



## **Monthly Economic and Financial Developments February 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: April 30, June 4, July 2, July 30, September 3, October 1, October 29, December 3, December 17.



# Monthly Economic and Financial Developments

(MEFD) February 2018

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## 1. Domestic Economic Developments

### Overview

Preliminary indicators suggest that the domestic economy improved over the review period, buoyed by gains in tourism and foreign investment supported activity in the construction sector. In fiscal developments, the deficit narrowed during the first seven months of FY2017/2018, reflecting a sustained reduction in outlays, combined with a modest increase in revenue. In the monetary sector, both liquidity and external reserves strengthened in February, amid a reduction in domestic credit as opposed to a small increase in Bahamian dollar deposits. Underlying trends also reflected net foreign currency receipts from tourism sector activity.

### Real Sector

#### Tourism

Following a challenging 2017, initial tourism performance metrics—including data on arrivals, departures and foreign exchange earnings—suggest a rebound in the sector's activity during the review period. Of particular note was the strengthening in onshore activity in New Providence and the Family Islands. Preliminary data from the Ministry of Tourism showed that visitor arrivals to The Bahamas firmed by 5.0% to 0.5 million in January, vis-à-vis a 4.7% contraction during the comparable period of the prior year. This reversal reflected gains in both air and sea visitors by 7.0% and 4.6%, relative to reductions of 1.6% and 5.3%, respectively, in 2017.

In terms of the major markets, traffic to Grand Bahama strengthened by 44.0% in January, a reversal from a 28.0% decline in the prior year. This was due to a 52.4% expansion in sea visitors, amid higher passenger volumes from two major cruise lines, overturning the 25.6% reduction in 2017. However weakness persisted in the onshore market with a further 18.2% decrease in air arrivals relative to a 41.9% contraction in 2017. In New Providence, growth slowed by 2.4 percentage points to 1.6%, as the dominant sea segment fell by 0.3%, a reversal from last year's 5.5% gain; nevertheless, the high value-added air component advanced by 7.9%, vis-à-vis a 0.6% softening in the prior year. Further, Family Island arrivals decreased by 1.4%, following a 9.7% contraction a year earlier, as sea traffic fell by 3.1%, after a 12.8% reduction in the prior period; however, air arrivals expanded by 11.8%, following a 23.8% increase in 2017.

Indications are that the positive tourism trends were sustained during February, as preliminary data from the Nassau Airport Development Company Ltd (NAD) showed an 11.2% rise in visitor departures through the main airport, vis-à-vis an 8.4% reduction in the same period last year. In terms of the components, gains were recorded for both US and non-US passenger departures of 9.6% and 18.4%, in contrast to respective declines of 9.2% and 4.5% recorded in the prior year.

## Fiscal Sector

Data on the Government's budgetary operations for the seven months of FY2017/18, revealed a \$123.4 million (39.2%) reduction in the deficit to \$191.3 million, compared to the corresponding period of FY2016/17. This outcome reflected a \$102.4 million (7.6%) contraction in total expenditure to \$1,251.4 million, along with a \$21.0 million (2.0%) expansion in aggregate revenue to \$1,060.1 million.

The expenditure outcome was dominated by a \$92.3 million (53.0%) reduction in capital outlays to \$82.0 million, led by a halving in infrastructure spending to \$68.2 million, following a hurricane rebuilding-related expansion in the prior year, while asset acquisitions narrowed by \$22.2 million (61.7%) to \$13.8 million. Similarly, current expenditure decreased by \$9.9 million (0.8%) to \$1,169.5 million, due mainly to a reduction in transfer payments, by \$35.0 million (6.0%) to \$545.9 million. In particular, subsidies and other transfers decreased by \$42.9 million (10.4%), owing mainly to a \$36.8 million (18.1%) decline in healthcare-related subsidies. In comparison, interest payments firmed by \$7.9 million (4.7%), amid gains in both internal and external repayment obligations. Further, consumption spending rose by \$25.0 million (4.2%) to \$623.6 million, with personal emoluments higher by \$23.2 million (5.7%). Meanwhile, purchases of goods and services edged-up by \$1.9 million (1.0%), due mainly to gains in 'other' contractual services, which eclipsed declines in most of the remaining categories.

The growth in aggregate revenue was led by an \$11.0 million (10.4%) increase in non-tax receipts to \$116.2 million, as proceeds from fines, forfeitures & administration fees rose by \$11.5 million (14.0%). Similarly, tax revenue expanded by \$10.0 million (1.1%) to \$943.9 million, reflecting a \$21.4 million (10.6%) advance in "other miscellaneous" taxes, inclusive of a \$6.6 million (58.7%) increase in motor vehicle tax inflows. Further, value added tax (VAT) receipts grew by \$8.4 million (2.2%) to \$382.2 million, while the \$2.3 million (15.6%) gain in selective taxes on services to \$16.9 million, was buoyed by a \$3.4 million (25.0%) uptick in gaming tax receipts. In contrast, timing-related factors led to business & professional fee receipts decreasing by \$16.2 million (36.8%) to \$27.8 million, while taxes on international trade contracted by \$5.8 million (1.9%) to \$293.9 million, due to reduced collections on import duties.

## 2. Domestic Monetary Trends February 2018 vs. 2017

### Liquidity

Monetary developments for the month of February featured an expansion in bank liquidity, as tourism inflows supported modest growth in Bahamian dollar deposits, relative to a reduction in Bahamian dollar credit. Excess liquid assets—a broad measure of liquidity—firmed by \$32.5 million to \$1,884.5 million, a turnaround from the previous year's \$2.9 million falloff, while the narrower excess reserves, grew by \$16.2 million to \$943.2 million, vis-a-vis a \$4.2 million contraction in the same period of 2017.

### External Reserves

External reserves strengthened by \$54.1 million to \$1,514.6 million, in contrast to a \$6.7 million reduction a year earlier. In particular, the Central Bank's transactions with commercial banks reversed from a net sale of \$6.7 million in 2017, to a net purchase of \$69.0 million, as the latter's net purchase from their customers widened to \$39.4 million from \$3.7 million in the prior year. In contrast, the Bank's net sale to the public

sector firmed to \$19.3 million from \$3.4 million, reflecting an increase in foreign currency sales to facilitate mainly fuel and interest payments.

#### Foreign Exchange Sales

Provisional exchange control data—by mainly commercial banks and money transmission businesses to their clients—showed a \$93.6 million decline in foreign currency (FX) sales for current account transactions during February, to \$372.8 million. In the underlying developments, foreign exchange sales for both non-oil and oil imports, which comprised 33.3% and 7.9% of the total, narrowed by \$23.0 million and \$26.6 million, respectively. Similarly, sales related to “other” current items (43.3% of the total) decreased by \$39.1 million, while more muted declines of \$4.0 million and \$1.5 million, were registered for sales to facilitate factor income payments (3.6% of the total) and transfers (5.5% of the total). In contrast, travel related disbursements (6.5% of the aggregate) were marginally higher, by \$0.7 million.

#### Domestic Credit

Total Bahamian dollar credit contracted by \$32.7 million in February, a reversal from a \$30.0 million expansion recorded in the previous year. Specifically, private sector credit decreased by \$21.6 million, vis-à-vis a \$9.9 million expansion last year, as consumer and commercial credit fell by \$9.3 million and \$8.0 million, following respective gains of \$3.1 million and \$11.2 million in the prior year. In addition, residential mortgages contracted by \$4.3 million, in line with the \$4.5 million falloff in 2017. Similarly, net claims on the Government decreased by \$12.4 million, a reversal from an \$18.8 million uptick a year ago. Conversely, credit to the rest of the public sector rose by \$1.4 million, following an increase of the same magnitude in 2017.

Foreign currency credit contracted by \$5.1 million, extending 2017's \$3.7 million falloff. Net claims on the Government decreased by \$12.5 million, after a nearly stable outcome last year, while foreign currency credit to the rest of the public sector fell further by \$1.6 million. In a partial offset, claims on the private sector rose by \$9.0 million, a reversal from the \$2.6 million decrease registered in the previous year. Notably, mortgages and commercial loans firmed by \$7.8 million and \$1.2 million after respective incremental declines a year ago.

#### Credit Quality

Reflecting mainly a reduction in short-term delinquencies, total private sector arrears contracted by \$56.1 million (6.4%) to \$826.8 million in February. As a result, the ratio of arrears to total loans declined by 92 basis points to 14.4%. In the underlying trends, short-term delinquencies (31 to 90 days overdue) fell by \$57.0 million (17.9%) to \$260.8 million, with the attendant loan ratio decreasing by 97 basis points to 4.6%. Conversely, non-performing loans (NPLs), firmed slightly by \$0.8 million (0.2%) to \$566.0 million, and by 5 basis points to 9.9% of total private sector loans.

An analysis by loan type showed that the decrease in total arrears was led by a \$47.3 million (8.9%) reduction in the mortgages category, with the \$48.5 million (25.6%) falloff in short-term delinquencies overshadowing a \$1.2 million (0.4%) rise in non-accruals. Similarly, consumer loan arrears decreased by \$16.0 million (6.0%), with the short-term and NPL components contracting by \$15.0 million (13.8%) and \$1.0 million (0.6%), respectively. In contrast, commercial loan arrears rose by \$7.2 million (8.5%), reflecting

a \$6.6 million (33.8%) increase in short-term delinquencies, and a \$0.6 million (0.9%) uptick in the non-performing portion.

On a year-on-year basis, banks' asset quality indicators remained notably improved. Total arrears declined by \$141.8 million (14.6%) and the relevant ratio to total loans fell by 2.0 percentage points. In particular, supported by the sale of a significant number of NPLs to non-bank entities, the non-accrual (NPL) ratio contracted by 2.4 percentage points, eclipsing a 44 basis point rise in the short-term arrears rate. The year-on-year contraction was mostly attributed to an improvement in the commercial component, which declined by \$138.1 million (60.2%), with a 15.1 percentage point contraction in the corresponding rate.

In line with the improvement in credit quality, banks reduced their provisioning levels by \$2.0 million to \$423.4 million in February. The resulting ratio of total provisions to NPLs softened by 47 basis points to 74.8%; however, the ratio of provisions to total arrears firmed by 3.0 percentage points to 51.2%. During February, banks wrote-off an estimated \$6.6 million in bad debts and recovered approximately \$2.8 million.

#### Deposits

Growth in total Bahamian dollar deposits slowed to \$5.8 million from \$50.4 million in the prior year, as accretions to both demand and savings deposits narrowed by \$12.8 million and by \$10.9 million, to \$25.7 million and \$3.7 million, respectively. Further, the contraction in fixed deposits quickened to \$23.6 million, from \$2.7 million in the prior period.

#### Interest Rates

In interest rate developments, the weighted average loan rate moved higher by 1.3 percentage points to 11.84%, while the weighted average deposit rate registered a more muted gain of 1 basis point to 0.99%—with the highest rate of 4.5% offered on fixed balances of over 12 months.

### 3. Domestic Outlook and Policy Implications

Domestic economic conditions are expected to continue to improve during 2018, sustained by growth in tourism demand and expanded hotel sector capacity. Meanwhile, foreign investment activities should provide added impetus to the construction sector. Prospects are therefore favorable for extended labour market gains over the near-term—mainly in the hospitality and construction sectors. Inflation is expected to remain relatively mild, although recent increases in global oil prices could result in higher fuel costs.

In the fiscal sector, the Government's efforts to reduce the deficit and improve the corresponding debt indicators, will continue to rely on the success of measures geared towards strengthening revenue administration and slowing expenditure growth. Although external shocks could curtail these plans over the near-term.

In the monetary sector, bank liquidity is forecasted to remain elevated, given entities' cautious lending posture and the softness in private sector credit demand. Nonetheless, as economic conditions improve, this lending posture is expected to gradually ease, provided the improvement in credit quality deepens. In addition, banks are expected to remain highly capitalized, thereby reducing financial stability concerns.

Positive economic conditions—particularly in the tourism sector—should lead to a further net contribution by the private sector to external reserve accumulation in the near-term. That said, some near-term tapering in balances is likely, given unused proceeds from the Government’s 2017 borrowing that could be expensed in 2018.

## APPENDIX

### *International Developments*

Indications are that the global economy continued to improve during the review month, underpinned by modest growth in the United States and European markets, while the performances among the Asian economies were mixed. In this context, the major central banks maintained their accommodative monetary policy stance; although the bias has shifted towards further tightening measures over the near-term.

Economic indicators suggest that conditions within the United States improved steadily over the review period, with nonfarm employment—mainly in construction, retail trade, professional & business services and manufacturing sectors—advancing by 313,000, while the unemployment rate steadied at 4.1%. Further, growth in disposable personal income (DPI) firmed to 0.9% in January, from 0.4% in the prior month; nonetheless, retail sales, mostly of motor vehicles and high cost items, softened by 0.1% in February, in line with the previous month's contraction. In addition, industrial production grew by 1.1%, following a 0.3% decline in the previous month. In the international sector, the trade deficit widened by \$2.7 billion to \$56.6 billion in January, due to a decrease in exports of mainly capital goods. Further, the consumer price index edged-up by 0.2% in February, following a 0.5% increase in the previous month, led by higher costs for shelter, clothing and motor vehicle insurance. Against this backdrop, the Federal Reserve left its target range for the federal funds rate unchanged at 1.00%-1.25%.

The performances of the European economies varied during the review period. In particular, the United Kingdom's (UK) industrial output rose by 1.3% in January, supported mainly by increased mining and quarrying output, while in the euro area, industrial production eased by 1.0%, due to lower energy and durable consumer goods production. Further, the UK's unemployment rate softened to 4.3% during the three months ending January, from 4.4% during the previous period, as the number of employed persons rose by 168,000. Comparatively, the euro area's unemployment rate stabilized relative to the preceding month, at 8.6% in January. With regard to prices, the UK's inflation rate narrowed to 2.5% in February, from 2.7% in the prior month, on account of lower costs for transport and food. Similarly, the euro area's inflation tapered to 1.1%, from 1.3% in January. Meanwhile in the external sector, the UK's trade deficit widened by £2.5 billion, driven by an increase in imports. In monetary developments, both Bank of England and the European Central Bank left their key policy rates unchanged.

Asian economic indicators were mixed during the review period, as China's monthly growth in industrial production steadied at 0.6% in February, over the prior month, while a fall in the production of cars and electronics, led to a 6.6% reduction in Japan's output, compared to a 2.9% uptick a month earlier. Although output grew over the review period, China's Purchasing Manager's Index (PMI) declined by 1.0 percentage point to 50.3% in February, owing to decreases in the production, new orders, employed persons and supplier delivery indices. In addition, labour market conditions in Japan improved in January, with a 30 basis point decline in the jobless rate to 2.4%. In the external sector, the country's trade position reversed from a ¥0.4 billion surplus, to a ¥0.9 billion deficit, owing largely to lower exports and a modest gain in imports. In prices developments, China's inflation rate quickened to 1.2% from 0.6% in January, led by higher food, tobacco and liquor prices. In this environment, both the Bank of Japan and People's Bank of China affirmed their accommodative monetary policy stance.

Despite a 77,000 barrels per day (b/d) easing in OPEC supply to an average of 32.2 mb/d, gains in non-OPEC oil production and an appreciation in the dollar, contributed to a 4.7% contraction in crude oil prices to \$65.78 per barrel in February. Similarly, the cost of precious metals contracted, with gold and silver prices lower by 2.0% and 5.3%, at \$1,318.38 per troy ounce and \$16.42 per troy ounce, respectively.

The major equity markets were volatile in February, reflecting mainly concerns that higher inflation in the United States would raise the number of interest rate increases expected during the year. In the US, both the Dow Jones Industrial Average (DJIA) and the S&P 500 indices contracted by 4.3% and 3.9%, respectively. European equity markets also moved downwards, as losses were registered for Germany's DAX (5.7%), the United Kingdom's FTSE 100 (4.0%), and France's CAC 40 (2.9%). In Asia, China's SE composite declined by 6.4%, while Japan's Nikkei 225 contracted by 4.5%.

The US dollar strengthened relative to the other major currencies, against the backdrop of a positive economic outlook for the United States' economy. The dollar appreciated versus the Canadian dollar, by 4.2% to CAD\$1.2833, the British pound, by 3.1% to £0.7267, the Euro, by 1.8% to €0.8201, the Swiss Franc, by 1.4% to CHF0.9446 and the Chinese Yuan, by 0.7% to CNY6.3110. In contrast, the dollar declined versus the Japanese Yen, by 2.3% to ¥106.68.

# Recent Monetary and Credit Statistics

(B\$ Millions)

<b>FEBRUARY</b>						
Value		Change		Change YTD		
2017	2018	2017	2018	2017	2018	

## 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	745.21	943.21	-4.16	16.22	21.49	85.66
1.2 Excess Liquid Assets	1,497.17	1,884.47	-2.89	32.48	50.09	86.19
1.3 External Reserves	921.97	1,514.59	-6.68	54.06	19.90	106.30
1.4 Bank's Net Foreign Assets	-128.51	-124.68	31.48	7.10	2.65	46.31
1.5 Usable Reserves	266.38	725.08	-3.01	40.08	22.53	56.18

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>6,145.53</b>	<b>5,948.18</b>	<b>7.21</b>	<b>-12.66</b>	<b>-7.23</b>	<b>-28.29</b>
a. B\$ Credit	5,906.97	5,719.51	9.85	-21.64	-6.39	-32.55
of which: Consumer Credit	2,241.70	2,168.30	3.08	-9.29	-5.73	-29.23
Mortgages	2,948.42	2,868.89	-4.45	-4.34	-12.40	-13.11
Commercial and Other Loans B\$	716.85	682.33	11.23	-8.01	11.73	9.79
b. F/C Credit	238.55	228.67	-2.64	8.98	-0.84	4.26
of which: Mortgages	67.47	69.46	-0.99	7.77	-0.57	7.27
Commercial and Other Loans F/C	171.08	159.20	-1.64	1.21	-0.27	-3.01
<b>2.2 Central Government (net)</b>	<b>2,563.00</b>	<b>2,309.80</b>	<b>19.45</b>	<b>-24.89</b>	<b>24.82</b>	<b>-68.21</b>
a. B\$ Loans & Securities	2,756.36	2,578.39	15.07	-9.54	5.20	-30.57
Less Deposits	186.44	250.02	-3.72	2.88	-22.35	23.87
b. F/C Loans & Securities	0.00	0.00	0.00	0.00	0.00	0.00
Less Deposits	6.92	18.58	-0.66	12.47	2.72	13.77
<b>2.3 Rest of Public Sector</b>	<b>303.04</b>	<b>270.57</b>	<b>-0.07</b>	<b>-0.15</b>	<b>-2.84</b>	<b>-0.33</b>
a. B\$ Credit	106.74	102.45	1.40	1.40	-0.57	2.25
b. F/C Credit	196.30	168.12	-1.47	-1.55	-2.27	-2.57
<b>2.4 Total Domestic Credit</b>	<b>9,011.50</b>	<b>8,528.55</b>	<b>26.38</b>	<b>-37.74</b>	<b>14.50</b>	<b>-96.83</b>
a. B\$ Domestic Credit	8,583.63	8,150.33	30.04	-32.67	20.58	-84.75
b. F/C Domestic Credit	427.87	378.21	-3.66	-5.07	-6.07	-12.08

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	2,251.63	2,412.75	38.50	25.68	62.13	52.28
a. Central Bank	15.92	13.48	-5.85	-8.03	0.15	-0.59
b. Banks	2,235.71	2,399.28	44.35	33.71	61.97	52.87
3.2 Savings Deposits	1,307.74	1,362.44	14.60	3.69	14.08	-5.23
3.3 Fixed Deposits	2,873.02	2,727.19	-2.66	-23.62	2.56	-15.46
3.4 Total B\$ Deposits	6,432.39	6,502.37	50.44	5.75	78.77	31.58
3.5 F/C Deposits of Residents	356.93	320.53	22.92	-8.79	-21.52	18.50
<b>3.6 M2</b>	<b>6,699.82</b>	<b>6,777.68</b>	<b>50.32</b>	<b>0.06</b>	<b>52.45</b>	<b>-0.12</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>13.76</b>	<b>22.35</b>	<b>-0.20</b>	<b>0.80</b>	<b>0.19</b>	<b>1.57</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>71.88</b>	<b>101.22</b>	<b>-0.18</b>	<b>2.90</b>	<b>1.74</b>	<b>3.60</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>70.32</b>	<b>95.92</b>	<b>-0.12</b>	<b>1.76</b>	<b>1.79</b>	<b>0.69</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>-10.16</b>	<b>49.66</b>	<b>14.29</b>	<b>97.54</b>	<b>59.81</b>	<b>83.24</b>
a. Net Purchase/(Sale) from/to Banks	-6.72	68.97	24.23	90.13	75.69	65.90
i. Sales to Banks	30.50	5.10	58.80	49.11	-25.40	-9.69
ii. Purchases from Banks	23.78	74.07	83.03	139.24	50.29	56.21
b. Net Purchase/(Sale) from/to Others	-3.44	-19.32	-9.94	7.41	-15.88	17.34
i. Sales to Others	50.74	61.52	97.32	130.19	10.78	32.87
ii. Purchases from Others	47.30	42.20	87.38	137.60	-5.10	50.22
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>3.73</b>	<b>39.36</b>	<b>48.56</b>	<b>43.02</b>	<b>35.63</b>	<b>-5.54</b>
a. Sales to Customers	342.10	365.47	759.90	828.51	23.37	68.60
b. Purchases from Customers	345.83	404.83	808.47	871.53	59.00	63.06
<b>4.3 B\$ Position (change)</b>	<b>-12.81</b>	<b>-16.00</b>				

## 5.0 EXCHANGE CONTROL SALES

<b>5.1 Current Items</b>	<b>466.37</b>	<b>372.81</b>	<b>869.69</b>	<b>821.50</b>	<b>-93.56</b>	<b>-48.19</b>
<b>of which Public Sector</b>	<b>90.17</b>	<b>31.89</b>	<b>139.04</b>	<b>86.35</b>	<b>-58.28</b>	<b>-52.70</b>
a. Nonoil Imports	147.28	124.25	294.73	262.47	-23.03	-32.27
b. Oil Imports	56.11	29.51	82.47	84.92	-26.61	2.45
c. Travel	23.40	24.06	50.90	48.79	0.66	-2.11
d. Factor Income	17.36	13.36	36.28	41.39	-4.00	5.11
e. Transfers	21.82	20.33	45.63	52.89	-1.49	7.27
f. Other Current Items	200.39	161.31	359.67	331.03	-39.09	-28.64
<b>5.2 Capital Items</b>	<b>10.07</b>	<b>3.28</b>	<b>15.57</b>	<b>20.51</b>	<b>-6.79</b>	<b>4.93</b>
<b>of which Public Sector</b>	<b>0.00</b>	<b>2.10</b>	<b>0.01</b>	<b>2.97</b>	<b>2.09</b>	<b>2.97</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>

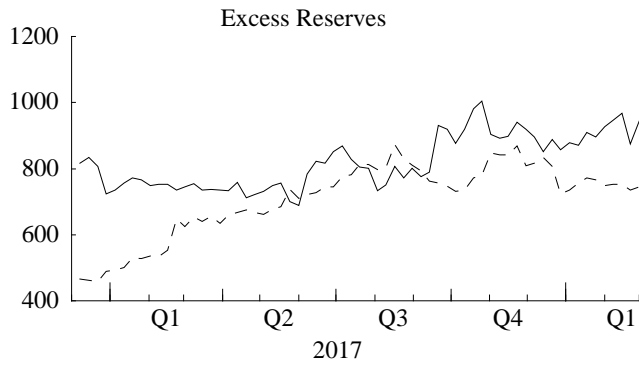
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: MARCH 01, 2017 and FEBRUARY 28, 2018

Exchange Control Sales figures are as at month end.

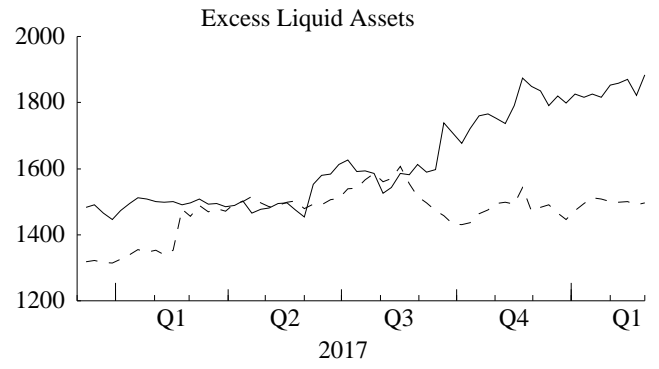
Notes: 1.0, 2.0 and 3.0 YTD change reflects change of current month over previous year end; for 4.0 and 5.0 change is over corresponding period of previous year.



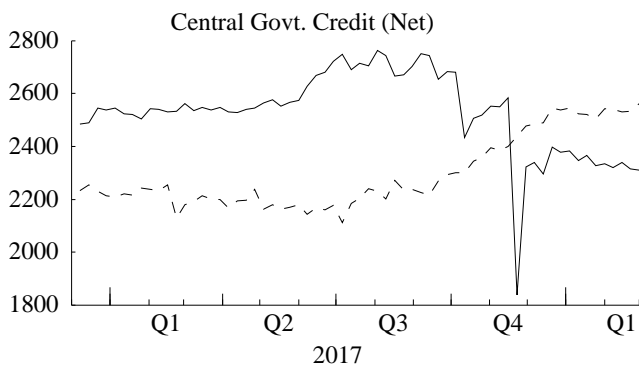
## SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



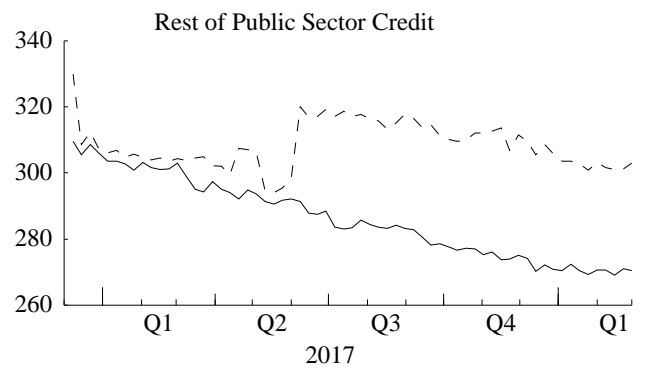
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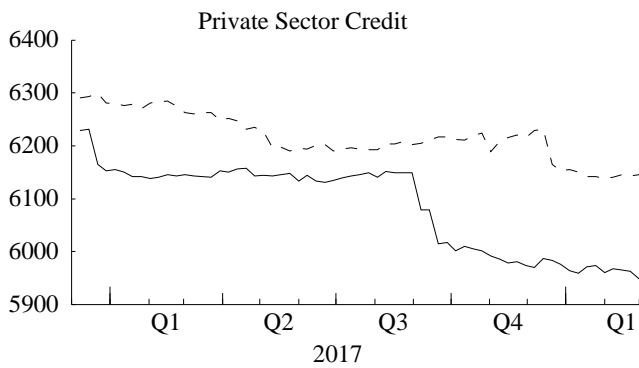
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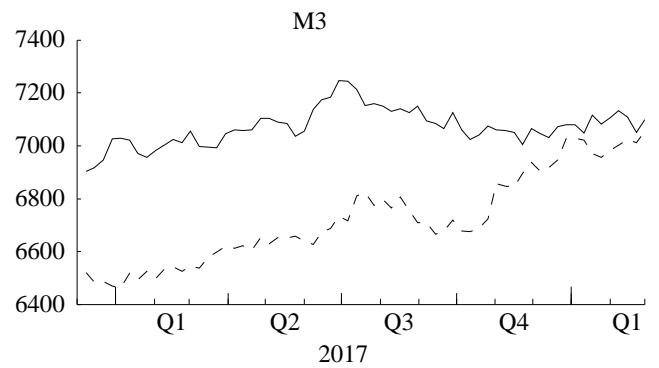
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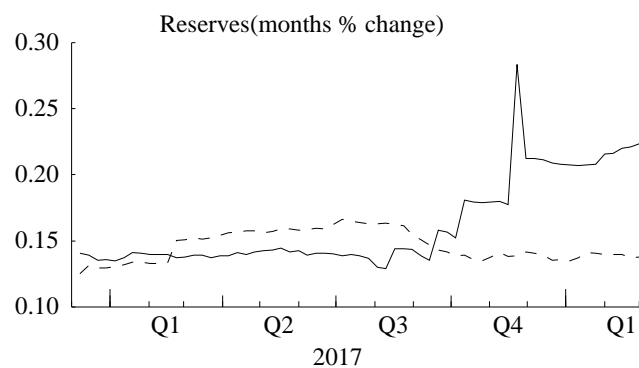
— 2018  
- - - 2017



— 2018  
- - - 2017



— 2018  
- - - 2017



— 2018  
- - - 2018

## 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
<i>Source: IMF World Economic Outlook January 2018, Department of Statistics</i>						

<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	Repo Rate
February 2016	4.50	0.05	1.00	0.25-0.50	0.50
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

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	Feb-17	Jan-18	Feb-18	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.9544	0.8055	0.8201	1.80	-13.27	-13.27
Yen	112.77	109.19	106.68	-2.30	-5.40	-5.40
Pound	0.8077	0.7047	0.7267	3.13	-10.02	-10.02
Canadian \$	1.3301	1.2315	1.2833	4.21	-3.52	-3.52
Swiss Franc	1.0058	0.9313	0.9446	1.43	-6.08	-6.08
Renminbi	6.8654	6.2887	6.3310	0.67	-7.78	-7.78

*Source: Bloomberg as of February 28, 2018*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	February 2017	January 2018	February 2018	Mthly % Change	YTD % Change
Gold / Ounce	1248.33	1345.15	1318.38	-1.99	1.18
Silver / Ounce	18.32	17.34	16.42	-5.33	-3.08
Oil / Barrel	55.66	69.05	65.78	-4.74	-1.23

*Source: Bloomberg as of February 28, 2018*

<b>E. Equity Market Valuations – February 28, 2018 (% change)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	0.53	-4.28	-3.89	-4.00	-2.94	-5.71	-4.46	-6.36
3 month	-0.93	3.12	2.50	-1.29	-0.97	-4.52	-2.89	-1.74
YTD	-0.63	1.25	1.50	-5.93	0.15	-3.73	-3.06	-1.45
12-month	7.29	20.26	14.82	-0.43	9.51	5.08	15.43	0.55

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
o/n	1.53	0.47	-0.44
<b>1 Month</b>	1.68	0.48	-0.40
<b>3 Month</b>	1.98	0.57	-0.37
<b>6 Month</b>	2.25	0.77	-0.30
<b>9 Month</b>	2.36	0.95	-0.24
<b>1 year</b>	2.57	0.94	-0.27

*Source: Bloomberg as of February 28, 2018*

# SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

	VALUE												CHANGE					
	Jan. 03	Jan. 10	Jan. 17	Jan. 24	Jan. 31	Feb. 07	Feb. 14	Feb. 21	Feb. 28	Jan. 03	Jan. 10	Jan. 17	Jan. 24	Jan. 31	Feb. 07	Feb. 14	Feb. 21	Feb. 28
<b>I. External Reserves</b>	1,403.50	1,395.06	1,408.94	1,402.97	1,460.53	1,473.43	1,495.12	1,489.00	1,514.59	-4.79	-8.45	13.88	-5.96	57.56	12.90	21.69	-6.12	25.59
<b>II. Net Domestic Assets (A + B + C + D)</b>	31.59	24.49	44.91	33.01	24.96	18.54	14.92	-67.86	-18.26	-2.81	-7.10	20.42	-11.90	-8.05	-6.43	-3.61	-82.78	49.59
<b>A. Net Credit to Gov't (i + ii + iii - iv)</b>	390.86	386.90	393.29	393.60	389.40	385.84	391.56	360.43	341.83	-4.48	-3.96	6.40	0.31	-4.20	-3.56	5.72	-31.13	-18.61
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	275.04	276.19	276.23	276.25	276.26	276.37	276.10	276.17	276.14	0.02	1.15	0.04	0.01	0.01	0.11	-0.27	0.07	-0.03
iii) Treasury Bills	7.43	7.17	19.16	19.16	22.30	22.30	22.30	0.00	0.00	0.00	-0.27	11.99	0.00	3.14	0.00	0.00	-22.30	0.00
iv) Deposits	26.28	31.12	36.76	36.46	43.82	47.48	41.49	50.39	68.97	4.51	4.84	5.64	-0.30	7.36	3.67	-5.99	8.90	18.57
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-18.61	-17.42	-6.92	-15.39	-18.75	-22.23	-25.44	-10.20	-10.73	-7.29	1.18	10.50	-8.47	-3.36	-3.47	-3.21	15.24	-0.53
i) BDB Loans	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	0.00	0.00	0.00	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	21.36	20.17	9.67	18.14	21.50	24.98	28.19	12.95	13.48	7.29	-1.18	-10.50	8.47	3.36	3.47	3.21	-15.24	0.53
<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>	-340.66	-344.98	-341.47	-345.20	-345.69	-345.08	-351.20	-418.09	-349.36	8.97	-4.32	3.52	-3.74	-0.48	0.61	-6.12	-66.89	68.73
<b>III. Monetary Base</b>	1,435.09	1,419.54	1,453.84	1,435.98	1,485.49	1,491.96	1,510.04	1,421.14	1,496.33	-7.59	-15.55	34.30	-17.86	49.51	6.47	18.08	-88.90	75.19
A. Currency in Circulation	420.37	397.45	381.29	384.09	396.53	389.61	388.35	384.35	387.40	-18.77	-22.92	-16.16	2.80	12.43	-6.92	-1.26	-4.00	3.05
B. Bank Balances with CBOB	1,014.72	1,022.09	1,072.55	1,051.89	1,088.97	1,102.36	1,121.69	1,036.79	1,108.93	11.18	7.37	50.46	-20.66	37.08	13.39	19.33	-84.90	72.14

\* 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		
	2016/2017	2017/2018	2016/2018	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	(Over previous year)
<b>Fiscal Operations:</b>																											
1. Government Revenue & Grants	161.8	171.6	135.8	152.7	127.9	109.9	161.2	148.7	124.6	142.8	140.6	187.3	181.6														1,060
% change: over previous month	-7.9%	-28.9%	-1.0%	-1.0%	-16.3%	-16.7%	26.1%	35.29%	-22.7%	-3.98%	12.8%	31.17%	29.2%														-0.36%
2. Value Added Tax	68.7	73.4	49.9	49.5	40.7	53.8	70.1	45.6	41.6	42.5	36.7	71.7	70.2														382.2
% change: over previous month	148.8%	74.9%	-27.29%	-32.61%	-17.85%	29.07%	72.54%	-15.28%	-40.63%	-6.77%	-11.95%	68.74%	91.40%														-1.53%
3. Import/Excise Duties	42.9	44.0	44.9	47.0	33.5	28.1	44.5	45.5	42.4	49.5	38.6	41.0	37.6														287.6
% change: over previous month	73.9%	-47.2%	4.7%	6.7%	-7.9%	-28.8%	33.0%	61.9%	-4.8%	8.80%	-8.83%	-17.08%	-2.70%														1.88%
4. Recurrent Expenditure	163.1	162.8	148.9	156.6	164.1	167.3	174.0	206.1	189.0	162.0	151.2	174.6	175.8														1,179.4
% change: over previous month	-18.9%	-67.2%	-8.7%	-3.8%	4.8%	6.27%	6.1%	23.21%	8.6%	-21.46%	-20.0%	7.78%	16.3%														3.09%
5. Capital Expenditure	14.0	0.0	33.4	17.4	17.7	14.4	9.4	41.2	16.0	31.8	16.2	21.9	6.2														174.3
% change: over previous month	-93.0%	-100.0%	137.8%	434475.0%	-46.85%	-2.3%	-44.9%	185.89%	70.7%	-22.79%	1.3%	-31.23%	-61.7%														65.51%
6. Deficit/Suplus*	-15.4	8.8	-46.5	-21.2	-53.2	-71.7	-22.2	-98.6	-80.3	-51.0	-26.8	-9.1	-0.4														-314.7
% change: over previous month	-54.9%	-102.4%	202.3%	-341.6%	-51.69%	150.2%	-58.3%	-37.36%	262.1%	-46.28%	-66.7%	-82.05%	-98.5%														50.66%

	JAN		FEB		2017		2018	
	2017	2018	2017	2018	2017	2018	2017	2018
<b>Debt, **</b>								
7. Total Direct Debt	6,320.1	7,205.0	6,323.9	7,200.1				
% change: over previous month	0.1%	0.4%	0.1%	-0.1%				
8. External Debt	1,749.3	2,671.6	1,742.5	2,663.6				
% change: over previous month	0.2%	2.1%	-0.4%	-0.3%				
9. Internal F/C Debt	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				
% change: over previous month	0.0%	-0.7%	0.2%	0.1%				
11. Total Amortization	3.1	42.9	2.4	20.7				
% change: over previous month	-85.6%	29.8%	-28.3%	-106.9%				
12. Total Public Sector F/C Debt	2,650.0	3,538.9	2,642.7	3,530.0				
% change: over previous month	1.4%	1.6%	-0.3%	-0.3%				

	JAN		2017		2018	
	2017	2018	2017	2018	2017	2018
<b>Real Sector Indicators</b>						
13. Retail Price Index						
% change: over previous month						
14. Tourist arrivals (000's)	509.3	535.1				
% change: over previous year	-4.68%	5.05%				
15. Air arrivals (000's)	94.3	100.9				
% change: over previous year	-1.65%	6.95%				
16. Occupied Room Nights						
% change: over previous year						
17. Res. Mortgage Commitments-Value of New Const. & Rehab. (B\$Millions)						
% change: over previous year						

\* Includes Net Leases to Public Corporations  
 \*\* Debt figures include Central Government only unless otherwise indicated  
 p - provisional