



## **Monthly Economic and Financial Developments June 2018**

In an effort to provide the public with more frequent information on its economic surveillance activities, the Central Bank has decided to release monthly reports on economic and financial sector developments in The Bahamas. The Bank monitors these conditions as part of its monetary policy mandate, to assess whether money and credit trends are sustainable relative to levels of external reserves required to protect the value of the Bahamian dollar and, if not, the degree to which credit policies ought to be adjusted. The main data source for this surveillance is financial institutions' daily reports on foreign exchange transactions and weekly balance sheet statements. Therefore, monthly approximations may not coincide with calendar estimates reported in the Central Bank's quarterly reports. The Central Bank will release its "Monthly Economic and Financial Developments" report on the Monday following its monthly Monetary Policy Committee Meeting.

Future Release Dates:

2018: September 3, October 1, October 29, December 3, December 17.



# Monthly Economic and Financial Developments

(MEFD) June 2018

## 1. Domestic Economic Developments

### Overview

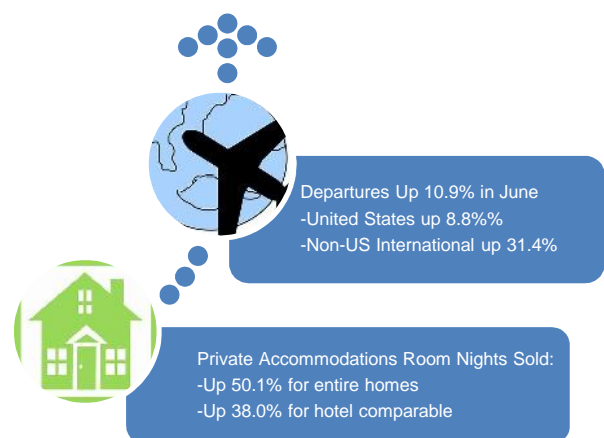
Indications are that the domestic economy sustained its positive growth trajectory over the review period. Activity in the tourism sector continued to improve, supported by increased high-end room capacity, new airline routes and strengthened economic conditions in key source markets. Meanwhile foreign investment-funded projects remained the most significant driver of construction sector output. Further, annual inflation increased modestly, reflecting in part the pass-through effects of sustained gains in global oil costs. On the fiscal front, the deficit narrowed over the first eleven months of FY2017/18, as lower capital spending led to a decline in total expenditure and revenue grew modestly. In the monetary sector, both liquidity and external reserves contracted, reflecting an expansion in credit and a reduction in the deposit base, associated with the net increase in foreign currency demand to support private sector travel and public sector oil imports.

### Real Sector

#### Tourism

Preliminary data suggests that the improvement in the tourism sector's performance over the year was maintained during the month of June. In particular, information from the Nassau Airport Development Company Ltd. (NAD), showed a 10.9% increase in total departures—net of domestic passengers—outpacing the 3.4% gain in 2017. More specifically, non-U.S. international departures strengthened by 31.4%, a turnaround from a 7.0% contraction a year earlier, while the growth in the U.S. segment accelerated to 8.8% from 4.6% in the prior year. An analysis over the six-month period revealed similar trends, as departing foreign traffic increased by 12.4%, vis-à-vis a 2.2% decline in the prior year. This outturn reflected gains in both non-U.S. and U.S. departures by 17.3% and 11.6%, vis-a-vis the previous year's declines of 0.1% and 2.6%, respectively.

Chart1: Selected Tourism Indicators at a Glance



Source: NAD and AirDNA

In terms of stopover visitors, a growing number of tourists utilize the short-term rental market and data sourced from AirDNA,<sup>1</sup> showed that conditions remained positive in June, as the number of bookings increased by 37.3%, when compared to the same period of 2017. This was underpinned by an increase in bookings for the key markets of Abaco, Grand Bahama, Exuma and New Providence, which rose by 38.5%, 52.1%, 48.5% and 23.9%, respectively. Additionally, the total number of room nights sold increased for both entire homes and hotel comparable listings by 50.1% and 38.0%, respectively. Similarly, gains

<sup>1</sup> AirDNA is an analytics company that collects and compiles data from Airbnb listings.



in income, which eclipsed the \$8.4 million (6.2%) rise in collections from fines, forfeits and administrative fees.

As at end May, the deficit represented approximately 65.9% of the projected budgetary gap of \$321.3 million for FY2017/18. Underlying this development, expenditure was 83.7% of the forecasted \$2,460.4 million, with 85.3% of budgeted recurrent outflows expended, while only 67.3% of the amount allotted for capital spending was disbursed. Revenue collections represented an estimated 86.2% of the \$1,941.6 million projected tax receipts, with VAT revenues reaching 92.3% of the expected total. Similarly, non-tax inflows accounted for approximately 88.9% of the anticipated \$195.2 million forecast.

## Domestic Monetary Trends

### June 2018 vs. 2017

#### Liquidity

With credit expansion contrasting with a reduction in the Bahamian deposit base, drawdowns were recorded on both bank liquidity and external reserves in June. Specifically, excess liquid assets—a broad measure of liquidity—narrowed by \$33.5 million to \$1,986.6 million, a reversal from the Central Bank financing-related expansion of \$158.5 million in the prior year. Similarly, the narrow excess reserves indicator declined by \$84.3 million to \$995.4 million, vis-à-vis the prior year's \$162.4 million strengthening.

On a year-to-date basis, the cumulative Bahamian deposit base expansion contrasted with credit reduction supporting strong excess reserves and excess liquid assets growth of \$137.9 million and \$188.3 million, following gains of \$127.9 million and \$165.9 million in the prior period. Both net private sector foreign currency inflows and the Government's net foreign currency borrowing propelled the improvement in deposits.

#### External Reserves

During the month of June, external reserves contracted by \$73.8 million to \$1,588.0 million, compared to a slight, \$7.6 million increase in 2017. In the underlying developments, the Central Bank's foreign currency transactions with commercial banks reversed to a \$48.3 million net sale, from a \$41.7 million net purchase in the prior year, as banks sold a net of \$23.0 million to their consumers, vis-à-vis a \$65.6 million net purchase in 2017. In addition, the Bank sold a net of \$25.9 million to the public sector—to facilitate fuel purchases and external debt servicing—albeit a narrowing from the \$35.1 million net sale a year earlier.

For the first half of the year, external reserve gains strengthened to \$179.7 million from the prior year's \$58.9 million. Specifically, the Central Bank's net purchases from commercial banks firmed by \$94.7 million to \$241.3 million, with banks' net purchases from their consumers advancing by \$5.1 million to \$176.5 million. Also supportive, the Central Bank's net sale to the public sector declined by \$22.4 million to \$76.8 million.

#### Exchange Control Sales

Provisional exchange control data for the month of June showed that foreign currency sales for current account transactions increased by an estimated \$138.9 million to \$527.4 million, relative to the same period last year. Underlying this outcome was a \$54.9 million rise in factor income related transactions (14.1% of sales) and a \$98.9 million gain in sales associated with services under 'other current items' (48.9% of the total). More muted increases were recorded for non-oil imports (25.6% of the total) and travel (5.1% of total); while outflows lessened for oil imports and transfers payments.

## Domestic Credit

### Bahamian Dollar Credit

During the month of June, Bahamian dollar credit expanded by \$51.1 million, after a \$156.1 million gain recorded a year earlier. Buoyed by an increase in short-term financing, net claims on the Government firmed by \$65.0 million, following a \$153.0 million expansion in the prior period. In contrast, private sector credit fell by \$13.4 million, a reversal from 2017's slight \$1.9 million rise, as commercial and other loans declined by \$9.9 million, vis-à-vis the prior period's \$8.7 million gain. Similarly, mortgages decreased by \$0.7 million, after the previous year's \$0.4 million contraction; however, the falloff in consumer credit slowed to \$2.7 million from \$6.3 million. Further, claims on the public sector declined by \$0.6 million, after a \$1.2 million gain in 2017.

On a year-to-date basis, Bahamian dollar credit fell by \$33.8 million, in contrast to the \$166.4 million increase recorded in 2017. In the underlying developments, accretions to net claims on the Government slowed to \$32.1 million, from \$186.5 million last year. Further, private sector credit contracted by \$64.2 million, following a \$16.8 million reduction in the previous year. In terms of the components, the decline in consumer credit deepened by \$13.7 million to \$40.4 million, while commercial and other loans decreased by \$18.7 million, after a \$23.2 million advance a year ago. More moderate, the decline in mortgages slowed to \$5.1 million from \$13.3 million in 2017. In addition, credit to the rest of the public sector fell further by \$1.6 million.

### Foreign Currency Credit

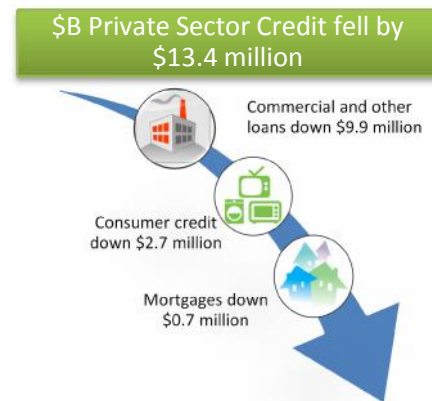
Total foreign currency credit rose by \$19.4 million in June, a reversal from the prior year's \$11.3 million reduction. Credit to the private sector advanced by \$16.3 million, vis-à-vis a \$1.0 million falloff last year, amid gains in commercial loans and mortgages of \$15.4 million and \$0.9 million, respectively. In addition, net claims on the Government grew by \$4.0 million, following a decline of \$5.5 million in 2017. Further, the decrease in credit to the rest of the public sector eased to \$0.7 million, from \$4.9 million in 2017.

During the first six months of 2018, foreign currency credit rose by \$9.2 million, following last year's \$19.0 million decline, as private sector credit firmed by \$14.6 million, vis-à-vis a \$1.6 million falloff a year ago. Further, net claims on the Government edged-up by \$0.9 million, relative to a \$3.2 million contraction a year earlier. Meanwhile the decline in claims on public corporations narrowed to \$6.5 million, from \$14.0 million in 2017.

### Credit Quality

In June, banks' credit quality indicators continued to improve at a gradual pace. Total private sector arrears declined by \$20.6 million (2.4%) to \$824.3 million, with the corresponding ratio of arrears to total loans contracting by 38 basis points to 14.4%. This outcome reflected a \$16.4 million (5.6%) reduction in the short-term (31-90 day) segment to \$277.0 million, resulting in a 29 basis point decline in the accompanying ratio to 4.9%. Similarly, non-performing loans (NPLs) decreased by \$4.2 million (0.8%), to \$547.3 million, and by 8 basis points to 9.6% of total private sector loans.

Chart 4: Private Sector Credit

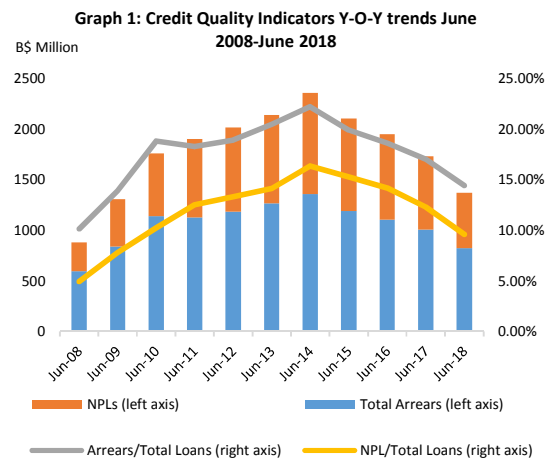


Source: Central Bank of the Bahamas

An analysis by loan type showed that the decline was driven by a \$14.3 million (2.9%) reduction in the mortgage component, with a \$13.4 million (8.1%) falloff in the short-term segment, and a \$0.9 million (0.3%) softening in NPLs. Similarly, consumer arrears decreased by \$6.3 million (2.5%), as both the short and long-term segments narrowed by \$4.7 million (4.7%) and by \$1.6 million (1.1%), respectively. Meanwhile, the commercial segment was unchanged, as the \$1.7 million uptick in short-term arrears was offset by a decline of similar size in non-accruals.

Given the improvement in overall credit quality, banks reduced their provisioning slightly, by \$0.3 million, although the corresponding ratio of provisions to total arrears and NPLs firmed by 1.2 and 0.5 percentage points to 51.5% and 77.6%, respectively. During the month, banks wrote-off \$6.8 million in claims and recovered \$1.5 million.

Similar trends were noted over the six-month period, as total loan arrears fell notably by \$60.5 million (6.8%), resulting in a 98 basis point reduction in the accompanying arrears ratio. A breakdown by delinquency, showed that the improvement was mainly due to the short-term segment, which fell by \$40.4 million (12.7%), resulting in a 68 basis point decline in the corresponding loan ratio. In addition, the NPL category contracted by \$20.2 million (3.6%), with the corresponding ratio lower by 30 basis points. During this period, bank's loan write-offs and recoveries totalled \$56.7 million and \$11.9 million, respectively.



Source: Central Bank of the Bahamas

An analysis by loan type showed that the reduction in total delinquencies stemmed largely from a \$50.8 million (9.5%) contraction in mortgage arrears, as both short-term and long-term delinquencies decreased by \$33.5 million (18.0%) and \$17.4 million (5.0%), respectively. Similarly, the consumer component declined by \$8.5 million (3.3%), as a \$9.0 million (8.7%) falloff in the short-term segment, outweighed the \$0.5 million (0.3%) gain in NPLs. Commercial loan delinquencies fell by \$1.2 million (1.3%), with the \$3.3 million (5.0%) decrease in non-accruals, eclipsing the \$2.1 million (7.6%) increase in short-term arrears.

When compared to June 2017, arrears declined significantly by \$182.8 million and by 2.6 percentage points of total private sector loans. When assessed by the average age of delinquencies, the NPL rate narrowed by 2.7 percentage points; although the short-term segment edged-up by 10 basis points. Reflecting mainly the sale of a large portion of one bank's non-performing asset portfolio to a private entity, the commercial loan arrears rate contracted by 15.5 percentage points; however, more muted declines were noted for the mortgage and consumer loan arrears rates of 97 and 15 basis points, respectively.

### Deposits

During the month of June, total Bahamian dollar deposits fell by \$34.9 million, a turnaround from a \$176.6 million expansion in the prior year. Underlying this outcome, the growth in demand deposits decelerated to \$7.8 million, from \$157.8 million a year ago, while the gain in savings deposits fell to \$5.3 million, from \$30.9million. Meanwhile, the reduction in fixed deposits accelerated by \$36.0 million to \$48.0 million.

Total Bahamian dollar deposits grew by \$125.5 million over the six-month period, albeit a slowdown from the \$226.7 million expansion recorded in 2017, as the growth in demand balances slowed by \$70.4 million

to \$154.8 million. Similarly, accretions to savings deposits narrowed by \$24.9 million to \$62.4 million, while the contraction in fixed balances widened by \$5.9 million to \$91.6 million.

### Capital Adequacy

Data for the banking system as at May, 2018—the latest information available—showed that commercial banks maintained robust capital levels, as the average ratio of capital to risk-weighted assets stood at 34.3%, compared to the 27.6% rate recorded a year earlier; remaining well above the Central Bank's 17.0% requirement.

### Interest Rates

In interest rate developments, the weighted average loan rate at banks rose by 10 basis points on a monthly basis to 11.76% at end-June. Similarly, the weighted average deposit rate firmed by 5 basis points to 0.76%, with the highest rate of 4.5% offered on balances of over 12 months.

## 2. Domestic Outlook

The economy's modest growth momentum is expected to be sustained over the rest of the year, underpinned by improving economic conditions in key source markets for tourism, an increase in high-end hotel room capacity, as well as gains in airlift. In addition, foreign investment support should continue to drive construction sector activity. Against this backdrop, domestic labour market conditions should continue to improve gradually, while the rise in global fuel costs, combined with the upward adjustment in the VAT rate on July 1, are likely to lead to some increased inflation.

The Government's efforts to reduce the fiscal deficit and slow the growth in the national debt, will remain dependent on fiscal consolidation measures, including initiatives outlined in the 2018/10 budget to constrain expenditure growth and increase revenue. However, adverse developments, such as severe weather events, will remain as near-term risks to this outlook.

Expectations are that banking sector liquidity will stay elevated over an extended period, given banks' conservative lending posture and households' efforts to deleverage. Nonetheless, banks are expected to remain well capitalized, with the relevant ratios well in excess of the Central Bank's regulatory requirements, thereby mitigating any financial stability concerns. External reserve indicators are expected to stay above international benchmarks over the remainder of the year, despite the expected drawdown in balances to support the pick-up in domestic spending during this period.

## 3. Monetary Policy Implications

Given the generally positive economic environment and domestic outlook, the Central Bank's existing monetary policy stance remains prudent, as outflows of foreign currency for mainly trade and debt purposes, are balanced by inflows from real sector activities. The current policy stance is informed by several economic factors, including the high level of external reserves—to support the fixed exchange rate regime—ongoing improvements in the tourism sector and relatively weak private sector credit. The Bank is also monitoring ongoing adjustments in foreign exchange demand, following the recent rounds of exchange control relaxations.

There are several significant downside risks that will continue to be monitored, as these could negatively affect net exchange flows. In particular, escalating global trade disputes could both adversely impact global output and harm The Bahamas through higher import costs and weaker tourist demand. The Central Bank is also cognizant that the high level of liquidity in the banking system could fuel unsustainable acceleration in private sector credit over the medium-term, or for external portfolio investments, with negative implications for external reserve balances, in the absence of further strengthening in the performance of the

foreign exchange earning sectors. The Bank is therefore sustaining its focus on liquidity reduction by further decreasing its holdings of Government debt. The credit bureau framework, now having cleared critical regulatory hurdles, will also instill a more disciplined environment for lending growth over the medium-term. In the meantime, heightened attention will have to be given to preserving the quality of the product offerings in the rapidly developing vacation rental segment of the tourism market, to ensure the stability of this increasing source of foreign exchange.

In light of these potential risks, the Bank will sustain its efforts to monitor economic developments and where prudent, make the necessary adjustments to its policy stance to maintain monetary and financial stability.



## APPENDIX

### *International Developments*

Developments within the major economies were mixed during the period, as the US market strengthened, while the euro area and Asian economies continued to face external sector challenges, amid the ongoing uncertainty regarding the US' trade policy. In this context, the central banks maintained their highly accommodative monetary policy stance.

Economic indicators in the United States were generally positive during the month of June. Specifically, industrial production rebounded by 0.6% from a 0.5% decline in May, boosted by growth in factory and mining output, while retail sales rose by 0.5%; albeit less than the prior period's 1.3% gain. Meanwhile, on the labour front, an additional 213,000 persons were added to nonfarm payrolls; although a corresponding increase in the labour force led to the unemployment rate rising by 20 basis points to 4.0%. In addition, the consumer price index edged-up by 0.1%, after increasing by 0.2% last month, underpinned by hikes in the indices for shelter, gasoline and food. In external developments, the trade deficit declined by \$3.0 billion (6.5%) in May, as a result of a \$4.1 billion (1.9%) rise in exports, which outpaced the \$1.1 billion (0.4%) uptick in imports. Given the high levels of employment and subdued inflationary conditions, the Federal Reserve decided to sustain its policy of gradually raising interest rates, by increasing its key policy rate by 25 basis points to a range of 1.75 to 2.0 percent.

Economic developments in Europe were relatively tepid over the review period, as annual inflation in the euro area increased by 10 basis points to 2.0% in June, compared to the previous month—the highest rate in over a year—owing mainly to gains in the energy and services sectors. In May, industrial production firmed by 1.3%, led by increases in consumer and capital goods, a reversal from a 0.8% decline in the prior period, while the growth in retail trade steadied at 0.3%, month-on-month, and the unemployment rate remained at 8.4%. In terms of trade, the euro area's surplus deteriorated by €0.2 billion (1.2%), as the €6.9 billion (3.7%) growth in imports, outpaced the €6.7 billion (4.2%) expansion in exports. In the United Kingdom (UK), retail sales grew by 1.3% in May, owing to a sustained period of good weather and continued Royal Wedding celebrations. Industrial production fell by 0.4%, although less than the 1.0% decline in the prior month, reflecting mainly a fall in energy and mining production, while the annual growth in consumer prices remained unchanged at 2.3% in June. Further, the unemployment rate for the three months to May decreased by 10 basis points to 4.2% over the previous three-month period. The country's trade deficit narrowed by £0.3 billion (9.6%) in May, linked to a £1.4 billion (2.8%) increase in exports, which outstripped the £1.1 billion rise in imports. Against this backdrop, the Bank of England sustained its highly accommodative monetary policy stance, while the European Central Bank announced that it would reduce its purchases of Government debt as part of its "quantitative easing" programme in October by one half to 15 billion euros and terminate the facility at the end of the year.

Economic conditions in the Asian markets varied during the review period. In China, consumer prices softened by 0.1% in June over the previous month, owing to reductions in food, tobacco, liquor and clothing prices, while industrial production strengthened by 0.36%, month-on-month. The purchasing manager's index eased by 0.4%, a reversal from a 0.5% increase recorded a month earlier, while the unemployment rate fell slightly to 3.8% at end June. In Japan, labour market developments revealed a 0.3% contraction in the unemployment rate to 2.2% during the month of May. Similarly, the purchasing manager's index edged-up by 40 basis points, on a monthly basis, while industrial production weakened by 20 basis points to reverse a 50-point gain in April. In contrast, consumer prices rose marginally by 0.1% during the month, supported by slight gains in the healthcare and transportation sectors. In this environment, both the Bank of China and the Bank of Japan sustained their accommodative monetary policy stance.

Crude oil prices continued their upward trajectory, rising by 2.4% to \$79.44 per barrel in June, despite an increase in OPEC's oil production by 173 tb/d thousand barrels per day to 32.3 million barrels per day—the highest since January 2018. In contrast, the prices of gold and silver declined by 3.5% and 1.9% to \$1,253.17 and \$16.12 per ounce, respectively.

The major equity markets reported mixed results in June, as the temporary softening of concerns over escalating international trade tensions led to both the DJIA and the S&P 500 in the United States firming by 1.05% and 2.16%, respectively. Similarly, market indicators in the European region varied, with the UK's FTSE 100 increasing by 2.25%, while Germany's DAX remained relatively unchanged and France's CAC 40 decreased by 2.21%. Mixed trends were also recorded in the Asian markets, as Japan's Nikkei 225 contracted by 1.18%, in contrast to a 0.43% increase in China's SE Composite.

During the review period, the U.S dollar appreciated against all the major currencies. Specifically, the dollar firmed versus the Chinese Renminbi by 3.31% to CNY6.62, the Japanese Yen by 1.77% to ¥110.75, and the Canadian dollar by 1.37% to CAD1.31. More muted gains were recorded relative to the European currencies, as the Dollar rose vis-a-vis the British Pound, the Swiss Franc and the Euro by 0.63% to £0.76, 0.48% to CHF0.9905 and by 0.09% to €0.86, respectively.

# Recent Monetary and Credit Statistics

(B\$ Millions)

JUNE						
Value		Change		Change YTD		
2017	2018	2017	2018	2017	2018	

## 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	851.57	995.44	162.35	-84.31	127.85	137.88
1.2 Excess Liquid Assets	1,613.00	1,986.55	158.46	-33.54	165.92	188.27
1.3 External Reserves	960.95	1,587.97	7.56	-73.82	58.88	179.68
1.4 Bank's Net Foreign Assets	-109.95	-150.53	30.39	3.20	21.21	20.46
1.5 Usable Reserves	216.29	776.68	-93.49	-36.40	-27.56	107.78

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>6,134.35</b>	<b>5,926.91</b>	<b>0.94</b>	<b>2.88</b>	<b>-18.41</b>	<b>-49.56</b>
a. B\$ Credit	5,896.54	5,687.86	1.91	-13.40	-16.82	-64.21
of which: Consumer Credit	2,220.68	2,157.11	-6.32	-2.74	-26.74	-40.42
Mortgages	2,947.50	2,876.92	-0.43	-0.74	-13.32	-5.09
Commercial and Other Loans B\$	728.36	653.84	8.65	-9.92	23.24	-18.70
b. F/C Credit	237.80	239.05	-0.97	16.28	-1.59	14.64
of which: Mortgages	68.84	67.46	-0.25	0.90	0.80	5.26
Commercial and Other Loans F/C	168.96	171.59	-0.72	15.38	-2.39	9.38
<b>2.2 Central Government (net)</b>	<b>2,721.47</b>	<b>2,410.96</b>	<b>147.49</b>	<b>68.99</b>	<b>183.29</b>	<b>32.95</b>
a. B\$ Loans & Securities	2,966.84	2,642.30	209.96	78.46	215.68	33.35
Less Deposits	237.94	227.43	56.98	13.43	29.15	1.29
b. F/C Loans & Securities	0.00	0.00	0.00	0.00	0.00	0.00
Less Deposits	7.43	3.91	5.49	-3.96	3.24	-0.90
<b>2.3 Rest of Public Sector</b>	<b>288.53</b>	<b>262.85</b>	<b>-3.69</b>	<b>-1.28</b>	<b>-17.35</b>	<b>-8.05</b>
a. B\$ Credit	103.99	98.60	1.16	-0.56	-3.32	-1.60
b. F/C Credit	184.54	164.25	-4.86	-0.72	-14.03	-6.45
<b>2.4 Total Domestic Credit</b>	<b>9,144.38</b>	<b>8,600.82</b>	<b>144.76</b>	<b>70.49</b>	<b>147.38</b>	<b>-24.56</b>
a. B\$ Domestic Credit	8,729.44	8,201.33	156.05	51.08	166.39	-33.75
b. F/C Domestic Credit	414.94	399.49	-11.29	19.42	-19.00	9.20

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	2,414.68	2,515.29	157.76	7.82	225.17	154.82
a. Central Bank	18.44	23.93	4.62	1.87	2.68	9.87
b. Banks	2,396.23	2,491.36	153.14	5.94	222.49	144.95
3.2 Savings Deposits	1,380.87	1,430.02	30.85	5.30	87.21	62.35
3.3 Fixed Deposits	2,784.73	2,651.01	-12.03	-48.03	-85.72	-91.64
3.4 Total B\$ Deposits	6,580.28	6,596.32	176.57	-34.91	226.66	125.53
3.5 F/C Deposits of Residents	387.82	355.24	20.62	14.30	9.37	53.22
<b>3.6 M2</b>	<b>6,858.80</b>	<b>6,890.46</b>	<b>169.31</b>	<b>-40.59</b>	<b>211.43</b>	<b>112.66</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>14.01</b>	<b>23.05</b>	<b>-0.24</b>	<b>-0.93</b>	<b>0.44</b>	<b>2.27</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>68.35</b>	<b>100.89</b>	<b>-7.93</b>	<b>0.94</b>	<b>-1.79</b>	<b>3.27</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>64.52</b>	<b>97.87</b>	<b>-9.54</b>	<b>-0.03</b>	<b>-4.00</b>	<b>2.63</b>

Value		Year to Date		Change	
2017	2018	2017	2018	Month	YTD

## 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>6.63</b>	<b>-74.26</b>	<b>47.44</b>	<b>164.52</b>	<b>-80.89</b>	<b>117.08</b>
a. Net Purchase/(Sale) from/to Banks	41.71	-48.33	146.58	241.29	-90.04	94.72
i. Sales to Banks	17.01	67.59	130.65	135.07	50.58	4.41
ii. Purchases from Banks	58.72	19.26	277.23	376.36	-39.46	99.13
b. Net Purchase/(Sale) from/to Others	-35.08	-25.93	-99.14	-76.78	9.15	22.36
i. Sales to Others	55.65	54.33	326.28	347.45	-1.32	21.18
ii. Purchases from Others	20.57	28.40	227.14	270.68	7.83	43.54
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>65.55</b>	<b>-23.02</b>	<b>171.37</b>	<b>176.49</b>	<b>-88.57</b>	<b>5.11</b>
a. Sales to Customers	301.74	493.91	2,229.68	2,605.27	192.17	375.59
b. Purchases from Customers	367.29	470.89	2,401.06	2,781.76	103.60	380.71
<b>4.3 B\$ Position (change)</b>	<b>-13.25</b>	<b>-8.46</b>				

## 5.0 EXCHANGE CONTROL SALES

<b>5.1 Current Items</b>	<b>388.47</b>	<b>527.40</b>	<b>2,604.60</b>	<b>2,602.21</b>	<b>138.93</b>	<b>-2.39</b>
<b>of which Public Sector</b>	<b>50.29</b>	<b>2.18</b>	<b>374.39</b>	<b>158.31</b>	<b>-48.11</b>	<b>-216.08</b>
a. Nonoil Imports	132.67	134.94	876.84	808.35	2.27	-68.48
b. Oil Imports	31.16	13.33	246.54	180.95	-17.83	-65.59
c. Travel	24.47	26.69	141.61	136.93	2.22	-4.69
d. Factor Income	19.43	74.29	139.61	182.66	54.86	43.05
e. Transfers	21.71	20.27	148.95	126.34	-1.44	-22.61
f. Other Current Items	159.04	257.89	1,051.05	1,166.98	98.85	115.93
<b>5.2 Capital Items</b>	<b>15.32</b>	<b>8.23</b>	<b>92.04</b>	<b>83.79</b>	<b>-7.08</b>	<b>-8.26</b>
<b>of which Public Sector</b>	<b>6.27</b>	<b>0.00</b>	<b>55.11</b>	<b>40.87</b>	<b>-6.27</b>	<b>-14.24</b>
<b>5.3 Bank Remittances</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

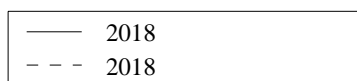
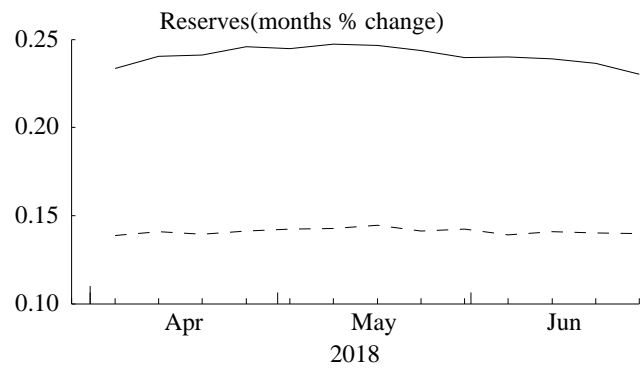
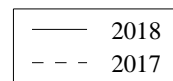
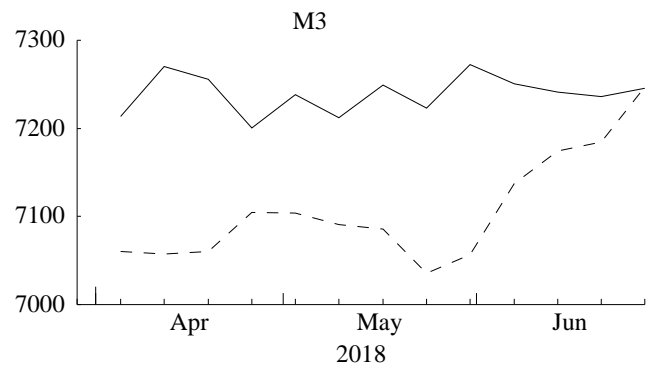
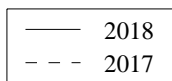
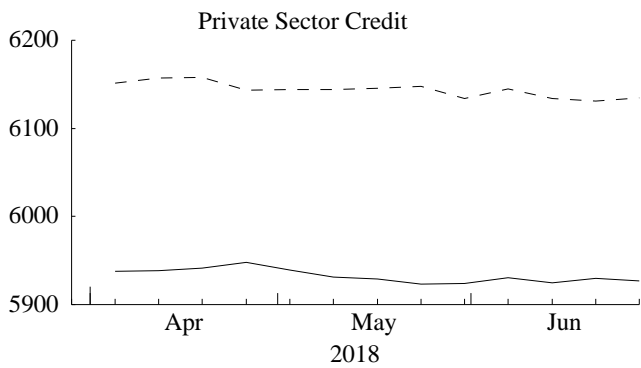
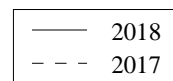
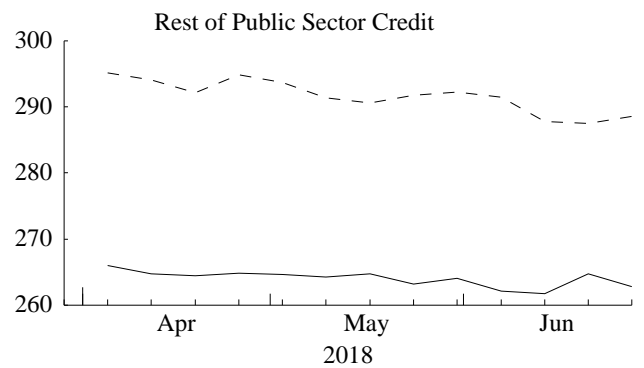
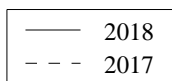
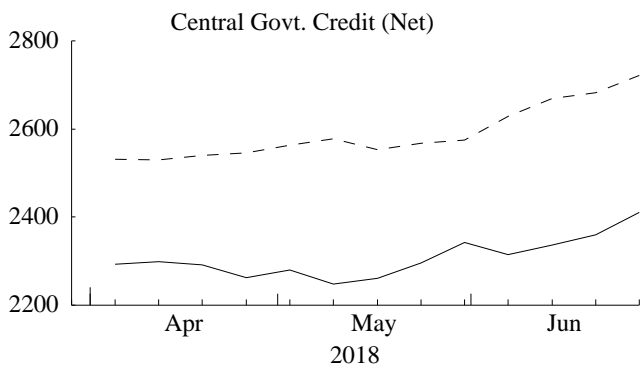
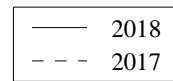
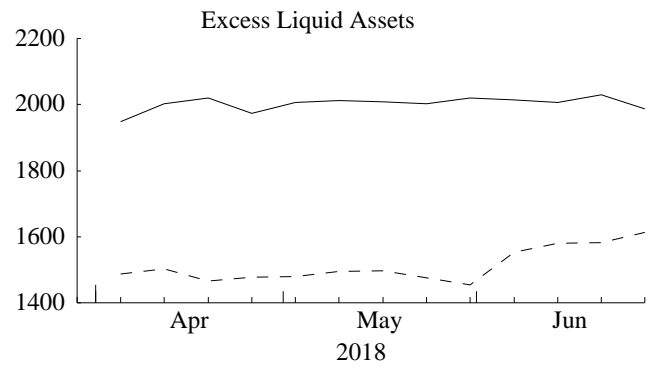
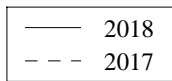
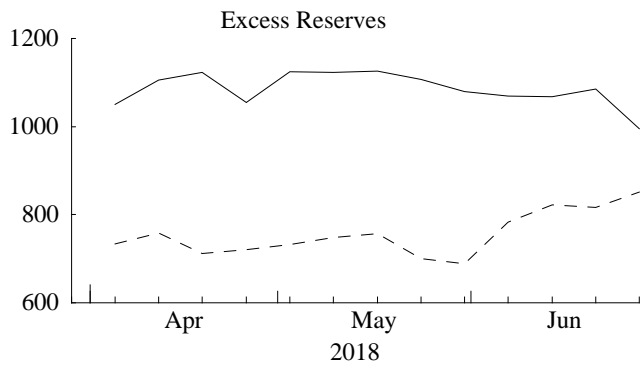
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: JUNE 28, 2017 and JUNE 27, 2018

Exchange Control Sales figures are as at month end.

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

# SELECTED MONEY AND CREDIT INDICATORS

(B\$ Millions)



## Selected International Statistics

<b>A: Selected Macroeconomic Projections</b> (Annual % Change and % of labor force)						
	Real GDP		Inflation Rate		Unemployment	
	2017	2018	2017	2018	2017	2018
Bahamas	1.8	2.5	2.4	2.2	10.1	N/A
United States	2.3	2.7	2.1	2.1	4.4	4.1
Euro-Area	2.4	2.2	1.5	1.4	9.2	8.7
<i>Germany</i>	2.5	2.3	1.6	1.5	3.8	3.7
Japan	1.8	1.2	0.4	0.5	2.9	2.9
China	6.8	6.6	1.8	2.4	4.0	4.0
United Kingdom	1.7	1.5	2.6	2.6	4.9	4.4
Canada	3.0	2.3	1.6	1.8	6.5	6.3

*Source: IMF World Economic Outlook January 2018, Department of Statistics*

<b>B: Official Interest Rates – Selected Countries (%)</b>					
<i>With effect</i>	CBOB	ECB (EU)	Federal Reserve (US)		Bank of England
	<i>from</i>	Bank Rate	Refinancing Rate	Primary Credit Rate	Target Funds Rate
March 2016	4.50	0.00	1.00	0.25-0.50	0.50
April 2016	4.50	0.00	1.00	0.25-0.50	0.50
May 2016	4.50	0.00	1.00	0.25-0.50	0.50
June 2016	4.50	0.00	1.00	0.25-0.50	0.50
July 2016	4.50	0.00	1.00	0.25-0.50	0.50
August 2016	4.50	0.00	1.00	0.25-0.50	0.25
September 2016	4.50	0.00	1.00	0.25-0.50	0.25
October 2016	4.50	0.00	1.00	0.25-0.50	0.25
November 2016	4.50	0.00	1.00	0.25-0.50	0.25
December 2016	4.00	0.00	1.25	0.50-0.75	0.25
January 2017	4.00	0.00	1.25	0.50-0.75	0.25
February 2017	4.00	0.00	1.25	0.50-0.75	0.25
March 2017	4.00	0.00	1.50	0.75-1.00	0.25
April 2017	4.00	0.00	1.50	0.75-1.00	0.25
May 2017	4.00	0.00	1.75	1.00-1.25	0.25
June 2017	4.00	0.00	1.75	1.00-1.25	0.25
July 2017	4.00	0.00	1.75	1.00-1.25	0.25
August 2017	4.00	0.00	1.75	1.00-1.25	0.25
September 2017	4.00	0.00	1.75	1.00-1.25	0.25
October 2017	4.00	0.00	1.75	1.00-1.25	0.25
November 2017	4.00	0.00	1.75	1.00-1.25	0.50
December 2017	4.00	0.00	2.00	1.25-1.50	0.50
January 2018	4.00	0.00	2.00	1.25-1.50	0.50
February 2018	4.00	0.00	2.00	1.25-1.50	0.50
March 2018	4.00	0.00	2.25	1.50-1.75	0.50
April 2018	4.00	0.00	2.25	1.50-1.75	0.50
May 2018	4.00	0.00	2.50	1.75-2.00	0.50

### Selected International Statistics

June 2018	4.00	0.00	2.50	1.75-2.00	0.50
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<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	June-17	May-18	June-18	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.8752	0.8552	0.8559	0.09	2.76	-2.20
Yen	112.37	108.82	110.75	1.77	-1.72	-1.44
Pound	0.7677	0.7522	0.7569	0.63	2.34	-1.41
Canadian \$	1.2961	1.2957	1.3134	1.37	4.46	1.33
Swiss Franc	0.9583	0.9858	0.9905	0.48	1.67	3.36
Renminbi	6.7682	6.4104	6.6225	3.31	1.78	-2.15

*Source: Bloomberg as of June 29, 2018*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	June 2017	May 2018	June 2018	Mthly % Change	YTD % Change
Gold / Ounce	1241.55	1298.52	1253.17	-3.49	-3.83
Silver / Ounce	16.62	16.42	16.12	-1.86	-4.87
Oil / Barrel	50.33	77.59	79.44	2.38	19.28

*Source: Bloomberg as of June 29, 2018*

<b>E. Equity Market Valuations – June 29, 2018 (% change)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-0.60	1.05	2.16	2.25	-2.21	-0.06	-1.18	0.43
3 month	-4.43	-2.45	-0.32	6.17	1.46	1.36	0.61	-5.03
YTD	-5.03	-1.23	1.18	-0.12	1.62	-2.42	-2.47	-6.40
12-month	4.52	16.22	12.17	2.10	2.17	-0.08	12.98	-0.70

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
<b>o/n</b>	2.24	0.60	-0.42
<b>1 Month</b>	2.11	0.53	-0.42
<b>3 Month</b>	2.37	0.71	-0.37
<b>6 Month</b>	2.57	0.79	-0.28
<b>9 Month</b>	2.58	0.94	-0.26
<b>1 year</b>	2.79	1.05	-0.24

*Source: Bloomberg as of June 29, 2018*

# SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

	VALUE												CHANGE					
	May. 02	May. 09	May. 16	May. 23	May. 30	Jun. 06	Jun. 13	Jun. 20	Jun. 27	May. 02	May. 09	May. 16	May. 23	May. 30	Jun. 06	Jun. 13	Jun. 20	Jun. 27
<b>I. External Reserves</b>	1,691.93	1,698.95	1,702.95	1,676.30	1,661.79	1,658.39	1,647.60	1,629.68	1,587.97	2.26	7.02	4.00	-26.65	-14.51	-3.39	-10.80	-17.91	-41.71
<b>II. Net Domestic Assets (A + B + C + D)</b>	4.64	-12.96	-6.02	-0.86	0.91	-16.81	-20.14	18.67	-14.00	79.51	6.93	5.16	1.77	1.77	-17.72	-3.33	38.81	-32.67
<b>A. Net Credit to Gov<sup>t</sup>(i + ii + iii - iv)</b>	382.03	370.30	363.50	362.67	363.76	352.13	352.41	377.39	351.68	11.51	-11.73	-6.79	-0.83	1.08	-11.62	0.28	24.98	-25.71
i) Advances	134.66	134.66	134.66	134.66	134.66	134.66	134.66	134.66	134.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii) Registered Stock	259.61	249.75	240.78	240.80	241.51	241.53	241.39	241.41	241.45	0.20	-9.86	-8.98	0.02	0.70	0.02	-0.14	0.03	0.03
iii) Treasury Bills	9.98	9.98	9.98	0.00	0.00	0.00	0.00	24.93	0.00	9.98	-0.00	0.00	-9.98	0.00	0.00	0.00	24.93	-24.93
iv) Deposits	22.23	24.10	21.91	12.79	12.41	24.05	23.63	23.61	24.42	-1.32	1.87	-2.19	-9.13	-0.38	11.65	-0.42	-0.02	0.81
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-29.16	-22.50	-24.44	-15.30	-19.44	-24.12	-26.21	-15.21	-21.31	-4.84	6.66	-1.94	9.14	-4.13	-4.68	-2.10	11.01	-6.10
i) BDB Loans	2.75	2.75	2.63	2.63	2.63	2.63	2.63	2.63	2.63	0.00	0.00	-0.13	0.00	0.00	0.00	0.00	0.00	0.00
ii) BMC Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
iii) Deposits	31.91	25.25	27.07	17.93	22.06	26.74	28.84	17.83	23.93	4.84	-6.66	1.81	-9.14	4.13	4.68	2.10	-11.01	6.10
<b>C. Loans to/Deposits with Banks</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>D. Other Items (Net)*</b>	-348.23	-360.75	-345.09	-348.23	-343.41	-344.82	-346.33	-343.51	-344.38	72.84	-12.52	15.66	-3.15	4.82	-1.41	-1.51	2.82	-0.87
<b>III. Monetary Base</b>	1,696.56	1,685.99	1,696.92	1,675.43	1,662.70	1,641.59	1,627.46	1,648.35	1,573.97	81.77	-10.57	10.93	-21.49	-12.73	-21.11	-14.13	20.89	-74.38
A. Currency in Circulation	410.42	402.62	400.34	406.17	404.56	423.91	403.44	396.84	403.00	10.95	-7.80	-2.27	5.83	-1.61	19.35	-20.48	-6.60	6.16
B. Bank Balances with CBOB	1,286.15	1,283.37	1,296.58	1,269.26	1,258.14	1,217.67	1,224.02	1,251.51	1,170.97	70.82	-2.78	13.21	-27.32	-11.12	-40.46	6.35	27.49	-80.54

\* Includes capital, provisions and surplus account, fixed and other assets, and other demand liabilities of Bank

## FISCAL/REAL SECTOR INDICATORS

(B\$ MILLIONS)

(% change represents current month from previous month)

	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE		
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	
<b>Fiscal Operations</b>																											
1. Government Revenue & Grants	161.8	171.6	135.8	152.7	152.8	127.9	109.9	161.2	148.7	148.7	124.6	142.8	140.6	187.3	181.6	176.2	188.5	242.4	237.2	196.1	211.6	165.4	169.5	181.9	1,847	1,847	
% change: over previous month	-7.9%	-28.9%	-16.3%	-1.0%	-16.3%	-16.3%	-28.05%	26.1%	35.29%	35.29%	-22.7%	-3.98%	12.8%	31.17%	29.2%	-5.95%	-7.18%	37.63%	40.78%	-19.13%	-10.82%	-15.63%	-19.91%	3.72%	1.32%	3.72%	
2. Value Added Tax	68.7	73.4	49.9	49.5	41.7	40.7	53.8	70.1	48.6	41.6	42.5	42.5	36.7	71.7	70.2	43.7	48.6	47.7	46.4	77.7	77.8	53.2	55.7	596.0	610.7	610.7	
% change: over previous month	148.8%	74.9%	-27.29%	-32.61%	-16.54%	-17.83%	29.07%	72.54%	-15.28%	-40.63%	-4.8%	-6.77%	-11.95%	68.74%	91.40%	-39.10%	-30.81%	9.24%	-4.35%	62.81%	67.46%	-31.54%	-28.36%	-0.71%	2.46%	2.46%	
3. Import/Excise Duties	42.9	44.0	44.9	47.0	41.4	33.5	28.1	44.5	45.5	42.4	49.5	49.5	38.6	41.0	37.6	46.9	42.2	52.2	36.9	44.0	48.0	54.6	49.2	491.0	463.9	463.9	
% change: over previous month	73.9%	-47.2%	4.7%	6.7%	-7.9%	-28.8%	-32.2%	33.0%	61.9%	-4.8%	8.80%	8.80%	-8.83%	-17.08%	-2.70%	14.27%	12.55%	11.31%	-12.70%	-15.59%	30.18%	23.90%	2.57%	4.56%	-5.32%	-5.32%	
4. Recurrent Expenditure	163.1	162.8	148.9	166.6	157.4	164.1	167.3	174.0	206.1	189.7	162.0	151.2	151.2	174.6	171.2	146.4	186.3	184.4	188.6	182.7	159.9	149.8	199.3	1,842.7	1,903.6	1,903.6	
% change: over previous month	-18.9%	-67.2%	-8.7%	-3.8%	5.68%	4.8%	6.27%	6.1%	23.21%	9.0%	-21.46%	-20.3%	0.0%	7.78%	13.2%	-16.15%	8.83%	25.95%	1.20%	-0.89%	-15.23%	-18.03%	24.68%	3.30%	3.30%	3.30%	
5. Capital Expenditure	14.0	0.0	33.4	17.4	17.7	17.0	14.4	9.4	41.2	16.0	31.8	31.8	16.2	21.9	6.2	23.8	16.3	29.3	14.8	35.5	19.6	13.0	22.6	275.9	155.3	155.3	
% change: over previous month	-93.0%	-100.0%	137.5%	43.4475.0%	-46.85%	-2.3%	-18.84%	-44.9%	185.89%	70.7%	-22.79%	1.3%	-31.23%	-61.7%	-8.94%	9.10%	163.28%	22.73%	-8.94%	21.14%	32.21%	-63.42%	15.32%	67.54%	-43.69%	-43.69%	
6. Deficit/Suplus*	-15.4	8.8	-46.5	-21.2	-22.4	-53.2	-71.7	-22.2	-98.6	-81.0	-51.0	-51.0	-26.8	-9.1	4.2	5.9	-34.1	28.8	33.8	-22.1	32.1	2.7	-52.5	-299.4	-211.9	-211.9	
% change: over previous month	-54.9%	-102.4%	202.3%	-341.6%	-51.69%	-150.2%	219.61%	-58.3%	37.36%	-81.0%	-46.28%	-67.0%	-26.8%	-9.1%	4.2%	5.9%	-905.97%	385.96%	-109.30%	-176.79%	-5.06%	-112.02%	-263.29%	18.62%	-29.33%	-29.33%	

	JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
<b>Debt, **</b>														
7. Total Direct Debt	6,320.1	7,212.2	6,323.9	7,201.2	6,321.5	7,207.7	6,320.6	7,177.4	6,344.8	7,219.4	6,650.1	7,245.4	6,320.1	7,245.4
% change: over previous month	0.1%	0.5%	0.1%	-0.2%	0.0%	0.1%	0.0%	-0.4%	0.6%	0.6%	3.2%	0.4%	0.0%	0.4%
8. External Debt	1,749.3	2,676.9	1,742.5	2,664.7	1,739.9	2,663.6	1,741.0	2,653.6	1,757.9	2,645.3	1,763.6	2,639.3	1,749.3	2,639.3
% change: over previous month	0.2%	2.4%	-0.4%	-0.5%	-0.2%	0.0%	0.1%	-0.4%	1.0%	-0.3%	0.3%	-0.2%	0.2%	-0.2%
9. Internal F/C Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% change: over previous month														
10. Bahamian Dollar Debt	4,570.8	4,533.4	4,581.4	4,536.5	4,581.5	4,544.2	4,579.6	4,523.8	4,586.8	4,574.1	4,786.5	4,606.1	4,570.8	4,606.1
% change: over previous month	0.0%	-0.7%	0.2%	0.1%	0.0%	0.2%	0.0%	-0.4%	0.2%	1.1%	4.4%	0.7%	0.0%	0.7%
11. Total Amortization	3.1	34.7	2.4	29.0	82.9	91.8	4.8	100.4	10.1	0.1	3.3	21.0	3.1	21.0
% change: over previous month	-85.6%	4.9%	-28.3%	-19.7%	3319.3%	217.1%	-94.2%	9.3%	108.2%	-99.9%	-67.0%	40681.4%	-85.6%	-85.6%
12. Total Public Sector F/C Debt	2,650.0	3,546.1	2,642.7	3,531.2	2,633.3	3,529.1	2,633.5	3,518.3	2,640.7	3,509.2	2,650.4	3,502.4	2,650.0	3,502.4
% change: over previous month	1.4%	1.8%	-0.3%	-0.4%	-0.4%	-0.1%	0.0%	-0.3%	0.6%	-0.3%	0.0%	-0.2%	0.0%	-0.2%

	JAN		FEB		MAR		YEAR TO DATE	
	2017	2018	2017	2018	2017	2018	2017	2018
<b>Real Sector Indicators</b>								
13. Retail Price Index	102.1	103.9	103.8	104.3	103.3	104.0	103.1	104.1
% change: over previous month	-0.04%	1.82%	1.74%	0.35%	-0.51%	-0.30%	2.20%	1.00%
14. Tourist arrivals (000's)	509.3	533.7	534.6	534.2	662.7	707.5	1726.7	1775.4
% change: over previous year	-4.68%	4.79%	-6.41%	-0.08%	3.55%	3.63%	-2.17%	2.82%
15. Air arrivals (000's)	94.3	100.9	109.2	126.3	146.0	184.1	348.5	411.3
% change: over previous year	-1.65%	6.95%	-10.17%	16.73%	-13.17%	28.09%	-9.35%	18.01%
16. Occupied Room Nights								
% change: over previous year								
17. Res. Mortgage Commitments-Value of New Const. & Rehab. (B\$Millions)								
% change: over previous yr.								

\*\* Debt figures include Central Government only unless otherwise indicated  
p: provisional