

# Quarterly

## Economic Review

### JUNE 2023



VOLUME 32 | No. 2

[www.centralbankbahamas.com](http://www.centralbankbahamas.com)

The Quarterly Economic Review (QER) is a publication of the Central Bank of The Bahamas, prepared by the Research Department, for issue in March, June, September and December. All correspondence pertaining to the QER should be addressed to:

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# REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

## DOMESTIC ECONOMIC DEVELOPMENTS

### OVERVIEW

During the second quarter of 2023, indications are that the domestic economy sustained its positive growth momentum, albeit at a moderated pace, with indicators reverting to pre-pandemic levels. Tourism output continued to record robust growth, supported by healthy gains in both the high value-added air segment and sea traffic, as the demand for travel in major source markets persisted. Further, a number of small to medium-scale foreign investment projects, and ongoing public sector post-hurricane rebuilding works, undergirded activity in the construction sector. In price developments, inflationary pressures remained elevated, reflective of the pass-through effects of higher prices on imported oil and goods.

Preliminary estimates revealed that for the first nine months of FY2022/2023, the Government's overall deficit narrowed, relative to the same period of FY2021/2022. Underlying this development, the growth in total revenue outstripped the rise in aggregate expenditure. Budgetary financing was obtained mainly from domestic sources, including a mix of long and short-term debt instruments.

Monetary developments featured a slight decrease in bank liquidity during the review quarter, with the expansion in domestic credit outstripping the rise in the deposit base. Growth in external reserves moderated sharply, relative to the same period last year, which had included the receipt of proceeds from the Government's external borrowing activities. Meanwhile, banks' credit quality indicators improved in the second quarter, supported by improving economic conditions and ongoing loan write-offs. In addition, the latest available data for the first quarter of 2023, showed that domestic banks' overall profitability strengthened, buoyed by an expansion in interest income.

On the external side, the estimated current account deficit narrowed during the second quarter, attributed to an increase in the services account surplus, from continued strengthening in tourism earnings. In contrast, the financial account inflows reduced, explained by a reversal in the portfolio investment position to a net outflow, from a net inflow a year earlier, combined with a falloff in net private direct investments. Meanwhile, the capital account transfers reported nil transactions, similar to a year earlier.

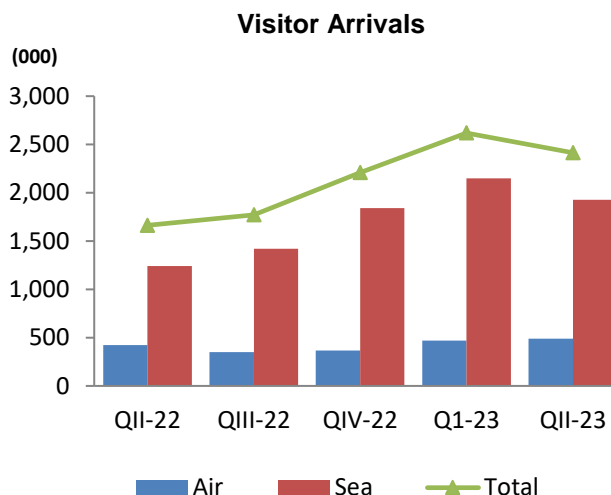
### REAL SECTOR

#### TOURISM

Preliminary evidence suggest that during the second quarter, tourism output continued to strengthen, supported by increases in both the high-valued air segment and sea traffic, as the appetite for travel in key source markets persisted.

Information from the Ministry of Tourism revealed that foreign arrivals grew by 45.2% to 2.4 million during the review quarter, surpassing the 1.7 million recovery in visitors in the prior year. This was led by a 55.3% expansion in sea arrivals, to 1.9 million, vis-à-vis the 1.2 million passengers in the same period of 2022. Similarly, the high-value added stop over segment strengthened by 15.7% to 0.5 million, extending the rebounded outturn of 0.4 million visitors a year earlier.

Disaggregated by major ports of entry, tourist arrivals to New Providence rose by 37.7% to 1.1 million visitors, vis-à-vis the 0.8 million passengers in the year prior. The dominant sea component expanded by 54.4%, while air traffic increased by 13.4%. Likewise, visitor arrivals to the Family Islands advanced by 52.7% to 1.2 million, surpassing the 0.8 million gain in the corresponding period of 2022, on account of advances in sea passengers, by 56.6%; and air passengers, by 22.4%. Further, in Grand Bahama, the number of tourists grew by 46.4% to 0.1 million, slightly above the 90,663 passengers recorded in the comparable period last year, buoyed by strong gains in both the sea and air components.



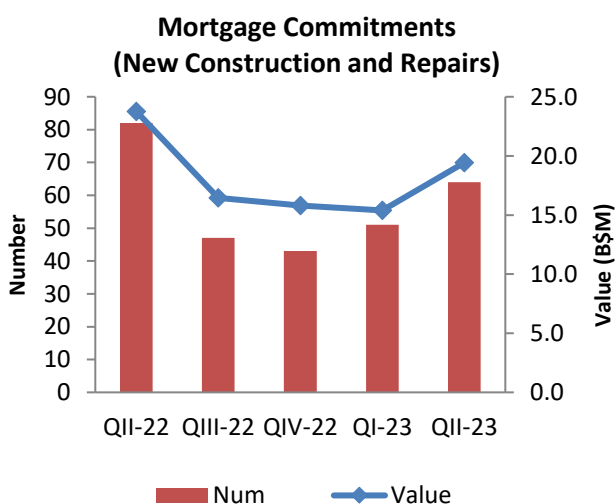
Similar trends were observed in the vacation rental market, evidenced by the most recent statistics provided by AirDNA. In particular, total room nights booked increased by 32.8% to 0.6 million, underpinned by expansions in hotel comparable listings, by 37.8% to 0.06 million, and entire place listings, by 32.2% to 0.51 million, relative to the corresponding period in 2022. An analysis of listing category showed that the average occupancy levels for entire place listings improved by 5.8 percentage points to 64.5%, while the associated average daily rate (ADR) firmed by 6.9% to \$576.46. Similarly, hotel comparable listings recorded a 6.6 percentage points rise in average occupancy to 57.9%, alongside an ADR appreciation of 5.3% to \$202.51.

Statistics provided by the Nassau Airport Development Company Limited (NAD) revealed a continued rebound in stopovers, as total departures—net of domestic passengers—expanded by 19.8% to 0.4 million, vis-à-vis the same period in 2022. In particular, US departures grew by 21.4%—representing approximately 87.1% of passengers—while other international departures advanced by 10.1%.

## CONSTRUCTION

Construction sector developments during the second quarter continued to be undergirded by a number of new and ongoing varied-scale foreign investment projects. However, domestic private sector activity remained restrained.

On the domestic side, total mortgage disbursements for new construction and repairs—as reported by banks, insurance companies and the Bahamas Mortgage Corporation—increased by 5.6% (\$1.1 million) to \$20.3 million, a reversal from a 21.8% decline in the comparable period of the preceding year. Underlying this outturn, residential disbursements grew by 11.7% (\$2.1 million) to \$20.2 million, a switch from a 25.1% reduction in 2022. In



contrast, commercial disbursements reduced sharply by 96.6% (\$1.0 million) to \$0.04 million, a shift from a two-fold expansion in the year prior.

Compared to the same period in 2022, total mortgage commitments for new buildings and repairs—a forward-looking indicator of domestic activity—decreased by 18 to 64, with the corresponding value reducing by 18.2% to \$19.4 million. Categorized by loan type, the number of undisbursed residential commitments fell by 14 to 64, with the associated value declining by \$3.2 million (14.1%) to \$19.4 million. Further, there were no commitments for new commercial buildings and repairs during the review quarter, compared to 4 commitments valued at \$1.1 million a year earlier.

With regard to interest rates, the average financing costs for residential mortgages narrowed by 42 basis points to 6.33%.

## EMPLOYMENT

Supported by the recovery in the domestic economy, labour market indicators improved in the review quarter. According to the Bahamas National Statistical Institute's Labour Force Survey for May 2023, the All Bahamas unemployment rate decreased by 70 basis points to 8.8% in May 2023, vis-à-vis May 2019—when the latest available statistics were released. In this regard, the number of self-employed persons grew by 5.0% to 34,095 compared to May 2019. However, the number of employed persons reduced by 6.8% to 200,175, relative to May 2019. Mirroring these developments, the total number of discouraged workers rose by 2.3% in the review period. In the meantime, the labour force participation, indicative of employment headcount trends was estimated at 75.9% compared to 82.9% in 2019.

A disaggregation by major markets, showed that the jobless rate in New Providence—the most populated island—fell by 50 basis points to 8.9% relative to May 2019. Similarly, in Grand Bahama, the unemployment rate reduced by 10 basis points to 10.8% compared to May 2019. Further, in Abaco, the jobless rate declined by 22 basis points to 7.1%, vis-à-vis May 2019.

## PRICES

Domestic consumer price inflation—as measured by changes in the average Retail Price Index—continued to reflect the pass-through effects of higher global oil prices and other costlier imports. During the second quarter, average inflation moderated to 3.6%, from 5.6% in the comparative 2022 period. Contributing, average costs for transport declined by 1.7% and for communication, by 1.4%, after posting respective increases a year earlier. Further, inflation slowed for restaurant & hotels (5.9%), food & non-alcoholic beverages (4.6%), clothing & footwear (2.5%) and education (1.1%). Providing some offset, average prices rose for recreation & culture (13.8%), furnishing,

Retail Price Index (Annual % Changes; June)					
Items	Weight	2022		2023	
		Index	%	Index	%
Food & Non-Alcoholic	102.4	126.06	13.6	132.53	5.1
Alcohol, Tobacco &	5.9	124.93	-1.6	137.71	10.2
Clothing & Footwear	45.0	114.86	5.6	117.70	2.5
Housing, Water, Gas,	321.7	109.72	3.5	115.04	4.8
Furn. & Household,	45.7	117.18	0.5	126.23	7.7
Health	44.0	147.80	5.9	156.96	6.2
Transportation	125.0	134.23	15.5	127.37	-5.1
Communication	40.9	116.78	7.5	115.10	-1.4
Rec., & Culture	24.6	109.06	5.2	131.59	20.7
Education	42.4	104.13	2.0	105.35	1.2
Restaurant & Hotels	56.8	138.05	13.8	143.20	3.7
Misc. Goods & Svcs.	145.6	107.51	0.5	109.35	1.7
<b>ALL ITEMS</b>	<b>1000.0</b>	<b>117.51</b>	<b>6.2</b>	<b>121.13</b>	<b>3.1</b>

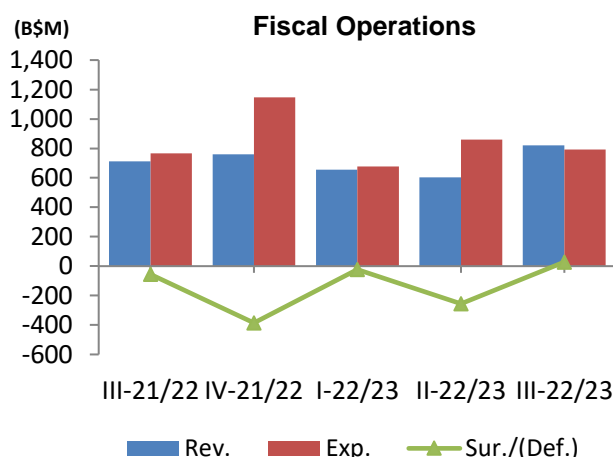
household equipment & routine household maintenance (7.9%), health (6.7%), housing, water, gas, electricity & other fuels (4.7%) and miscellaneous goods & services (2.3%). Further, average costs increased for alcoholic beverages, tobacco & narcotics (10.7%), following a reduction in the previous year.

Domestic energy costs recorded mixed movements during the review quarter. Specifically, during the three-month period, the average price for diesel declined by 6.6% to \$5.39 per gallon and by 16.3% in comparison to the same period in 2022. Meanwhile, gasoline costs rose by 7.4% to \$5.76 per gallon over the quarter, but fell by 10.6% on an annual basis. However, in the Bahamas Power and Light's (BPL) electricity fuel surcharge, the average tiered prices for household usage of less than 800 per kilowatt hour (kWh) firmed by 13.2% to 17.2 cents during the three-months to June. Similarly, over the same period, the cost for the generation of more than 800kWh rose by 20.7% to 24.7 cents.

## FISCAL OPERATIONS

### OVERVIEW

Provisional data on the Government's budgetary operations for the first nine months of FY2022/23 showed that the overall deficit reduced by \$86.4 million (25.7%) to \$249.7 million, relative to the comparative FY2021/22 period. Underlying this outturn, was a \$233.6 million (12.7%) expansion in total revenue to \$2,079.0 million, which outpaced the \$147.2 million (6.7%) growth in aggregate expenditure to \$2,328.8 million.



### REVENUE

Tax receipts, at 87.5% of total revenue, rose by \$260.7 million (16.7%) to \$1,819.2 million. Specifically, VAT collections—at a dominant 51.4% of tax revenue—grew by \$100.4 million (12.0%) to \$935.4 million. In addition, proceeds from stamp taxes on financial and realty transactions increased by \$27.9 million (54.0%) to \$79.7 million relative to the preceding year. Further, collections from specific taxes—mainly gaming—moved higher by \$11.1 million (29.5%) to \$48.5 million vis-à-vis the prior year. Conversely, receipts from excise taxes decreased to \$1.6 million from \$46.2 million in the previous year.

In terms of the other components, taxes on the use or supply of goods rose by \$3.2 million (2.5%) to \$129.2 million. Supporting this outturn, receipts from business license fees grew by \$2.3 million (2.9%) to \$83.3 million; motor vehicle taxes, by \$1.0 million (4.1%) to \$25.7 million and

Government Revenue By Source (Jul. - Mar.)				
	FY21/22		FY22/23	
	B\$M	%	B\$M	%
Property Tax	106.4	5.8	127.2	6.1
Value Added Tax	835.1	45.2	935.4	45.0
Stamp Taxes (Financial & Realty)	51.7	2.8	79.7	3.8
Excise Tax*	46.2	2.5	1.6	0.1
Specific Taxes (Gaming Tax)	37.5	2.0	48.5	2.3
Motor Vehicle Taxes	24.7	1.3	25.7	1.2
Company Taxes	16.9	0.9	17.5	0.8
License to Conduct Specific Bus. Act.	81.0	4.4	83.3	4.0
Marine License Activities	3.5	0.2	2.8	0.1
Customs & Other Import Duties	180.9	9.8	186.1	9.0
Taxes on Exports*	116.6	6.3	177.8	8.5
Departure Taxes	48.7	2.6	126.8	6.1
Other Taxes on Transactions	0.4	0.0	0.5	0.0
General Stamp Taxes	9.1	0.5	6.4	0.3
Property Income	64.9	3.5	38.9	1.9
Sales of Goods & Services	170.5	9.2	155.4	7.5
Fines, Penalties & Forfeits	4.2	0.2	3.6	0.2
Reimbursements & Repayments	42.6	2.3	33.6	1.6
Misc. & Unidentified Revenue	4.2	0.2	26.6	1.3
Sales of Other Non-Financial Assets	0.3	0.0	0.4	0.0
Grants	0.2	0.0	1.1	0.1
Capital Revenue	0.1	0.0	0.1	0.0
<b>Total</b>	<b>1,845.4</b>	<b>100.0</b>	<b>2,079.0</b>	<b>100.0</b>



company taxes, by \$0.5 million (3.2%) to \$17.4 million. Conversely, taxes from marine licenses decreased by \$0.7 million (20.2%) to \$2.8 million.

With regard to the remaining categories, taxes on international trade expanded by \$144.6 million (41.7%) to \$491.2 million, reflective of the ongoing strengthening in economic activities. Contributing to this development, departure taxes increased more than two-fold to \$126.8 million from \$48.7 million a year earlier, on account of the recovery in travel. Further, taxes on exports rose by \$61.2 million (52.5%) to \$177.8 million, and receipts from customs & other import taxes, by \$5.2 million (2.9%) to \$186.1 million. In addition, other “miscellaneous” taxes edged up to \$0.5 million from \$0.4 million in the preceding year. Collections from property taxes also grew by \$20.8 million (19.5%) to \$127.2 million. In contrast, revenue from general stamp taxes reduced by \$2.6 million (29.2%) to \$6.4 million from the previous year.

Non-tax receipts, at 12.4% of total revenue, decreased by \$28.0 million (9.8%) to \$258.6 million. Underlying this outturn, property income declined by \$26.0 million (40.0%) to \$38.9 million, explained by a falloff in collections of interest & dividends and Government property receipts. Similarly, revenue from the sale of goods and services fell by \$15.1 million (8.9%) to \$155.4 million, largely attributed to a reduction in collections from fees and service charges. Further, receipts from reimbursements & repayments lessened by \$9.0 million (21.0%) to \$33.6 million, while proceeds from fines, penalties and forfeitures reduced by \$0.6 million (14.0%) to \$3.6 million. In an offset, revenue from “miscellaneous” and unidentified taxes rose to \$26.6 million, from \$4.2 million in the prior year. Likewise, receipts from the sale of non-financial assets edged up to \$0.4 million from \$0.3 million in the previous year.

#### **EXPENDITURE**

The expansion in total expenditure was led by a \$113.3 million (5.6%) rise in current spending to \$2,134.8 million. Further, capital outlays advanced by \$33.9 million (21.1%) to \$194.0 million.

By economic classification, the growth in current outlays included a \$58.0 million (17.4%) increase in public debt interest payments to \$391.8 million, largely attributed to higher external debt obligations. Likewise, payments for employee compensation expanded by \$55.7 million (10.4%) to \$594.0 million, while spending for the use of goods & services rose by \$29.0 million (7.2%) to \$432.0 million. Similarly, disbursements for various miscellaneous payments grew by \$21.4 million (11.3%) to \$210.4 million, owing primarily to a rise in outlays for current transfers, by \$33.1 million (25.4%), which overshadowed the \$11.6 million (19.8%) reduction in insurance premiums. Providing some offset, allocations for social benefits contracted by \$29.5 million (14.8%) to \$170.2 million. In addition, subsidies decreased by \$20.9 million (5.9%) to \$330.4 million, led by a falloff in disbursements to public health facilities. Grants also declined by \$0.5 million (7.1%) to \$6.0 million.

Capital expenditure growth was owing primarily to a \$42.4 million (33.9%) expansion in the acquisition of non-financial assets to \$167.4 million, explained a rise in spending on buildings other than dwellings, other structures and transport equipment. In a slight offset, capital transfers fell by \$8.5 million (24.3%) to \$26.6 million.

#### **FINANCING AND THE NATIONAL DEBT**

Budgetary financing for the first nine months of FY2022/23 was dominated by internal borrowings of \$1,960.1 million, which consisted of loans & advances (\$1,032.0 million), Government bonds (\$591.3 million), drawdown in IMF SDRs (\$232.3 million), and net Treasury bills/notes (\$104.5 million). Further, external



borrowings amounted to \$190.4 million, and consisted mostly of commercial loans. Debt repayment for the period totalled \$1,859.7 million, with the largest portion (79.9%) absorbed by Bahamian dollar obligations.

As a consequence of these developments, during the second quarter, the Direct Charge on the Government grew by \$151.1 million (1.4%) over the previous three-month period and by \$462.7 million (4.3%), year-on-year, to \$11,255.5 million at end-June 2023. A disaggregation by component, showed that Bahamian dollar debt represented 52.7% of the total, while foreign currency liabilities accounted for the remaining 47.3%.

An analysis by creditor revealed that private and institutional investors held the largest share of local currency debt (41.5%), followed by banks (40.2%), Central Bank (10.4%) and public corporations (7.9%). By instrument type, Government bonds comprised the majority of the domestic liabilities (71.4%) and featured an average maturity of 9.6 years, down from 9.8 years in 2022. In addition, Treasury bills & notes and loans & advances accounted for smaller shares of 16.9% and 11.7%, respectively.

The Government's contingent liabilities reduced by \$1.0 million (0.3%) over the quarter and by \$5.2 million (1.3%), on an annual basis, to \$389.6 million. As a result, the National Debt, inclusive of contingent liabilities, rose by \$150.2 million (1.3%) over the three month period and by \$457.5 million (4.1 %), year-over-year, to \$11,645.1 million.

Given the recovery in the GDP estimates, the ratio of the Direct Charge to GDP fell by an estimated 5.3 percentage points on a yearly basis, to 81.9% at end-June. In addition, the National Debt-to-GDP decreased to an estimated 84.8%, from 90.4% in the same quarter of 2022.

Estimates of the Debt-to-GDP Ratios			
	June (%) <sup>1</sup>		
	2021 <sub>p</sub>	2022 <sub>p</sub>	2023 <sub>p</sub>
<b>Direct Charge</b>	97.7	87.3	81.9
<b>National Debt</b>	101.8	90.4	84.8
<b>Total Public Sector Debt*</b>	105.1	92.9	87.5
Source: Central Bank of The Bahamas and Bahamas National Statistical Institute			
GDP growth estimate for 2023 is derived from IMF projections.			
<sup>1</sup> In the absence of actual quarterly GDP data for 2023, the ratios presented should be taken as broad estimates of the relevant debt ratios and are therefore			
*Presented partially net of inter-public sector credit.			

## PUBLIC SECTOR FOREIGN CURRENCY DEBT

During the second quarter, public sector foreign currency debt increased by \$131.2 million (2.3%) to \$5,776.1 million, and by \$173.3 million (3.1%) vis-à-vis the same period last year. In particular, new drawings of \$260.1 million, outpaced amortization payments of \$123.5 million. A breakdown by components showed that the Government's outstanding liabilities, at 92.1% of the total, rose by \$143.5 million (2.8%) to \$5,318.8 million on a quarterly basis. In contrast, the public corporations' debt stock decreased by \$12.3 million (2.6%) to \$457.2 million.

Total foreign currency debt service payments reduced by \$27.8 million (9.9%) to \$252.7 million, in comparison to the same quarter of 2022. The outturn was largely attributed to a \$30.7 million (11.7%) decline in the Government's debt service payments to \$231.8 million, as interest charges fell by \$39.6 million (24.7%) to \$120.6 million, while amortization payments rose by \$8.9 million (8.7%) to \$111.2 million. In contrast, the public corporations' debt service payments grew by \$2.9 million (16.3%) to \$20.9 million, with amortization payments increasing by \$3.0 million (31.7%) to \$12.3 million, while interest charges, edged down by \$0.1 million (0.6%) to \$8.5 million.

As a consequence of these developments, the debt service ratio decreased by 4.8 percentage points over the year to 16.0% at end-June.

A breakdown by creditor profile revealed that capital market investors held the largest share of the foreign currency debt (49.5%), followed by multilateral institutions (24.8%), domestic banks (2.9%) and bilateral agencies (0.9%). A disaggregation by currency type showed that, the majority of the stock was denominated in United States dollars (83.3%), with smaller portions in IMF SDRs (8.2%), euro (5.7%), the Swiss franc (1.9%), and the Chinese yuan (0.9%). At end-June, the average maturity of the outstanding foreign currency debt stood at 8.0 years, lower than the 8.5 years recorded in 2022.

### **2023/2024 BUDGET HIGHLIGHTS**

The FY2023/2024 Budget was presented in Parliament in May, and approved in June, 2023. The Budget, under the theme “*A Budget for Security and Progress*”, focused on enhancing national and economic security. The Government’s policies prioritized reducing criminal activity, supporting domestic food security initiatives, promoting education, employment and climate resilience, while stimulating economic activity, particularly real estate investment. The presentation included the Government plans to strengthen its fiscal position by improving revenue collection efficiency, combined with revenue enhancement measures, to offset a targeted tax relief strategy.

With regard to revenue measures, no general increase in taxes nor rates were scheduled for FY2023/24. However, the Government aimed to boost tax yields by strengthening tax compliance, along with enforcement measures, such as the creation of a Taxpayer Unit that will target improvements in revenue collections from large businesses. The Government also announced the establishment of a national revenue targeting center, which would increase the efficiency of audits by identifying discrepancies in revenue reporting among taxpayers. Further, the Government plans to collect dividends from state owned enterprises (SOE).

Given the series of announced measures and the ongoing strengthening in the domestic economy, the Government forecasted a revenue intake of \$3.3 billion in FY2023/24, compared to the revenue estimate of \$2.8 billion for FY2022/23, on account of gains in both tax and non-tax collections.

A breakdown of revenue categories showed that, tax receipts, which comprised 87.9% of the forecast, are projected to expand by \$426.6 million (17.1%) to \$2,918.8 million, relative to the FY2022/23 budget. Similarly, non-tax revenue is forecasted to increase by \$88.0 million (28.5%) to \$397.5 million, primarily due to an anticipated rise in property income and the sales of goods and services, along with other “miscellaneous & unidentified” sources.

A disaggregation of the tax revenue components showed that, taxes on goods and services are targeted to grow by \$202.7 million (11.2%) to \$2,006.8 million. This reflected a projected increase in VAT collections, by \$179.6 million (12.7%) to \$1,591.4 million and receipts from stamp taxes on financial and realty transactions, by \$45.6 million (65.8%), to \$114.8 million. In addition, taxes on the use of goods and services are expected to move higher by \$31.3 million (15.4%) to \$234.9 million, explained by gains in business license proceeds, by \$27.1 million (20.8%) to \$157.7 million. Further, marine license taxes are projected to more than double to \$10.7 million from the prior year’s budgeted amount of \$4.5 million, while company taxes are expected to grow by \$1.6 million (7.2%) to \$24.1 million. Moreover, receipts from specific taxes—mainly gaming—are forecasted to increase by \$10.5 million (20.0%) to \$63.3 million.

Taxes on international trade transactions are also projected to grow by \$200.3 million (39.4%) to \$708.5 million, underpinned by anticipated gains in departure taxes, by \$102.4 million to \$199.3 million, and taxes on exports, by \$96.4 million (59.7%) to \$257.9 million. Moreover, customs and other import duties are forecasted to rise by \$0.8 million (0.3%) to \$250.5 million.

Approved expenditure allocations grew by \$81.8 million (2.4%) to \$3,450.1 million, relative to the previous year's budget, largely attributed to a forecasted \$88.3 million (2.9%) growth in current outlays to \$3,085.5 million. In contrast, planned capital spending reduced by \$6.5 million (1.8%) to \$364.6 million, compared to the prior year's budgeted amount.

By economic categorization, the targeted expansion in current expenditure included a budgeted \$52.7 million (9.4%) increase in interest payments on public debt to \$612.7 million, on account of higher interest payments on both external and internal debt. In addition, disbursements for other "miscellaneous" payments are predicted to rise by \$18.3 million (5.8%) to \$333.7 million and for social benefits, by \$14.4 million (6.5%) to \$236.5 million. Likewise, allocations for employee compensation are forecasted to grow by \$9.2 million (1.1%) to \$856.3 million and for grants, by \$1.1 million (13.0%) to \$9.5 million, vis-à-vis the prior year's budgeted amount. In contrast, subsidies provisions edged down by \$0.7 million (0.2%) to \$408.1 million, relative to the preceding year budget.

The budgeted reduction in capital expenditure reflected a predicted decrease in allocations for the acquisition of non-financial assets, by \$6.7 million (2.6%) to \$251.4 million. Conversely, planned disbursements for capital transfers are anticipated to increase slightly, by \$0.2 million (0.1%) to \$113.2 million.

Against this backdrop, the fiscal deficit is projected to decline considerably, to \$131.1 million for FY2023/24, vis-à-vis a FY2022/23 budgeted \$564.0 million. This represented an anticipated narrowing in the deficit to GDP ratio to 0.9% for FY2023/24 from the planned 4.3% of GDP for FY2022/23.

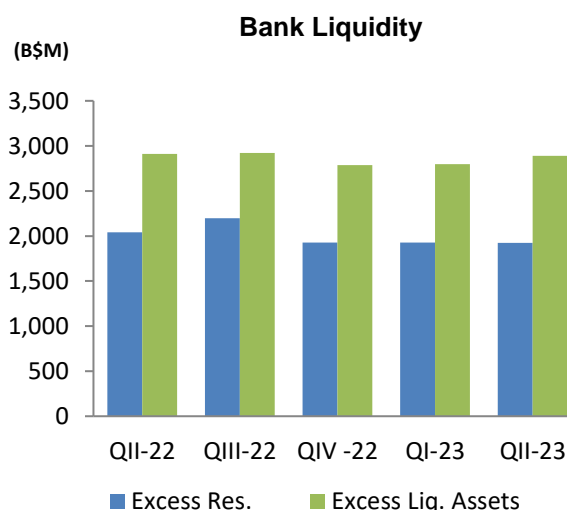
## MONEY, CREDIT AND INTEREST RATES

### OVERVIEW

Monetary developments during the second quarter were marked by a slight decline in banking sector liquidity, as the increase in domestic credit outpaced the growth in the deposit base. Further, the expansion in the financial system's net foreign assets moderated sharply, vis-à-vis the previous year, when proceeds from the Government's external borrowing activities boosted external reserves. Meanwhile, banks' credit quality indicators continued to improve, supported by the sustained recovery in the domestic economy and ongoing loan write-offs. In addition, banks' profitability indicators for the first quarter—the latest period for which data is available—showed a strengthening in banks' overall net income, buoyed by an expansion in interest income. Further, the weighted average interest rate spread widened during the review quarter, on account of a rise in the average lending rate, and a softening in the corresponding deposit rate.

### LIQUIDITY

Banks' net free cash reserves decreased by a muted \$0.4 million to \$1,925.3 million over the second quarter, a turnaround from a \$386.7 million (23.4%) buildup in the same period of 2022. Correspondingly, the ratio of net free cash reserves to Bahamian dollar deposits stood at 23.1% at end-June 2023, lower than 24.9% in the preceding year. However, the broader



surplus liquid assets grew by \$92.5 million (3.3%) to \$2,890.6 million, albeit a slowdown from the \$205.3 million (8.6%) growth last year, owing primarily to a reduction in balances held with the Central Bank. At end-June 2023, the surplus liquid assets exceeded the statutory minimum by approximately 190.8%, relative to 193.9% in the comparable period of 2022.

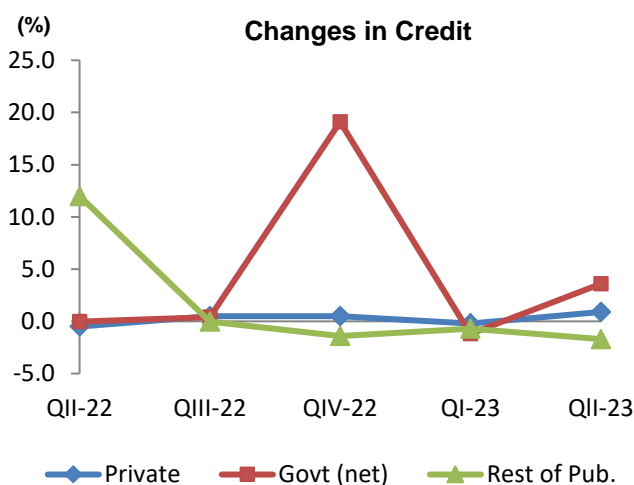
## DEPOSITS AND MONEY

The expansion in overall money (M3) slowed to \$231.3 million (2.6%) in the second quarter, from \$396.1 million (4.6%) a year earlier, placing the stock at \$9,252.4 million. In terms of the components, the growth in narrow money (M1) moderated notably to \$106.2 million (2.5%), from \$270.8 million (6.7%) in the comparable period last year. Leading this outturn, demand deposits rose by \$101.6 million (2.7%), but was lower than the \$260.0 million (7.2%) accumulation in 2022, reflecting a tapering in gains in private placements. Further, currency in active circulation increased by \$4.6 million (1.1%), trailing the \$10.8 million (2.8%) growth in the preceding year. Broad money (M2) grew by \$145.2 million (1.7%), a slowdown from the \$326.1 million (4.0%) buildup in the comparable period of 2022. In the underlying transactions, savings balances expanded by \$62.6 million (2.9%), a moderation from the \$83.5 million (4.3%) accretions in the prior year. However, fixed balances declined further by \$23.6 million (1.1%) relative to a \$28.2 million (1.3%) contraction a year ago. Meanwhile, residents' foreign currency deposit gains extended to \$86.0 million (17.0%) from \$70.0 million (15.2%) last year.

An analysis by category showed that Bahamian dollar demand deposits constituted the largest share of the money stock at 42.5%, followed by savings (24.2%), and fixed balances (22.2%). Residents' foreign currency deposits and currency in active circulation accounted for significantly smaller shares of the total money stock at 6.4% and 4.7%, respectively.

## DOMESTIC CREDIT

Total domestic credit expanded by \$159.6 million (1.7%) over the review quarter, accelerating from the \$3.2 million uptick in the previous year, and outpacing the average quarterly gain of 0.3% over the preceding five-year period. Specifically, the dominant Bahamian dollar component—which constituted 93.7% of the total—grew by \$163.3 million (1.9%), strongly reversing a \$27.3 million (0.3%) reduction last year. However, foreign currency credit declined by \$3.8 million (0.6%), a switch from a \$30.5 million (10.5%) accretion in the second quarter of 2022.



A breakdown by component revealed that net credit to the Government increased by \$114.5 million (3.6%), as opposed to a \$4.2 million (0.2%) falloff in the same period of the previous year, and the average quarterly growth rate of 1.6% over the past five years. Similarly, private sector credit rose by \$50.9 million (0.9%), a turnaround from the year earlier \$30.6 million (0.5%) decline. However, credit to the rest of the public sector reduced by \$5.8 million (1.7%), a shift from a \$37.9 million (12.0%) buildup in the comparative period of 2022.

A decomposition of the various private sector categories showed that the contraction in personal loans—which comprised 72.3% of total private sector credit—was curtailed at \$1.2 million from \$19.4 million (0.4%) in the same period last year, and in line with the marginal decline of 0.1% over the preceding quarterly average five year period. Underpinning this outcome, residential mortgages and consumer loans grew by \$10.9 million (0.4%) and by \$7.8 million (0.4%), respectively, a reversal from decreases of \$8.0 million (0.3%) and \$11.7 million (0.6%) in the previous year. In contrast, overdrafts contracted by \$19.9 million (40.3%), a turnaround from an uptick of \$0.4 million (0.8%) in the second quarter of the prior year.

A detailed breakdown of Bahamian dollar consumer credit revealed net repayments for debt consolidation (\$11.9 million), travel (\$1.8 million) and education (\$1.8 million). More muted reductions of less than \$1.0 million occurred for land purchases and medical. Conversely, credit balances rose for “miscellaneous” purposes (\$13.7 million), and private cars (\$7.3 million), with relatively smaller gains recorded for credit cards, furnishings and domestic appliances and home improvements.

Distribution of Bank Credit By Sector (End-Jun.)				
	2023		2022	
	B\$M	%	B\$M	%
Agriculture	1.3	0.0	0.6	0.0
Fisheries	1.9	0.0	2.0	0.0
Mining & Quarrying	2.3	0.0	1.7	0.0
Manufacturing	47.7	0.7	33.3	0.5
Distribution	327.1	5.0	279.0	4.4
Tourism	53.0	0.8	35.1	0.5
Enter. & Catering	25.9	0.4	28.2	0.4
Transport	65.3	1.0	38.5	0.6
Construction	307.5	4.7	309.8	4.8
Government	676.2	10.4	725.8	11.4
Public Corps.	102.7	1.6	114.7	1.8
Private Financial	45.1	0.7	14.5	0.2
Prof. & Other Ser.	59.5	0.9	52.4	0.8
Personal	4,705.8	72.3	4,650.2	72.8
Miscellaneous	88.3	1.4	102.3	1.6
<b>TOTAL</b>	<b>6,509.5</b>	<b>100.0</b>	<b>6,388.0</b>	<b>100.0</b>

The remaining private sector loan categories showed that credit balances increased for distribution (\$42.0 million), manufacturing (\$8.3 million), professional and other services (\$2.4 million) and “miscellaneous” purposes (\$1.3 million). In contrast, net lending decreased for construction (\$6.6 million), transport (\$4.9 million) and private financial institutions (\$0.6 million).

### **MORTGAGES**

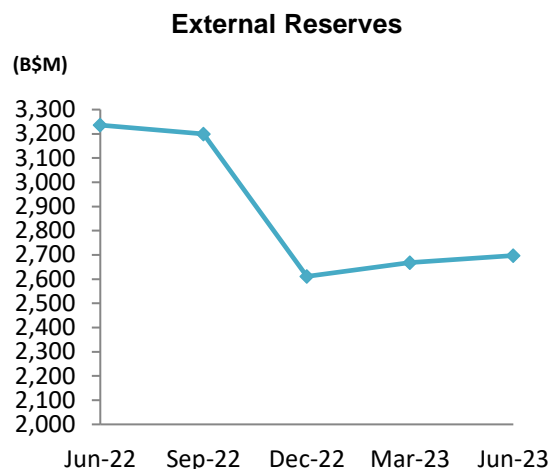
According to data obtained from domestic banks, insurance companies, and the Bahamas Mortgage Corporation, the total value of mortgages outstanding reduced by \$8.3 million (0.3%) to \$2,882.8 million over the review period, lower than the year earlier \$18.7 million (0.6%) contraction. In particular, the dominant residential component—at 93.2% of total mortgages—declined by \$2.5 million (0.1%) to \$2,688.0 million, a moderation from the \$19.9 million (0.7%) reduction in the previous year. The commercial segment also fell by \$5.8 million (2.8%) to \$194.8 million, a switch from a \$1.3 million (0.8%) uptick in the same period of 2022. At end-June, domestic banks held the majority of outstanding mortgages (86.6%), followed by the Bahamas Mortgage Corporation (6.9%) and insurance companies (6.5%).

### **THE CENTRAL BANK**

During the second quarter, the Central Bank’s net claims on the Government grew by \$32.4 million (4.2%) to \$805.0 million, although less than the \$85.8 million (30.6%) expansion in 2022, mainly reflecting declines in loans and advances and the holdings of debt securities. The outcome compares with an average quarterly increase of \$23.6 million (11.4%) over the past five years. Similarly, growth in the Bank’s net liabilities to commercial banks tapered significantly to \$10.4 million (0.5%), from \$352.6 million (16.4%) a year earlier,

owing largely to a considerably slowdown in the accumulation in deposits, while notes and coins in circulation remained relatively unchanged. Further, the Bank's net liabilities to the rest of the public sector held steady at \$7.0 million.

The buildup in external reserves moderated sharply to \$29.6 million (1.1%) from \$234.3 million (7.8%) in the comparable period of 2022, which had included the receipt of proceeds from the Government's external borrowing activities, bringing the total stock to \$2,697.7 million. In the underlying transactions, the Central Bank's net foreign currency purchases reduced to \$19.8 million, from \$259.0 million in the prior year. Contributing to this outturn, the Bank's net intake from the Government decreased notably to \$10.5 million from \$213.8 million, while the net inflows from commercial banks receded to \$118.6 million from \$152.4 million. Meanwhile, the Bank's net foreign currency sales to the public corporations—mainly for fuel purchases—quickened to \$109.3 million from \$107.3 million in the same period last year.



At end-June, the stock of external reserves stood at an estimated 43.9 weeks of the current year's total merchandise imports (inclusive of oil purchases), as compared to 61.2 weeks during the comparative 2022 period. After adjusting for the 50.0% statutory requirement on the Bank's demand liabilities, "useable" reserves increased by \$30.6 million (2.5%) to \$1,245.2 million, vis-à-vis the corresponding period a year earlier.

### **DOMESTIC BANKS**

Domestic banks net foreign liabilities declined to \$73.9 million over the review quarter, from \$131.5 million in the previous quarter, and a switch from the \$33.6 million net foreign assets recorded last year.

During the review quarter, domestic banks' credit expanded by \$127.3 million (1.5%), a turnaround from an \$82.4 million (1.0%) reduction in the preceding year. Leading this development, net claims on the Government increased by \$82.1 million (3.4%), a reversal from an \$89.9 million (3.7%) contraction in the prior year, owing to a rise in the holdings of Treasury bills and other securities. Similarly, private sector credit grew by \$50.9 million (0.9%), a shift from a \$30.6 million (0.5%) retrenchment last year. In contrast, credit to the rest of the public sector declined by \$5.8 million (1.7%), following the year earlier \$38.2 million (12.4%) growth.

Banks' total deposit liabilities—including Government balances—rose by \$196.3 million (2.3%) to \$8,937.4 million, a significant slowdown from the \$413.9 million (5.0%) buildup in the prior year. Underlying this outcome, Government balances fell by \$13.1 million (5.4%), a turnaround from the \$4.3 million (1.9%) accumulation last year, while deposits for the rest of the public sector reduced by \$16.0 million (6.3%), overturning the year earlier \$31.1 million (14.1%) increase. However, private sector deposit liabilities grew by \$225.4 million (2.7%), although lower than the \$378.5 million (4.8%) accretion in the comparable 2022 period.

At end-June, the majority of banks' deposit liabilities were denominated in Bahamian dollars at 93.3%, with the US dollar foreign currency deposits representing 6.4%. A breakdown by holder showed that private



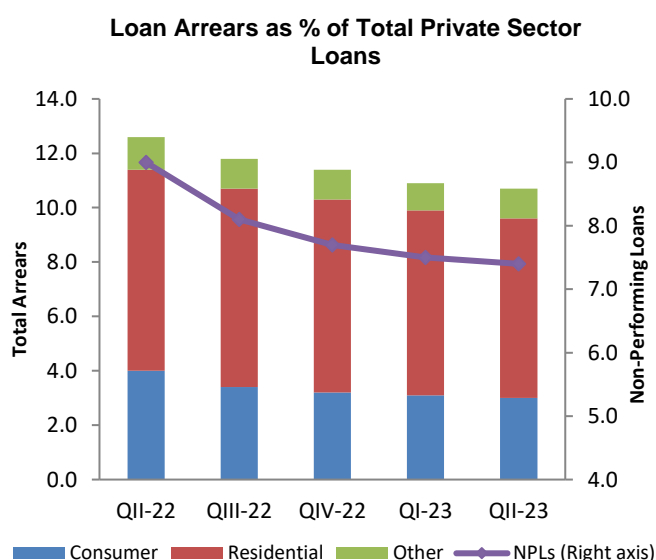
individuals held the largest share of total local currency accounts, at 53.3%, followed by business firms (31.4%), private financial institutions (5.8%), the public sector (5.3%), and other “miscellaneous” entities (4.2%).

A disaggregation by deposit category revealed that demand balances represented the largest share of deposit accounts, at 47.9%, followed by fixed (26.8%) and savings (25.3%) deposits. Analyzed by range of value and number, the bulk of accounts (87.1%) held Bahamian dollars balances of \$10,000 or less, but comprised only 5.6% of the total value. Accounts with balances between \$10,000 and \$50,000 constituted 8.5% of the facilities and 10.6% of the overall value, while deposits in excess of \$50,000 represented 4.4% of the accounts, but 83.8% of the aggregate value.

### CREDIT QUALITY

Banks’ credit quality indicators improved over the review quarter, reflective of the ongoing recovery in the domestic economy and sustained loan write-offs. Total private sector loan arrears reduced by \$9.8 million (1.7%) over the quarter, and by \$109.9 million (16.0%) on an annual basis, to \$579.1 million. As a result, the ratio of arrears to total private sector loans narrowed on both a quarterly and year-on-year basis, by 0.2 and 2.0 percentage points, respectively, to 10.7% of total private sector loans.

A disaggregation by age of delinquency revealed that, short-term (31-90 days) arrears declined by \$6.4 million (3.4%) to \$179.8 million over the quarter, with the attendant ratio decreasing by 13 basis points to 3.3%. Similarly, non-performing loans—arrears in excess of 90 days and on which banks have stopped accruing interest—fell by \$3.4 million (0.9%) to \$399.3 million, with the associated ratio lower by 9 basis points to 7.4% of total private sector loans.



Contributing to the quarterly reduction in private sector loan arrears, mortgage delinquencies—which dominated at 61.5%—contracted by \$8.9 million (2.4%) to \$356.1 million, leading to a 33 basis point narrowing in the corresponding ratio, to 14.3%. In addition, consumer loan delinquencies fell by \$5.7 million (3.4%) to \$161.3 million, with the relevant ratio declining by 23 basis points to 8.3% of total private sector loans. In contrast, commercial arrears rose by \$4.8 million (8.3%) to \$61.7 million, elevating the associated arrears ratio by 26 basis points to 6.4%. Meanwhile, the NPL rates for mortgages moderated to 9.6% from 10.6% a year earlier and for consumer loans, to 5.7% from 8.3%. Further, the corresponding commercial credit rate narrowed to 5.2% from 6.2% in 2022.

### PROVISIONS AND CAPITAL ADEQUACY

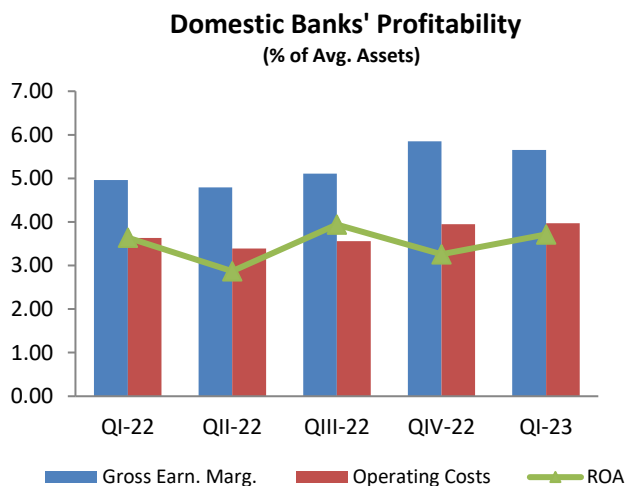
In line with the improvement in banks’ credit quality indicators, banks reduced their provisions for loan losses by \$10.7 million (2.9%) to \$357.0 million during the second quarter. Correspondingly, the ratio of total provisions to non-performing loans decreased by 1.9 percentage points to 89.4%, while the ratio of provisions to total arrears fell by 79 basis points to 61.7%. In addition, over the three-month period, banks wrote-off an estimated \$24.5 million in bad loans, and recovered approximately \$10.1 million.



Banks' capital levels remained elevated during the review period, with the average ratio of capital to risk-weighted assets increasing by 80 basis points to 36.0%. This remained well in excess of the minimum regulatory prescribed ratio of 17.0%.

### BANK PROFITABILITY

During the first quarter of 2023—the latest period for which data is available—banks' net income rose by \$4.6 million (4.5%) to \$107.7 million, as compared to the same period of 2022, owing largely to a rise in interest income. The net interest margin expanded by \$21.4 million (16.8%) to \$148.5 million, driven by a \$21.1 million (15.5%) increase in interest income, combined with a marginal decline in interest expense, by \$0.2 million (2.6%). Further, commission and foreign exchange fees rose by \$2.1 million (15.9%), contributing to a \$23.5 million (16.7%) growth in the gross earnings margin, to \$164.1 million.



In terms of non-interest expense, banks' operating costs grew by \$12.5 million (12.1%) to \$115.3 million. Specifically, non-staff related operating costs—including professional and rental expenses—increased by \$11.7 million (19.1%) to \$72.6 million. Occupancy and staff costs recorded more modest gains of \$0.4 million each, to \$3.4 million and \$39.3 million, respectively. In contrast, banks' other net earnings declined by \$6.5 million (9.9%) to \$58.9 million, as the reduction in the provisions for bad debt slowed to \$3.8 million, from \$17.8 million a year earlier. Meanwhile, other “non-interest” income moved higher by \$7.3 million (13.7%) to \$60.2 million, while depreciation costs tapered by \$0.3 million (5.9%) to \$5.0 million.

Against this backdrop, movement in banks' profitability ratios varied over the review period. As a percentage of average assets, the gross earnings margin widened by 83 basis points to 5.65%, as the interest margin ratio grew by 76 basis points to 5.12%, and the commission and foreign exchange fees ratio, rose by 8 basis points to 0.54%. In addition, banks' net earnings margin ratio firmed by 39 basis points to 1.68%, despite a 45 basis point rise in the operating costs ratio to 3.97%. Further, the net income ratio moved higher by 17 basis points to 3.71%, owing mostly to a rise in interest income.

### INTEREST RATES

During the second quarter, the weighted average interest rate spread at commercial banks widened by 34 basis points to 10.59 percentage points.

Banking Sector Interest Rates			
Period Average (%)			
	Qtr. II 2022	Qtr. I 2023	Qtr. II 2023
<b>Deposit Rates</b>			
Demand Deposits	0.69	0.25	0.25
Savings Deposits	0.50	0.28	0.29
Fixed Deposits			
Up to 3 months	0.31	0.27	0.26
Up to 6 months	0.37	0.33	0.32
Up to 12 months	0.45	0.55	0.54
Over 12 months	1.03	1.25	1.06
<b>Weighted Avg. Dep. Rate</b>	<b>0.48</b>	<b>0.63</b>	<b>0.49</b>
<b>Lending Rates</b>			
Residential mortgages	5.29	5.14	5.19
Commercial mortgages	5.25	6.38	6.32
Consumer loans	12.95	12.69	12.78
Other Local Loans	7.05	5.13	11.75
Overdrafts	10.78	10.77	10.60
<b>Weighted Avg. Loan Rate</b>	<b>11.21</b>	<b>10.88</b>	<b>11.08</b>

Contributing to this outturn, the weighted average lending rate rose by 20 basis points to 11.08%, while the weighted average deposit rate narrowed by 14 basis points to 0.49%.

The increase in the average loan rate was led by a 9 basis point rise in consumer loans to 12.78%, while residential mortgage rates firmed by 5 basis points to 5.19%. Conversely, the mean rate on commercial mortgages fell by 6 basis points to 6.32%, and on overdrafts, by 17 basis points to 10.60%.

With regard to deposits, the average range of interest offered on fixed balances moderated to 0.26%-1.06% from 0.27%-1.25% in the previous quarter. However, the average rate on savings deposits edged up by 1 basis point to 0.29%, while the mean rate on demand deposits held steady at 0.25%.

In other interest rate developments, the average Treasury bill rate rose marginally by 2 basis points to 2.91%. Further, the Central Bank's Discount rate and commercial banks' Prime rate were unchanged at 4.00% and 4.25%, respectively.

## CAPITAL MARKET DEVELOPMENTS

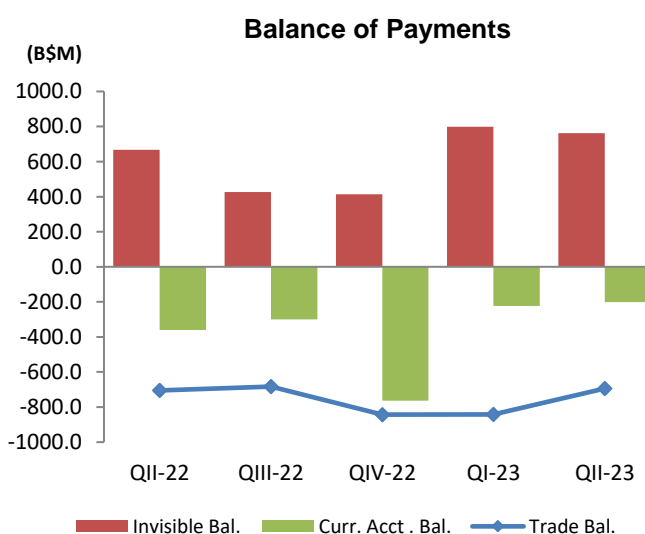
Domestic capital market developments were subdued during the review quarter. According to preliminary data from the Bahamas International Securities Exchange (BISX), the volume of shares traded fell by 33.4% to 1.0 million, a switch from a 35.5% increase in the same period of 2022. Correspondingly, the value of shares traded declined by 49.1% to \$15.0 million, extending the 41.0% falloff in the comparable period of the previous year.

With regard to other key market indicators, the BISX All Share Index rose by 6.7% to 2,557.39 points, but was a moderation from the 15.9% growth in the comparable 2022 period. Similarly, total market capitalization grew by 3.1% to \$10.1 billion, albeit lower than the 7.1% increase in the previous year.

As at end-June, the number of publicly traded securities listed on the exchange decreased by 1 to 260. These consisted of 20 ordinary shares, 4 preference shares and 236 debt tranches (of which, 231 were Bahamas Government Registered Stock).

## INTERNATIONAL TRADE AND PAYMENTS

According to provisional estimates for the second quarter of 2023, the current account deficit narrowed to \$200.9 million from \$361.0 million in the comparative 2022 period. Contributing to this outturn, the services account surplus increased to \$762.8 million from \$667.6 million in the prior year, reflective of the ongoing strengthening in travel receipts. Meanwhile, the financial account inflows, excluding reserve assets, declined to \$342.1 million from \$543.1 million a year earlier, reflective of a switch in portfolio investments to a net outflow from a net inflow a year earlier, combined with a reduction in net private direct investments. Further, the capital account transfers recorded nil transactions during the review quarter, similar to the previous year.



The estimated merchandise trade deficit narrowed by \$11.6 million (1.6%) to \$694.0 million in the review quarter, as the \$58.2 million rise in exports to \$304.8 million, outstripped the \$46.7 million growth in imports to \$998.7 million. A breakdown of trade flows revealed that payments for fuel imports declined by \$70.9 million (20.3%) to \$277.9 million. An analysis of the fuel components showed that the average per barrel prices for lubricants and other reduced sharply to \$151.84 from \$371.73 in the prior year. Likewise, the average per barrel costs declined for kerosene oil (jet fuel) by 40.3% to \$136.56; motor gas, by 13.9% to \$147.33; gas oil, by 15.3% to \$101.08 and propane, by 4.1% to \$73.27. In a slight offset, the average cost of aviation gas rose by 23.2% to \$261.74 per barrel, while Bunker-C stabilized at \$60.50 per barrel.

The estimated surplus on the services account grew by \$95.2 million (14.3%) to \$762.8 million in the review quarter. Leading this outturn, net travel receipts expanded by \$190.7 million (20.0%) to \$1,145.0 million, underpinned by ongoing gains in tourism output. Further, net outflows for construction services decreased by \$9.8 million (36.4%) to \$17.1 million, while net payments for Government goods and services, reduced by \$7.4 million (19.8%) to \$30.0 million. In like manner, charges for the use of intellectual property declined by \$6.4 million (68.7%) to \$2.9 million vis-à-vis a year earlier. Providing some offset, net outflows for 'other' business services, doubled to \$165.6 million from \$80.8 million, while net payments for transportation services increased by \$29.1 million (49.0%) to \$88.5 million. Further, net outflows for insurance services moved higher by \$4.1 million (6.9%) to \$63.8 million, and for telecommunications, computer, and information services, by \$1.1 million (8.6%), to \$14.3 million.

The primary income account deficit (against wages and investment income) decreased by \$70.5 million (20.2%) to \$278.8 million. In the underlying transactions, net investment income outflows reduced to \$252.9 million from \$328.1 million in the previous year. Specifically, direct investment net outflows, declined by \$55.9 million (39.9%) to \$84.2 million, and net remittances against portfolio investments outflows, by \$39.8 million (25.2%) to \$118.0 million. In contrast, 'other' net investments income outflows—inclusive of interest and dividends by banks, other companies and the Government—grew by \$20.5 million (55.4%) to \$57.5 million. Net remittances for employees' compensation also increased by \$4.7 million (22.1%) to \$25.9 million.

Predominantly reflecting net transfers, the secondary income account surplus declined by \$17.1 million (65.2%) to \$9.1 million. In particular, net payments for various private financial and non-financials expanded by \$13.1 million (70.9%) to \$31.5 million, inclusive of a rise in the workers' remittances portion. In addition, 'other' net current private transfers' transactions switched to an outflow of \$0.8 million from a net receipt of \$10.4 million in the corresponding 2022 period. In contrast, general Government net inflows grew by \$6.4 million (18.4%) to \$41.4 million.

During the second quarter, similar to the preceding year, there were no estimated transfers to the capital account—which comprised financial corporations, non-financial corporations, households and non-financial institutions serving households (NPISHs).

The net financial inflows—denoting investments—reduced to \$342.1 million from \$543.1 million in the preceding year. Contributing to this development, the net portfolio investment position reversed to a \$155.1 million net outflow from a \$323.9 million net inflow in 2022. The outturn was largely attributed to a switch in debt securities transactions to a net payment of \$135.0 million from a \$352.3 million net inflow a year earlier, which overshadowed the falloff in equity and investment fund shares net outflows, by \$8.3 million (29.1%) to \$20.2 million. In addition, net direct investment inflows decreased to \$30.1 million from \$96.3 million in the preceding year, as net receipts for equity and investment fund shares declined notably to \$38.2 million from \$119.9 million in 2022, outstripping the \$15.6 million (66.0%) falloff in net payments associated with debt instruments, to \$8.0 million. In an offset, "other investments" net inflows increased to \$467.1

million from \$122.8 million in 2022, as external loan exposures grew. Within the financial account components, loan transactions shifted to a net inflow of \$209.8 million from a net outflow of \$27.1 million in the prior year, reflective of net receipts by the Government and deposit-taking entities. In addition, “other” private sector related accounts receivable/payable position reverted to a net inflow of \$36.2 million, from a net remittance of \$82.8 million a year earlier. Further, due to valuation changes in the IMF Special Drawing Rights (SDRs) allocations, a lower net outflow of \$4.5 million was reported for the review quarter, from \$26.8 million in the prior year. Conversely, net receipts from currency and deposits (through banking sector exposures) reduced by \$33.9 million (13.0%) to \$225.7 million.

In line with these developments, and after adjusting for net errors and omissions, the surplus in reserve assets, which corresponds to the change in the Central Bank’s external reserves, decreased considerably to \$29.1 million from \$233.9 million in the second quarter of 2022.

## **INTERNATIONAL ECONOMIC DEVELOPMENTS**

Indications are that the global economy maintained its positive growth during the review quarter, despite prolonged geopolitical tensions in Eastern Europe. Against this backdrop, labour market conditions continued to improve, while inflationary pressures remained elevated. In this environment, the major central banks sustained their monetary policy tightening stances, in an effort to lower inflation and encourage economic growth.

During the second quarter, all of the major economies registered growth. Specifically, in the United States, GDP expanded by an annualized rate of 2.4%, as compared to 2.0% in the prior three-month period, on account of gains in consumer spending, non-residential fixed investment, state and local Government, private inventory investment, and Federal Government spending. Likewise, in the United Kingdom, real economic output firmed by 0.2% in the second quarter, from 0.1% in the previous quarter, led by increases in information and communication, accommodation and food service activities, and human health and social work activities. Similarly, in the euro area, real output grew by 0.3% in the three months to June, following a flat outturn in the prior quarter. In the Asian market, China’s real GDP expanded by 6.3%, exceeding the 4.5% growth in the preceding quarter. Meanwhile, Japan’s real output rose by an annualized rate of 2.0%, a similar magnitude to the previous quarter, bolstered by a rise in private residential and public investments, along with gains in exports of goods and services.

Labour market conditions varied among the major economies during the second quarter. In the euro area, the jobless rate declined by 10 basis points to 6.4%, as the number of unemployed persons fell by 441,000. Likewise, China’s unemployment rate reduced by 10 basis points to 5.2%. Conversely, in the United States, although non-farm payroll rose by 209,000, largely attributed to job gains in government, health care, social assistance, and construction, the unemployment rate increased by 10 basis points to an average rate of 3.6% during the second quarter. Similarly, in the United Kingdom, the jobless rate rose by 30 basis points to 4.2%. Further, Japan’s unemployment rate quickened by 10 basis points to 2.7% in the review quarter.

Buoyed by major central banks counter-inflation policies over the review quarter, inflationary pressures weakened for some of the key economies. Specifically, in the United States, the annualized inflation rate moderated to 3.0% in June, from the 5.0% in the previous quarter, undergirded by a decrease in energy costs. In the euro area, annualized inflation fell to 5.5% in the review quarter, from 6.9% in the prior quarter, due to lower energy prices. In Asia, China’s year-on-year inflation rate registered a flat outturn in June, following an annualized 0.7% increase in the preceding quarter. In contrast, in the United Kingdom, the annual inflation

rate firmed to 7.3% from 6.9% in the prior quarter, owing in part to higher food and fuel costs. In addition, in Japan, consumer prices rose to an annualized 3.3% in June, extending the 3.2% gain in the previous quarter.

In foreign market developments, the United States' dollar depreciated against most major currencies during the second quarter. Specifically, the dollar weakened against the British pound by 2.9% to £0.79, the Swiss Franc, by 2.2% to CHF0.90, the Canadian dollar, by 2.0% to CAD\$1.32, and the euro, by 0.6% to €0.92. In contrast, the dollar strengthened relative to the Japanese yen, by 8.6% to ¥144.31 and the Chinese Renminbi, by 5.5% to CNY 7.25.

The major equity markets recorded mostly positive developments during the review quarter. In particular, in the United States, the S&P 500 index strengthened by 8.3%, and the Dow Jones Industrial Average (DIJA), by 3.4%. In addition, Japan's Nikkei increased by 18.4%, the Germany's DAX, by 3.3%, and France CAC 40, by 1.1%. Conversely, the United Kingdom's FTSE decreased by 1.3% and China's SE composite by 2.2%.

In the commodities market, broad based declines were recorded during the review quarter. Specifically, average crude oil prices reduced by 13.4% to \$72.68 per barrel over the three-month period. Similarly, in the precious metals market, the average costs for silver fell by 5.5% to \$22.77 per troy ounce and for gold, by 2.5% to \$1,919.35 per troy ounce.

External sector developments in the major economies were largely positive during the review quarter. Particularly, in the United States, the trade deficit declined by \$43.1 billion (17.1%) to \$209.1 billion, relative to the previous quarter, as the 6.7% contraction in imports outstripped the 3.3% falloff in exports. Similarly, in the United Kingdom, the trade deficit decreased marginally by £0.5 billion to £19.0 billion, on account of the £3.0 billion reduction in imports, which eclipsed the £2.6 billion retrenchment in exports. Further, in the euro area, the trade balance reversed to a surplus of €11.0 billion, from a deficit of \$2.6 billion, in the previous quarter, as the 3.8% decline in imports outweighed the 2.0% retrenchment in exports. In Asia, China's trade surplus expanded by \$21.9 billion (11.0%) to US\$226.6 billion, in comparison to the previous quarter, explained by a 5.1% growth in exports, which outpaced the 3.3% rise in imports. Further, Japan's trade deficit contracted notably to ¥1,775.0 billion from ¥5,185.0 billion in the previous quarter, attributed to an 8.5% decline in imports, combined with a 1.6% rise in exports.

In an effort to reduce inflation and stimulate economic growth, almost all of the major central banks maintained their monetary policy tightening stances during the review quarter. Specifically, the United States' Federal Reserve raised its benchmark interest rate to a range of 5.00%-5.25% from 4.75%-5.00%, noting its commitment to lowering inflation to its 2.0% target. Similarly, the Bank of England increased its main policy rate to 5.0% from 4.25% in the previous quarter, while decreasing the Government's bond purchase programme to £805 billion. In addition, the European Central Bank's key interest rates moved higher for the main refinancing operations to 4.00% from 3.50%, the marginal lending facility, to 4.25% from 3.75% and the deposit facility, to 3.50% from 3.00%. The Bank also noted that reinvestment in the asset purchase programme (APP) will be discontinued as of July, 2023. In Asia, the People's Bank of China lowered its reverse repo rate to 1.9% from 2.0% in the prior quarter, in an attempt to stabilize banking system liquidity. Meanwhile, the Bank of Japan left its policy rate at -0.1%.

## **STATISTICAL APPENDIX (TABLES I-I6)**

**TABLE 1**  
**FINANCIAL SURVEY**

Period	2019	2020	2021	2022				2023	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
(B\$ Millions)									
Net foreign assets	1,790.7	2,141.9	2,337.5	2,984.7	3,269.5	3,258.0	2,473.2	2,536.6	2,623.8
Central Bank	1,758.1	2,382.2	2,432.8	3,001.6	3,235.8	3,199.7	2,611.0	2,668.2	2,697.7
Domestic Banks	32.6	(240.2)	(95.2)	(16.9)	33.6	58.4	(137.8)	(131.5)	(73.9)
Net domestic assets	5,497.7	5,209.0	5,641.9	5,353.2	5,461.4	5,531.5	6,501.4	6,473.8	6,626.6
Domestic credit	8,957.1	8,614.4	8,929.0	8,640.4	8,646.5	8,682.8	9,312.5	9,264.3	9,423.9
Public sector	3,065.5	2,848.3	3,248.3	3,000.9	3,037.5	3,047.8	3,557.0	3,515.5	3,624.1
Government (net)	2,620.9	2,524.4	2,933.1	2,686.2	2,685.0	2,695.4	3,209.6	3,170.7	3,285.2
Rest of public sector	444.6	323.8	315.2	314.7	352.5	352.4	347.4	344.8	339.0
Private sector	5,891.6	5,766.1	5,680.7	5,639.5	5,609.0	5,634.9	5,755.5	5,748.8	5,799.8
Other items (net)	(3,459.4)	(3,405.4)	(3,287.1)	(3,287.2)	(3,185.1)	(3,151.3)	(2,811.2)	(2,790.4)	(2,797.2)
Monetary liabilities	7,892.8	7,864.2	8,220.7	8,586.0	8,982.1	9,046.5	8,983.3	9,014.5	9,245.7
Money	3,248.4	3,472.1	3,715.5	4,017.8	4,288.6	4,274.2	4,296.8	4,257.2	4,363.4
Currency	336.8	373.0	385.9	382.6	393.4	405.1	422.8	425.7	430.3
Demand deposits	2,911.6	3,099.1	3,329.6	3,635.2	3,895.2	3,869.1	3,874.0	3,831.5	3,933.1
Quasi-money	4,644.4	4,392.1	4,505.2	4,568.2	4,693.4	4,772.3	4,686.5	4,757.2	4,882.3
Fixed deposits	2,419.6	2,245.2	2,172.6	2,160.4	2,132.2	2,104.7	2,073.9	2,078.7	2,055.2
Savings deposits	1,637.0	1,788.4	1,885.0	1,947.4	2,030.8	2,050.4	2,089.0	2,172.3	2,234.9
Foreign currency	587.9	358.5	447.7	460.4	530.4	617.2	523.6	506.2	592.3
(percentage changes)									
Total domestic credit	0.5	(3.8)	3.7	(3.2)	0.1	0.4	7.3	(0.5)	1.7
Public sector	1.3	(7.1)	14.0	(7.6)	1.2	0.3	16.7	(1.2)	3.1
Government (net)	3.2	(3.7)	16.2	(8.4)	(0.0)	0.4	19.1	(1.2)	3.6
Rest of public sector	(8.5)	(27.2)	(2.7)	(0.2)	12.0	(0.0)	(1.4)	(0.7)	(1.7)
Private sector	0.1	(2.1)	(1.5)	(0.7)	(0.5)	0.5	2.1	(0.1)	0.9
Monetary liabilities	11.0	(0.4)	4.6	4.4	4.6	0.7	(0.7)	0.3	2.6
Money	19.1	6.9	7.2	8.1	6.7	(0.3)	0.5	(0.9)	2.5
Currency	8.4	10.8	5.3	(0.8)	2.8	2.9	4.3	0.7	1.1
Demand deposits	20.4	6.4	7.4	9.2	7.2	(0.7)	0.1	(1.1)	2.7
Quasi-money	6.0	(5.4)	2.6	1.4	2.7	1.7	(1.8)	1.5	2.6

Source: Central Bank of The Bahamas



**TABLE 2**  
**MONETARY SURVEY**

Period	2019	2020	2021	2022				2023	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
(B\$ Millions)									
Net foreign assets	2,133.1	2,520.0	2,680.0	3,340.7	3,641.4	3,649.2	2,869.3	2,919.2	3,028.8
Central Bank	1,758.1	2,382.2	2,432.8	3,001.6	3,235.8	3,199.7	2,611.0	2,668.2	2,697.7
Commercial banks	375.0	137.9	247.2	339.2	405.6	449.5	258.3	251.0	331.0
Net domestic assets	5,682.1	5,235.6	5,539.8	5,247.5	5,338.9	5,398.3	6,349.2	6,319.3	6,449.8
Domestic credit	8,898.8	8,546.6	8,884.5	8,597.9	8,592.7	8,600.4	9,209.0	9,173.8	9,320.9
Public sector	3,050.1	2,835.1	3,248.2	3,000.7	3,037.4	3,047.5	3,557.0	3,515.5	3,624.0
Government (net)	2,605.5	2,511.2	2,933.1	2,686.2	2,685.0	2,695.2	3,209.6	3,170.7	3,285.1
Rest of public sector	444.6	323.8	315.1	314.5	352.4	352.3	347.3	344.8	339.0
Private sector	5,848.6	5,711.6	5,636.3	5,597.1	5,555.3	5,552.8	5,652.0	5,658.3	5,696.9
Other items (net)	(3,216.7)	(3,311.0)	(3,344.7)	(3,350.3)	(3,253.8)	(3,202.1)	(2,859.9)	(2,854.5)	(2,871.1)
Monetary liabilities	7,814.3	7,754.6	8,211.9	8,580.7	8,972.6	9,040.2	8,977.8	9,007.9	9,238.0
Money	3,186.5	3,377.5	3,707.8	4,013.0	4,279.6	4,268.7	4,292.0	4,251.1	4,356.1
Currency	336.9	373.1	385.9	382.6	393.4	405.1	422.8	425.7	430.3
Demand deposits	2,849.6	3,004.4	3,321.9	3,630.4	3,886.2	3,863.6	3,869.2	3,825.4	3,925.8
Quasi-money	4,627.8	4,377.1	4,504.1	4,567.7	4,693.0	4,771.6	4,685.9	4,756.8	4,881.9
Savings deposits	1,637.0	1,788.4	1,885.0	1,947.4	2,030.8	2,050.4	2,089.0	2,172.3	2,234.9
Fixed deposits	2,408.3	2,230.8	2,172.2	2,160.4	2,132.2	2,104.7	2,073.9	2,078.7	2,055.2
Foreign currency deposits	582.5	357.9	446.9	459.9	529.9	616.5	522.9	505.8	591.8
(percentage change)									
Total domestic credit	0.4	(4.0)	4.0	(3.2)	(0.1)	0.1	7.1	(0.4)	1.6
Public sector	1.4	(7.1)	14.6	(7.6)	1.2	0.3	16.7	(1.2)	3.1
Government (net)	3.2	(3.6)	16.8	(8.4)	(0.0)	0.4	19.1	(1.2)	3.6
Rest of public sector	(8.4)	(27.2)	(2.7)	(0.2)	12.0	(0.0)	(1.4)	(0.7)	(1.7)
Private sector	(0.1)	(2.3)	(1.3)	(0.7)	(0.7)	(0.0)	1.8	0.1	0.7
Monetary liabilities	11.0	(0.8)	6.0	4.5	4.6	0.8	(0.7)	0.3	2.6
Money	19.3	6.0	10.0	8.2	6.6	(0.3)	0.5	(0.9)	2.5
Currency	8.5	10.7	5.3	(0.9)	2.8	2.9	4.3	0.7	1.1
Demand deposits	20.7	5.4	10.6	9.3	7.0	(0.6)	0.1	(1.1)	2.6
Quasi-money	6.0	(5.4)	2.9	1.4	2.7	1.7	(1.8)	1.5	2.6

Source: Central Bank of The Bahamas

**TABLE 3**  
**CENTRAL BANK BALANCE SHEET**

Period	(B\$ Millions)								
	2019	2020	2021	2022				2023	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
<b>Net foreign assets</b>	1,758.1	2,382.2	2,432.8	3,001.6	3,235.8	3,199.7	2,611.0	2,668.2	2,697.7
Balances with banks abroad	794.5	307.6	323.8	662.7	813.1	693.5	622.8	715.0	747.8
Foreign securities	779.8	1,867.6	1,663.1	1,887.2	1,998.4	2,093.6	1,795.2	1,759.7	1,760.1
Reserve position in the Fund	26.7	27.8	27.0	27.3	26.5	27.4	25.7	25.2	25.7
SDR holdings	157.1	179.2	418.9	424.3	397.9	385.2	167.3	168.2	164.2
<b>Net domestic assets</b>	145.4	(85.4)	192.7	(36.1)	66.6	184.1	481.0	462.2	443.4
Net claims on Government	395.9	172.8	457.9	280.1	365.9	434.6	790.6	772.6	805.0
Claims	460.4	252.5	620.9	532.7	512.5	505.2	882.9	871.4	869.3
Treasury bills	135.3	13.8	14.0	0.0	0.0	0.0	11.7	1.3	16.8
Bahamas registered stock	249.9	232.9	340.9	326.6	306.6	299.3	301.7	303.1	294.9
Loans and advances	75.2	5.8	266.1	206.0	205.9	205.9	569.5	566.9	557.6
Deposits	(64.4)	(79.7)	(163.0)	(252.5)	(146.6)	(70.6)	(92.3)	(98.8)	(64.4)
In local currency	(64.4)	(79.7)	(163.0)	(252.5)	(146.6)	(70.6)	(92.3)	(98.8)	(64.4)
In foreign currency	-	-	-	-	-	-	-	-	-
Deposits of rest of public sector	(49.6)	(52.1)	(69.4)	(117.2)	(92.8)	(43.9)	(94.9)	(88.0)	(105.2)
Credit to commercial banks	-	-	-	-	-	-	-	-	-
Official capital and surplus	(226.8)	(239.4)	(241.0)	(241.3)	(240.4)	(241.4)	(239.5)	(236.9)	(239.8)
Net unclassified assets	18.9	26.6	38.1	35.2	27.1	27.9	17.8	7.4	(23.4)
Loans to rest of public sector	2.3	2.0	1.9	1.9	1.6	1.6	1.6	1.7	1.7
Public Corp Bonds/Securities	4.8	4.7	5.2	5.2	5.2	5.2	5.3	5.3	5.2
<b>Liabilities To Domestic Banks</b>	(1,394.4)	(1,744.5)	(1,814.0)	(2,151.9)	(2,504.5)	(2,587.8)	(2,262.4)	(2,293.2)	(2,303.6)
Notes and coins	(151.5)	(173.3)	(170.9)	(138.2)	(136.7)	(134.0)	(177.8)	(121.2)	(121.2)
Deposits	(1,242.9)	(1,571.2)	(1,643.1)	(2,013.7)	(2,367.8)	(2,453.9)	(2,084.6)	(2,171.9)	(2,182.4)
SDR allocation	(172.3)	(179.2)	(418.9)	(424.3)	(397.8)	(384.1)	(400.1)	(404.8)	(400.6)
Currency held by the private sector	(336.8)	(373.0)	(385.9)	(382.6)	(393.4)	(405.1)	(422.8)	(425.7)	(430.3)

**Source: Central Bank of The Bahamas**

**TABLE 4**  
**DOMESTIC BANKS BALANCE SHEET**

Period	(B\$ Millions)								
	2019	2020	2021	2022				2023	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
<b>Net foreign assets</b>	32.6	(240.2)	(95.2)	(16.9)	33.6	58.4	(137.8)	(131.5)	(73.9)
<b>Net claims on Central Bank</b>	1,395.3	1,745.5	1,815.0	2,152.8	2,505.4	2,571.1	2,263.3	2,286.6	2,301.6
Notes and Coins	151.5	173.3	170.9	138.2	136.7	134.0	177.8	121.2	121.2
Balances	1,243.8	1,572.1	1,644.1	2,014.6	2,368.6	2,437.1	2,085.5	2,165.3	2,180.4
Less Central Bank credit	-	-	-	-	-	-	-	-	-
<b>Net domestic assets</b>	5,672.6	5,689.0	5,841.0	5,728.9	5,704.4	5,693.8	6,114.6	6,093.2	6,245.9
Net claims on Government	2,225.0	2,351.6	2,475.2	2,406.1	2,319.1	2,260.9	2,419.0	2,398.1	2,480.2
Treasury bills	771.9	830.2	939.8	956.8	755.2	752.9	849.1	843.5	860.1
Other securities	985.4	907.5	926.5	935.7	1,063.0	1,021.2	1,091.4	1,098.6	1,171.1
Loans and advances	688.8	906.5	820.8	734.3	725.8	724.4	710.9	696.3	676.2
Less: deposits	221.1	292.5	211.9	220.7	224.9	237.7	232.3	240.3	227.2
Net claims on rest of public sector	31.7	72.2	103.8	86.2	93.2	71.3	114.9	85.2	95.5
Securities	230.9	226.1	230.6	230.7	231.0	229.9	229.8	229.6	229.3
Loans and advances	206.6	91.0	77.4	76.9	114.7	115.7	110.6	108.3	102.7
Less: deposits	405.8	244.9	204.3	221.4	252.5	274.2	225.6	252.6	236.6
Other net claims	18.8	2.7	(0.7)	16.9	(0.1)	(4.4)	(0.0)	(3.4)	0.8
Credit to the private sector	5,891.6	5,766.1	5,680.7	5,639.5	5,609.0	5,634.9	5,755.5	5,748.8	5,799.8
Securities	26.0	21.1	52.9	53.0	61.5	58.7	60.0	60.1	69.2
Mortgages	2,912.2	2,886.8	2,838.9	2,844.3	2,835.1	2,866.7	2,956.6	2,934.5	2,935.4
Loans and advances	2,953.4	2,858.2	2,788.9	2,742.2	2,712.4	2,709.5	2,738.9	2,754.1	2,795.2
Private capital and surplus	(2,394.7)	(2,438.5)	(2,342.1)	(2,399.3)	(2,320.6)	(2,324.2)	(2,218.7)	(2,162.9)	(2,187.8)
Net unclassified assets	(99.8)	(65.2)	(75.9)	(20.5)	3.8	55.3	43.9	27.4	57.4
<b>Liabilities to private sector</b>	7,100.6	7,194.2	7,560.7	7,864.8	8,243.4	8,323.3	8,240.1	8,248.2	8,473.6
Demand deposits	3,116.5	3,199.1	3,509.2	3,760.4	4,082.5	4,158.1	4,057.0	3,971.1	4,131.8
Savings deposits	1,667.3	1,822.3	1,924.2	1,987.2	2,068.5	2,092.7	2,125.6	2,211.2	2,267.9
Fixed deposits	2,316.7	2,172.8	2,127.3	2,117.2	2,092.3	2,072.5	2,057.5	2,065.9	2,073.9

Source: Central Bank of The Bahamas

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

(B\$'000s)											
Period	2019	2020	2021	2021			2022				2023
				Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I
1. Interest Income	593,233	577,338	573,084	144,159	149,591	133,920	136,517	133,923	145,369	162,779	157,648
2. Interest Expense	48,618	38,512	40,060	9,958	10,063	10,062	9,368	9,388	9,066	9,048	9,121
<b>3. Interest Margin (1-2)</b>	<b>544,615</b>	<b>538,826</b>	<b>533,024</b>	<b>134,201</b>	<b>139,528</b>	<b>123,858</b>	<b>127,149</b>	<b>124,535</b>	<b>136,303</b>	<b>153,731</b>	<b>148,527</b>
4. Commission & Forex Income	38,127	41,209	50,545	12,673	12,292	14,338	13,417	15,306	13,785	15,646	15,552
<b>5. Gross Earnings Margin (3+4)</b>	<b>582,742</b>	<b>580,035</b>	<b>583,569</b>	<b>146,874</b>	<b>151,820</b>	<b>138,196</b>	<b>140,566</b>	<b>139,841</b>	<b>150,088</b>	<b>169,377</b>	<b>164,079</b>
6. Staff Costs	159,361	158,064	164,500	40,534	42,404	44,377	38,919	37,147	41,615	40,807	39,339
7. Occupancy Costs	33,932	15,834	15,191	4,312	3,092	3,897	3,024	3,229	2,525	4,360	3,419
8. Other Operating Costs	203,070	292,272	231,605	58,727	56,740	61,322	60,932	58,581	60,470	68,984	72,586
<b>9. Operating Costs (6+7+8)</b>	<b>396,363</b>	<b>466,170</b>	<b>411,296</b>	<b>103,573</b>	<b>102,236</b>	<b>109,596</b>	<b>102,875</b>	<b>98,957</b>	<b>104,610</b>	<b>114,151</b>	<b>115,344</b>
<b>10. Net Earnings Margin (5-9)</b>	<b>186,379</b>	<b>113,865</b>	<b>172,273</b>	<b>43,301</b>	<b>49,584</b>	<b>28,600</b>	<b>37,691</b>	<b>40,884</b>	<b>45,478</b>	<b>55,226</b>	<b>48,735</b>
11. Depreciation Costs	11,876	17,223	20,776	5,908	5,339	5,176	5,321	5,835	5,954	2,705	5,006
12. Provisions for Bad Debt	96,138	254,847	92,788	17,547	29,677	19,292	(17,791)	4,779	(20,935)	18,140	(3,759)
13. Other Income	177,136	150,436	196,008	45,858	47,271	62,938	52,932	53,638	55,310	59,821	60,194
<b>14. Other Income (Net) (13-11-12)</b>	<b>69,122</b>	<b>(121,634)</b>	<b>82,444</b>	<b>22,403</b>	<b>12,255</b>	<b>38,470</b>	<b>65,402</b>	<b>43,024</b>	<b>70,291</b>	<b>38,976</b>	<b>58,947</b>
<b>15. Net Income (10+14)</b>	<b>255,501</b>	<b>(7,769)</b>	<b>254,717</b>	<b>65,704</b>	<b>61,839</b>	<b>67,070</b>	<b>103,093</b>	<b>83,908</b>	<b>115,769</b>	<b>94,202</b>	<b>107,682</b>
<b>16. Effective Interest Rate Spread (%)</b>	<b>6.80</b>	<b>6.95</b>	<b>6.89</b>	<b>6.88</b>	<b>7.44</b>	<b>6.52</b>	<b>6.48</b>	<b>6.68</b>	<b>7.16</b>	<b>7.12</b>	<b>7.60</b>
<b>(Ratios To Average Assets)</b>											
Interest Margin	5.20	4.78	4.60	4.61	4.77	4.28	4.36	4.12	4.64	5.31	5.12
Commission & Forex Income	0.36	0.37	0.44	0.44	0.42	0.50	0.46	0.51	0.47	0.54	0.54
Gross Earnings Margin	5.56	5.15	5.04	5.05	5.19	4.77	4.82	4.63	5.11	5.85	5.65
Operating Costs	3.78	4.13	3.55	3.56	3.50	3.78	3.53	3.29	3.56	3.95	3.97
Net Earnings Margin	1.78	1.02	1.49	1.49	1.70	0.99	1.29	1.34	1.55	1.91	1.68
Net Income/Loss	2.44	(0.05)	2.20	2.26	2.12	2.32	3.54	2.77	3.94	3.26	3.71

\*Commercial Banks and OLFIs with domestic operations

Source: Central Bank of The Bahamas

**TABLE 6**  
**MONEY SUPPLY**

(B\$ Millions)

End of Period	2019	2020	2021	2022				2023	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
<b>Money Supply (M1)</b>	3,248.4	3,472.1	3,715.5	4,017.8	4,288.6	4,274.2	4,296.8	4,257.2	4,363.4
1) Currency in active circulation	336.8	373.0	385.9	382.6	393.4	405.1	422.8	425.7	430.3
2) Demand deposits	2,911.6	3,099.1	3,329.6	3,635.2	3,895.2	3,869.1	3,874.0	3,831.5	3,933.1
Central Bank	49.6	52.1	69.4	117.2	92.8	43.9	94.9	88.0	105.2
Domestic Banks	2,861.9	3,047.0	3,260.1	3,518.0	3,802.5	3,825.2	3,779.1	3,743.6	3,827.9
<b>Factors affecting money (M1)</b>									
1) Net credit to Government	2,620.9	2,524.4	2,933.1	2,686.2	2,685.0	2,695.4	3,209.6	3,170.7	3,285.2
Central Bank	395.9	172.8	457.9	280.1	365.9	434.6	790.6	772.6	805.0
Domestic banks	2,225.0	2,351.6	2,475.2	2,406.1	2,319.1	2,260.9	2,419.0	2,398.1	2,480.2
2) Other credit	6,336.2	6,090.0	5,995.9	5,954.2	5,961.5	5,987.3	6,102.9	6,093.6	6,138.7
Rest of public sector	444.6	323.8	315.2	314.7	352.5	352.4	347.4	344.8	339.0
Private sector	5,891.6	5,766.1	5,680.7	5,639.5	5,609.0	5,634.9	5,755.5	5,748.8	5,799.8
3) External reserves	1,758.1	2,382.2	2,432.8	3,001.6	3,235.8	3,199.7	2,611.0	2,668.2	2,697.7
4) Other external liabilities (net)	32.6	(240.2)	(95.2)	(16.9)	33.6	58.4	(137.8)	(131.5)	(73.9)
5) Quasi money	4,644.4	4,392.1	4,504.8	4,568.2	4,693.4	4,772.3	4,686.5	4,757.2	4,882.3
6) Other items (net)	(3,459.4)	(3,405.4)	(3,280.4)	(3,280.5)	(3,178.4)	(3,144.6)	(2,804.5)	(2,783.7)	(2,790.5)

**Source: Central Bank of The Bahamas**

**TABLE 7**  
**CONSUMER INSTALMENT CREDIT**

(B\$' 000)

End of Period	2019	2020	2021	2022				2023	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
CREDIT OUTSTANDING									
Private cars	135,786	129,299	118,391	116,969	115,835	116,325	120,196	127,489	134,800
Taxis & rented cars	1,028	892	660	733	777	819	932	910	840
Commercial vehicles	1,156	1,024	987	1,016	932	814	872	956	891
Furnishings & domestic appliances	9,246	8,911	9,831	10,176	10,685	11,369	12,509	13,387	13,757
Travel	65,037	63,654	57,203	57,040	56,754	54,614	52,997	51,394	49,561
Education	39,976	37,150	35,702	34,775	34,556	33,565	31,476	30,504	28,723
Medical	11,873	11,384	12,038	11,963	12,222	11,532	11,131	11,526	11,353
Home Improvements	101,255	98,358	100,202	96,622	94,884	92,436	92,212	92,348	92,659
Land Purchases	131,400	127,176	134,991	131,163	130,128	127,981	127,593	124,780	124,406
Consolidation of debt	908,422	902,968	857,664	834,995	822,676	803,336	786,721	779,094	767,232
Miscellaneous	530,172	528,391	489,727	480,712	483,945	478,735	479,450	486,100	499,802
Credit Cards	272,999	245,397	217,121	215,366	217,032	215,553	221,336	221,883	222,508
TOTAL	2,208,350	2,154,604	2,034,517	1,991,530	1,980,426	1,947,079	1,937,425	1,940,371	1,946,532
NET CREDIT EXTENDED									
Private cars	(10,500)	(6,487)	(10,908)	(1,422)	(1,134)	490	3,871	7,293	7,311
Taxis & rented cars	80	(136)	(232)	73	44	42	113	(22)	(70)
Commercial vehicles	120	(132)	(37)	29	(84)	(118)	58	84	(65)
Furnishings & domestic appliances	1,041	(335)	920	345	509	684	1,140	878	370
Travel	14,165	(1,383)	(6,451)	(163)	(286)	(2,140)	(1,617)	(1,603)	(1,833)
Education	(3,091)	(2,826)	(1,448)	(927)	(219)	(991)	(2,089)	(972)	(1,781)
Medical	(900)	(489)	654	(75)	259	(690)	(401)	395	(173)
Home Improvements	(767)	(2,897)	1,844	(3,580)	(1,738)	(2,448)	(224)	136	311
Land Purchases	(7,693)	(4,224)	7,815	(3,828)	(1,035)	(2,147)	(388)	(2,813)	(374)
Consolidation of debt	(13,716)	(5,454)	(45,304)	(22,669)	(12,319)	(19,340)	(16,615)	(7,627)	(11,862)
Miscellaneous	(11,547)	(1,781)	(38,664)	(9,015)	3,233	(5,210)	715	6,650	13,702
Credit Cards	23,930	(27,602)	(28,276)	(1,755)	1,666	(1,479)	5,783	547	625
TOTAL	(8,878)	(53,746)	(120,087)	(42,987)	(11,104)	(33,347)	(9,654)	2,946	6,161

Source: Central Bank of The Bahamas

**TABLE 8**  
**SELECTED AVERAGE INTEREST RATES**

													(%)
Period	2019	2020	2021	2021				2022				2023	
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II
DOMESTIC BANKS													
Deposit rates													
Demand deposits	0.36	0.59	0.66	0.58	0.67	0.67	0.72	0.46	0.69	0.36	0.25	0.25	0.25
Savings deposits	0.38	0.44	0.40	0.38	0.38	0.43	0.42	0.47	0.50	0.33	0.29	0.28	0.29
Fixed deposits													
Up to 3 months	0.35	0.28	0.27	0.27	0.28	0.27	0.26	0.26	0.31	0.28	0.26	0.27	0.26
Up to 6 months	0.56	0.41	0.37	0.37	0.34	0.41	0.34	0.42	0.37	0.39	0.26	0.33	0.32
Up to 12 months	0.68	0.66	0.75	0.79	0.73	0.76	0.70	0.56	0.45	0.51	0.49	0.55	0.54
Over 12 months	0.90	0.86	1.21	1.22	1.17	1.34	1.12	1.05	1.03	0.72	1.19	1.25	1.06
Weighted average rate	0.57	0.45	0.52	0.55	0.48	0.53	0.52	0.52	0.48	0.47	0.52	0.63	0.49
Lending rates													
Residential mortgages	4.91	5.26	5.14	5.18	5.08	5.21	5.08	5.24	5.29	5.21	5.16	5.14	5.19
Commercial mortgages	6.52	7.22	6.03	6.38	6.33	5.19	6.20	7.33	5.25	7.08	7.08	6.38	6.32
Consumer loans	12.86	12.52	12.34	12.18	12.25	12.28	12.65	12.94	12.95	13.08	12.87	12.69	12.78
Overdrafts	10.43	9.84	10.21	11.18	9.59	9.83	10.23	11.07	10.78	10.68	11.28	10.77	10.60
Weighted average rate	10.46	10.39	10.02	10.18	9.49	10.08	10.31	10.63	11.21	11.01	11.20	10.88	11.08
Other rates													
Prime rate*	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Avg. Treasury bill	1.61	1.78	2.51	2.04	2.47	2.70	2.81	2.87	2.89	2.89	2.88	2.89	2.91
Avg. Treasury bill re-discount rate	2.14	2.26	3.14	2.92	3.11	3.20	3.32	3.36	3.39	3.39	3.38	3.39	3.41
Bank rate (discount rate)*	4.00	4.00	4.00	4.00	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	2019	2020	2021	2022				2023	
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II
<b>Loan Portfolio</b>									
Current Loans (as a % of total loans)	<b>89.1</b>	<b>87.8</b>	<b>87.3</b>	<b>87.8</b>	<b>88.6</b>	<b>89.4</b>	<b>89.8</b>	<b>90.2</b>	<b>90.3</b>
Arrears (% by loan type)									
Consumer	3.1	3.6	4.5	4.0	3.6	3.1	2.9	2.8	2.7
Mortgage	6.7	7.7	7.1	6.9	6.7	6.5	6.4	6.1	5.9
Commercial	1.0	0.9	1.2	1.3	1.1	1.0	0.9	1.0	1.0
Public	-	-	-	-	-	-	-	-	-
Total Arrears	<b>10.9</b>	<b>12.2</b>	<b>12.7</b>	<b>12.2</b>	<b>11.4</b>	<b>10.6</b>	<b>10.2</b>	<b>9.8</b>	<b>9.7</b>
<b>Total B\$ Loan Portfolio</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Loan Portfolio</b>									
Current Loans (as a % of total loans)	<b>89.1</b>	<b>87.8</b>	<b>87.3</b>	<b>87.8</b>	<b>88.6</b>	<b>89.4</b>	<b>89.8</b>	<b>90.2</b>	<b>90.3</b>
Arrears (% by days outstanding)									
30 - 60 days	2.3	2.6	2.4	2.5	2.1	2.2	2.0	2.0	1.8
61 - 90 days	1.4	2.2	1.7	1.4	1.2	1.2	1.3	1.1	1.2
90 - 179 days	1.0	1.6	2.5	1.7	1.6	1.1	0.9	0.8	0.9
over 180 days	6.2	5.9	6.1	6.6	6.5	6.2	6.0	6.0	5.8
Total Arrears	<b>10.9</b>	<b>12.2</b>	<b>12.7</b>	<b>12.2</b>	<b>11.4</b>	<b>10.6</b>	<b>10.2</b>	<b>9.8</b>	<b>9.7</b>
<b>Total B\$ Loan Portfolio</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Non Accrual Loans (% by loan type)									
Consumer	25.5	30.7	38.7	36.1	33.8	30.4	27.3	28.1	27.5
Mortgage	63.5	60.7	52.1	54.6	54.7	58.6	61.7	61.2	60.0
Other Private	11.0	8.6	9.2	9.3	11.6	11.0	10.9	10.7	12.4
Public	-	-	-	-	-	-	-	-	-
Total Non Accrual Loans	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Provisions to Loan Portfolio</b>									
Consumer	7.0	10.5	10.7	9.8	9.3	8.2	7.2	6.8	6.6
Mortgage	8.1	10.0	9.2	9.2	9.0	8.5	7.9	8.0	7.9
Other Private	7.1	10.5	6.8	7.2	6.1	6.0	3.8	3.7	3.3
Public	-	0.2	0.1	0.1	-	-	0.1	0.1	0.1
Total Provisions to Total Loans	6.8	9.1	8.4	8.2	7.7	7.1	6.2	6.1	6.0
Total Provisions to Non-performing Loans	93.8	121.2	97.1	97.9	95.6	98.4	89.6	91.3	89.4
Total Non-performing Loans to Total Loans	7.2	7.5	8.6	8.3	8.1	7.3	6.9	6.7	6.7

**Source: Central Bank of The Bahamas**  
Figures may not sum to total due to rounding.

**TABLE 10**  
**SUMMARY OF BANK LIQUIDITY**

Period	(B\$ Millions)								
	2019	2020	2021	2022				2023	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
<b>I. Statutory Reserves</b>									
Required reserves	349.6	371.3	372.8	378.2	403.1	405.9	411.8	403.1	407.8
Average Till Cash	129.8	146.4	149.5	132.3	138.5	139.9	160.5	128.3	127.5
Average balance with central bank	1,181.3	1,579.0	1,683.1	1,898.8	2,304.1	2,463.1	2,179.8	2,200.6	2,205.7
Free cash reserves (period ended)	961.5	1,354.2	1,387.9	1,652.8	2,039.5	2,197.0	1,928.4	1,925.7	1,925.3
<b>II. Liquid Assets (period)</b>									
A. Minimum Required Liquid Assets	1,247.1	1,301.1	1,344.3	1,396.2	1,452.9	1,461.4	1,458.3	1,466.3	1,481.2
B. Net Eligible Liquid Assets	3,214.5	3,531.6	3,722.9	4,103.4	4,365.4	4,383.1	4,244.3	4,264.4	4,371.8
i) Balance with Central Bank	1,243.8	1,572.1	1,644.1	2,014.6	2,368.6	2,437.1	2,085.5	2,165.3	2,180.4
ii) Notes and Coins	152.0	173.8	171.4	138.7	137.2	134.5	178.3	121.7	121.7
iii) Treasury Bills	771.9	830.2	939.8	956.8	755.2	752.9	849.1	843.5	860.1
iv) Government registered stocks	985.4	907.5	926.5	935.7	1,063.0	1,021.2	1,091.4	1,098.6	1,171.1
v) Specified assets	49.7	49.6	40.5	40.5	40.5	40.4	40.3	39.2	38.7
vi) Net Inter-bank dem/call deposits	11.7	(1.5)	0.8	17.1	0.9	(3.1)	(0.3)	(3.9)	(0.2)
vii) Less: borrowings from central bank	-	-	-	-	-	-	-	-	-
C. Surplus/(Deficit)	1,967.5	2,230.5	2,378.6	2,707.3	2,912.5	2,921.6	2,786.0	2,798.1	2,890.6

**Source: Central Bank of The Bahamas**

Figures may not sum to total due to rounding.

**TABLE 11**  
**GOVERNMENT OPERATIONS AND FINANCING**

Period	(B\$ Millions)										
	2019/20p	2020/21p	2021/22p	Budget		2021/22p			2022/23p		
				2021/22	2022/23	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III
Total Revenue & Grants	2,094.8	1,908.4	2,605.7	1,762.5	2,246.5	537.3	711.7	760.3	654.7	603.6	820.7
Current expenditure	2,533.3	2,872.5	3,043.6	2,574.1	2,825.9	642.9	710.2	1,022.1	621.3	797.0	716.5
Capital expenditure	387.2	371.1	283.8	515.5	372.4	39.4	56.4	123.7	55.3	62.5	76.1
<b>Overall balance</b>	<b>(825.7)</b>	<b>(1,335.2)</b>	<b>(721.7)</b>	<b>(1,327.1)</b>	<b>(951.9)</b>	<b>(144.9)</b>	<b>(54.9)</b>	<b>(385.5)</b>	<b>(21.9)</b>	<b>(255.9)</b>	<b>28.1</b>
<b>FINANCING (I+II-III+IV+V)</b>	825.7	1,335.2	721.7	1,327.1	951.9	144.9	54.9	385.5	21.9	255.9	(28.1)
<b>I. Foreign currency borrowing (+)</b>	<b>445.7</b>	<b>1,972.3</b>	<b>1,020.7</b>	<b>42.9</b>	<b>80.2</b>	<b>0.03</b>	<b>606.7</b>	<b>390.3</b>	<b>47.7</b>	<b>257.8</b>	<b>117.1</b>
External	395.7	1,841.9	953.9	42.9	80.2	0.03	539.8	390.3	47.7	25.5	117.1
Domestic	50.0	130.4	66.8	-	-	-	66.8	-	-	232.3	-
<b>II. Bahamian dollar borrowing (+)</b>	<b>1,101.1</b>	<b>1,103.5</b>	<b>2,016.2</b>	<b>2,030.8</b>	<b>1,771.3</b>	<b>600.8</b>	<b>415.2</b>	<b>526.5</b>	<b>353.8</b>	<b>762.8</b>	<b>611.3</b>
i)Treasury bills	233.6	49.1	308.8	-	-	7.8	0.6	35.5	30.6	41.5	32.4
ii)Long-term securities	562.6	559.5	712.4	-	-	228.0	149.6	286.0	118.2	344.2	128.8
iii)Loans and Advances	305.0	494.9	995.0	-	-	365.0	265.0	205.0	205.0	377.0	450.0
<b>III. Debt repayment(-)</b>	<b>879.0</b>	<b>1,357.8</b>	<b>2,145.0</b>	<b>696.6</b>	<b>899.7</b>	<b>368.1</b>	<b>805.7</b>	<b>628.4</b>	<b>387.8</b>	<b>798.1</b>	<b>673.7</b>
Domestic	835.1	956.8	1,854.4	501.6	767.1	361.8	656.0	530.3	348.2	603.8	548.8
Bahamian dollars	835.1	956.8	1,715.6	497.4	762.9	357.6	525.6	526.1	344.7	596.1	545.3
Foreign currency	-	-	138.8	4.2	4.2	4.2	130.4	4.2	3.5	7.7	3.5
External	43.9	401.0	290.7	195.0	132.6	6.3	149.7	98.1	39.6	194.3	124.9
<b>IV. Net acquisition financial assets (-)</b>	<b>(71.8)</b>	<b>(31.7)</b>	<b>(66.3)</b>	<b>(46.5)</b>	<b>(59.8)</b>	<b>(13.3)</b>	<b>(13.3)</b>	<b>(26.4)</b>	<b>(10.0)</b>	<b>(10.0)</b>	<b>(10.0)</b>
<b>V.Cash balance change &amp; other financing</b>	<b>229.7</b>	<b>(351.2)</b>	<b>(103.8)</b>	<b>(3.5)</b>	<b>59.8</b>	<b>(74.5)</b>	<b>(148.0)</b>	<b>123.5</b>	<b>18.2</b>	<b>43.4</b>	<b>(72.7)</b>

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

**TABLE 12  
NATIONAL DEBT**

Period	(B\$ '000s)								
	2020	2021	2022	2022				2023	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
<b>TOTAL EXTERNAL DEBT</b>	4,031,360	4,344,312	4,843,469	4,732,828	4,997,059	4,975,350	4,843,469	4,846,426	5,000,246
By Instrument									
Government Securities	2,475,000	2,475,000	2,860,000	2,475,000	2,860,000	2,860,000	2,860,000	2,860,000	2,860,000
Loans	1,556,360	1,869,312	1,983,469	2,257,828	2,137,059	2,115,350	1,983,469	1,986,426	2,140,246
By Holder									
Commercial Banks	-	-	-	-	-	-	-	-	-
Offshore Financial Institutions	-	-	-	-	-	-	-	-	-
Multilateral Institutions	853,864	1,121,304	1,124,313	1,115,982	1,104,616	1,096,264	1,124,313	1,133,607	1,378,986
Bilateral Institutions	70,875	66,099	54,742	62,916	59,541	53,085	54,742	51,850	49,133
Private Capital Markets	2,475,000	2,475,000	2,860,000	2,475,000	2,860,000	2,860,000	2,860,000	2,860,000	2,860,000
Other Financial Institutions	631,621	681,909	804,414	1,078,930	972,902	966,001	804,414	800,969	712,127
<b>TOTAL INTERNAL DEBT</b>	5,386,573	5,973,545	6,192,962	5,799,571	5,795,748	5,801,346	6,192,962	6,257,898	6,255,226
By Instrument									
Foreign Currency	180,440	176,273	329,934	112,648	108,482	104,961	329,934	328,928	318,590
Government Securities	-	-	-	-	-	-	-	-	-
Loans	180,440	176,273	329,934	112,648	108,482	104,961	329,934	328,928	318,590
Bahamian Dollars	5,206,133	5,797,272	5,863,028	5,686,923	5,687,266	5,696,385	5,863,028	5,928,970	5,936,636
Advances	4,900	265,000	335,000	205,000	205,000	205,000	335,000	332,500	323,146
Treasury Bills	922,417	1,122,465	1,005,965	1,086,405	933,864	964,447	1,005,965	996,542	1,006,364
Government Securities	3,808,200	3,924,682	4,169,631	3,939,588	4,124,588	4,137,325	4,169,631	4,198,567	4,238,503
Loans	470,616	485,125	352,432	455,930	423,814	389,613	352,432	401,361	368,623
By Holder									
Foreign Currency	180,440	176,273	329,934	112,648	108,482	104,961	329,934	328,928	86,064
Commercial Banks	180,440	176,273	97,273	112,648	108,482	104,961	97,273	93,752	86,064
Other Local Financial Institutions	-	-	-	-	-	-	-	-	-
Central Bank	-	-	232,661	-	-	-	232,661	235,176	232,526
Bahamian Dollars	5,206,133	5,797,272	5,863,028	5,686,923	5,687,266	5,696,385	5,863,028	5,928,970	5,936,635
Central Bank	253,375	617,057	646,161	529,683	508,758	502,914	646,161	635,160	615,106
Commercial Banks	2,174,010	2,336,603	2,283,278	2,332,523	2,225,448	2,150,373	2,283,278	2,336,593	2,394,635
Other Local Financial Institutions	34,723	1,085	-	1,085	-	-	-	-	-
Public Corporations	576,975	518,866	507,942	521,664	593,881	588,888	507,942	513,603	469,056
Other	2,167,050	2,323,661	2,425,647	2,301,968	2,359,179	2,454,210	2,425,647	2,443,614	2,457,838
<b>TOTAL FOREIGN CURRENCY DEBT</b>	4,211,800	4,520,585	5,173,403	4,845,476	5,105,541	5,080,311	5,173,403	5,175,354	5,086,310
<b>TOTAL DIRECT CHARGE</b>	9,417,933	10,317,857	11,036,431	10,532,399	10,792,807	10,776,696	11,036,431	11,104,324	11,255,472
<b>TOTAL CONTINGENT LIABILITIES</b>	439,980	399,116	390,203	397,384	394,862	392,005	390,203	390,618	389,648
<b>TOTAL NATIONAL DEBT</b>	9,857,913	10,716,973	11,426,634	10,929,783	11,187,669	11,168,701	11,426,634	11,494,942	11,645,120

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	(B\$ '000s)								
	2020	2021	2022	2022				2023	
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
<b>Outstanding Debt at Beginning of Period</b>	3,475,997	4,784,042	5,032,833	5,032,833	5,351,089	5,602,735	5,569,712	5,652,483	5,644,933
Government	2,617,662	4,211,800	4,520,585	4,520,585	4,845,476	5,105,541	5,080,310	5,173,402	5,175,354
Public Corporations	858,335	572,242	512,248	512,248	505,613	497,194	489,402	479,081	469,579
<b>Plus: New Drawings</b>	1,946,664	409,730	1,306,322	607,588	391,267	48,684	258,783	117,116	260,052
Government	1,944,995	406,201	1,302,519	606,663	390,325	47,725	257,806	117,116	260,052
Public corporations	1,669	3,529	3,803	925	942	959	977	-	-
<b>Less: Amortization</b>	666,537	154,364	664,487	287,705	111,631	51,832	213,319	137,944	123,511
Government	378,775	90,841	627,516	280,145	102,270	43,080	202,021	128,442	111,180
Public corporations	287,762	63,523	36,971	7,560	9,361	8,752	11,298	9,502	12,331
<b>Other Changes in Debt Stock</b>	27,918	(6,575)	(22,186)	(1,627)	(27,989)	(29,877)	37,307	13,278	(5,389)
Government	27,918	(6,575)	(22,186)	(1,627)	(27,989)	(29,877)	37,307	13,278	(5,389)
Public corporations	-	-	-	-	-	-	-	-	-
<b>Outstanding Debt at End of Period</b>	4,784,042	5,032,833	5,652,482	5,351,089	5,602,736	5,569,710	5,652,483	5,644,933	5,776,085
Government	4,211,800	4,520,585	5,173,402	4,845,476	5,105,542	5,080,309	5,173,402	5,175,354	5,318,837
Public corporations	572,242	512,248	479,080	505,613	497,194	489,401	479,081	469,579	457,248
<b>Interest Charges</b>	202,024	271,496	374,941	33,955	168,847	45,045	127,094	51,876	129,151
Government	157,895	237,267	341,180	26,177	160,270	36,713	118,020	43,373	120,627
Public corporations	44,129	34,229	33,761	7,778	8,577	8,332	9,074	8,503	8,524
<b>Debt Service</b>	868,561	425,860	1,039,428	321,660	280,478	96,877	340,413	189,820	252,662
Government	536,670	328,108	968,696	306,322	262,540	79,793	320,041	171,815	231,807
Public corporations	331,891	97,752	70,732	15,338	17,938	17,084	20,372	18,005	20,855
<b>Debt Service ratio</b>	22.2	12.8	21.9	14.4	20.8	8.1	29.6	13.1	16.0
<b>Government debt Service/ Government revenue (%)</b>	17.3	13.9	35.5	18.9	34.5	12.2	53.0	20.1	n.a.
<b>MEMORANDUM</b>									
Holder distribution (B\$ Mil):									
Commercial Banks	308.8	279.1	188.5	213.4	207.1	200.2	188.5	180.9	168.4
The Central Bank	-	-	232.7	-	-	-	232.7	235.2	232.5
Offshore Financial Institutions	-	-	-	-	-	-	-	-	-
Multilateral Institutions	921.2	1,184.1	1,182.5	1,178.5	1,165.1	1,156.5	1,182.5	1,191.5	1,434.8
Bilateral Institutions	70.9	66.1	54.7	62.9	59.5	53.1	54.7	51.9	49.1
Other	1,008.1	1,028.6	1,134.1	1,421.3	1,311.1	1,299.9	1,134.1	1,125.5	1,031.2
Private Capital Markets	2,475.0	2,475.0	2,860.0	2,475.0	2,860.0	2,860.0	2,860.0	2,860.0	2,860.0

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

**TABLE 14**  
**BALANCE OF PAYMENTS SUMMARY\***

Period	(B\$ Millions)											
	2020	2021	2022	2021			2022				2023	
				Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II
<b>A. Current Account Balance (I+II+III+IV)</b>	<b>(2,284.5)</b>	<b>(2,434.0)</b>	<b>(1,763.1)</b>	<b>(584.3)</b>	<b>(445.0)</b>	<b>(790.3)</b>	<b>(338.2)</b>	<b>(361.0)</b>	<b>(299.7)</b>	<b>(764.2)</b>	<b>(223.4)</b>	<b>(200.9)</b>
<b>I. Goods (Net)</b>	<b>(1,592.6)</b>	<b>(2,625.6)</b>	<b>(2,909.8)</b>	<b>(706.0)</b>	<b>(694.4)</b>	<b>(670.3)</b>	<b>(678.1)</b>	<b>(705.5)</b>	<b>(683.1)</b>	<b>(843.0)</b>	<b>(841.1)</b>	<b>(694.0)</b>
Exports	431.4	638.6	837.7	147.1	165.0	211.8	171.6	246.6	229.4	190.2	175.3	304.8
Imports	2,024.0	3,264.2	3,747.5	853.1	859.4	882.1	849.7	952.1	912.5	1033.2	1016.4	998.7
<b>II. Services (Net)</b>	<b>(129.8)</b>	<b>1,008.3</b>	<b>1,962.0</b>	<b>373.8</b>	<b>345.7</b>	<b>206.8</b>	<b>453.9</b>	<b>667.6</b>	<b>426.2</b>	<b>414.3</b>	<b>799.3</b>	<b>762.8</b>
Transportation	(172.4)	(275.9)	(309.5)	(74.6)	(63.4)	(84.1)	(76.9)	(59.4)	(83.2)	(90.0)	(124.8)	(88.5)
Travel	857.0	2,173.1	3,345.0	676.3	662.5	549.5	743.5	954.3	825.7	821.5	1,119.7	1,145.0
Construction	(59.0)	(103.5)	(116.8)	(26.9)	(21.9)	(32.1)	(25.6)	(26.9)	(32.2)	(32.1)	(20.6)	(17.1)
Insurance services	(153.5)	(276.5)	(269.0)	(71.1)	(76.7)	(84.2)	(56.3)	(59.7)	(78.7)	(74.3)	(47.9)	(63.8)
Charges for the use of intellectual property n.i.e.	(6.4)	(7.5)	(14.8)	(2.2)	(1.6)	(2.3)	(1.7)	(9.3)	(2.0)	(1.8)	(2.8)	(2.9)
Telecommunications, computer, and information services	(50.8)	(52.0)	(54.0)	(14.6)	(18.5)	(10.5)	(11.1)	(13.2)	(15.7)	(14.0)	(14.7)	(14.3)
Other business services	(361.7)	(372.8)	(424.2)	(85.6)	(108.1)	(116.3)	(77.9)	(80.8)	(155.0)	(110.6)	(86.0)	(165.6)
Government goods and services n.i.e.	(182.9)	(76.7)	(194.7)	(27.4)	(26.6)	(13.3)	(40.1)	(37.4)	(32.8)	(84.4)	(23.6)	(30.0)
<b>III. Primary Income (Net)</b>	<b>(439.5)</b>	<b>(734.2)</b>	<b>(883.2)</b>	<b>(237.2)</b>	<b>(81.4)</b>	<b>(306.6)</b>	<b>(121.1)</b>	<b>(349.3)</b>	<b>(80.8)</b>	<b>(332.0)</b>	<b>(206.1)</b>	<b>(278.8)</b>
Compensation of employees	(95.8)	(91.5)	(86.0)	(24.7)	(27.1)	(24.0)	(19.2)	(21.2)	(22.8)	(22.8)	(25.7)	(25.9)
Investment income	(343.7)	(642.7)	(797.2)	(212.5)	(54.3)	(282.6)	(101.9)	(328.1)	(58.0)	(309.1)	(180.4)	(252.9)
<b>IV. Secondary Income (Net)</b>	<b>(122.6)</b>	<b>(82.4)</b>	<b>67.8</b>	<b>(14.8)</b>	<b>(14.9)</b>	<b>(20.2)</b>	<b>7.2</b>	<b>26.2</b>	<b>38.0</b>	<b>(3.5)</b>	<b>24.4</b>	<b>9.1</b>
General government	46.4	31.5	132.7	8.1	9.7	13.2	22.9	35.0	37.6	37.3	54.2	41.4
Financial corporations, nonfinancial corporations, households, and NPISHs	(88.8)	(101.6)	(72.6)	(23.1)	(25.8)	(32.3)	(19.9)	(18.4)	(15.0)	(19.3)	(26.4)	(31.5)
<i>of which: Workers remittances</i>	(99.9)	(111.6)	(95.7)	(25.8)	(29.4)	(31.8)	(24.6)	(23.8)	(23.1)	(24.2)	(24.1)	(24.9)
Other current transfers	(80.1)	(12.3)	7.7	0.1	1.2	(1.1)	4.2	9.6	15.5	(21.6)	(3.3)	(0.8)
<b>B. Capital Account</b>	<b>650.0</b>	<b>53.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Capital transfers	650.0	53.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>C. Financial Account (excluding Reserve Assets)</b>	<b>(2,316.3)</b>	<b>(1,493.8)</b>	<b>(1,401.5)</b>	<b>(535.3)</b>	<b>(466.3)</b>	<b>(186.2)</b>	<b>(563.2)</b>	<b>(543.1)</b>	<b>(257.4)</b>	<b>(37.8)</b>	<b>(317.9)</b>	<b>(342.1)</b>
Direct Investment	(374.8)	(298.4)	(316.4)	(116.3)	9.9	(62.6)	(65.0)	(96.3)	72.2	(227.3)	(1.2)	(30.1)
Portfolio Investment	(656.8)	447.1	(99.8)	(292.8)	36.1	32.7	70.6	(323.9)	(35.5)	188.9	(170.0)	155.1
Other Investments	(1,284.8)	(1,642.5)	(985.2)	(126.3)	(512.3)	(156.3)	(568.8)	(122.8)	(294.1)	0.6	(146.8)	(467.1)
Currency and deposits	(475.2)	(624.0)	(595.3)	370.7	(293.1)	79.4	(106.9)	(259.5)	(212.4)	(16.5)	(97.7)	(225.7)
Loans	(742.4)	(762.8)	(358.7)	(418.0)	1.9	(237.6)	(357.2)	27.1	(90.0)	61.4	(63.6)	(209.8)
Other accounts receivable/payable and trade credit advances	(60.1)	(16.2)	(50.0)	(77.8)	22.9	(0.9)	(99.5)	82.8	(6.1)	(27.2)	16.9	(36.2)
Special drawing rights allocation	(7.1)	(239.6)	18.7	-1.15	(244.1)	2.8	(5.3)	26.76	14.3	(17.1)	(2.4)	4.5
<b>D. Net Acquisition of Reserve Assets</b>	<b>624.1</b>	<b>50.6</b>	<b>178.3</b>	<b>325.4</b>	<b>133.8</b>	<b>(277.1)</b>	<b>568.6</b>	<b>233.9</b>	<b>(36.8)</b>	<b>(587.4)</b>	<b>56.4</b>	<b>29.1</b>
Special drawing rights	22.1	239.6	(251.5)	2.2	243.1	(2.8)	5.3	(26.8)	(13.4)	(216.6)	(0.6)	(3.7)
Reserve position in the IMF	1.1	(0.8)	(1.3)	0.2	(0.3)	(0.2)	0.3	(0.9)	0.9	(1.7)	0.3	(0.3)
Other reserve assets	600.9	(188.3)	431.1	323.0	(108.9)	(274.2)	563.0	261.6	(24.4)	(369.1)	56.7	33.1
<b>E. Net Errors &amp; Omissions</b>	<b>(57.8)</b>	<b>936.8</b>	<b>539.9</b>	<b>374.3</b>	<b>112.5</b>	<b>327.0</b>	<b>343.6</b>	<b>51.9</b>	<b>5.4</b>	<b>138.9</b>	<b>(38.1)</b>	<b>(112.1)</b>

Source: Central Bank of The Bahamas

\* Figures may not sum to total due to rounding

**TABLE 15**  
**EXTERNAL TRADE**

Period	(B\$ '000s)										
	2020	2021	2022	2021			2022				2023
				Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I
<b>I. OIL TRADE</b>											
i) Exports	96,324	184,570	161,074	48,558	53,457	33,877	43,435	35,147	37,452	45,040	48,917
ii) Imports	386,714	657,788	604,440	152,018	186,106	200,022	136,685	111,023	166,921	189,811	150,786
<b>II. OTHER MERCHANDISE</b>											
<b>Domestic Exports</b>											
Crawfish	16,830	91,056	79,169	9,813	16,235	48,732	26,993	14,166	10,529	27,481	16,496
Fish, Conch & other Crustacea	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other cordials & Similar Materials/Sponge	3	1,408	187	406	332	384	n.a.	n.a.	74	113	n.a.
Fruits & Veggies.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Aragonite	2,986	2,188	2,711	560	425	511	665	616	615	815	539
Other Natural Sands	357	221	197	113	12	35	51	48	56	42	32
Rum/Beverages/Spirits & Vinegar	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crude Salt	7,758	6,921	11,583	1,726	1,061	2,139	3,603	835	2,506	4,639	5,240
Polystyrene Products	54,956	56,419	27,548	20,029	16,099	4,634	n.a.	5,929	17,301	4,318	7,626
Other	33,922	110,964	58,213	28,252	56,920	22,177	16,489	10,091	12,847	18,786	10,398
<b>i) Total Domestic Exports</b>	116,812	269,177	179,609	60,899	91,084	78,612	47,802	31,685	43,929	56,193	40,331
<b>ii) Re-Exports</b>	121,373	89,676	268,960	9,240	10,369	58,531	39,017	85,971	90,005	53,967	78,708
<b>iii) Total Exports (i+ii)</b>	238,185	358,853	448,569	70,139	101,453	137,143	86,819	117,656	133,934	110,160	119,039
<b>iv) Imports</b>	1,818,573	2,824,819	3,153,455	751,567	768,611	724,876	702,103	698,741	868,775	883,837	876,446
<b>v) Retained Imports (iv-ii)</b>	1,697,200	2,735,143	2,884,495	742,327	758,242	666,345	663,086	612,770	778,770	829,870	797,738
<b>vi) Trade Balance (i-v)</b>	(1,580,388)	(2,465,966)	(2,704,886)	(681,428)	(667,158)	(587,733)	(615,284)	(581,085)	(734,841)	(773,677)	(757,407)

Source: Bahamas National Statistical Institute Quarterly Statistical Summaries

**TABLE 16**  
**SELECTED TOURISM STATISTICS**

Period	2020	2021	2022	2021		2022				2023	
				Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II
<b>Visitor Arrivals</b>	1,794,522	2,100,618	7,000,706	532,206	1,154,759	1,360,108	1,662,722	1,770,621	2,207,255	2,618,488	2,414,687
Air	418,329	886,629	1,470,244	263,462	265,623	329,671	421,674	351,115	367,784	469,988	487,912
Sea	1,376,193	1,213,989	5,530,462	268,744	889,136	1,030,437	1,241,048	1,419,506	1,839,471	2,148,500	1,926,775
<b>Visitor Type</b>											
Stopover	407,543	892,442	1,437,022	279,295	234,217	309,364	421,413	361,288	344,957	483,464	518,997
Cruise	1,327,142	1,115,181	5,390,016	239,779	869,458	1,003,441	1,195,955	1,375,106	1,815,514	2,115,700	1,872,617
Day/Transit	13,259	92,995	173,668	13,132	51,084	47,303	45,354	34,227	46,784	19,324	23,073
<b>Tourist Expenditure(B\$ 000's)</b>	967,400	2,321,707	n.a.	704,769	597,122	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Stopover	888,289	2,266,919	n.a.	688,708	559,208	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cruise	78,263	53,784	n.a.	15,835	37,623	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Day	807	1,003	n.a.	227	291	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Average Hotel Occupancy Rates (%)</b>											
New Providence	25.69	40.70	65.3	51.3	51.8	57.5	74.6	65.2	64.0	81.1	80.6
Grand Bahama	22.16	22.80	n.a.	25.3	24.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other Family Islands	19.79	34.70	n.a.	37.7	35.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Average Nightly Room Rates (\$)</b>											
New Providence	347.97	338.72	377.87	258.53	339.50	413.79	383.68	327.74	386.26	453.42	427.28
Grand Bahama	94.09	73.05	n.a.	56.00	55.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other Family Islands	405.38	307.80	n.a.	266.00	266.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

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

Figures may not sum due to rounding.