

Quarterly

Economic Review

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REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

DOMESTIC ECONOMIC DEVELOPMENTS

OVERVIEW

Preliminary indications are that the domestic economy stabilized during the second quarter of 2021, despite the ongoing spread of the Novel Coronavirus (COVID-19) pandemic. Tourism output continues to gradually improve, supported by an ongoing strengthening in the high value-added air segment and the modest resumption in sea passengers, attributed to widespread vaccination efforts. In addition, several small to medium-scale foreign investment projects, along with continuous post-hurricane reconstruction works, provided stimulus to the construction sector. In price developments, inflation remained relatively benign over the review quarter, notwithstanding the uptick in global oil prices.

Provisional data showed that the Government's overall deficit narrowed during the fourth quarter of FY2020/2021, relative to the same quarter for FY2019/2020. Underlying this outturn, aggregate revenue increased considerably, led by gains in value added taxes (VAT) receipts, which overshadowed the rise in aggregate expenditure. Budgetary financing was led by borrowings from external sources, and comprised of mostly policy-based loans.

In monetary developments, the expansion in the deposit base contrasted with the reduction in domestic credit during the review quarter. Consequently, both bank liquidity and external reserves grew, bolstered by Government's external borrowing activities and a gradual recovery in net foreign currency inflows from real sector activities. In addition, on the short-term end of the arrears spectrum, banks' credit quality indicators improved in the second quarter, while in latest available data for the first quarter of 2021, overall profitability levels increased, underpinned by a decline in provisions for bad debt and operating costs.

In the external sector, the estimated current account deficit narrowed over the review quarter, owing to a recovery in tourism earnings, which contributed to a switch in the service account position to a surplus from a deficit in the prior year, when globally imposed travel restrictions related to the COVID-19 pandemic eliminated travel receipts. In contrast, the estimated surplus on the capital account reduced considerably, while the financial account inflows moderated sharply, explained by a notable falloff in "other" investment liabilities, owing to a decrease in net currency and deposit liabilities.

REAL SECTOR

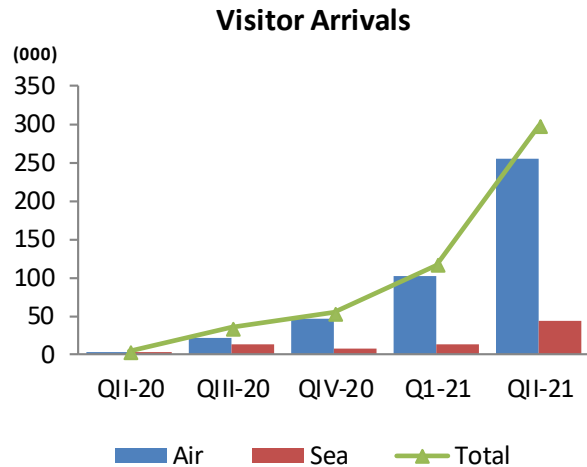
TOURISM

Preliminary evidence suggest that during the second quarter, tourism sector output registered a slow recovery, despite the ongoing spread of the COVID-19 pandemic. Contributing to this outturn, the high value-added air arrivals continued to strengthen, while there was the gradual resumption in sea traffic, as source-market vaccination efforts increased.

Data provided by the Ministry of Tourism revealed that total visitor arrivals strengthened to 297,759, following a 99.8% reduction to just 3,998 a year earlier, when international border closures were fully implemented. Specifically, the high value-added air component amounted to 254,662 from only 1,736

passengers in the prior year—58.5% of the 2019 second quarter level. Similarly, sea passengers recovered to 43,097 from 2,262 in the preceding year.

A disaggregation by major ports of entry, showed that tourist arrivals to New Providence rebounded to 180,240 from just 1,095 last year, as air and sea passengers totalled 176,378 and 3,862, respectively. Likewise, visitors to the Family Islands moved higher to 103,304 from 2,359 in the prior year, with respective air and sea arrivals amounting to 72,494 and 30,810. Further, Grand Bahama attracted 14,215 tourists, vis-à-vis 544 visitors in the previous year, reflecting the uptick in both air (5,790) and sea (8,425) passengers.



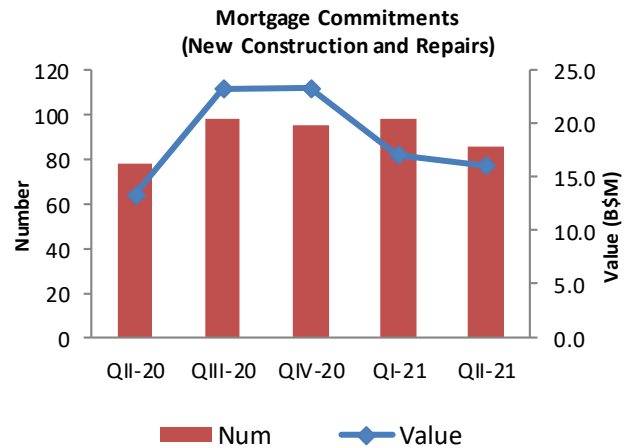
Positive trends were also observed in the private vacation rental market, as demand picked up and local hotel resorts resumed operations with the enforcement of COVID-19 protocols. Data from AirDNA showed that during the second quarter, total room nights booked rebounded to 327,716, following a 65.1% reduction to 130,075 same period last year. Contributing to this outturn, hotel comparable bookings and entire place listings recorded notable gains in the review quarter, which increased more than three-fold. An analysis by rental category revealed that average occupancy levels for entire place listings rose to 55.2% from 30.7%, while, the average daily rate (ADR) strengthened by 16.8% to \$490.86. Similarly, hotel comparable listings registered a 52.8% rise to its average occupancy rates, as the ADR increased by 13.7% to \$176.02.

Data provided by the Nassau Airport Development Company Limited (NAD) for the second quarter indicated that total departures—net of domestic passengers—amounted to 187,553, recovering from just 1,689 in the previous year, when the COVID-19 restrictions curtailed departures and represented 41.8% of departures relative to the second quarter of 2019. Specifically, U.S. departures totalled 182,263, compared to a considerable decline to 1,145 in 2020, while non-U.S. international departures rose to 5,290 from 544 in the corresponding period last year.

CONSTRUCTION

Construction sector activity during the second quarter remained supported by ongoing small to medium-scale foreign investment projects. Meanwhile, with regard to domestic private sector activity, residential and commercial financing indicators were mixed.

In domestic financing developments, total mortgage disbursements for new construction and repairs—as reported by banks, insurance companies and the Bahamas Mortgage Corporation—grew by 66.6% (\$9.8 million) to \$24.6 million, a reversal from a \$12.5 million decline in the



prior year. Underlying this outturn, residential mortgage disbursements expanded by 68.6% (\$9.9 million) to \$24.2 million, a turnaround from a 45.2% reduction last year. Conversely, the commercial financing segment remained weak, decreasing by 8.5% to a constrained \$0.3 million, albeit markedly lower than the 63.5% contraction in 2020.

Total mortgage commitments for new buildings and repairs—a forward-looking indicator of domestic activity—rose by 8 to 86, compared to the same period in 2020, while the corresponding value increased by 20.1% to \$16.1 million. An analysis by loan category revealed that commitments in the heavy weighted residential sector rose by 12 to 85, while the relevant value advanced by 35.4% to \$15.8 million. In an offset, commercial approvals decreased by 4 to 1, with the associated value contracting by 80.5% to \$0.3 million.

In terms of financing rates, average interest rate for commercial mortgages firmed by 1.4 percentage points to 7.74%, while the average rate for residential mortgages stabilized at 6.45%.

PRICES

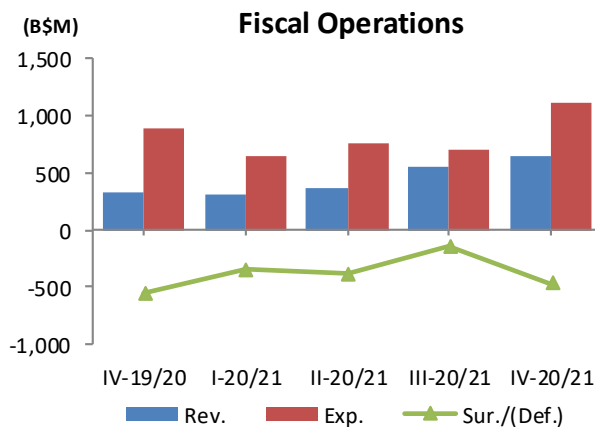
Domestic consumer price inflation—as measured by changes in the average Retail Price Index for The Bahamas—moderated to 0.44% during the twelve months to April, from 1.42% in the same period of 2020. Underlying this development, average costs for transport and recreation & culture declined by 4.7% and by 2.4%, vis-à-vis respective gains of 8.6% and 1.0% last year. Further, the average price decrease for communication extended to 6.8% from 0.3% a year earlier. In addition, average inflation rates slowed for health (1.9%), restaurants & hotels (1.3%) and alcohol beverages, tobacco and narcotics (2.5%). Providing some offset, average cost increases were recorded for clothing & footwear (11.3%), miscellaneous goods and services (3.9%), food & non-alcoholic beverages (2.4%) and housing, water, gas, electricity & other fuels (0.3%), following gains in 2020. In addition, the inflation rate quickened for furnishing, household equipment & routine household maintenance (2.4%), while the average cost decline moderated for education (2.1%).

Domestic energy costs rose during the second quarter, reflective of the uptick in global oil prices. Specifically, the average price of gasoline moved higher by 11.9% to \$4.89 per gallon over the three-month period and by 36.8% in comparison to the same period in 2020. Similarly, diesel cost grew by 11.2%, to \$4.33 per gallon, over the quarter and by 24.9% on an annual basis. In addition, the Bahamas Power and Light (BPL) fuel charge stabilized at 10.50 cents per kilowatt hour (kWh), vis-à-vis the prior quarter, but declined by 7.0% year-on-year.

FISCAL OPERATIONS

OVERVIEW

Preliminary data on the Government’s budgetary operations for the fourth quarter of FY2020/21, showed that the overall deficit narrowed by \$84.5 million (15.3%) to \$469.2 million, in comparison to the same period of FY2019/20. Contributing to this outturn, was a notable rebound in aggregate revenue, led by a growth in value added taxes (VAT) receipts, as the economy slowly stabilizes from COVID-19 related disruption in economic activities. Specifically, total revenue rose by \$314.8



million (96.0%) to \$642.7 million, which outweighed the \$230.3 million (26.1%) expansion in aggregate expenditure to \$1,111.9 million.

REVENUE

Tax receipts—which comprised 88.5% of total revenue—grew by \$263.4 million (86.1%) to \$569.1 million. Particularly, VAT collections—at a dominant 42.3% of total receipts—were restored by \$131.0 million (93.0%) to \$271.8 million. Partially offsetting, proceeds from stamp taxes on financial and realty transactions decreased by \$4.8 million (22.8%) to \$16.1 million. Meanwhile, excise taxes amounted to \$107.6 million, following an adjusted negative \$1.0 million in the preceding year, and collections from specific taxes—mainly gaming—more than doubled to \$21.4 million from \$9.1 million in the prior year, when the COVID-19 pandemic resulted in hotel closures.

In terms of other components, taxes on the use of goods moved higher by \$10.5 million (37.9%) to \$38.3 million, explained by an \$8.2 million (53.1%) growth in receipts from general business licenses fees, to \$23.5 million. In addition, company taxes, rose by \$1.9 million (85.2%) to \$4.2 million and marine licenses fees, by \$1.5 million to \$2.0 million. In a modest offset, motor vehicle taxes declined by \$0.9 million (9.2%) to \$8.6 million, while the reclassification of bank & trust companies resulted in nil collections, vis-à-vis proceeds of \$0.2 million in the comparative fiscal period in the previous year.

Among the remaining categories, reflective of constrained economic activities, taxes on international trade contracted by \$27.1 million (29.0%) to \$66.3 million. Underlying this outturn, taxes on exports reduced by \$35.9 million (79.8%) to \$9.1 million and departure taxes, by \$10.9 million (69.1%) to \$4.9 million. In contrast, revenue from customs & other import taxes, rose by \$19.8 million (60.9%) to \$52.2 million. Taxes on property also grew by \$32.8 million to \$46.9 million, while general stamp taxes edged up by \$0.1 million (17.2%) to \$0.9 million.

Non-tax receipts—at 11.4% of total revenue—increased more than three-fold to \$73.4 million from \$22.2 million a year earlier. Contributing to this outcome, revenue from sales of goods and services, expanded by \$31.0 million to \$54.9 million, on account of notable gains in collections from immigration and customs permit fees. Similarly, property income rose by \$7.3 million (80.8%) to \$16.3 million, owing mainly to a rise in interest and dividend receipts, while proceeds from reimbursements & repayments amounted to \$0.4 million, following a negligible level in the preceding year. Further, revenue from “miscellaneous” and unidentified taxes totaled a muted \$0.1 million, after an adjusted negative \$12.6 million in the prior year. In contrast, proceeds from fines, penalties and forfeitures decreased slightly by \$0.1 million (4.6%) to \$1.8 million, while the sales of “other” non-financial assets remained at negligible levels.

Government Revenue By Source				
April - June 2021				
	FY19/20		FY20/21	
	B\$M	%	B\$M	%
Property Tax	14.1	4.3	46.9	7.3
Value Added Tax	140.8	42.9	271.8	42.3
Stamp Taxes (Financial & Realty)	20.9	6.4	16.1	2.5
Excise Tax	(1.0)	(0.3)	107.6	16.7
Specific Taxes (Gaming Tax)	9.1	2.8	21.4	3.3
Motor Vehicle Taxes	9.5	2.9	8.6	1.3
Company Taxes	2.3	0.7	4.2	0.7
License to Conduct Specific Bus. Act.	15.4	4.7	23.5	3.7
Marine License Activities	0.4	0.1	2.0	0.3
Bank & Trust Companies	0.2	0.1	--	--
Customs & Other Import Duties	32.4	9.9	52.2	8.1
Taxes on Exports	45.0	13.7	9.1	1.4
Departure Taxes	15.8	4.8	4.9	0.8
Other Taxes on Transactions	0.1	0.0	0.1	0.0
General Stamp Taxes	0.8	0.2	0.9	0.1
Property Income	9.0	2.8	16.3	2.5
Sales of Goods & Services	23.9	7.3	54.9	8.5
Fines, Penalties & Forfeits	1.8	0.6	1.7	0.3
Reimbursements & Repayments	--	--	0.4	0.1
Misc. & Unidentified Revenue	(12.6)	(3.8)	0.1	0.0
Sales of Other Non-Financial Assets	--	--	--	--
Grants	--	--	0.2	--
Capital Revenue	--	--	--	--
Total	327.9	100.0	642.7	100.0

EXPENDITURE

The expansion in total expenditure was led by a \$202.1 million (28.5%) rise in current spending to \$910.4 million, along with a \$28.2 million (16.3%) growth in capital outlays to \$201.5 million.

An analysis by economic category, indicated that the growth in current spending was underpinned by higher disbursements for social benefits to \$132.6 million from \$61.1 million, owing in part to a rise in outlays for assistance related to COVID-19. In addition, public debt interest payments moved higher by \$55.9 million (54.6%) to \$158.2 million, reflecting an increase in external debt obligations. Further, expenditure for the use of goods and services rose by \$35.8 million (19.0%) to \$224.2 million, while “other” miscellaneous payments grew by \$23.0 million (45.1%) to \$74.1 million, explained by higher current transfers and insurance premium payments, by \$16.2 million (50.5%) to \$48.3 million and by \$6.8 million (35.9%) to \$25.8 million, respectively. In like manner, subsidies rose by \$23.0 million (19.7%) to \$139.7 million, due primarily to increased support to public health facilities, amid the ongoing spread of the COVID-19 pandemic.

Capital outlay gains reflected in large measure a sharp increase in the acquisition of non-financial assets by \$55.7 million (59.0%) to \$150.1 million, mainly attributed to an expansion in spending in fixed assets. In contrast, capital transfers reduced by \$27.5 million (34.9%) to \$51.4 million.

FINANCING AND THE NATIONAL DEBT

Budgetary financing for the fourth quarter of FY2021/22, was obtained from a mix of external and domestic sources. Specifically, external borrowings amounted to \$363.3 million, and comprised of mostly policy-based loans. Further, \$320.0 million in financing was acquired from domestic sources, in the form of loans & advances (\$160.0 million), Government bonds (\$134.5 million) and net Treasury bills/notes (\$25.5 million). Debt repayment for the period totaled \$278.0 million, of which the largest share (97.7%) went toward retiring Bahamian dollar debt.

As a result of these developments, the Direct Charge on the Government rose by \$408.8 million (4.3%) over the quarter and by \$1,744.1 million (21.3%) on an annual basis, to \$9,935.3 million at end-June, 2021. The fiscal year growth in the Direct Charge, notably exceeded the preliminary FY2020/21 deficit outcome of \$1,348.0 million, as the Government took over significant debt obligations from the state-owned electricity company and paid down some overdraft balances with local banks. A disaggregation by component, revealed that Bahamian dollar debt constituted 54.2% of the total, while foreign currency liabilities accounted for the remaining 45.8%.

An analysis by creditor, revealed that “other” private and institutional investors held the largest share of the local currency debt (41.6%), followed by banks (40.2%), public corporations (10.6%) and the Central Bank (7.6%). A disaggregation by instrument type, showed that Government bonds comprised the majority of the domestic currency debt—at 72.3%—and featured an average maturity of 10.3 years, similar to the previous year’s maturity period. In addition, Treasury bills & notes, and loans & advances accounted for smaller shares of 16.1% and 11.6%, respectively.

The Government’s contingent liabilities decreased by \$1.8 million (0.4%) over the three-month period, and by \$293.8 million, year-on-year, to \$420.7 million. Consequently, the National Debt—inclusive of contingent liabilities—grew by \$406.9 million (4.1%) over the previous quarter, and by \$1,450.3 million (16.3%), on an annual basis, to \$10,356.0 million.

As a ratio to GDP, the Direct Charge increased by an estimated 13.6 percentage points on a yearly basis, to 96.3% at end June. In addition, the National Debt-to-GDP rose to an estimated 100.4%, compared to 89.9% in the same quarter last year. While extraordinarily elevated because of the contraction in the nominal GDP, the ratios will remain expanded significantly above pre-pandemic levels after the nominal GDP recovers in the near to medium-term.

Estimates of the Debt-to-GDP Ratios			
June (%) ¹			
	2019 _p	2020 _p	2021 _p
Direct Charge	57.2	82.7	96.3
National Debt	62.8	89.9	100.4
Total Public Sector Debt*	58.1	83.5	94.5

Source: Central Bank of The Bahamas and the Department of Statistics
 GDP growth estimate for 2021 is derived from IMF projections.
¹ In the absence of actual quarterly GDP data, the ratios presented should be taken as broad estimates of the relevant debt ratios and are therefore subject to revision.
 *Presented partially net of inter-public sector credit.

PUBLIC SECTOR FOREIGN CURRENCY DEBT

The public sector’s foreign currency debt grew by \$352.6 million (7.4%) to \$5,090.7 million during the second quarter, and by \$1,301.1 million (34.3%) relative to the same period last year. In particular, new drawings of \$364.2 million, outpaced amortization payments of \$15.0 million. A breakdown by components showed that the Government’s liabilities—which accounted for 89.4% of the total—rose by \$360.4 million (8.6%) to \$4,548.7 million on a quarterly basis. However, the public corporations’ debt stock decreased by \$7.8 million (1.4%) to \$542.0 million.

In comparison to the same quarter of 2020, total foreign currency debt service payments rose by \$37.7 million (47.6%) to \$116.3 million. Underlying this outturn, Government’s debt service payments moved higher by \$42.1 million (73.4%) to \$99.6 million, as interest charges expanded by \$42.8 million (84.8%) to \$93.3 million, while amortization payments fell by \$0.6 million (9.3%) to \$6.3 million. In contrast, the public corporations’ segment reduced by \$4.6 million (21.7%) to \$16.7 million, with interest charges contracting by \$4.8 million to \$8.0 million, while amortization payments edged up by \$0.2 million to \$8.7 million. As a result of these developments, the debt service ratio reduced to 12.6% at end-June from 56.7% in 2020, while Government’s debt service to revenue ratio stood at 15.5%, approximately 2.0 percentage points lower than in 2020.

Disaggregated by creditor profile, capital market investors held the largest share of the foreign currency debt (48.6%), followed by multilateral institutions (23.1%), financial services firms (21.0%), domestic banks (6.0%) and bilateral entities (1.3%). A breakdown by currency type, indicated that the majority of the debt was denominated in United States dollars (88.5%), with IMF SDR’s, the Swiss Franc, euro, and the Chinese Yuan accounting for smaller portions of 5.1%, 3.7%, 1.4% and 1.3%, respectively. At end-June, the average age of outstanding foreign currency debt stood at 8.7 years, an increase from the 8.4 years recorded in 2020.

2021/2022 BUDGET HIGHLIGHTS

The FY2021/22 Budget was presented in Parliament in May and approved in June, 2021. The Budget entitled “Accelerating Recovery: From Restoration to Growth”, focused on implementing policies that would help stimulate the domestic economy, following the adverse impact of the COVID-19 pandemic.

In the 2021/22 Budget, the Government provided economic support through new revenue collection and ongoing tax relief measures. Specific to tax measures, the Government targeted mostly small business development. The announced measures include duty free concessions, by application, on startup and expansion costs. In addition, duty was reduced by 20.0%-25.0% on building supplies. Further, the Government announced an “Employment Incentive Program”, allotting \$40.0 million in tax concessions to businesses, allowing them to apply for a VAT tax credit of up to \$400.00 per week per employee, to cover the

salaries of up to ten new employees. Parliament approved 11 southern Family Islands as tax-free special economic zones for the next two years, with customs duty and VAT removal on construction materials, for investors or Bahamians looking to build or buy properties on these islands. VAT exemptions were also approved on real estate transactions valued under \$500,000 on these Islands. In terms of digital initiatives within the public and private sectors, the removed duty on digital transformation hardware and software services.

To partially offset the tax relief measures, new revenue enhancement methods included planned collection of VAT payments on vacation rental marketplaces on rentals and commissions. In addition, the Government increased the VAT rate to 12.0% on the portion of realty transactions valued over \$2.0 million.

In terms of key expenditure measures, the Government committed to \$250.0 million in small business support over the next five years, commencing with the \$35.0 million apportioned in the current budget. In addition, the Government assigned \$100.0 million to improve hospital infrastructure, social spending and digitization efforts. With respect to the Government's digitization efforts, allocations were provisioned for the digitization projects of the Ministry of Education (\$7.5 million), upgrades in the healthcare sector's IT infrastructure (\$6.0 million) and to the Department of Transformation and Digitization, to create a telemedicine initiative (\$1.0 million).

Given the series of announced measures, the Government anticipates a notable rise in revenue and more subdued growth in expenditure. Specifically, revenue intake is projected at \$2.2 billion in FY2021/22, an increase of \$484.0 million (27.5%) compared to the FY2020/21 budget, underpinned by gains in both tax and non-tax collections.

Tax receipts—which comprised 85.7% of total revenue—are targeted to grow by \$412.8 million (27.3%) to \$1,926.2 million, relative to the FY2020/21 budget. Similarly, non-tax revenue is forecasted to expand by \$71.2 million (28.8%) to \$318.3 million, as on account of an anticipated expansion in fees & service charges, along with gains in other “miscellaneous” sources, reimbursements & repayments and fines, penalties and forfeitures.

A breakdown of the tax revenue components revealed that, taxes on goods and service are projected to expand by \$294.3 million (27.7%) at \$1,358.2 million, reflective of an anticipated increase in VAT collections, by \$179.1 million (26.9%) to \$845.4 million, and excise taxes, by \$74.7 million (46.2%) to \$236.5 million. In addition, taxes on the use of goods and services are forecasted to rise by \$27.5 million (20.2%) to \$163.9 million, attributed to gains in business license proceeds, by \$20.3 million (23.7%) to \$105.7 million; company taxes, by \$5.3 million (33.2%) to \$21.1 million; and motor vehicle taxes, by \$2.4 million (7.4%) to \$35.4 million. Further, receipts from specific taxes—primarily gaming taxes—are slated to firm by \$19.8 million (57.9%) to \$54.0 million.

In terms of the other categories, taxes on international trade are anticipated to be higher by \$67.7 million (20.1%) at \$405.1 million. Underlying this outturn, taxes on exports are forecasted to increase by \$48.2 million to \$77.5 million; departure taxes, by \$11.3 million (13.6%) to \$94.7 million, and custom import duties, by \$8.2 million (3.6%) to \$232.8 million. Taxes on property are also budgeted to rise by \$54.0 million (51.5%) to \$158.8 million.

In terms of spending, approved expenditure allocations rose by \$108.7 million (3.5%) to \$3,198.3 million, vis-à-vis the previous year's budget, owing primarily to a forecasted \$251.8 million (9.8%) growth in current outlays to \$2,825.9 million. Conversely, capital spending is expected to amount to \$372.4 million, lower than the \$515.5 million budgeted in FY2020/21.

By economic categorization, the targeted expansion in current spending included a budgeted \$85.6 million (21.6%) rise in interest payments on public debt to \$482.5 million, explained by higher interest payments on both external and internal debt. In addition, disbursements for use of goods and services are predicted to increase by \$73.9 million (13.3%) to \$631.6 million; for other “miscellaneous” payments, by \$53.8 million (25.1%) to \$267.9 million; payments for employee compensation, by \$29.7 million (4.0%) to \$778.6 million; for subsidies, by \$19.3 million (5.2%) to \$390.2 million, and grants, by \$1.1 million (14.2%) to \$8.5 million, relative to the prior year’s budgeted amount. In contrast, allocations for social benefits are slated to be lower by \$11.6 million (4.2%) at \$266.7 million.

The budgeted contraction in capital expenditure reflected a predicted reduction in capital transfers, by \$71.8 million (35.4%) to \$131.2 million. Similarly, planned disbursements for acquisition of non-financial assets are anticipated to decline by \$71.3 million (22.8%) to \$241.2 million.

Against this backdrop, the fiscal deficit is projected to contract by \$375.3 million (28.3%) to \$951.9 million, vis-à-vis the FY2020/21 budget, representing a budgeted deficit to GDP ratio of 7.7% for FY2021/22.

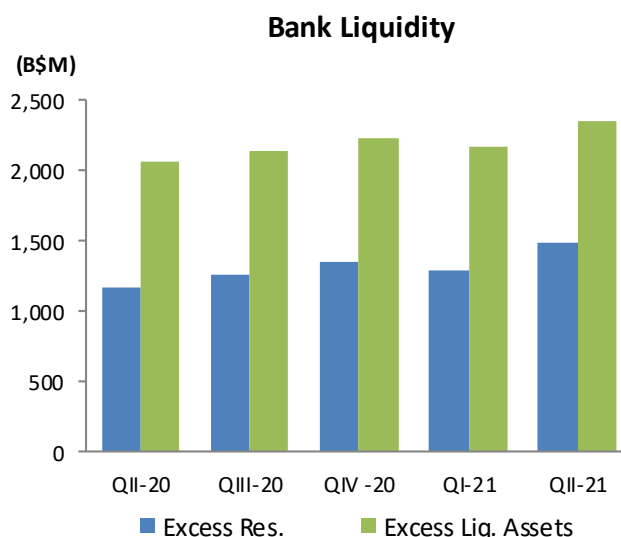
MONEY, CREDIT AND INTEREST RATES

OVERVIEW

During the second quarter, there was a buildup in banking sector liquidity, as the expansion in the deposit base, contrasted with the decrease in domestic credit. In addition, external reserves expanded over the review period, largely reflecting Government’s external borrowing activities and a gradual recovery in net foreign currency inflows from real sector activities. Meanwhile, banks’ credit quality indicators improved modestly over the three-month period, reflective of a reduction in short-term arrears, which overshadowed the rise in the non-performing loans segment. Further, profitability indicators revealed that for the first quarter of 2021—the period for which data was most recently available—banks’ registered a notable growth in net income, as a result of a reduction in bad debt provisioning and operating costs. In interest rate developments, the weighted average spread narrowed over the second quarter, as the decrease in the average loan rate, outpaced the softening in the mean deposit rate.

LIQUIDITY

Net free cash reserves of the banking system rose by \$198.6 million (15.4%), to \$1,490.6 million during the review quarter, extending the \$101.2 million (9.6%) growth in the corresponding period of 2020. Consequently, at end-June, the ratio of free cash reserves to Bahamian dollar deposit liabilities stood at 19.8%, exceeding the 15.8% accumulation in the previous year. Largely reflecting a buildup in banks’ balances with the Central Bank, the broader surplus liquid assets expanded by \$189.2 million (8.8%) to \$2,348.0 million, surpassing the \$20.1 million (1.0%) increase in the prior year. At end-June, the level of surplus liquid assets exceeded the statutory minimum by approximately 174.7%, relative to 157.6% a year earlier.



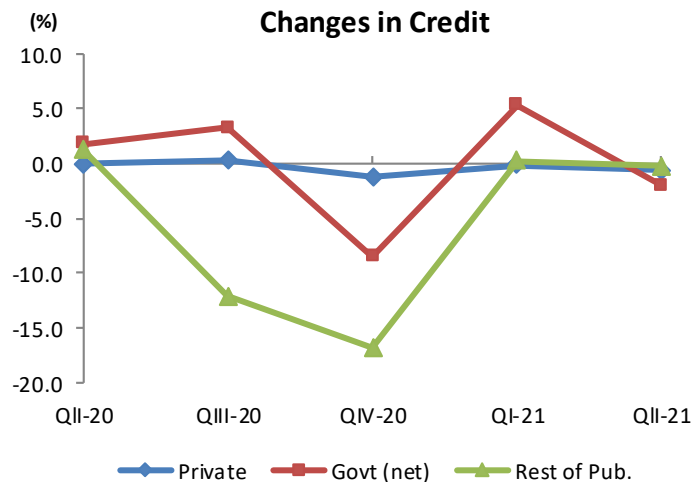
DEPOSITS AND MONEY

During the second quarter, the overall money supply (M3) expanded by \$318.2 million (4.0%) to \$8,227.7 million, a turnaround from a \$57.7 million (0.7%) reduction in the preceding year. Contributing to this development, the growth in narrow money (M1) quickened to \$228.5 million (6.5%), from \$38.4 million (1.1%) in 2020. In particular, the accumulation in demand deposits accelerated to \$224.4 million (7.2%) from \$4.2 million (0.1%) in the prior period, due to gains in both private and public placements. In addition, currency in active circulation increased by \$4.1 million (1.1%), albeit a slowdown from last year's growth of \$34.1 million (9.9%). Similarly, the buildup in broad money (M2) extended to \$244.4 million (3.2%), from just \$16.8 million (0.2%) a year earlier. Specifically, savings deposits grew by \$42.0 million (2.4%), although a moderation from the \$48.2 million (2.8%) gain in the previous year. Meanwhile, the falloff in fixed balances slowed to \$26.0 million (1.2%), from \$69.7 million (3.0%) in 2020. Moreover, residents' foreign currency balances grew by \$73.8 million (19.4%), a reversal from last year's \$74.6 million (12.3%) contraction.

Disaggregated by category, Bahamian dollar demand deposits comprised the largest share of the aggregate money stock, at 40.8%, followed by fixed balances, at 27.0% and savings deposits, at 22.2%. Further, residents' foreign currency deposits and currency in active circulation represented smaller shares, of 5.5% and 4.5%, respectively.

DOMESTIC CREDIT

Total domestic credit decreased by \$86.5 million (1.0%) during the review quarter, contrasting with the \$50.9 million (0.6%) expansion in the second quarter of 2020, and an average gain of 0.7% over the past five years. In particular, the Bahamian dollar component—which comprised the majority (95.5%) of the total—fell by \$87.3 million (1.0%), after an increase of \$36.4 million (0.4%) in the prior year. Meanwhile, the addition to foreign currency credit decelerated to \$0.8 million (0.2%), from \$14.4 million (4.0%) in the previous period.



A sectoral disaggregation revealed that, net credit to the Government reduced by \$52.6 million (2.0%), a reversal from a growth of \$46.2 million (1.8%) in 2020, and an average increase of 3.1%, over the last five years. In addition, credit to the rest of the public sector edged down by \$0.8 million (0.2%), following an uptick of \$5.3 million (1.2%) in the prior year. Further, private sector credit declined by \$33.2 million (0.6%), extending the marginal decrease of \$0.6 million in the previous year.

A decomposition of the various private sector categories showed that personal loans—which represented the largest share (72.2%) of total credit—fell by \$13.5 million (0.3%), albeit a slowdown from the \$34.3 million (0.7%) reduction in the preceding year, and relative to an average decline of 0.9% over the past five years. Underlying this outturn, consumer credit decreased by \$25.1 million (1.2%), overshadowing the \$7.5 million (0.3%) rise in residential mortgages and the \$4.2 million (9.0%) uptick in overdrafts.

A breakdown of Bahamian dollar consumer credit revealed net repayments for debt consolidation (\$9.9 million), “miscellaneous” purposes (\$7.0 million), credit cards (\$5.9 million) and private cars (\$3.1 million). More muted decreases of less than \$1.0 million occurred for travel, education and taxis & rented cars. In contrast, net lending rose for land purchases (\$1.0 million), with relatively smaller accretions registered for home improvement, medical services and furnishings & domestic appliances.

With regard to the remaining private sector loan categories, outstanding debt reduced for construction (\$15.2 million), “miscellaneous” purposes (\$4.8 million), professional & “other” services (\$3.3 million), manufacturing (\$1.6 million), tourism (\$1.2 million), private financial institutions (\$0.7 million), transport (\$0.5 million) and fisheries (\$0.2 million). Conversely, credit balances rose for distribution (\$6.3 million) and entertainment & catering (\$0.2 million).

Distribution of Bank Credit By Sector (End-Jun.)				
	2021		2020	
	B\$M	%	B\$M	%
Agriculture	0.7	0.0	0.9	0.0
Fisheries	1.4	0.0	0.4	0.0
Mining & Quarrying	1.9	0.0	2.1	0.0
Manufacturing	43.7	0.7	47.0	0.7
Distribution	279.9	4.2	274.1	4.0
Tourism	14.0	0.2	14.3	0.2
Enter. & Catering	21.7	0.3	19.9	0.3
Transport	38.2	0.6	34.9	0.5
Construction	299.1	4.5	308.8	4.5
Government	911.5	13.6	807.8	11.9
Public Corps.	90.9	1.4	209.6	3.1
Private Financial	19.0	0.3	24.7	0.4
Prof. & Other Ser.	47.1	0.7	53.8	0.8
Personal	4,842.2	72.2	4,918.1	72.2
Miscellaneous	90.6	1.4	93.5	1.4
TOTAL	6,702.2	100.0	6,810.0	100.0

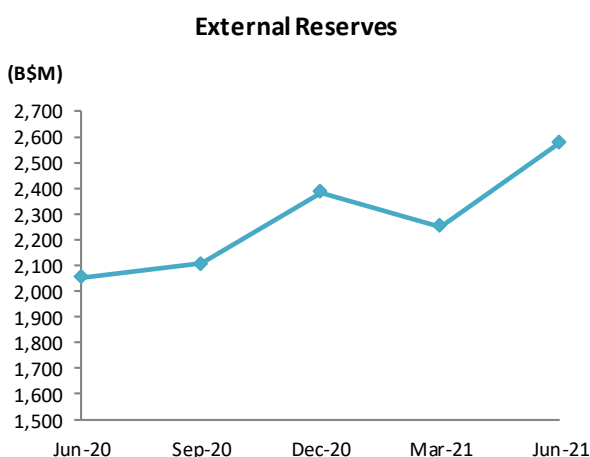
MORTGAGES

According to data provided by commercial banks, insurance companies and the Bahamas Mortgage Corporation, during the second quarter, the total value of outstanding mortgages decreased by \$13.6 million (0.5%) over the quarter, to \$2,949.1 million, an acceleration from the \$10.7 million (0.4%) falloff in 2020. Specifically, the dominant residential component—which comprised 94.4% of the total—declined by \$7.6 million (0.3%), relative to a \$7.4 million (0.3%) falloff in the prior year, for an ending balance of \$2,784.8 million. Similarly, the commercial component contracted by \$6.0 million (3.5%) to \$164.3 million, exceeding the \$3.3 million (1.9%) retrenchment last year. At end-June, domestic banks held the majority of outstanding mortgages (87.9%), followed by insurance companies (6.5%) and the Bahamas Mortgage Corporation (5.6%).

THE CENTRAL BANK

The Central Bank’s net claims on the Government decreased by \$30.9 million (12.6%) to \$214.7 million, a reversal from a \$114.7 million (52.8%) expansion in 2020, explained by a buildup in deposit holdings. In addition, the Central Bank’s net liabilities to the rest of the public sector almost doubled, to \$73.9 million, from \$37.2 million, after a reduction of \$17.2 million (24.6%) in the prior year. Further, the growth in liabilities to commercial banks accelerated to \$268.7 million (16.1%), from \$88.8 million (6.1%) in 2020, leading to an ending balance of \$1,942.8 million, as the rise in deposits outpaced the reduction in notes and coins in circulation.

External reserves grew by \$325.4 million (14.5%), to \$2,576.1 million, a turnaround from a \$7.4 million (0.4%) decline in the previous year, underpinned by the Government’s external borrowing activities. Underlying this outturn, the Central Bank reported net foreign currency purchases of \$317.5 million, contrasting with net sales of \$13.4 million in the prior year. In particular, the net intake from the Government advanced to \$294.1 million, from \$247.4 million in 2020. In addition, the Bank recorded net inflows from commercial banks of \$87.5 million, vis-à-vis a net sale of \$217.8 million in the preceding year. In contrast, net sales to public corporations quickened to \$64.0 million, from \$43.0 million a year earlier.



At end-June, the stock of external reserves was equivalent to an estimated 51.7 weeks of the current year’s merchandise imports (inclusive of oil purchases), relative to 42.0 weeks in the corresponding period of 2020. After adjusting for the 50.0% statutory requirement on the Central Bank’s Bahamian dollar demand liabilities, “usable” reserves strengthened by \$237.3 million (22.9%), to \$1,274.9 million, relative to the same period in 2020.

DOMESTIC BANKS

Domestic banks registered an \$85.0 million (43.7%) falloff in net foreign liabilities, to \$109.4 million, due to a reduction in liabilities to entities abroad. The outturn contrasted with a reversal to net foreign liabilities of \$34.9 million in June, 2020.

Domestic banks’ credit contracted by \$55.5 million (0.7%), although a slowdown from the \$63.9 million (0.7%) decline in 2020. In particular, the reduction in net claims on the Government slowed to \$21.7 million (0.9%), from \$68.5 million (2.8%) in the prior year. Meanwhile, the decrease in private sector credit extended to \$33.2 million (0.6%), from just \$0.6 million a year earlier. In addition, credit to public corporations fell by \$0.7 million (0.2%), a reversal from a \$5.3 million (1.2%) gain in 2020.

Banks’ total deposit liabilities—inclusive of Government balances—expanded by \$249.0 million (3.2%) to \$7,994.7 million, contrasting with a falloff of \$103.7 million (1.3%) in the previous year. Leading this development, private sector deposits rose by \$306.1 million (4.2%), a turnaround from a \$17.3 million (0.2%) decrease in 2020. In addition, the reduction in the Government’s deposit balances moderated to \$28.4 million (11.4%) from \$29.4 million (11.6%) in the preceding year. Further, the decrease in deposits of the rest of the public sector slowed to \$28.7 million (10.8%), from \$57.3 million (14.5%) a year earlier.

At end-June, the majority of banks’ deposit liabilities remained denominated in Bahamian dollars (94.2%), with the US dollars representing the remaining 5.8%. A disaggregation by holder, revealed that private individuals held the largest share (51.0%) of total local currency accounts, followed by business firms (33.2%), private financial institutions (6.3%), the public sector (5.8%) and “other” miscellaneous entities (3.7%).

A breakdown by deposit type, showed that demand balances comprised the largest share (45.6%) of accounts, followed by fixed (30.1%) and savings (24.3%) deposits. Analyzed by range of value and number,

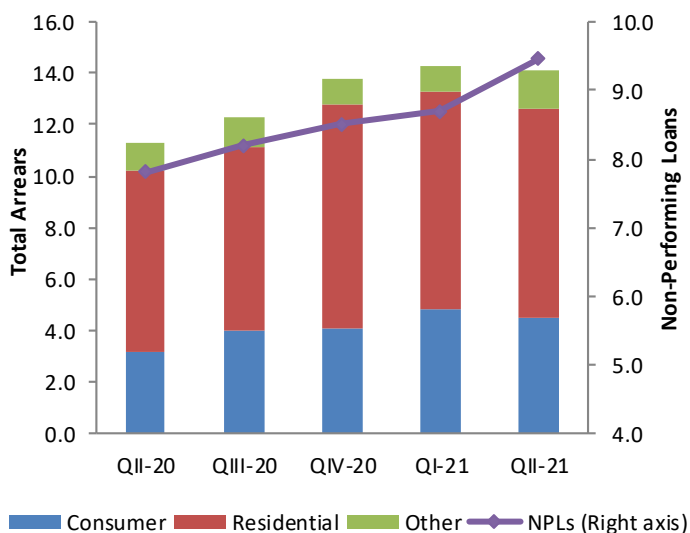
the majority of accounts (86.9%) held Bahamian dollar balances of \$10,000 or less, and constituted only 5.6% of the total value. Accounts with balances between \$10,000 and \$50,000 accounted for 8.8% of the total number and 11.2% of the overall value, while deposits in excess of \$50,000 represented only 4.3% of the total, but a dominant 83.2% of the aggregate value.

CREDIT QUALITY

Banks' credit quality indicators improved modestly over the review quarter. Specifically, total private sector loan arrears reduced by \$15.3 million (1.9%) during the three month period, but expanded by \$144.7 million (22.8%) on an annual basis, to \$780.7 million. Consequently, the ratio of arrears to total private sector loans decreased by 18 basis points on a quarterly basis, but rose by 2.8 percentage points, year-on-year, to 14.1%.

A disaggregation by the age of delinquencies, showed that short-term (31-90 day) arrears contracted by \$52.1 million (16.9%) to \$255.9 million, with the associated ratio narrowing by 90 basis points, to 4.6% of total private sector loans. In contrast, the non-performing segment—arrears in excess of 90 days and on which banks have ceased accruing interest—rose by \$36.8 million (7.5%) to \$524.8 million, resulting in the attendant ratio rising by 72 basis points, to 9.5% of total private sector loans.

Loan Arrears as % of Total Private Sector Loans



Contributing to the quarterly decrease in total private sector loan arrears, mortgage arrears—which dominated at 57.7%—reduced by \$25.4 million (5.3%) to \$450.2 million, leading to a 94 basis points decline in the corresponding ratio, to 17.5%. In addition, the consumer component fell by \$17.3 million (6.5%), to \$249.8 million, with a 71 basis points moderation in the associated ratio, to 11.7%. Providing some offset, commercial delinquencies rose by \$27.5 million (51.6%) to \$80.6 million, elevating the relevant ratio by 3.4 percentage points, to 9.7%. Meanwhile, broad-based increases were registered for NPL rates across all loan categories. The ratio of consumer loans moved higher to 8.3%, from 5.5% a year earlier. More modest additions were recorded in the commercial and mortgage components, which rose to 6.0% from 5.5% and to 11.6% from 10.5%, respectively.

Although credit quality indicators exhibited a modest improvement, banks increased their total provisions for loan losses by \$12.7 million (2.2%), to \$585.6 million during the review quarter. As a result, the ratio of provisions to total arrears moved higher by 3.0 percentage points to 75.0%, while the ratio of total provisions to non-performing loans narrowed by 5.8 percentage points to 111.6%. Meanwhile, the coverage ratio of specific provisions to non-performing loans fell by 1.2 percentage points to 81.3%. Further, banks wrote-off an estimated \$23.2 million in delinquent loans and recovered approximately \$7.2 million during the second quarter.

CAPITAL ADEQUACY

Capital levels within the banking system remained robust over the second quarter. The average ratio of capital to risk-weighted assets firmed by 50 basis points, to 31.3%. The ratio remained well in excess of the Central Bank’s regulatory prescribed target and trigger ratios of 17.0% and 14.0%, respectively.

BANK PROFITABILITY

During the first quarter of 2021—the latest available data—banks’ net income more than doubled to \$60.1 million, from \$24.6 million in the same period of the previous year, owing in part to a notable reduction in the provisions for bad debt. In terms of the profitability components, the net interest margin decreased by \$3.6 million (2.6%) to \$135.4 million, reflecting a \$3.5 million (2.4%) falloff in interest income to \$145.4 million, while interest expense was relatively stable at \$10.0 million. In addition, commission & foreign exchange income edged down by \$0.1 million (1.1%) to \$11.2 million, contributing to a \$3.7 million (2.5%) decrease in the gross earnings margin, to \$146.7 million.

Banks’ aggregate operating outlays reduced by 4.3% to \$95.9 million, reflecting declines in all of the

sub-components. Specifically, occupancy costs moved lower by 15.6% to \$3.9 million, while staff-related expenses and other (non-staff and non-administrative) costs fell by 7.1% to \$37.2 million and by 1.3% to \$54.8 million, respectively. In addition, banks reported a net income of \$9.3 million on their “non-core” activities, a turnaround from a net loss of \$25.6 million a year earlier, largely attributed to a 52.8% contraction in bad debt provisioning, to \$26.3 million. In addition, other “non-interest” earnings, rose by 17.4% to \$39.9 million. Providing a partial offset, depreciation costs increased by 10.7% to \$4.4 million.

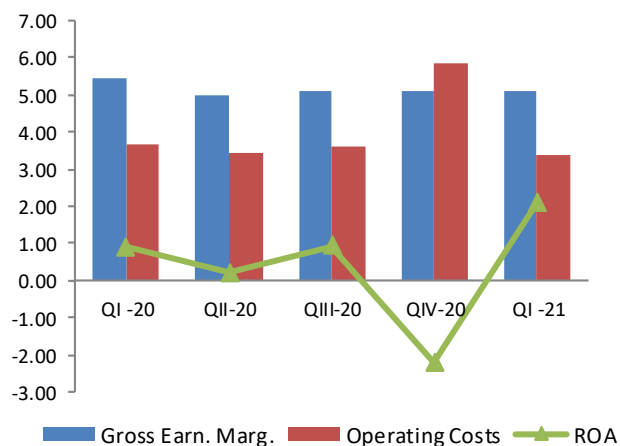
An analysis of profitability ratios, relative to average assets, showed that the majority of ratios trended downward. As a percentage of average assets, the gross earnings margin narrowed by 33 basis points to 5.13%, as both the interest margin and commission & foreign exchange ratios decreased by 31 and by 2 basis points, to 4.73% and 0.39%, respectively. Similarly, the operating costs ratio moved lower by 29 basis points to 3.35%, resulting in a reduction in the net earnings margin ratio by 5 basis points, to 1.78%. In contrast, banks net income ratio firmed by 1.2 percentage points to 2.10%, owing largely to a falloff in bad debt provisions.

INTEREST RATES

During the second quarter, the weighted average interest rate spread at commercial banks declined by 62 basis points, to 9.01%. Contributing to this outturn, the weighted mean lending rate decreased by 69 basis points to 9.49%, outpacing the 7 basis points moderation in the weighted average deposit rate, to 0.48%.

The reduction in the average loan rate was led by a 1.4 percentage point decline in the rate for overdrafts, to 9.59%. In addition, average rates on residential and commercial mortgages both softened, by 10 and by 5 basis points, to 5.08% and 6.33%, respectively. In contrast, mean rates on consumer loans firmed by 7 basis points, to 12.25%.

Domestic Banks' Profitability
(% of Avg. Assets)



With regard to deposit rates, the average range of interest offered on fixed balances shifted to 0.28%–1.17%, from 0.27%–1.22% in the previous quarter. In addition, the average returns offered on demand deposits increased by 9 basis points to 0.67%; while the average earning on savings deposits was unchanged, at 0.38%.

In other key interest rate developments, the average Treasury bill rate moved higher by 19 basis points to 2.61%. Moreover, the Central Bank’s Discount rate and commercial banks’ Prime rate were unchanged at 4.00% and 4.25%, respectively.

Banking Sector Interest Rates			
Period Average (%)			
	Qtr. II	Qtr. I	Qtr. II
	2020	2021	2021
Deposit Rates			
Demand Deposits	0.51	0.58	0.67
Savings Deposits	0.46	0.38	0.38
Fixed Deposits			
Up to 3 months	0.26	0.27	0.28
Up to 6 months	0.38	0.37	0.34
Up to 12 months	0.47	0.79	0.73
Over 12 months	0.76	1.22	1.17
Weighted Avg. Dep. Rate	0.37	0.55	0.48
Lending Rates			
Residential mortgages	5.29	5.18	5.08
Commercial mortgages	—	6.38	6.33
Consumer loans	11.94	12.18	12.25
Other Local Loans	8.84	8.11	8.20
Overdrafts	8.69	11.18	9.59
Weighted Avg. Loan Rate	9.58	10.18	9.49

CAPITAL MARKET DEVELOPMENTS

Activity in the domestic capital market remained subdued during the second quarter, reflecting the ongoing impact of the COVID-19 pandemic. In particular, the volume of shares traded on the Bahamas International Securities Exchange (BISX) fell by 59.5% to 2,101,291, extending the 19.1% contraction to 1,173,646 in the corresponding quarter of 2020. Similarly, the aggregate value of shares traded declined by 53.8%, to \$11,539,874, almost identical to the 52.1% falloff recorded in the prior year.

During the review quarter, the BISX All Share Price Index increased by 0.5% to 1,972.76 points, slightly above the 0.4% gain in the previous year. Further, market capitalization moved higher by 0.5%, to \$8.3 million, following a 0.2% uptick in 2020.

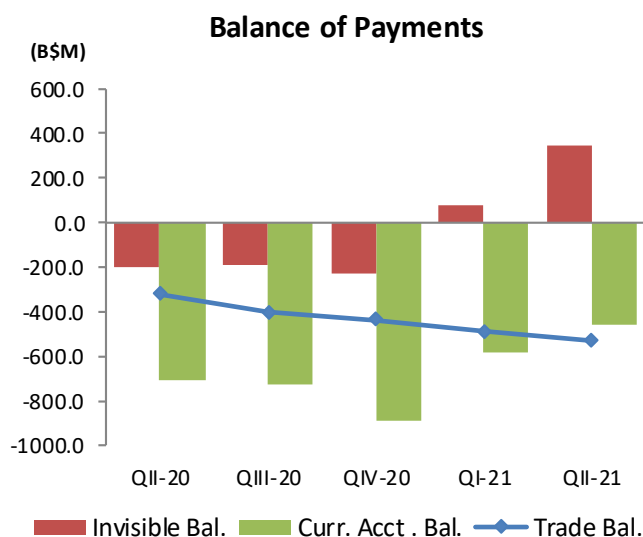
As it relates to market listings, the number of publicly traded securities on the exchange declined by 2 to 239, and comprised 20 ordinary shares, 8 preference shares and 211 debt tranches (of which, BRS and BGRS stood at 200 and 11, respectively).

INTERNATIONAL TRADE AND PAYMENTS

According to provisional estimates, the current account deficit narrowed during the second quarter of 2021 to \$460.8 million, from \$711.9 million in the corresponding period of 2020. Contributing to this outturn, the services account position switched to a surplus of \$350.3 million, from a deficit of \$200.1 million a year earlier, as travel receipts recovered. In contrast, the capital account surplus decreased sharply to \$16.8 million, from \$130.2 million in 2020, which had included residual hurricane re-insurance inflows. Further, the financial account inflows, excluding reserve assets, moderated to \$472.4 million from \$547.4 million last year, occasioned by a reduction in other investments liabilities.

The estimated merchandise trade deficit grew by \$207.7 million (64.4%) to \$530.0 million in the review quarter, as imports increased by \$305.0 million (78.9%) to \$691.5 million, outstripping the notable rise in exports, to \$161.4 million from \$64.1 million in 2020. In term of fuel costs—which are represented in the imports bill—the average per barrel prices more than doubled for aviation gas oil to \$177.94, kerosene (jet fuel) to \$78.07, and motor gas to \$102.66. Further, average per barrel costs rose for propane, by 56.5% to \$61.11 and gas oil, by 12.9% to \$77.82. On the other hand, lubricants & other declined by 50.0% to \$280.56 per barrel.

The services account position reversed to an estimated surplus of \$350.3 million, from a deficit of \$200.1 million in the preceding year. Underlying this outturn, net travel receipts—mainly personal travel—recovered to \$671.0 million, following a net outflow of \$1.1 million last year, when the spread of COVID-19 and containment measures largely eliminated travel earnings. Further, net payments for Government goods and services declined by \$4.4 million (13.8%) to \$27.4 million and for telecommunications, computer and information services, by \$1.6 million (10.1%) to \$14.6 million. Providing some offset, net payments for construction services expanded considerably to \$26.9 million from \$7.2 million in the prior year, while net outflows for transport services advanced to \$68.8 million from \$25.7 million, on account of gains in air (\$28.7 million) and sea (\$14.4 million) transport. Further, net outflows for insurance services grew by \$30.5 million (78.2%) to \$69.6 million and for “other business” services, by \$33.9 million (43.8%) to \$111.2 million. Likewise, charges for the use of intellectual property edged up to \$2.2 million from \$1.6 million in the preceding year.



During the review period, the primary income account deficit (against wages and investment income) expanded by \$73.9 million (45.3%) to \$237.1 million. The outturn was attributed to a notable rise in net investment income outflows, to \$212.5 million from \$141.6 million in the previous year. Specifically, net remittances against portfolio investment holdings outflows accelerated to \$89.5 million from \$43.2 million, and direct investment net outflows moved higher by \$26.3 million to \$72.2 million. In contrast, “other” net investments income outflows edged down by \$1.7 million (2.9%) to \$56.2 million. Meanwhile, net outflows for employees’ compensation rose by \$3.1 million (14.4%) to \$24.7 million.

The secondary income account deficit, which predominantly reflects net transfers, increased to \$43.9 million from \$26.2 million in the comparative 2020 period, as various private financial and non-financial net outflows rose by \$10.9 million (44.8%) to \$35.3 million, inclusive of rise in the workers remittances portion. Further, “other” net private current transfer outflows rose by \$4.7 million (38.8%) to \$16.7 million. In addition, general Government net inflows decreased by \$2.0 million (20.0%) to \$8.1 million in the second quarter.

The capital account surplus, primarily capital transfers—which comprised financial corporations, non-financial corporations, households and non-financial institutions serving households (NPISHs)—reduced considerably to \$16.8 million from \$130.2 million a year earlier, as residual Hurricane Dorian re-insurance inflows evaporated.

During the second quarter of 2021, the net financial liabilities (denoting net investment inflows), fell to \$472.4 million (13.7%) from \$547.4 million in 2020. Reflective of this development, “other investment” liabilities reduced sharply to \$44.8 million, from \$299.4 million in the previous year, owing to a reversal of the net currency and deposits position to a net asset of \$370.7 million, relative to a net liability of \$303.5 million in 2020. Further, net portfolio investment inflows expanded to \$292.8 million from \$114.9 million in the preceding year. In an offset, the net incurrence of loan liabilities grew by \$134.0 million (65.5%) to \$338.8 million, while “other” accounts receivable/payable shifted from a net asset of \$207.5 million in 2020, to a net

liability of \$77.8 million in the review quarter. Meanwhile, net private direct investment liabilities (also inflows to the jurisdiction) edged up by \$1.7 million (1.3%) to \$134.8 million, as liabilities in debt instruments grew by \$34.9 million to \$63.9 million, overshadowing the decrease in net equity and investment fund shares, by \$33.1 million (31.8%) to \$71.0 million.

As a result of these developments, and adjusting for net errors and omissions, the net movement in reserve assets, which corresponds to the change in the Central Bank's external reserves, reversed to a surplus of \$324.6 million, from a deficit of \$8.0 million in the second quarter of 2020.

INTERNATIONAL ECONOMIC DEVELOPMENTS

During the review quarter, despite the ongoing spread of the COVID-19 pandemic and containment measured, the major economies registered positive growth. Further, intensified vaccination efforts has contributed to improved labour market conditions, while inflationary pressures remained benign. In this environment, the major central banks maintained their accommodative monetary policy stance, in an effort to encourage economic growth.

Amid heightened vaccination efforts and Governments stimulus initiatives, all of the major economies recorded positive growth during the second quarter. In the United States, the expansion in real GDP strengthened to an annualized rate of 6.6% in the review quarter, from 6.3% in the previous quarter, underpinned by continued Government assistance initiatives and the re-opening of establishments. Similarly, in the United Kingdom real economic output recovered by an annual rate of 4.8% during the second quarter, a reversal from a 1.6% contraction in the first quarter, supported by increased output in the services, production and construction sectors. Likewise, real output in the euro area, grew by 2.0%, a switch from a 0.3% decline in the preceding quarter. In Asia, China's real GDP expanded by an annualized 1.3%, exceeding the 0.4% growth in the first quarter, amid gains across most major components. Further, real economic output in Japan rose by an annualized rate of 1.3%, vis-à-vis a 0.9% falloff in the prior quarter, attributed to a rise in private residential investment and government consumption.

Labour market conditions were mostly positive for the major economies, during the review quarter. Specifically, in the United States, the unemployment rate fell by 50 basis points to an average rate of 5.7% over the second quarter, as non-farm payrolls rose by 850,000 in June, primarily driven by gains in leisure & hospitality, local Government, education, and professional and business services. Similarly, the jobless rate for the United Kingdom declined by 30 basis points to 4.7% during the three months to June. Further, in the euro area, the unemployment rate narrowed by 40 basis points to 7.7%, over the first quarter, as the number of unemployed person fell by 423,000. In Asia, China's jobless rate moved lower by 40 basis points to an average of 5.0% during the review quarter. Conversely, Japan's unemployment rate rose by 10 basis points to 2.9% over the prior quarter.

Inflationary pressures remained relatively contained during the first quarter, despite experiencing some firming in rates, on account of a rise in global energy prices. Specifically, in the United States, underpinned by higher food and energy prices, the annualized inflation rate increased to 5.4% in June, from 2.6% in the previous quarter. Similarly, the United Kingdom's inflation rate rose by 1.4 percentage points over the previous quarter, to an annualized rate of 2.4%, reflective of a rise in the costs of transport. Likewise, due in part to an uptick in costs for energy, the euro area's annualized inflation rate grew by 60 basis points to 1.9%, over the previous quarter. In Asia, China's inflation rate firmed by 92 basis points to an annualized 1.2% over the prior quarter. In contrast, consumer prices in Japan narrowed to an annualized 0.5% in June from 0.2% in the previous quarter.

In the currency market, developments were mixed over the review quarter. Specifically, the dollar depreciated relative to the Canadian dollar, by 2.6% to CAD\$1.25, the British pound, by 1.2% to £0.72 and the Chinese Renminbi, by 1.1% to CNY 6.46. In contrast, the dollar appreciated vis-à-vis the Japanese yen, by 7.6% to ¥111.11, the Swiss Franc, by 4.5% to CHF0.93 and the euro, by 3.0% to €0.84.

The major equity markets reported mostly positive movements during the review quarter. In particular, in the United States, the S&P 500 index firmed by 8.2%, and the Dow Jones Industrial Average (DIJA), by 4.6%. Likewise, in the European bourses, France's CAC 40 increased by 7.3%, the United Kingdom's FTSE 100, by 4.8%, and Germany's DAX, by 3.4%. In the Asian markets, China's SE Composite moved higher by 4.4%; however, Japan's Nikkei 225 fell by 1.3%.

Amid a rise in global demand, average crude oil prices rose by 17.2% during the second quarter to \$69.45 per barrel over the three-month period. Similarly, in the precious metals market, the average prices of gold grew by 3.0% to \$1,815.37 per troy ounce and silver, by 2.6% to \$26.69 per troy ounce.

Movements in the major economies' external sector balances varied during the review quarter. In particular, in the United States, the trade deficit widened by \$61.1 billion (39.5%) to \$215.8 billion during the second quarter, compared to the corresponding period of the preceding year, as the 37.1% growth in imports—largely industrial supplies and materials—overshadowed the 36.2% gain in exports. Further, in the United Kingdom the trade deficit more than doubled to £32.8 billion from £14.0 billion in same period last year, with the 34.4% hike in imports of all commodities, outstripping the 15.1% rise in exports—mainly chemicals to European countries. In the euro area, the trade surplus grew by €5.0 billion to €36.7 billion during the review quarter, relative to the same period of 2020, supported by the 32.2% expansion in exports, which offset the 33.4% increase in imports. In Asia, Japan's trade balance reversed to a surplus of ¥443.4 billion during the second quarter vis-à-vis a deficit of ¥2,084.7 billion in the comparable period last year, reflective of a 45.0% growth in exports, which outweighed the 23.8% rise in imports. In China, the trade surplus narrowed by \$117.5 billion (7.7%) to US\$515.3 billion in the three months ended June, relative to the comparative period the prior year, on account of a 43.5% expansion in imports, which outpaced the 30.8% gain in exports.

In the context of ongoing economic uncertainty related to the COVID-19 pandemic, all of the major central banks affirmed their accommodative monetary policy stance. Specifically, the United States' Federal Reserve maintained its benchmark interest rate at a range of 0.00%-0.25% and continued with the monthly purchases of \$120.0 billion Treasury bonds and mortgage-backed securities. In addition, the Bank of England retained its main policy rate at 0.1%, and its Government bond purchase programme at £895.0 billion. Similarly, the European Central Bank sustained its key interest rates on the main refinancing operations, the marginal lending facility and the deposit facility at 0.00%, 0.25% and -0.50%, respectively. The Bank also re-affirmed its previously implemented pandemic emergency purchase programme (PEPP), with the goal of purchasing a total of €1,850.0 billion net assets. In Asia, the Bank of Japan left its policy rate at -0.1%, while the People's Bank of China maintained its reverse repo rate at 2.2%.

STATISTICAL APPENDIX (TABLES I-16)

TABLE 1
FINANCIAL SURVEY

Period	2017	2018	2019	2020				2021	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
(B\$ Millions)									
Net foreign assets	1,152.5	1,072.1	1,790.7	2,156.7	2,017.0	1,985.2	2,141.9	2,056.3	2,466.7
Central Bank	1,417.4	1,196.3	1,758.1	2,059.3	2,051.8	2,106.2	2,382.2	2,250.7	2,576.1
Domestic Banks	(265.0)	(124.2)	32.6	97.4	(34.9)	(121.0)	(240.2)	(194.4)	(109.4)
Net domestic assets	5,884.6	6,037.1	6,103.1	5,990.6	6,073.0	6,073.4	5,723.4	5,854.1	5,762.1
Domestic credit	8,838.3	8,911.2	8,957.1	8,894.7	8,939.8	8,988.3	8,614.4	8,740.4	8,654.0
Public sector	2,855.5	3,025.0	3,065.5	3,075.7	3,120.8	3,154.6	2,848.3	2,983.4	2,930.2
Government (net)	2,383.0	2,539.3	2,620.9	2,633.4	2,678.1	2,765.3	2,524.4	2,658.6	2,606.0
Rest of public sector	472.5	485.8	444.6	442.3	442.7	389.3	323.8	324.8	324.1
Private sector	5,982.9	5,886.2	5,891.6	5,819.0	5,819.0	5,833.7	5,766.1	5,757.0	5,723.8
Other items (net)	(2,953.7)	(2,874.1)	(2,854.0)	(2,904.1)	(2,866.8)	(2,914.9)	(2,891.0)	(2,886.3)	(2,891.9)
Monetary liabilities	7,037.3	7,108.8	7,892.8	8,146.2	8,088.8	8,057.7	7,864.2	7,909.5	8,227.7
Money	2,654.0	2,728.2	3,248.4	3,484.4	3,523.1	3,543.4	3,472.1	3,499.4	3,727.8
Currency	292.6	310.4	336.8	346.0	380.2	383.1	373.0	368.1	372.2
Demand deposits	2,361.5	2,417.7	2,911.6	3,138.4	3,142.9	3,160.3	3,099.1	3,131.3	3,355.7
Quasi-money	4,383.3	4,380.7	4,644.4	4,661.8	4,565.7	4,514.3	4,392.1	4,410.2	4,499.9
Fixed deposits	2,737.9	2,552.0	2,419.6	2,323.5	2,253.7	2,244.0	2,245.2	2,244.0	2,218.0
Savings deposits	1,371.2	1,427.1	1,637.0	1,731.3	1,779.5	1,800.9	1,788.4	1,785.5	1,827.5
Foreign currency	274.1	401.5	587.9	607.1	532.5	469.4	358.5	380.6	454.4
(percentage changes)									
Total domestic credit	(3.2)	0.8	0.5	(0.7)	0.5	0.5	(4.2)	1.5	(1.0)
Public sector	(3.5)	5.9	1.3	0.3	1.5	1.1	(9.7)	4.7	(1.8)
Government (net)	(6.6)	6.6	3.2	0.5	1.7	3.3	(8.7)	5.3	(2.0)
Rest of public sector	16.3	2.8	(8.5)	(0.5)	0.1	(12.1)	(16.8)	0.3	(0.2)
Private sector	(3.0)	(1.6)	0.1	(1.2)	(0.0)	0.3	(1.2)	(0.2)	(0.6)
Monetary liabilities	1.5	1.0	11.0	3.2	(0.7)	(0.4)	(2.4)	0.6	4.0
Money	7.9	2.8	19.1	7.3	1.1	0.6	(2.0)	0.8	6.5
Currency	4.3	6.1	8.5	2.7	9.9	0.7	(2.6)	(1.3)	1.1
Demand deposits	8.3	2.4	20.4	7.8	0.1	0.6	(1.9)	1.0	7.2
Quasi-money	(1.9)	(0.1)	6.0	0.4	(2.1)	(1.1)	(2.7)	0.4	2.0

Source: Central Bank of The Bahamas

TABLE 2
MONETARY SURVEY

Period	2017	2018	2019	2020				2021	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
(B\$ Millions)									
Net foreign assets	1,218.0	1,127.5	1,850.7	2,239.2	2,040.7	2,093.3	2,259.4	2,170.2	2,587.3
Central Bank	1,417.4	1,195.6	1,757.3	2,058.3	2,050.8	2,105.4	2,381.2	2,249.9	2,575.2
Commercial banks	(199.5)	(68.1)	93.4	180.9	(10.1)	(12.1)	(121.8)	(79.7)	12.2
Net domestic assets	5,742.1	5,910.7	5,963.7	5,827.8	5,901.1	5,865.9	5,495.3	5,734.9	5,636.3
Domestic credit	8,808.7	8,866.4	8,898.8	8,840.1	8,886.5	8,908.0	8,546.6	8,710.6	8,610.7
Public sector	2,841.7	3,009.1	3,050.1	3,061.8	3,106.9	3,141.2	2,835.1	2,983.4	2,930.1
Government (net)	2,369.6	2,523.7	2,605.5	2,619.5	2,664.2	2,751.9	2,511.2	2,658.6	2,606.0
Rest of public sector	472.1	485.4	444.6	442.3	442.7	389.3	323.8	324.8	324.1
Private sector	5,967.0	5,857.2	5,848.6	5,778.3	5,779.6	5,766.8	5,711.6	5,727.2	5,680.6
Other items (net)	(3,066.6)	(2,955.7)	(2,935.0)	(3,012.2)	(2,985.3)	(3,042.1)	(3,051.3)	(2,975.7)	(2,974.4)
Monetary liabilities	6,960.3	7,038.4	7,814.3	8,066.9	7,941.7	7,959.0	7,754.6	7,905.0	8,223.5
Money	2,591.4	2,671.3	3,186.5	3,421.0	3,450.3	3,460.1	3,377.5	3,495.7	3,724.3
Currency	292.6	310.5	336.9	346.1	380.2	383.1	373.1	368.1	372.2
Demand deposits	2,298.8	2,360.8	2,849.6	3,074.8	3,070.0	3,077.0	3,004.4	3,127.6	3,352.1
Quasi-money	4,368.8	4,367.2	4,627.8	4,646.0	4,491.4	4,499.0	4,377.1	4,409.3	4,499.2
Savings deposits	1,371.2	1,427.1	1,637.0	1,731.3	1,779.5	1,800.9	1,788.4	1,785.5	1,827.5
Fixed deposits	2,725.8	2,540.6	2,408.3	2,312.3	2,243.0	2,230.9	2,230.8	2,244.0	2,218.0
Foreign currency deposits	271.9	399.4	582.5	602.4	468.9	467.2	357.9	379.8	453.7
(percentage change)									
Total domestic credit	(3.2)	0.7	0.4	(0.7)	0.5	0.2	(4.1)	1.9	(1.1)
Public sector	(3.4)	5.9	1.4	0.4	1.5	1.1	(9.7)	5.2	(1.8)
Government (net)	(6.5)	6.5	3.2	0.5	1.7	3.3	(8.7)	5.9	(2.0)
Rest of public sector	16.3	2.8	(8.4)	(0.5)	0.1	(12.1)	(16.8)	0.3	(0.2)
Private sector	(3.1)	(1.8)	(0.1)	(1.2)	0.0	(0.2)	(1.0)	0.3	(0.8)
Monetary liabilities	1.4	1.1	11.0	3.2	(1.6)	0.2	(2.6)	1.9	4.0
Money	7.7	3.1	19.3	7.4	0.9	0.3	(2.4)	3.5	6.5
Currency	4.3	6.1	8.5	2.7	9.9	0.7	(2.6)	(1.3)	1.1
Demand deposits	8.1	2.7	20.7	7.9	(0.2)	0.2	(2.4)	4.1	7.2
Quasi-money	(1.9)	(0.0)	6.0	0.4	(3.3)	0.2	(2.7)	0.7	2.0

Source: Central Bank of The Bahamas

TABLE 3
CENTRAL BANK BALANCE SHEET

Period	(B\$ Millions)								
	2017	2018	2019	2020				2021	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
Net foreign assets	1,417.4	1,196.3	1,758.1	2,059.3	2,051.8	2,106.2	2,382.2	2,250.7	2,576.1
Balances with banks abroad	698.5	375.8	794.5	838.2	721.2	465.7	307.6	273.1	666.2
Foreign securities	614.7	670.5	779.8	1,025.7	1,134.1	1,438.2	1,867.6	1,773.9	1,703.8
Reserve position in the Fund	27.5	26.8	26.7	25.9	26.5	27.1	27.8	27.3	27.5
SDR holdings	76.8	123.2	157.1	169.4	169.9	175.2	179.2	176.4	178.6
Net domestic assets	209.6	228.4	145.4	(79.0)	52.8	52.6	(85.4)	(25.7)	(76.1)
Net claims on Government	390.1	503.6	395.9	217.3	332.0	343.6	172.8	245.6	214.7
Claims	417.0	525.1	460.4	294.5	366.9	376.6	252.5	356.1	413.0
Treasury bills	7.2	155.7	135.3	10.0	90.7	22.0	13.8	0.0	0.0
Bahamas registered stock	274.5	249.0	249.9	269.1	260.7	228.7	232.9	254.9	252.5
Loans and advances	135.4	120.4	75.2	15.5	15.4	125.9	5.8	101.2	160.6
Deposits	(26.9)	(21.6)	(64.4)	(77.2)	(34.8)	(33.0)	(79.7)	(110.5)	(198.4)
In local currency	(26.9)	(21.6)	(64.4)	(77.2)	(34.8)	(33.0)	(79.7)	(110.5)	(198.4)
In foreign currency	-	-	-	-	-	-	-	-	-
Deposits of rest of public sector	(17.2)	(74.6)	(49.6)	(76.9)	(59.7)	(71.1)	(52.1)	(44.3)	(81.0)
Credit to commercial banks	-	-	-	-	-	-	-	-	-
Official capital and surplus	(185.1)	(208.0)	(226.8)	(225.8)	(225.5)	(227.3)	(226.8)	(226.4)	(227.6)
Net unclassified assets	13.8	(0.2)	18.9	(0.6)	(1.1)	0.5	14.0	(7.7)	10.8
Loans to rest of public sector	2.8	2.5	2.3	2.3	2.3	2.1	2.0	1.9	1.9
Public Corp Bonds/Securities	5.2	5.2	4.8	4.8	4.8	4.8	4.7	5.2	5.2
Liabilities To Domestic Banks	(1,157.0)	(940.9)	(1,394.4)	(1,464.5)	(1,553.2)	(1,600.6)	(1,744.5)	(1,680.6)	(1,950.3)
Notes and coins	(145.8)	(149.3)	(151.5)	(128.6)	(102.1)	(128.6)	(173.3)	(132.2)	(120.7)
Deposits	(1,011.2)	(791.7)	(1,242.9)	(1,335.9)	(1,451.1)	(1,471.9)	(1,571.2)	(1,548.4)	(1,829.6)
SDR allocation	(177.4)	(173.3)	(172.3)	(169.7)	(171.2)	(175.1)	(179.2)	(176.3)	(177.5)
Currency held by the private sector	(292.6)	(310.4)	(336.8)	(346.0)	(380.2)	(383.1)	(373.0)	(368.1)	(372.2)

Source: Central Bank of The Bahamas

TABLE 4
DOMESTIC BANKS BALANCE SHEET

Period	(B\$ Millions)								
	2017	2018	2019	2020				2021	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
Net foreign assets	(265.0)	(124.2)	32.6	97.4	(34.9)	(121.0)	(240.2)	(194.4)	(109.4)
Net claims on Central Bank	1,158.0	941.9	1,395.3	1,465.5	1,554.2	1,601.5	1,745.5	1,681.5	1,951.2
Notes and Coins	145.8	149.3	151.5	128.6	102.1	128.6	173.3	132.2	120.7
Balances	1,012.2	792.6	1,243.8	1,336.8	1,452.0	1,472.9	1,572.1	1,549.3	1,830.4
Less Central Bank credit	-	-	-	-	-	-	-	-	-
Net domestic assets	5,483.6	5,482.2	5,672.6	5,765.8	5,792.3	5,814.3	5,689.0	5,745.6	5,696.9
Net claims on Government	1,992.9	2,035.7	2,225.0	2,416.1	2,346.1	2,421.8	2,351.6	2,413.0	2,391.4
Treasury bills	611.4	669.8	771.9	866.1	812.2	858.7	830.2	819.8	773.8
Other securities	1,137.7	990.9	985.4	962.5	949.9	942.2	907.5	930.7	926.1
Loans and advances	442.2	564.4	688.8	840.6	807.8	872.2	906.5	911.0	911.5
Less: deposits	198.5	189.4	221.1	253.2	223.8	251.4	292.5	248.5	220.1
Net claims on rest of public sector	113.6	54.2	31.7	40.6	98.4	73.6	72.2	53.3	81.2
Securities	262.6	229.5	230.9	230.9	226.1	226.1	226.1	226.1	226.1
Loans and advances	201.9	248.6	206.6	204.3	209.6	156.3	91.0	91.7	90.9
Less: deposits	350.8	423.9	405.8	394.6	337.3	308.8	244.9	264.5	235.8
Other net claims	(2.6)	(1.0)	18.8	0.2	(3.3)	(1.2)	2.7	(5.8)	0.1
Credit to the private sector	5,982.9	5,886.2	5,891.6	5,819.0	5,819.0	5,833.7	5,766.1	5,757.0	5,723.8
Securities	19.1	32.3	26.0	23.6	23.6	24.8	21.1	22.7	24.1
Mortgages	2,949.5	2,935.3	2,912.2	2,902.8	2,894.0	2,897.2	2,886.8	2,887.8	2,887.3
Loans and advances	3,014.3	2,918.5	2,953.4	2,892.6	2,901.4	2,911.7	2,858.2	2,846.5	2,812.4
Private capital and surplus	(2,699.3)	(2,642.6)	(2,394.7)	(2,414.9)	(2,424.3)	(2,466.6)	(2,443.5)	(2,455.1)	(2,458.2)
Net unclassified assets	96.2	149.9	(99.8)	(95.2)	(43.5)	(46.9)	(60.2)	(16.8)	(41.4)
Liabilities to private sector	6,376.6	6,299.9	7,100.6	7,328.7	7,311.6	7,294.7	7,194.2	7,232.7	7,538.7
Demand deposits	2,420.1	2,503.6	3,116.5	3,321.0	3,338.0	3,277.9	3,199.1	3,227.1	3,512.2
Savings deposits	1,390.4	1,454.3	1,667.3	1,765.0	1,814.9	1,836.2	1,822.3	1,822.3	1,863.4
Fixed deposits	2,566.1	2,342.0	2,316.7	2,242.7	2,158.7	2,180.6	2,172.8	2,183.2	2,163.1

Source: Central Bank of The Bahamas

TABLE 5
PROFIT AND LOSS ACCOUNTS OF BANKS* IN THE BAHAMAS

(B\$'000s)

Period	2018	2019	2020	2019				2020				2021
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I
1. Interest Income	580,569	593,233	577,338	141,520	154,599	147,820	149,294	148,956	141,906	144,605	141,871	145,414
2. Interest Expense	55,517	48,618	38,973	12,698	12,549	13,229	10,142	9,892	9,892	9,242	9,947	9,977
3. Interest Margin (1-2)	525,052	544,615	545,415	128,822	142,050	134,591	139,152	139,064	139,064	135,363	131,924	135,437
4. Commission & Forex Income	29,445	38,127	43,787	7,160	9,221	7,682	14,064	11,363	11,363	9,062	11,999	11,242
5. Gross Earnings Margin (3+4)	554,497	582,742	589,202	135,982	151,271	142,273	153,216	150,427	150,427	144,425	143,923	146,679
6. Staff Costs	157,021	159,361	159,196	39,990	41,554	39,189	38,628	40,040	40,040	41,645	37,471	37,185
7. Occupancy Costs	27,725	33,932	11,627	6,365	6,711	6,670	14,186	4,607	4,607	-854	3,267	3,890
8. Other Operating Costs	183,609	203,070	296,576	46,534	61,856	48,451	46,229	55,557	55,557	60,965	124,497	54,816
9. Operating Costs (6+7+8)	368,355	396,363	467,399	92,889	110,121	94,310	99,043	100,204	100,204	101,756	165,235	95,891
10. Net Earnings Margin (5-9)	186,142	186,379	121,803	43,093	41,150	47,963	54,173	50,223	50,223	42,669	(21,312)	50,788
11. Depreciation Costs	12,774	11,876	17,223	2,671	3,668	2,524	3,013	3,933	4,701	4,065	4,524	4,353
12. Provisions for Bad Debt	96,701	96,138	254,847	1,318	13,669	40,694	40,457	55,710	70,748	55,033	73,356	26,272
13. Other Income	156,965	177,136	150,436	44,785	45,153	36,312	50,886	34,027	37,423	42,359	36,627	39,941
14. Other Income (Net) (13-11-12)	47,490	69,122	(121,634)	40,796	27,816	(6,906)	7,416	(25,616)	(38,026)	(16,739)	(41,253)	9,316
15. Net Income (10+14)	233,632	255,501	(6,734)	83,889	68,966	41,057	61,589	24,607	5,294	25,930	(62,565)	60,104
16. Effective Interest Rate Spread (%)	7.10	7.17	8.37	6.68	7.12	6.60	8.28	8.56	8.28	8.48	8.16	8.40
(Ratios To Average Assets)												
Interest Margin	5.12	5.20	4.78	5.04	5.46	5.18	5.10	5.05	4.67	4.76	4.66	4.73
Commission & Forex Income	0.29	0.36	0.37	0.28	0.35	0.30	0.52	0.41	0.31	0.32	0.42	0.39
Gross Earnings Margin	5.40	5.56	5.15	5.32	5.82	5.47	5.62	5.46	4.98	5.08	5.08	5.13
Operating Costs	3.59	3.78	4.13	3.63	4.23	3.63	3.63	3.64	3.45	3.58	5.84	3.35
Net Earnings Margin	1.81	1.78	1.02	1.69	1.58	1.85	1.99	1.82	1.53	1.50	(0.75)	1.78
Net Income/Loss	2.28	2.44	(0.05)	3.28	2.65	1.58	2.26	0.89	0.19	0.91	(2.21)	2.10

*Commercial Banks and OLFIs with domestic operations

Source: Central Bank of The Bahamas

**TABLE 6
MONEY SUPPLY**

(B\$ Millions)

End of Period	2017	2018	2019	2020				2021	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
Money Supply (M1)	2,654.0	2,728.2	3,248.4	3,484.4	3,523.1	3,543.4	3,472.1	3,499.4	3,727.8
1) Currency in active circulation	292.6	310.4	336.8	346.0	380.2	383.1	373.0	368.1	372.2
2) Demand deposits	2,361.5	2,417.7	2,911.6	3,138.4	3,142.9	3,160.3	3,099.1	3,131.3	3,355.7
Central Bank	17.2	74.6	49.6	76.9	59.7	71.1	52.1	44.3	81.0
Domestic Banks	2,344.2	2,343.1	2,861.9	3,061.5	3,083.2	3,089.2	3,047.0	3,087.0	3,274.6
Factors affecting money (M1)									
1) Net credit to Government	2,383.0	2,539.3	2,620.9	2,633.4	2,678.1	2,765.3	2,524.4	2,658.6	2,606.0
Central Bank	390.1	503.6	395.9	217.3	332.0	343.6	172.8	245.6	214.7
Domestic banks	1,992.9	2,035.7	2,225.0	2,416.1	2,346.1	2,421.8	2,351.6	2,413.0	2,391.4
2) Other credit	6,455.3	6,371.9	6,336.2	6,261.3	6,261.7	6,223.0	6,090.0	6,081.8	6,048.0
Rest of public sector	472.5	485.8	444.6	442.3	442.7	389.3	323.8	324.8	324.1
Private sector	5,982.9	5,886.2	5,891.6	5,819.0	5,819.0	5,833.7	5,766.1	5,757.0	5,723.8
3) External reserves	1,417.4	1,196.3	1,758.1	2,059.3	2,051.8	2,106.2	2,382.2	2,250.7	2,576.1
4) Other external liabilities (net)	(265.0)	(124.2)	32.6	97.4	(34.9)	(121.0)	(240.2)	(194.4)	(109.4)
5) Quasi money	4,383.3	4,380.7	4,644.4	4,661.8	4,565.7	4,514.3	4,392.1	4,410.2	4,499.9
6) Other items (net)	(2,953.7)	(2,874.1)	(2,854.0)	(2,904.1)	(2,866.8)	(2,914.9)	(2,891.0)	(2,886.3)	(2,891.9)

Source: Central Bank of The Bahamas

TABLE 7
CONSUMER INSTALMENT CREDIT

(B\$' 000)

End of Period	2018	2019	2020	2019		2020				2021	
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec. ^R	Mar. ^R	Jun.
CREDIT OUTSTANDING											
Private cars	146,286	135,786	129,299	136,824	135,786	138,711	135,294	131,356	129,299	128,053	124,951
Taxis & rented cars	948	1,028	892	1,094	1,028	1,028	1,045	952	892	813	744
Commercial vehicles	1,036	1,156	1,024	1,124	1,156	1,354	1,312	1,211	1,024	1,113	1,079
Furnishings & domestic appliances	8,205	9,246	8,911	8,999	9,246	9,539	9,338	8,990	8,911	9,072	9,295
Travel	50,872	65,037	63,654	63,167	65,037	68,914	67,108	65,688	63,654	63,000	62,044
Education	43,067	39,976	37,150	42,116	39,976	39,225	38,383	37,853	37,150	36,992	36,370
Medical	12,773	11,873	11,384	12,288	11,873	12,351	12,360	11,931	11,384	11,359	11,942
Home Improvements	102,022	101,255	98,358	98,724	101,255	104,264	103,079	101,063	98,358	98,170	99,002
Land Purchases	139,093	131,400	127,176	134,722	131,400	132,195	130,892	129,154	127,176	128,945	129,961
Consolidation of debt	922,138	908,422	902,968	917,749	908,422	910,656	908,770	909,441	902,968	898,845	888,914
Miscellaneous	541,719	530,172	528,391	533,325	530,172	548,160	543,149	539,339	528,391	531,532	524,529
Credit Cards	249,069	272,999	245,397	267,913	272,999	265,290	256,303	250,594	245,397	231,310	225,412
TOTAL	2,217,228	2,208,350	2,154,604	2,218,045	2,208,350	2,231,687	2,207,033	2,187,572	2,154,604	2,139,204	2,114,243
NET CREDIT EXTENDED											
Private cars	(17,688)	(10,500)	(6,487)	(3,299)	(1,038)	2,925	(3,417)	(3,938)	(2,057)	(1,246)	(3,102)
Taxis & rented cars	152	80	(136)	57	(66)	-	17	(93)	(60)	(79)	(69)
Commercial vehicles	(172)	120	(132)	(85)	32	198	(42)	(101)	(187)	89	(34)
Furnishings & domestic appliances	(288)	1,041	(335)	380	247	293	(201)	(348)	(79)	161	223
Travel	5,415	14,165	(1,383)	6,519	1,870	3,877	(1,806)	(1,420)	(2,034)	(654)	(956)
Education	(9,998)	(3,091)	(2,826)	3,115	(2,140)	(751)	(842)	(530)	(703)	(158)	(622)
Medical	748	(900)	(489)	(199)	(415)	478	9	(429)	(547)	(25)	583
Home Improvements	(11,876)	(767)	(2,897)	28	2,531	3,009	(1,185)	(2,016)	(2,705)	(188)	832
Land Purchases	(13,678)	(7,693)	(4,224)	(1,624)	(3,322)	795	(1,303)	(1,738)	(1,978)	1,769	1,016
Consolidation of debt	(28,933)	(13,716)	(5,454)	(1,238)	(9,327)	2,234	(1,886)	671	(6,473)	(4,123)	(9,931)
Miscellaneous	(22,984)	(11,547)	(1,781)	585	(3,153)	17,988	(5,011)	(3,810)	(10,948)	3,141	(7,003)
Credit Cards	(5,783)	23,930	(27,602)	27,021	5,086	(7,709)	(8,987)	(5,709)	(5,197)	(14,087)	(5,898)
TOTAL	(105,085)	(8,878)	(53,746)	31,260	(9,695)	23,337	(24,654)	(19,461)	(32,968)	(15,400)	(24,961)

Source: Central Bank of The Bahamas

R = Revised

**TABLE 8
SELECTED AVERAGE INTEREST RATES**

Period	(%)								
	2017	2018	2019	2020				2021	
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II
DOMESTIC BANKS									
Deposit rates									
Demand deposits	0.27	0.27	0.36	0.59	0.51	0.61	0.65	0.58	0.67
Savings deposits	0.72	0.64	0.38	0.38	0.46	0.45	0.48	0.38	0.38
Fixed deposits									
Up to 3 months	0.78	0.60	0.35	0.26	0.26	0.29	0.30	0.27	0.28
Up to 6 months	0.64	0.62	0.56	0.34	0.38	0.52	0.40	0.37	0.34
Up to 12 months	1.21	0.97	0.68	0.59	0.47	0.74	0.82	0.79	0.73
Over 12 months	1.61	1.26	0.90	0.83	0.76	0.89	0.95	1.22	1.17
Weighted average rate	1.00	0.84	0.57	0.41	0.37	0.51	0.52	0.55	0.48
Lending rates									
Residential mortgages	5.76	5.41	4.91	5.28	5.29	5.22	5.24	5.18	5.08
Commercial mortgages	6.87	7.59	6.52	9.25	--	6.53	5.87	6.38	6.33
Consumer loans	13.61	13.49	12.86	12.94	11.94	12.73	12.48	12.18	12.25
Overdrafts	10.62	10.15	10.43	11.99	8.69	9.15	9.52	10.96	9.59
Weighted average rate	11.75	11.34	10.46	10.82	9.58	10.80	10.37	10.18	9.49
Other rates									
Prime rate*	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Avg. Treasury bill	1.83	1.67	1.61	1.73	1.73	1.75	1.83	2.42	2.61
Avg. Treasury bill re-discount rate	2.33	2.14	2.16	2.23	2.23	2.25	2.33	2.92	3.13
Bank rate (discount rate)*	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00

Source: Central Bank of The Bahamas

*Reflects end of period rates.

TABLE 9
SELECTED CREDIT QUALITY INDICATORS OF DOMESTIC BANKS

Period	(%)								
	2017	2018	2019	2020				2021	
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II
Loan Portfolio									
Current Loans (as a % of total loans)	85.1	85.7	87.9	87.9	88.7	87.7	86.2	85.7	85.9
Arrears (% by loan type)									
Consumer	4.4	4.0	3.5	3.5	3.1	4.0	4.1	4.8	4.5
Mortgage	8.8	8.8	7.5	7.4	7.0	7.1	8.7	8.5	8.1
Commercial	1.6	1.4	1.1	1.2	1.1	1.2	1.0	1.0	1.5
Total Arrears	<u>14.9</u>	<u>14.3</u>	<u>12.1</u>	<u>12.1</u>	<u>11.3</u>	<u>12.3</u>	<u>13.8</u>	<u>14.3</u>	<u>14.1</u>
Total B\$ Loan Portfolio	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Loan Portfolio									
Current Loans (as a % of total loans)	85.1	85.7	87.9	87.9	88.7	87.7	86.2	85.7	85.9
Arrears (% by days outstanding)									
30 - 60 days	3.1	3.3	2.6	2.9	2.1	2.7	2.9	3.9	2.8
61 - 90 days	1.9	1.9	1.5	1.3	1.4	1.4	2.4	1.7	1.8
90 - 179 days	1.7	1.4	1.1	1.3	1.2	1.4	1.9	1.7	2.3
over 180 days	8.3	7.7	6.9	6.6	6.6	6.8	6.6	7.0	7.2
Total Arrears	<u>14.9</u>	<u>14.3</u>	<u>12.1</u>	<u>12.1</u>	<u>11.3</u>	<u>12.3</u>	<u>13.8</u>	<u>14.3</u>	<u>14.1</u>
Total B\$ Loan Portfolio	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Non Accrual Loans (% by loan type)									
Consumer	27.8	25.8	25.5	26.8	27.5	28.9	30.7	30.6	33.5
Mortgage	60.8	65.0	63.5	59.9	62.2	59.1	60.7	61.2	57.0
Other Private	11.4	9.2	11.0	13.3	10.3	11.9	8.6	8.1	9.5
Total Non Accrual Loans	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Provisions to Loan Portfolio									
Consumer	6.1	5.5	7.0	7.2	9.0	10.0	10.5	10.0	11.7
Mortgage	8.3	7.6	8.1	8.0	8.5	8.4	9.9	10.6	9.8
Other Private	8.0	14.4	7.1	6.9	9.9	8.8	10.1	9.8	9.9
Total Provisions to Total Private Sector Loans	7.4	7.7	7.5	7.6	8.9	9.1	10.2	10.3	10.6
Total Provisions to Total Non-performing Loans	74.7	84.8	93.8	95.7	114.7	110.4	120.0	117.4	111.6
Total Non-performing Loans to Total Private Sector Loans	9.9	9.1	8.0	7.9	7.8	8.2	8.5	8.7	9.5

Source: Central Bank of The Bahamas

Figures may not sum to total due to rounding.

TABLE 10
SUMMARY OF BANK LIQUIDITY

(B\$ Millions)

Period	2017	2018	2019	2020				2021	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
I. Statutory Reserves									
Required reserves	336.9	331.1	349.6	363.4	372.3	371.9	371.3	373.9	374.9
Average Till Cash	125.8	124.9	129.8	120.0	107.9	119.4	146.4	128.5	116.3
Average balance with central bank	1,030.3	808.6	1,181.3	1,303.2	1,425.5	1,514.8	1,579.0	1,537.4	1,749.2
Free cash reserves (period ended)	819.2	602.5	961.5	1,059.8	1,161.0	1,262.2	1,354.2	1,292.0	1,490.6
II. Liquid Assets (period)									
A. Minimum Required Liquid Assets	1,128.9	1,115.6	1,247.1	1,298.8	1,300.4	1,308.4	1,301.1	1,309.7	1,343.9
B. Net Eligible Liquid Assets	2,956.2	2,649.0	3,214.5	3,345.2	3,366.9	3,451.4	3,531.6	3,468.5	3,691.9
i) Balance with Central Bank	1,012.2	792.6	1,243.8	1,336.8	1,452.0	1,472.9	1,572.1	1,549.3	1,830.4
ii) Notes and Coins	146.3	149.8	152.0	129.1	102.6	129.1	173.8	132.7	121.2
iii) Treasury Bills	611.4	669.8	771.9	866.1	812.2	858.7	830.2	819.8	773.8
iv) Government registered stocks	1,137.7	990.9	985.4	962.5	949.9	942.2	907.5	930.7	926.1
v) Specified assets	50.8	48.4	49.7	49.8	54.5	49.6	49.6	40.5	40.5
vi) Net Inter-bank dem/call deposits	(2.2)	(2.5)	11.7	0.8	(4.4)	(1.1)	(1.5)	(4.5)	(0.3)
vii) Less: borrowings from central bank	-	-	-	-	-	-	-	-	-
C. Surplus/(Deficit)	1,827.3	1,533.4	1,967.5	2,046.4	2,066.5	2,143.0	2,230.5	2,158.9	2,348.0

Source: Central Bank of The Bahamas

Figures may not sum to total due to rounding.

TABLE 11
GOVERNMENT OPERATIONS AND FINANCING

(B\$ Millions)

Period	2018/19p	2019/20p	2020/21p	Budget		2019/20p		2020/21p			
				2020/21	2021/22	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
Total Revenue & Grants	2,426.3	2,086.9	1,872.7	2,628.1	1,762.5	657.6	327.9	300.9	372.5	556.6	642.7
Current expenditure	2,422.2	2,526.4	2,851.3	2,530.0	2,574.1	639.3	708.3	585.6	712.7	642.6	910.4
Capital expenditure	223.4	372.2	369.5	235.0	515.5	82.1	173.4	60.4	49.0	58.6	201.5
Overall balance	(219.3)	(811.7)	(1,348.0)	(136.9)	(1,327.1)	(63.8)	(553.7)	(345.1)	(389.2)	(144.5)	(469.2)
FINANCING (I+II-III+IV+V)	219.3	811.7	1,348.0	136.9	1,327.1	63.8	553.7	345.1	389.2	144.5	469.2
I. Foreign currency borrowing (+)	9.2	445.7	1,972.3	64.5	42.9	55.0	300.1	703.3	886.5	19.2	363.3
External	9.2	395.7	1,841.9	64.5	42.9	55.0	300.1	572.9	886.5	19.2	363.3
Domestic	-	50.0	130.4	-	-	-	-	130.4	-	-	-
II. Bahamian dollar borrowing (+)	1,085.0	1,101.1	1,103.5	700.3	2,030.8	368.8	287.2	222.7	307.6	253.1	320.0
i) Treasury bills	231.3	233.6	49.1	-	-	26.2	156.1	1.2	21.3	1.0	25.5
ii) Long-term securities	619.7	562.6	559.5	-	-	135.6	131.1	81.5	191.4	152.1	134.5
iii) Loans and Advances	234.0	305.0	494.9	-	-	207.0	-	140.0	94.9	100.0	160.0
III. Debt repayment(-)	801.1	879.0	1,357.8	628.0	696.6	261.9	291.5	229.0	692.3	158.5	278.0
Domestic	717.2	835.1	956.8	539.0	501.6	247.2	284.5	126.1	438.0	121.0	271.7
Bahamian dollars	717.2	835.1	956.8	539.0	497.4	247.2	284.5	126.1	438.0	121.0	271.7
Foreign currency	-	-	-	-	4.2	-	-	-	-	-	-
External	83.9	43.9	401.0	88.9	195.0	14.7	7.0	102.8	254.3	37.5	6.3
IV. Net acquisition financial assets (-)	(117.2)	(71.8)	(29.7)	(46.5)	(46.5)	(14.7)	(16.5)	(11.3)	-	(18.4)	-
V. Cash balance change & other financing	43.5	215.7	(340.4)	46.5	(3.5)	(83.5)	274.4	(340.7)	(112.6)	49.0	63.9

Source: Treasury Monthly Printouts. Data compiled according to the International Monetary Fund's Government Finance Statistics format.

**TABLE 12
NATIONAL DEBT**

(B\$ '000s)

Period	2018	2019	2020	2020				2021	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
TOTAL EXTERNAL DEBT	2,593,818	2,567,662	4,031,360	2,604,078	2,901,322	3,387,057	4,031,360	4,007,845	4,368,247
By Instrument									
Government Securities	1,650,000	1,650,000	2,475,000	1,650,000	1,650,000	1,650,000	2,475,000	2,475,000	2,475,000
Loans	943,818	917,662	1,556,360	954,078	1,251,322	1,737,057	1,556,360	1,532,845	1,893,247
By Holder									
Commercial Banks	-	-	-	-	-	-	-	-	-
Offshore Financial Institutions	-	-	-	-	-	-	-	-	-
Multilateral Institutions	207,483	232,075	853,864	285,320	579,330	792,678	853,864	867,095	1,110,496
Bilateral Institutions	79,609	72,539	70,875	68,320	68,483	68,122	70,875	67,355	68,353
Private Capital Markets	1,650,000	1,650,000	2,475,000	1,650,000	1,650,000	1,650,000	2,475,000	2,475,000	2,475,000
Other Financial Institutions	656,726	613,048	631,621	600,438	603,509	876,257	631,621	598,395	714,398
TOTAL INTERNAL DEBT	4,905,099	5,165,557	5,386,577	5,287,189	5,289,898	5,516,957	5,386,577	5,518,723	5,567,077
By Instrument									
Foreign Currency	-	50,000	180,440	50,000	50,000	180,440	180,440	180,440	180,440
Government Securities	-	-	-	-	-	-	-	-	-
Loans	-	50,000	180,440	50,000	50,000	180,440	180,440	180,440	180,440
Bahamian Dollars	4,905,099	5,115,557	5,206,137	5,237,189	5,239,898	5,336,517	5,206,137	5,338,283	5,386,637
Advances	119,657	74,900	4,900	14,900	14,900	124,900	4,900	100,000	160,000
Treasury Bills	875,746	977,104	922,417	948,344	954,702	944,991	922,417	893,806	866,879
Government Securities	3,536,654	3,725,354	3,808,204	3,780,354	3,799,312	3,795,825	3,808,204	3,874,300	3,896,336
Loans	373,042	338,199	470,616	493,591	470,984	470,801	470,616	470,177	463,422
By Holder									
Foreign Currency	-	50,000	180,440	50,000	50,000	180,440	180,440	180,440	180,440
Commercial Banks	-	50,000	180,440	50,000	50,000	180,440	180,440	180,440	180,440
Other Local Financial Institutions	-	-	-	-	-	-	-	-	-
Bahamian Dollars	4,905,099	5,115,557	5,206,137	5,237,189	5,239,898	5,336,517	5,206,137	5,338,283	5,386,637
The Central Bank	518,721	455,725	253,375	286,900	362,122	372,177	253,375	353,723	410,111
Commercial Banks	1,983,549	2,053,618	2,174,010	2,286,884	2,241,071	2,237,207	2,174,010	2,217,747	2,064,126
Other Local Financial Institutions	11,085	21,671	34,723	20,508	20,429	19,959	34,723	34,899	100,962
Public Corporations	586,572	602,704	576,975	596,327	589,438	582,768	576,975	577,258	571,927
Other	1,805,172	1,981,839	2,167,054	2,046,570	2,026,838	2,124,406	2,167,054	2,154,656	2,239,511
TOTAL FOREIGN CURRENCY DEBT	2,593,818	2,617,662	4,211,800	2,654,078	2,951,322	3,567,497	4,211,800	4,188,285	4,548,687
TOTAL DIRECT CHARGE	7,498,917	7,733,219	9,417,937	7,891,267	8,191,220	8,904,014	9,417,937	9,526,568	9,935,324
TOTAL CONTINGENT LIABILITIES	752,351	724,042	439,980	717,929	714,488	443,258	439,980	422,506	420,687
TOTAL NATIONAL DEBT	8,251,268	8,457,261	9,857,917	8,609,196	8,905,708	9,347,272	9,857,917	9,949,074	10,356,011

Source: Treasury Accounts & Treasury Statistical Summary Printouts
Public Corporation Reports, Creditor Statements, Central Bank of The Bahamas

TABLE 13
PUBLIC SECTOR FOREIGN CURRENCY DEBT OPERATIONS

Period	2018	2019	2020	2020				2021	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
Outstanding Debt at Beginning of Period	3,484,245	3,510,146	3,475,997	3,475,997	3,500,917	3,789,599	4,148,610	4,784,042	4,738,123
Government	2,616,225	2,593,818	2,617,662	2,617,662	2,654,078	2,951,322	3,567,497	4,211,800	4,188,285
Public Corporations	868,020	916,328	858,335	858,335	846,839	838,277	581,113	572,242	549,838
Plus: New Drawings	256,633	93,739	1,946,664	55,028	300,150	704,125	887,361	20,087	364,150
Government	65,330	93,664	1,944,995	55,028	300,150	703,298	886,519	19,229	363,276
Public corporations	191,303	75	1,669	-	-	827	842	858	874
Less: Amortization	216,895	122,225	666,537	26,156	15,520	360,837	264,024	60,767	15,029
Government	73,906	64,153	378,775	14,660	6,958	102,846	254,311	37,505	6,311
Public corporations	142,989	58,072	287,762	11,496	8,562	257,991	9,713	23,262	8,718
Other Changes in Debt Stock	(13,837)	(5,663)	27,918	(3,952)	4,052	15,723	12,095	(5,239)	3,437
Government	(13,831)	(5,667)	27,918	(3,952)	4,052	15,723	12,095	(5,239)	3,437
Public corporations	(6)	4	-	-	-	-	-	-	-
Outstanding Debt at End of Period	3,510,146	3,475,997	4,784,042	3,500,917	3,789,599	4,148,610	4,784,042	4,738,123	5,090,681
Government	2,593,818	2,617,662	4,211,800	2,654,078	2,951,322	3,567,497	4,211,800	4,188,285	4,548,687
Public corporations	916,328	858,335	572,242	846,839	838,277	581,113	572,242	549,838	541,994
Interest Charges	220,950	203,448	202,024	32,312	63,273	30,045	76,394	33,352	101,273
Government	154,701	144,039	157,895	20,075	50,469	20,179	67,172	24,840	93,257
Public corporations	66,249	59,409	44,129	12,237	12,804	9,866	9,222	8,512	8,016
Debt Service	437,845	325,673	868,561	58,468	78,793	390,882	340,418	94,119	116,302
Government	228,607	208,192	536,670	34,735	57,427	123,025	321,483	62,345	99,568
Public corporations	209,238	117,481	331,891	23,733	21,366	267,857	18,935	31,774	16,734
Debt Service ratio	8.3	6.3	22.9	5.6	56.7	72.5	36.8	18.2	12.6
Government debt Service/ Government revenue (%)	10.5	8.3	17.4	5.3	17.5	40.9	19.7	11.2	15.5
MEMORANDUM									
Holder distribution (B\$ Mil):									
Commercial banks	332.1	351.9	308.8	349.5	347.0	312.2	308.8	305.1	302.9
Offshore Financial Institutions	-	-	-	-	-	-	-	-	-
Multilateral Institutions	284.0	304.1	921.0	357.0	649.0	862.1	921.0	932.2	1,175.6
Bilateral Institutions	79.6	72.5	70.9	68.3	68.5	68.1	70.9	67.4	68.4
Other	1,164.4	1,097.5	1,008.1	1,076.1	1,075.1	1,256.2	1,008.1	956.5	1,068.8
Private Capital Markets	1,650.0	1,650.0	2,475.0	1,650.0	1,650.0	1,650.0	2,475.0	2,475.0	2,475.0

Source: Treasury Accounts, Treasury Statistical Printouts and Quarterly Reports from Public Corporations, Central Bank of The Bahamas.

TABLE 14
BALANCE OF PAYMENTS SUMMARY*

(B\$ Millions)

Period	2018	2019	2020	2019			2020				2021	
				Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II
A. Current Account Balance (I+II+III+IV)	(1,199.3)	(359.2)	(2,330.1)	100.3	(287.5)	(373.3)	(3.6)	(711.9)	(723.2)	(891.5)	(581.2)	(460.8)
I. Goods (Net)	(2,675.1)	(2,326.4)	(1,584.7)	(625.5)	(669.8)	(507.4)	(421.0)	(322.3)	(402.9)	(438.4)	(489.1)	(530.0)
Exports	641.7	693.8	378.2	277.8	122.0	139.7	118.5	64.1	70.3	125.3	132.8	161.4
Imports	3,316.8	3,020.3	1,962.9	903.3	791.8	647.1	539.5	386.5	473.3	563.7	621.9	691.5
II. Services (Net)	2,310.9	2,637.0	(132.5)	857.8	525.2	361.8	489.5	(200.1)	(191.0)	(231.0)	75.0	350.3
Transportation	(411.6)	(367.0)	(175.2)	(103.6)	(65.8)	(87.7)	(72.3)	(25.7)	(35.9)	(41.3)	(50.3)	(68.8)
Travel	3,395.8	3,790.2	857.0	1,110.8	793.0	662.9	784.7	(1.1)	46.5	26.9	299.1	671.0
Construction	(43.3)	(58.4)	(59.0)	(10.9)	(12.7)	(23.9)	(5.2)	(7.2)	(14.4)	(32.1)	(22.5)	(26.9)
Insurance services	(154.0)	(144.0)	(153.5)	(34.9)	(49.7)	(22.5)	(29.7)	(39.1)	(41.1)	(43.7)	(44.2)	(69.6)
Charges for the use of intellectual property n.i.e.	(10.3)	(10.3)	(6.4)	(2.5)	(2.6)	(2.8)	(2.2)	(1.6)	(1.2)	(1.3)	(1.4)	(2.2)
Telecommunications, computer, and information services	(33.3)	(26.7)	(50.8)	(4.1)	(8.2)	(7.7)	(9.3)	(16.2)	(14.6)	(10.6)	(8.3)	(14.6)
Other business services	(335.5)	(414.5)	(361.7)	(74.3)	(98.8)	(142.8)	(105.8)	(77.3)	(70.7)	(107.9)	(88.1)	(111.2)
Government goods and services n.i.e.	(97.0)	(132.4)	(182.9)	(22.7)	(29.9)	(13.8)	(70.6)	(31.8)	(59.5)	(21.0)	(9.3)	(27.4)
III. Primary Income (Net)	(765.6)	(603.1)	(439.5)	(138.7)	(121.6)	(178.5)	(61.7)	(163.2)	(73.2)	(141.4)	(108.7)	(237.1)
Compensation of employees	(28.5)	(64.8)	(95.8)	(15.6)	(17.0)	(20.3)	(27.1)	(21.6)	(24.1)	(23.0)	(15.8)	(24.7)
Investment income	(737.1)	(538.3)	(343.7)	(123.0)	(104.6)	(158.2)	(34.5)	(141.6)	(49.2)	(118.4)	(92.9)	(212.5)
IV. Secondary Income (Net)	(69.5)	(66.6)	(173.4)	6.7	(21.3)	(49.2)	(10.4)	(26.2)	(56.1)	(80.7)	(58.4)	(43.9)
General government	132.8	145.0	46.4	42.0	31.5	30.1	39.1	10.2	(2.1)	(0.8)	0.3	8.1
Financial corporations, nonfinancial corporations, households, and NPISHs	(181.7)	(142.1)	(139.6)	(29.9)	(31.1)	(45.9)	(39.9)	(24.4)	(35.8)	(39.5)	(34.7)	(35.3)
<i>of which: Workers remittances</i>	(128.2)	(123.5)	(99.9)	(27.7)	(29.9)	(34.1)	(25.5)	(19.0)	(26.3)	(29.1)	(24.7)	(25.8)
Other current transfers	(20.7)	(69.5)	(80.1)	(5.4)	(21.7)	(33.5)	(9.6)	(12.0)	(18.1)	(40.4)	(24.0)	(16.7)
B. Capital Account	0.0	907.8	546.8	0.0	158.5	749.3	264.7	130.2	87.0	65.0	55.1	16.8
Capital transfers	0.0	907.8	546.8	0.0	158.5	749.3	264.7	130.2	87.0	65.0	55.1	16.8
C. Financial Account (excluding Reserve Assets)	(726.6)	(283.5)	(2,348.5)	(244.1)	(30.0)	(72.1)	(80.0)	(547.4)	(689.3)	(1,031.8)	(273.9)	(472.4)
Direct Investment	(637.3)	(470.2)	(421.2)	(99.5)	(120.7)	(91.1)	(10.1)	(133.1)	(61.7)	(216.4)	(134.1)	(134.8)
Portfolio Investment	346.1	269.9	(656.8)	22.2	118.4	57.7	136.9	(114.9)	319.0	(997.8)	671.1	(292.8)
Other Investments	(431.2)	(82.1)	(1,277.6)	(167.0)	(24.3)	(41.2)	(204.5)	(300.8)	(950.6)	178.2	(808.1)	(46.0)
Currency and deposits	1,058.6	(381.7)	(475.2)	0.5	(34.8)	(152.2)	298.8	(303.5)	(639.0)	168.5	(781.0)	370.7
Loans	(1,132.6)	127.8	(742.4)	(29.3)	(65.4)	105.3	(348.7)	(204.8)	(284.4)	95.5	(66.7)	(338.8)
Other accounts receivable/payable and trade credit advances	(357.2)	171.8	(60.1)	(138.2)	75.9	5.7	(154.6)	207.5	(27.2)	(85.8)	39.7	(77.8)
Special Drawing Rights Allocation	(4.1)	(1.0)	7.1	0.24	(3.3)	2.4	(2.2)	1.36	4.0	4.1	(2.9)	1.1
D. Net Acquisition of Reserve Assets	(222.9)	564.4	620.9	119.9	0.4	204.5	298.4	(8.0)	54.1	276.3	(130.3)	324.6
Special drawing rights	46.5	33.9	22.1	0.1	17.2	17.3	12.7	0.1	5.2	4.1	(2.9)	2.2
Reserve position in the IMF	(0.6)	(0.2)	1.1	0.0	(0.5)	0.4	(0.4)	0.3	0.6	0.6	(0.4)	0.2
Other reserve assets	(268.8)	530.6	597.7	119.8	(16.2)	186.9	286.1	(8.3)	48.3	271.6	(127.0)	322.2
E. Net Errors & Omissions	(249.9)	267.7	(55.6)	224.5	(99.4)	243.6	42.7	(26.3)	(1.0)	(70.9)	(121.8)	(296.2)

Note: Effective March 31, 2021, data is published according to the Sixth Edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6).

Source: Central Bank of The Bahamas

* Figures may not sum to total due to rounding

**TABLE 15
EXTERNAL TRADE**

Period	2018	2019	2020	(B\$ '000s)							
				2019			2020				2021
				Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I
I. OIL TRADE											
i) Exports	101,558	79,403	96,324	22,480	14,522	20,114	20,213	25,110	22,337	28,664	48,678
ii) Imports	583,402	716,906	386,714	170,258	256,544	162,434	127,372	97,308	78,073	83,961	119,642
II. OTHER MERCHANDISE											
Domestic Exports											
Crawfish	58,684	72,655	55,175	22,008	11,102	23,561	17,542	4,852	13,480	19,301	132
Fish Conch & other Crustacea	2,770	3,942	-	1,437	1,356	104	-	-	-	-	-
Other cordials & Similar Materials/Sponge	450	1,179	1,292	271	310	408	221	334	221	517	-
Fruits & Veggies.	-	-	-	-	-	-	-	-	-	-	-
Aragonite	2,816	2,569	2,987	873	474	615	468	1,081	617	820	692
Other Natural Sands	531	347	358	95	59	116	9	259	57	32	61
Rum/Beverages/Spirits & Vinegar	-	-	-	-	-	-	-	-	-	-	-
Crude Salt	13,218	9,997	7,758	1,157	1,750	3,488	2,005	1,300	2,893	1,560	1,995
Polystrene Products	80,956	68,916	54,955	17,651	14,562	10,911	12,882	13,592	12,009	16,473	15,657
Other	78,016	43,010	37,352	24,048	7,945	734	2,824	7,746	5,465	21,317	2,233
i) Total Domestic Exports	237,441	202,615	159,877	67,540	37,558	39,937	35,951	29,164	34,742	60,020	20,770
ii) Re-Exports	174,382	255,252	121,373	145,357	28,738	40,251	51,810	7,141	26,281	36,141	11,536
iii) Total Exports (i+ii)	411,823	457,867	281,250	212,897	66,296	80,188	87,761	36,305	61,023	96,161	32,306
iv) Imports	2,938,015	2,593,383	1,818,573	811,272	678,285	522,569	459,351	330,803	467,741	560,678	579,765
v) Retained Imports (iv-ii)	2,763,633	2,338,131	1,697,200	665,915	649,547	482,318	407,541	323,662	441,460	524,537	568,229
vi) Trade Balance (i-v)	(2,526,192)	(2,135,516)	(1,537,323)	(598,375)	(611,989)	(442,381)	(371,590)	(294,498)	(406,718)	(464,517)	(547,459)

Source: Department of Statistics Quarterly Statistical Summaries

Figures may not sum due to rounding.

**TABLE 16
SELECTED TOURISM STATISTICS**

Period	2018	2019	2020	2019		2020				2021	
				Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II
Visitor Arrivals	6,622,015	7,249,529	1,794,308	1,555,388	1,811,716	1,701,575	3,998	34,221	54,514	115,894	297,759
Air	1,558,086	1,662,419	418,150	361,194	320,299	348,008	1,736	21,802	46,604	102,882	254,662
Sea	5,063,929	5,587,110	1,376,158	1,194,194	1,491,417	1,353,567	2,262	12,419	7,910	13,012	43,097
Visitor Type											
Stopover	1,632,252	1,806,295	435,483	400,373	335,534	372,588	4,042	33,404	25,449	103,331	125,224
Cruise	4,877,596	5,433,359	1,327,142	1,156,420	1,471,860	1,327,084	-	58	-	45	5,899
Day/Transit	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Tourist Expenditure(B\$ 000's)	3,727,600	4,125,400	967,400	887,203	760,911	833,980	7,655	65,753	59,972	327,438	n.a.
Stopover	3,370,600	3,729,900	888,300	804,622	687,311	755,125	7,640	65,679	59,845	327,233	n.a.
Cruise	354,200	392,800	78,300	82,035	73,030	78,261	-	3	-	4	n.a.
Day	2,800	2,700	800	546	570	593	16	71	127	204	n.a.
Number of Hotel Nights	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average Length of Stay	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average Hotel Occupancy Rates (%)											
New Providence	59.80	65.10	25.69	61.00	52.00	59.50	20.67	12.47	10.30	18.57	n.a.
Grand Bahama	55.80	48.80	22.16	48.40	38.40	41.13	78.70	11.27	28.37	16.83	n.a.
Other Family Islands	43.90	46.88	19.79	61.00	43.90	39.17	84.00	13.47	18.13	19.30	n.a.
Average Nightly Room Rates (\$)											
New Providence	251.17	257.74	347.97	212.85	259.19	272.63	355.42	359.74	404.09	429.48	n.a.
Grand Bahama	69.50	89.03	94.07	95.93	100.69	69.51	102.79	129.53	74.51	93.66	n.a.
Other Family Islands	251.12	239.69	405.38	212.85	210.56	316.22	373.36	507.35	424.70	428.84	n.a.

Source: The Ministry of Tourism, The Bahamas Hotel & Tourism Industry

Figures may not sum due to rounding.