-à-vis the euro at €0.9065. Conversely, the dollar weakened against the Chinese Reminibi (by 1.29% to CNY 7.0823), the British pound (by 3.16% to £0.8052), and the Canadian dollar (by 4.87% to CAD$ 1.4062).

Broad based declines in the commodity market were registered for the month of March, as the price of crude oil contracted by 13.3% to $50.48 per barrel, despite an increase in OPEC's production by 821 thousand barrels per day to 28.61 million barrels per day. Likewise, the costs of silver and gold decreased by 16.2% and by 0.5%, to $13.97 and $1,577.18, respectively.

Recent Monetary and Credit Statistics

(B$ Millions)

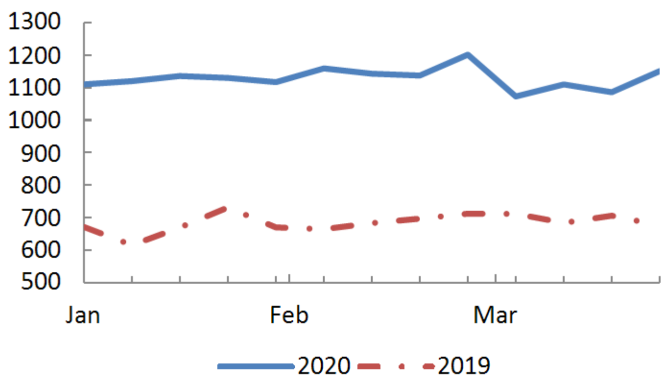
	March					
	Value		Change		Change YTD	
	2019	2020	2019	2020	2019	2020
1.0 LIQUIDITY & FOREIGN ASSETS						
1.1 Excess Reserves	676.18	1,150.90	-36.07	13.63	4.84	44.68
1.2 Excess Liquid Assets	1,619.74	2,048.89	-32.02	-48.55	87.95	79.39
1.3 External Reserves	1,392.14	2,000.63	91.02	34.72	192.97	242.41
1.4 Bank's Net Foreign Assets	142.64	273.08	39.73	-98.20	85.53	559.47
1.5 Usable Reserves	718.54	1,023.07	94.73	17.55	194.30	187.70
2.0 DOMESTIC CREDIT						
2.1 Private Sector	5,818.41	5,778.68	-7.91	31.36	-36.65	-77.78
a. B$ Credit	5,620.33	5,646.80	-8.67	32.16	-26.97	-8.77
of which: Consumer Credit	2,088.44	2,101.57	-6.34	24.15	-29.46	23.34
Mortgages	2,868.82	2,816.98	1.56	-4.97	2.60	-21.61
Commercial and Other Loans B$	663.07	728.25	-3.89	12.98	-0.10	-10.51
b. F/C Credit	198.07	131.88	0.76	-0.81	-9.68	-69.01
of which: Mortgages	61.44	61.68	3.09	-0.77	3.33	3.64
Commercial and Other Loans F/C	136.64	70.20	-2.33	-0.03	-13.01	-72.65
2.2 Central Government (net)	2,430.84	2,613.11	-73.49	61.67	-102.69	-6.81
a. B$ Loans & Securities	2,694.33	2,889.08	-15.01	65.52	-51.16	39.89
Less Deposits	263.48	330.58	55.10	3.79	53.59	45.82
b. F/C Loans & Securities	7.00	57.00	0.00	0.00	0.00	0.00
Less Deposits	7.01	2.39	3.39	0.06	-2.07	0.88
2.3 Rest of Public Sector	479.14	441.49	-2.80	-3.04	-7.74	-2.31
a. B$ Credit	291.08	277.46	-2.80	-1.76	-6.02	-1.03
b. F/C Credit	188.06	164.03	0.00	-1.28	-1.72	-1.28
2.4 Total Domestic Credit	8,728.39	8,833.28	-84.21	89.99	-147.08	-86.90
a. B$ Domestic Credit	8,342.27	8,482.76	-81.58	92.13	-137.75	-15.74
b. F/C Domestic Credit	386.12	350.52	-2.62	-2.14	-9.33	-71.16
3.0 DEPOSIT BASE						
3.1 Demand Deposits	2,478.78	3,136.37	13.25	85.11	21.62	182.67
a. Central Bank	34.00	77.33	-15.96	27.63	-40.86	27.68
b. Banks	2,444.78	3,059.04	29.22	57.48	62.48	154.98
3.2 Savings Deposits	1,475.98	1,731.97	6.68	42.98	55.24	95.52
3.3 Fixed Deposits	2,522.49	2,327.44	-12.56	-43.71	-39.77	-97.50
3.4 Total B$ Deposits	6,477.25	7,195.78	7.38	84.38	37.10	180.68
3.5 F/C Deposits of Residents	598.12	693.98	39.12	-90.05	80.05	23.98
3.6 M2	6,778.01	7,542.33	11.66	103.70	34.25	190.15
3.7 External Reserves/M2 (%)	20.54	26.53	1.31	0.10	2.76	2.61
3.8 External Reserves/Base Money (%)	111.29	110.94	9.89	-0.52	15.49	9.39
3.9 External Reserves/Demand Liabilities (%)	103.34	102.33	7.29	-0.02	14.50	7.07

	Value		Year To Date		Change	
	2019	2020	2019	2020	Month	YTD
4.0 FOREIGN EXCHANGE TRANSACTIONS						
4.1 Central Bank Net Purchase/(Sale)	88.54	23.96	187.82	225.17	-64.58	37.35
a. Net Purchase/(Sale) from/to Banks	105.86	114.42	277.71	328.87	8.56	51.15
i. Sales to Banks	0.00	32.10	4.35	63.08	32.10	58.73
ii. Purchase from Banks	105.86	146.52	282.06	391.95	40.66	109.89
b. Net Purchase/(Sale) from/to Others	-17.32	-90.46	-89.89	-103.70	-73.14	-13.81
i. Sales to Others	105.22	161.80	253.71	293.51	56.58	39.80
ii. Purchase from Others	87.90	71.34	163.82	189.81	-16.56	25.99
4.2 Banks Net Purchase/(Sale)	125.85	97.39	304.74	310.56	-28.46	5.82
a. Sales to Customers	365.59	462.93	1184.74	1272.56	97.33	87.81
b. Purchase from Customers	491.45	560.31	1489.49	1583.12	68.87	93.63
5.0 EXCHANGE CONTROL SALES						
5.1 Current Items	493.07	540.63	1,487.87	1,585.08	47.56	97.21
of which Public Sector	88.80	101.41	211.26	243.08	12.61	31.82
a. Nonoil Imports	116.02	132.93	333.63	397.67	16.92	64.04
b. Oil Imports	52.87	53.69	154.12	150.18	0.82	-3.94
c. Travel	20.89	12.63	69.94	50.27	-8.26	-19.67
d. Factor Income	33.04	50.75	77.87	99.29	17.72	21.42
e. Transfers	21.10	10.48	66.15	38.18	-10.62	-27.97
f. Other Current Items	249.16	280.15	786.15	849.48	30.99	63.33
5.2 Capital Items	22.18	166.59	82.70	185.97	144.40	103.27
of which Public Sector	18.02	149.76	49.21	157.21	131.74	108.01

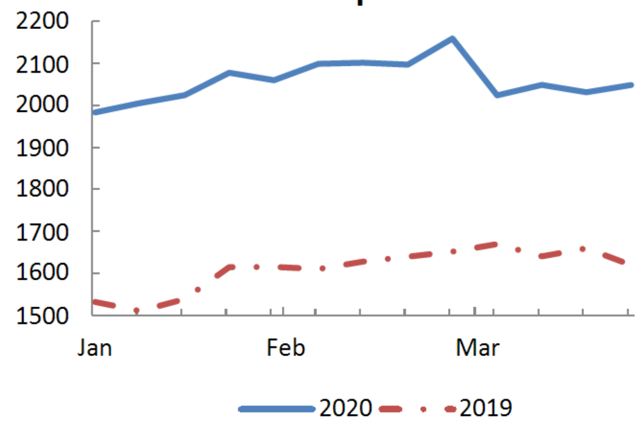
SELECTED MONEY AND CREDIT INDICATORS

(B$ Millions)

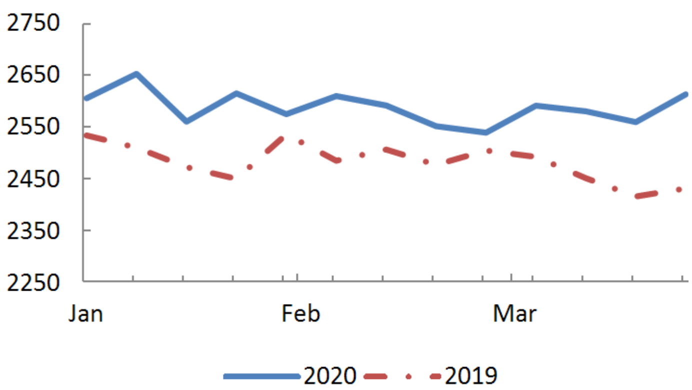
Excess Reserves



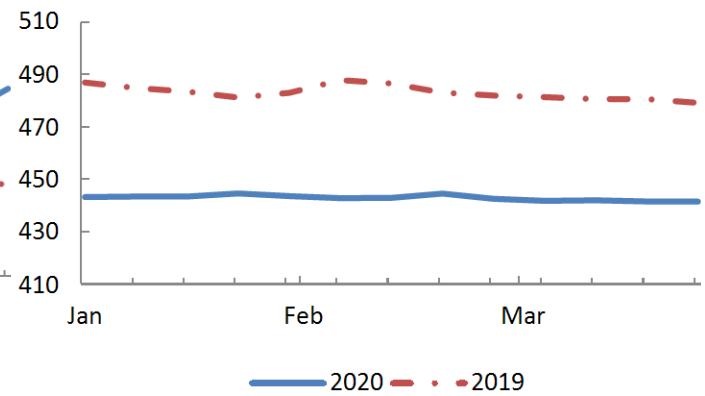
Excess Liquid Assets



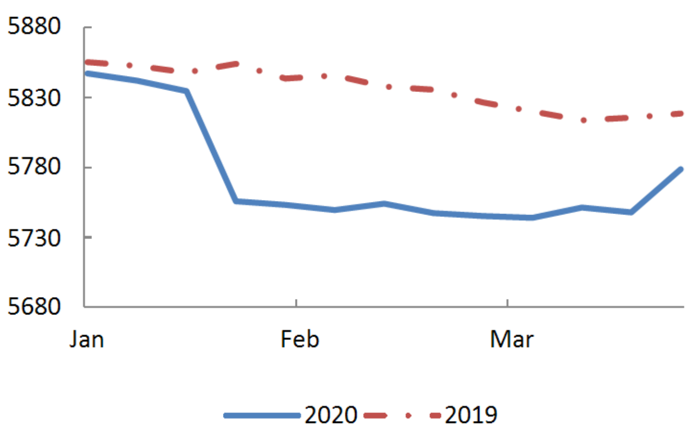
Central Govt. Credit (Net)



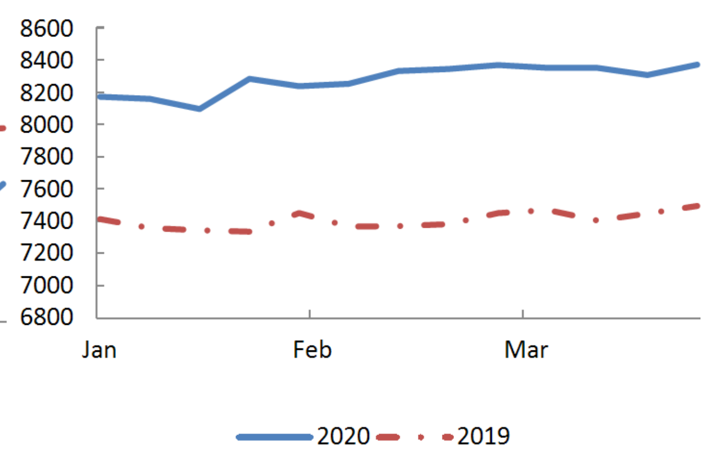
Rest of Public Sector Credit



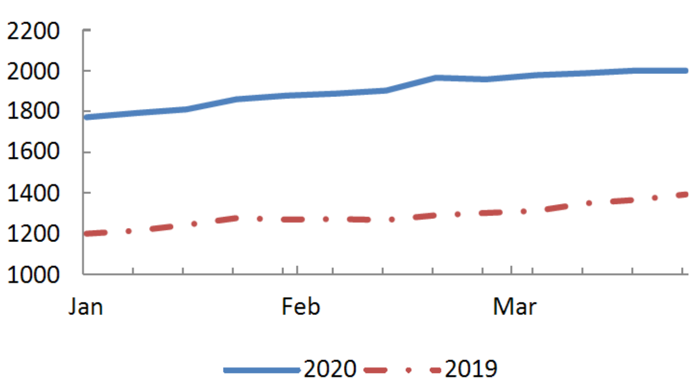
Private Sector Credit



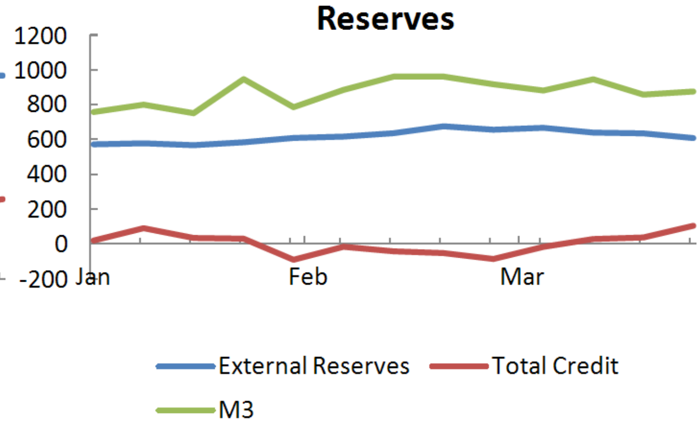
M3



External Reserves



Changes in Money, Credit & Ext. Reserves



Selected International Statistics

A: Selected Macroeconomic Projections (Annual % Change and % of labor force)						
	Real GDP		Inflation Rate		Unemployment	
	2018	2019	2018	2019	2018	2019
Bahamas	1.6	0.9	2.2	1.8	10.7	9.5*
United States	2.9	2.4	2.4	1.8	3.9	3.7
Euro-Area	1.9	1.2	1.8	1.2	8.2	7.7
Germany	*1.5*	*0.5*	*1.9*	*1.5*	*3.4*	*3.2*
Japan	0.8	0.9	1.0	1.0	2.4	2.4
China	6.6	6.1	2.1	2.3	3.8	3.8
United Kingdom	1.4	1.2	2.5	1.8	4.1	3.8
Canada	1.9	1.5	2.2	2.0	5.8	5.8

*Source: IMF World Economic Outlook October 2019, Department of Statistics May 2019**

B: Official Interest Rates – Selected Countries (%)					
With effect	**CBOB**	**ECB (EU)**	**Federal Reserve (US)**		**Bank of England**
from	**Bank Rate**	**Refinancing Rate**	**Primary Credit Rate**	**Target Funds Rate**	**Repo Rate**
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
September 2019	4.00	0.00	2.50	1.75-2.00	0.75
October 2019	4.00	0.00	2.25	1.50-1.75	0.75
November 2019	4.00	0.00	2.25	1.50-1.75	0.75
December 2019	4.00	0.00	2.25	1.50-1.75	0.75
January 2020	4.00	0.00	2.25	1.50-1.75	0.75
February 2020	4.00	0.00	2.25	0.00-0.25	0.25
March 2020	4.00	0.00	1.02	0.00-0.25	0.10

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	**Mar-19**	**Feb-20**	**Mar-20**	**Mthly % Change**	**YTD % Change**	**12-Mth% Change**
Euro	0.8915	0.9069	0.9065	-0.04	1.66	1.69
Yen	110.85	107.77	107.54	-0.21	-0.99	-3.25
Pound	0.7670	0.7805	0.8052	3.16	6.72	3.52
Canadian $	1.3349	1.3409	1.4062	4.87	8.25	1.81
Swiss Franc	0.9952	0.9649	0.9611	-0.39	-0.67	-3.33
Renminbi	6.7121	6.9921	7.0823	1.29	1.71	4.46

Source: Bloomberg as of March 31st, 2020

D. Selected Commodity Prices ($)					
Commodity	**March 2019**	**February 2020**	**March 2020**	**Mthly % Change**	**YTD % Change**
Gold / Ounce	1292.30	1585.69	1577.18	-0.54	3.95
Silver / Ounce	15.12	16.67	13.97	-16.15	-21.72
Oil / Barrel	66.01	58.20	50.48	-13.26	-26.18

Source: Bloomberg as of March 31st, 2020

E. Equity Market Valuations – March 31st, 2020 (% change)								
	BISX	**DJIA**	**S&P 500**	**FTSE 100**	**CAC 40**	**DAX**	**Nikkei 225**	**SE**
1 month	-4.24	-13.74	-12.51	-13.81	-17.21	-16.44	-10.53	-4.51
3 month	-4.15	-18.96	-14.91	-21.75	-23.28	-22.78	-17.49	-6.10
YTD	-5.13	-23.20	-20.00	-24.80	-26.46	-25.01	-20.04	-9.83
12-month	-0.10	-15.47	-8.81	-22.08	-17.84	-13.80	-10.79	-11.02

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	**GBP**	**EUR**
o/n	0.1050	0.1250	-0.4325
1 Month	1.0500	0.2350	-0.4450
3 Month	1.1750	0.5000	-0.3500
6 Month	1.1000	0.9300	-0.2500
9 Month	1.4250	0.8000	-0.1275
1 year	0.9200	0.7100	-0.2000

Source: Bloomberg as of March 31st , 2020

Summary Accounts of the Central Bank
(B$ Millions)

	VALUE								CHANGE							
	Feb. 12	**Feb. 19**	**Feb. 26**	**Mar. 04**	**Mar. 11**	**Mar. 18**	**Mar. 25**	**Apr. 01**	**Feb. 12**	**Feb. 19**	**Feb. 26**	**Mar. 04**	**Mar. 11**	**Mar. 18**	**Mar. 25**	**Apr. 01**
I. External Reserves	***1,888.07***	***1,902.79***	***1,965.91***	***1,957.82***	***1,978.44***	***1,988.30***	***2,001.02***	***2,000.63***	***10.26***	***14.72***	***63.12***	***(8.09)***	***20.62***	***9.85***	***12.73***	***(0.40)***
II. Net Domestic Assets (A + B + C + D)	***(126.72)***	***(145.25)***	***(202.12)***	***(133.82)***	***(286.02)***	***(257.46)***	***(282.04)***	***(197.24)***	***12.73***	***(18.53)***	***(56.87)***	***68.30***	***(152.20)***	***28.56***	***(24.59)***	***84.80***
A. Net Credit to Gov't (I + ii + iii -iv)	***306.22***	***280.71***	***219.35***	***255.26***	***186.21***	***170.71***	***169.70***	***211.66***	***18.19***	***(25.51)***	***(61.36)***	***35.91***	***(69.05)***	***(15.51)***	***(1.01)***	***41.97***
i) Advances	74.90	74.90	74.90	74.90	14.90	14.90	14.90	14.90	-	-	-	-	(60.00)	-	-	-
ii) Registered Stock	250.20	246.31	240.32	240.18	240.20	240.27	239.57	260.96	10.41	(3.90)	(5.99)	(0.14)	0.03	0.07	(0.70)	21.39
iii) Treasury Bills	43.58	14.18	11.17	9.68	1.93	9.95	9.95	9.95	(0.00)	(29.40)	(3.01)	(1.49)	(7.74)	8.02	(0.00)	0.00
iv) Deposits	62.46	54.67	107.04	69.49	70.82	94.41	94.72	74.15	(7.78)	(7.79)	52.37	(37.54)	1.33	23.59	0.31	(20.57)
B. Rest of Public sector (Net) (i+ii-iii)	***(52.46)***	***(45.98)***	***(42.77)***	***(53.87)***	***(70.62)***	***(70.25)***	***(68.85)***	***(70.40)***	***(1.97)***	***6.48***	***3.21***	***(11.09)***	***(16.76)***	***0.38***	***1.39***	***(1.55)***
i) Loans	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	-	-	-	-	-	-	-	-
ii) Bonds/Securities	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	-	-	-	-	-	-	-	-
iii) Deposits	59.39	52.91	49.70	60.80	77.56	77.18	75.79	77.33	1.97	(6.48)	(3.21)	11.09	16.76	(0.38)	(1.39)	1.55
C. Loans to/Deposits with Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
D. Other Items (Net)*	***(380.48)***	***(379.99)***	***(378.70)***	***(335.21)***	***(401.61)***	***(357.91)***	***(382.89)***	***(338.51)***	(3.49)	0.49	1.29	43.49	(66.40)	43.69	(24.97)	44.38
III. Monetary Base	***1,761.35***	***1,757.54***	***1,763.79***	***1,824.00***	***1,692.42***	***1,730.84***	***1,718.98***	***1,803.38***	***22.99***	***(3.81)***	***6.25***	***60.22***	***(131.58)***	***38.42***	***(11.86)***	***84.40***
A. Currency in Circulation	445.15	438.96	446.13	452.04	447.43	443.18	464.84	478.75	(8.01)	(6.19)	7.18	5.90	(4.61)	(4.25)	21.67	13.91
B. Bank Balances with CBOB	1,316.20	1,318.58	1,317.65	1,371.97	1,245.00	1,287.66	1,254.13	1,324.63	31.00	2.38	(0.93)	54.31	(126.97)	42.67	(33.53)	70.49

FISCAL/REAL SECTOR INDICATORS

(B$ MILLIONS)

(% change represents current period from previous period)

Fiscal Operations[p]	JUL-SEP 2018/2019	JUL-SEP 2019/2020	OCT-DEC 2018/2019	OCT-DEC 2019/2020	JAN-MAR 2018/2019	JAN-MAR 2019/2020	APR-JUN 2018/2019	APR-JUN 2019/2020	YEAR TO DATE 2018/2019 (Over previous year)	YEAR TO DATE 2019/2020 (Over previous year)
1. Government Revenue & Grants	513.8	554.3	497.8	549.3					1011.7	1103.6
% change; over previous quarter	*-10.2%*	*-24.2%*	*-3.1%*	*-0.9%*					*14.9%*	*9.1%*
2. Value Added Tax	199.4	266.2	185.9	249.1					385.3	515.3
% change; over previous quarter	*4.6%*	*-13.4%*	*-6.8%*	*-6.4%*					*21.1%*	*33.7%*
3. Import/Excise Duties	151.2	140.5	114.4	133.1					265.6	273.6
% change; over previous quarter	*12.5%*	*-10.5%*	*-24.3%*	*-5.3%*					*1.1%*	*3.0%*
4. Recurrent Expenditure	539.9	544.1	566.3	631.6					1106.2	1175.6
% change; over previous quarter	*-15.4%*	*-24.1%*	*4.9%*	*16.1%*					*10.4%*	*6.3%*
5. Capital Expenditure	38.8	56.2	41.2	60.4					80.0	116.6
% change; over previous quarter	*-54.4%*	*-36.9%*	*6.2%*	*7.5%*					*-38.9%*	*45.8%*
6. Deficit/Surplus*	-64.9	-45.9	-109.6	-142.7					-174.5	-188.6
% change; over previous quarter	*-57.2%*	*-38.8%*	*69.0%*	*210.6%*					*-30.8%*	*8.1%*

DebtP **	JAN 2019	JAN 2020	FEB 2019	FEB 2020	MAR 2019	MAR 2020	APR 2019	APR 2020	MAY 2019	MAY 2020	JUN 2019	JUN 2020	JUL 2019	JUL 2020	AUG 2019	AUG 2020	SEP 2019	SEP 2020	OCT 2019	OCT 2020	NOV 2019	NOV 2020	DEC 2019	DEC 2020
7. Total Direct Debt	7,514.2	7,735.6	7,476.9	7,750.2	7,476.9	7,874.3																		
% change; over previous month	*0.2%*	*0.0%*	*-0.5%*	*0.2%*	*0.0%*	*1.6%*																		
8. External Debt	2,592.5	2,563.1	2,568.6	2,598.3	2,557.1	2,604.1																		
% change; over previous month	*0.0%*	*-0.2%*	*-0.9%*	*1.4%*	*-0.4%*	*0.2%*																		
9. Internal F/C Debt	0.0	50.0	0.0	50.0	0.0	50.0																		
% change; over previous month				*0.0%*		*0.0%*																		
10. Bahamian Dollar Debt	4,921.7	5,122.5	4,908.3	5,101.9	4,919.7	5,220.2																		
% change; over previous month	*0.3%*	*0.1%*	*-0.3%*	*-0.4%*	*0.2%*	*2.3%*																		
11. Total Amortization	41.4	52.5	36.3	23.8	112.5	185.6																		
% change; over previous month	*-18.9%*	*47.7%*	*-14.0%*	*-120.8%*	*67.7%*	*87.2%*																		
12.Total Public Sector F/C Debt	3,508.8	3,471.5	3,484.9	3,506.6	3,462.0	3,500.9																		
% change; over previous month	*4.8%*	*-0.1%*	*-0.7%*	*1.0%*	*-0.7%*	*-0.2%*																		

Real Sector Indicators	JAN 2019	JAN 2020	FEB 2019	FEB 2020	MAR 2019	MAR 2020	APR 2019	APR 2020	MAY 2019	MAY 2020	JUN 2019	JUN 2020	JUL 2019	JUL 2020	AUG 2019	AUG 2020	SEP 2019	SEP 2020	OCT 2019	OCT 2020	NOV 2019	NOV 2020	DEC 2019	DEC 2020	2019 (Over previous year)	2020 (Over previous year)
13. Retail Price Index																										
% change; over previous month																										
14. Tourist arrivals (000's)	636.9	687.2	608.4	711.7																					1,245.3	1,398.9
% change; over previous year	*19.33%*	*7.90%*	*13.89%*	*16.98%*																					*16.61%*	*12.34%*
15. Air arrivals (000's)	129.9	125.3	151.1	146.5																					281.0	271.8
% change; over previous year	*28.78%*	*-3.54%*	*19.65%*	*-3.08%*																					*23.71%*	*-3.29%*
16. Occupied Room Nights																										
% change; over previous year																										
17. Res. Mortgage Commitments-Value of New Const. & Rehab. (B$Millions)																										
% change; over previous qtr.																										

* Includes Net Lending to Public Corporations

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

p - provisional