



## **Monthly Economic and Financial Developments June 2017**

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:

2017: September 4, October 2, October 30, December 4, December 27.



# Monthly Economic and Financial Developments (MEFD) June 2017

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## 1. Domestic Economic Developments

### Overview

Preliminary evidence suggests that domestic economic activity remained mildly positive during the month of June, as output in the construction sector continued to be buoyed by foreign investment projects, and to a lesser extent, public sector rebuilding activity. In contrast, the tourism sector's performance remained soft, reflecting largely the loss of significant room inventory in one major market. Stronger private sector demand continued to be evident, based on the year-on-year growth in foreign exchange transactions, associated with payments for imports of goods and services. The estimated fiscal deficit expanded over the first 10 months of FY2016/2017, with capital outlays leading the growth in overall expenditure, which exceeded the increase in revenue. Monetary developments featured an expansion in banking sector liquidity, with deposit gains outpacing credit growth. External reserves firmed modestly, buoyed by inflows from real sector activity.

### Real Sector

#### Tourism

The latest official data from the Ministry of Tourism for the first quarter of 2017, showed a 2.2% falloff in tourist arrivals, extending the prior year's 0.4% softening. This outturn reflected a 9.4% decline in air traffic, a reversal from 2016's 2.3% gain; however, the falloff in sea arrivals slowed to 0.2% from 1.1%.

In terms of the major markets, the largest decline in visitors occurred in Grand Bahama (16.6%), which lost a significant segment of its room capacity following the closure of a major resort after the passage of Hurricane Matthew. Accordingly, the island recorded a contraction in air arrivals by 41.2%, outpacing the 17.2% reduction in the prior year, while the cruise segment decreased by 12.0%, in contrast to a slight 1.4% uptick in 2016. Outcomes in the Family Islands were largely mixed, with strong gains in several islands securing an expansion in the air segment by 9.4%; however, a 13.6% decline in aggregate sea passengers, resulted in overall visitors decreasing by 11.0%, a reversal from a 2.2% increase a year ago. Conversely, total arrivals to New Providence rebounded, with growth of 7.3% relative to a 1.7% falloff in 2016. This development reflected a 14.7% improvement in sea visitors, vis-à-vis a 3.8% decrease in the prior year; however, the high value-added air component fell by 9.8%, compared to the previous year's 3.4% improvement.

Partial indicators suggest that activity improved during the second quarter, as data from the Nassau Airport Development Company (NAD) showed a 1.9% increase in overall visitor departures by air, up slightly from the 1.5% gain registered in the second quarter of 2016. In the dominant U.S. segment, outbound passengers rose by 1.6%, compared to a 3.3% gain a year ago, while non-U.S. international departures rebounded by 4.5%, vis-à-vis a 9.5% reduction in 2016.

#### Construction

Construction indicators provided by the Department of Statistics for the first quarter of 2017, showed that the domestic market remained soft, with activity remaining well below its pre-recession levels.

Nevertheless, during the three-month period, private residential completions rose by 4.0% in number and by 15.3% in value. Similarly, the number of permits issued for private residential construction—a forward looking indicator—firmed by 1.4% in number, but contracted by 31.1% in value, while construction starts contracted in both number and value, by 36.2% and 17.0%, respectively,

## Prices

Local energy costs rose during the review period. The Bahamas Power and Light's (BPL) fuel charge—which exerts a large influence on the housing component of the Retail Price Index—firmed by 13.7% to \$15.58 per kilowatt hour (kWh) in June, month-on-month, and advanced by 66.4% over the previous year.

## Fiscal Sector

Data on the Government's budgetary operations for the first ten months of FY2016/17 revealed a \$35.5 million (14.3%) expansion in the deficit to \$284.7 million. This outturn reflected a \$93.7 million (5.1%) rise in total expenditure to \$1,938.5 million, which outpaced the \$58.2 million (3.6%) increase in aggregate revenue to \$1,653.8 million.

The expenditure outcome was dominated by a \$92.4 million (60.4%) expansion in capital outlays to \$245.4 million, amid hurricane-related gains in infrastructural spending of \$66.1 million (55.1%), and asset acquisitions, of \$26.3 million (79.2%). Similarly, current expenditure rose by \$38.5 million (2.3%) to \$1,693.0 million, due mainly to higher disbursements for purchases of goods and services, by \$40.7 million (14.9%) and personal emoluments, by \$22.6 million (4.1%). In a partial offset, transfer payments fell by \$24.8 million (3.0%), amid a \$28.5 million (4.6%) reduction in subsidies and other transfers—mainly to the Ministry of Tourism—while interest payments firmed by \$3.7 million (1.7%), led by a \$2.1 million (3.5%) uptick in payments to external creditors. Further, net lending to public enterprises narrowed to negligible levels, from \$37.2 million in the prior year, when the Government facilitated a bridging loan for the local airline.

The expansion in aggregate revenue was led by a \$52.8 million (3.7%) increase in tax receipts to \$1,490.1 million. Specifically, business and professional fees rose by \$18.1 million (15.7%), bolstered by a \$15.7 million (19.5%) improvement in the business license component. Similarly, taxes on international trade rose by \$7.8 million (1.8%), owing mainly to gains in excise and import taxes of \$7.0 million (3.6%) and \$4.8 million (2.1%), respectively; however, indicative of the adverse effects of the hurricane, value-added tax (VAT) receipts narrowed by \$7.9 million (1.4%), relative to the same period of the previous fiscal year. In addition, other taxes firmed by \$25.3 million (7.8%), as the implementation of a variety of initiatives to boost compliance rates, led to property tax collections expanding by \$18.5 million (19.4%), while non-trade related stamp taxes firmed by \$10.1 million (12.1%). Further, non-tax revenue rose by \$5.5 million (3.5%) during the period, buoyed by gains in income and fines, forfeits & administration fees by \$4.0 million (10.7%), and \$1.8 million (1.5%), respectively.

## 2. Domestic Monetary Trends

June 2017 vs. 2016

### Liquidity

An increase in short-term Central Bank financing to the Government, boosted liquidity during the review month. In particular, excess liquid assets—a broad measure of liquidity—rose by \$158.5 million to \$1,613.0

million, outpacing the \$29.6 million increase a year earlier, while the accretion to excess reserves was more than four-fold greater (\$162.4 million) to \$851.6 million.

In contrast, during the first half of 2017, gains in both excess reserves and excess liquid assets narrowed to \$127.9 million and \$165.9 million from \$255.6 million and \$195.1 million, respectively in 2016, when Government received the proceeds from its external loan.

### External Reserves

In June, external reserves rose modestly by \$7.6 million to \$961.0 million, narrowing from a \$44.9 million expansion in the prior year. In the underlying developments, the Central Bank's net foreign currency purchase from banks decreased by \$10.4 million to \$41.7 million, despite an \$11.7 million increase in the commercial bank's net purchase from customers to \$65.6 million. In addition, the Central Bank's net foreign currency sale to the public sector grew by \$28.9 million to \$35.1 million, amid increased outflows for fuel, foreign services and external loan payments.

A similar trend was observed on a year-to-date basis, as the build-up in external reserves slowed to \$58.9 million from \$244.9 million during the first half of 2016. Supporting this outcome, the Central Bank's net foreign currency purchase from commercial banks decreased by \$89.4 million to \$146.6 million, as the latter's net purchase from their customers narrowed by \$68.8 million to \$171.4 million. Further, the Bank's net foreign currency sale to the public sector widened by \$96.4 million to \$99.1 million. Meanwhile, for commercial banks, the decreased net intake from the private sector corresponded to stronger growth in demand for foreign exchange, which overshadowed the increased inflows from foreign exchange earning activities.

### Exchange Control Sales

In June, preliminary exchange control data showed that foreign currency sales for current account transactions—mainly by commercial banks and money transmission businesses—decreased by an estimated \$12.2 million to \$340.6 million, relative to the same period of last year. This outturn mainly reflected a \$16.6 million decline in factor income related transactions (4.5% of the sales), while sales for other services (38.9%) slowed by \$4.9 million and payments associated with oil imports (6.1%) and transfers (6.1%), both softened by \$0.3 million. On the other hand, outflows for non-oil imports—accounting for 37.6% of the total—grew by \$6.3 million and travel-related disbursements (6.8%) firmed by \$3.7 million.

For the first half of the year however, foreign exchange sales strengthened by \$230.9 million (10.7%). This included a \$101.6 million rise in most services related payments (39.8% of the total), and a \$75.1 million expansion in outflows for non-oil imports (36.2%). More muted gains were recorded for travel related expenditures (6.2%), oil imports (7.9%) and transfers (6.1%), of \$46.8 million, \$15.6 million and \$10.5 million, respectively. In contrast, factor income outflows (3.8%) decreased by \$18.7 million, vis-à-vis the comparable period of 2016.

### Domestic Credit

#### Bahamian Dollar Credit

During the month of June, Bahamian dollar credit rose by \$154.8 million (1.8%) to \$8,728.1 million, outpacing the \$19.9 million (0.2%) gain noted a year earlier. This development reflected mainly a \$151.7 million expansion in net claims on the Government—explained largely by Treasury bill taps totaling \$200.0 million—in contrast to a \$1.2 million net repayment recorded in the prior year. In addition, credit to the

private sector firmed by \$1.9 million, a reversal from 2016's \$1.6 million contraction, as commercial and other loans grew by \$8.7 million, compared to the prior period's \$38.0 million reduction. In contrast, consumer loans and mortgages fell by \$6.3 million and \$0.4 million, respectively, vis-à-vis gains of \$28.9 million and \$7.4 million in the prior year. In addition, credit to the rest of the public sector edged-up by \$1.2 million, significantly lower than the \$22.7 million expansion recorded in 2016, when the local flag carrier obtained short-term financing.

Developments in June had a significant impact on the half-year trends, as total Bahamian dollar credit rose by \$165.1 million, in contrast to a \$20.8 million decline a year earlier. Specifically, net claims on the Government rose by \$181.7 million from an increase of just \$3.5 million last year, while the reduction in credit to the private sector slowed to \$16.8 million, from \$55.2 million. In terms of the private sector components, commercial and other loans rebounded by \$23.2 million, following a \$48.6 million decrease recorded in the prior period, while the decline in residential mortgages was slightly abated at \$10.4 million. In contrast, consumer loans fell by \$26.7 million, a reversal from a \$17.1 million gain recorded in the previous year. Meanwhile, credit to the rest of the public sector decreased by \$3.3 million, vis-a-vis a \$30.9 million uptick in 2016.

#### Foreign Currency Credit

Total foreign currency credit fell by \$11.3 million in June, extending the prior year's \$6.7 million reduction, as the falloff in net claims on the Government deepened to \$5.5 million, from \$1.5 million a year earlier. In addition, credit to the rest of the public sector decreased by \$4.9 million, after a \$2.0 million reduction noted in 2016. Conversely, the decline in claims on the private sector narrowed to \$1.0 million, as the contraction in mortgages and commercial loans of \$0.5 million and \$2.8 million in the prior period, lessened to \$0.3 million and \$0.7 million, respectively.

During the first six months of 2017, the reduction in foreign currency credit eased to \$19.0 million from \$93.9 million, with the contraction in net credit to the Government narrowing by \$36.1 million to a mere \$3.2 million. Further, claims on the private sector were almost unchanged from a \$35.8 million reduction last year, as mortgages rebounded to a slight gain of \$0.8 million from 2016's \$15.7 million reduction, while the decrease in commercial credit narrowed by \$17.7 million to \$2.4 million. Moreover, credit to the rest of the public sector fell further by \$14.0 million, after an \$18.8 million contraction recorded in the same period of last year.

#### Credit Quality

Banks' credit quality indicators improved moderately over the review month. Total private sector arrears fell by \$26.5 million (2.6%) to \$1,007.0 million and by 46 basis points to 17.1% of total private sector loans. In terms of the components, the short-term (31-90 day) segment decreased by \$26.2 million (8.5%) to \$280.3 million, resulting in the corresponding ratio of arrears to total loans declining by 45 basis points to 4.8%. The improvement in the non-accrual segment was more muted, with a \$0.3 million (0.04%) softening in NPLs to \$726.8 million, while the attendant ratio ebbed by 1 basis point to 12.3%.

Broad-based improvements were noted across all loan categories, with commercial loan arrears falling by \$9.8 million (4.1%), led by an \$11.1 million (22.2%) decline in the 31-90 day segment, which eclipsed the \$1.3 million (0.7%) uptick in the NPL component. In addition, mortgage arrears decreased by \$8.5 million (1.6%), due solely to an \$8.6 million (5.3%) contraction in the short-term category, while NPLs rose slightly by \$0.1 million (0.02%). Similarly, consumer delinquencies decreased by \$8.2 million (3.0%), supported by

reductions in both the short and long-term segments of \$6.5 million (6.8%) and \$1.7 million (1.0%), respectively.

Despite the improvement in overall credit quality indicators, banks still increased their bad debt provisioning by \$25.4 million (5.3%) to \$507.5 million in June, resulting in the corresponding ratio of provisions to total arrears and nonperforming loans advancing by 3.8 and 3.5 percentage points to 50.4% and 69.8%, respectively. In addition, banks wrote-off a total of \$8.6 million in bad debts and recovered approximately \$2.0 million.

Banks' credit quality indicators stabilized over the first half of the year, with total private sector arrears narrowing by \$3.6 million (0.4%), with a slight 1 basis point dip in the arrears to total loans ratio. A breakdown by the average age of delinquencies showed a \$2.3 million (0.3%) decline in non-accruals and a \$1.2 million (0.4%) falloff in 31-90 day arrears, while the accompanying ratios to total private sector loans were virtually unchanged.

The improvement in delinquencies was led by the mortgage component, which declined by \$9.0 million (1.7%), amid a \$9.5 million (2.6%) decrease in NPLs, which outweighed the \$0.6 million (0.4%) rise in short-term arrears. Similarly, commercial delinquencies decreased marginally by \$0.2 million (0.1%), supported by a \$3.1 million (7.4%) falloff in the short-term segment, which edged-out the \$2.9 million (1.5%) uptick in non-accrual arrears. In contrast, the consumer segment grew by \$5.6 million (2.2%), reflecting gains in non-accruals and short-term delinquencies of \$4.3 million (2.5%) and \$1.3 million (1.5%), respectively.

On a year-on-year basis, the total arrears rate fell by 1.6 percentage points at end-June 2017, as the NPL ratio decreased sharply by 1.9 percentage points, outpacing the 30 basis point rise in the short-term segment. The largest contraction was recorded for mortgages (by 2.7 percentage points), while smaller decreases occurred for the commercial (56 basis points) and consumer segments (57 basis points), respectively.

In line with the improvement in credit quality, banks decreased their provisions for loan losses over the first six months by \$7.4 million (1.4%), with the attendant provisions to arrears and non-performing loans ratios declining by 55 and 79 basis points, respectively. In addition, banks wrote-off a total of \$42.9 million in bad debts and recovered approximately \$14.9 million.

### Deposits

During the month of June, total Bahamian dollar deposits rose by \$175.3 million, outpacing the prior year's \$75.4 million expansion. In particular, demand deposits strengthened by \$156.5 million, relative to a \$107.1 million increase registered last year, while the growth in savings deposits firmed by \$8.2 million to \$30.9 million. In addition, the decline in fixed deposits slowed to \$12.0 million from \$54.4 million in 2016.

Over the six-month period, total Bahamian dollar deposits firmed by \$225.4 million, in line with the year earlier \$222.2 million expansion. Specifically, demand deposits growth almost steadied at \$223.9 million and savings deposits gains firmed moderately to \$87.2 million. In contrast, fixed deposits decreased by an extended \$85.7 million.

## Interest Rates

Interest rate developments were relatively subdued during the month of June, as the weighted average deposit rate decreased by 12 basis points to 0.93%, with the highest rate of 7.75% offered by one institution on a new investment product for fixed balances of over 12 months. In addition, the weighted average loan rate decreased by 14 basis points to 12.22%, resulting in the interest rate spread narrowing slightly by 2 basis points to 11.29 percentage points.

### ***3. Domestic Outlook and Policy Implications***

Expectations are that the mild pace of economic growth will be sustained over the near-term, with the potential for a modest pick-up in tourism activity, as hotel sector capacity is either expanded or restored. In addition, construction sector output should continue to be led by several varied-scale foreign investment projects in both the capital and the Family Islands. In this environment, employment conditions are poised for further modest improvements, while the sustained weakness in global oil prices is likely to keep inflationary pressures well contained.

Improvements in fiscal indicators remain contingent on ongoing strengthening in revenue administration and the successful curtailment of expenditure growth. Delivering on the more aggressive spending cuts, as announced after the Budget Communication, could also have a significant favourable impact and curtail the public sector's borrowing requirements.

Monetary sector developments will continue to feature high levels of bank liquidity, given these entities' conservative lending stance and consumers focus on reducing existing debt obligations. Meanwhile, banking system credit arrears are expected to decline gradually, in line with the modest medium-term improvement in the economy, supported by banks' on-going debt restructuring activities, and to a lesser extent, the Government's Mortgage Relief Programme. The outlook for external reserves remains stable to incrementally positive in the near-term, as activity in the foreign exchange earning sectors expands.



## APPENDIX

### *International Developments*

Indications are that the global economy's positive growth momentum was sustained over the review period, with Europe and the Asian economies showing signs of continued strengthening; however, the United States' growth momentum remained relatively subdued. In this context, the International Monetary Fund (IMF) maintained its forecast for global growth of 3.5% in 2017.

Developments in the United States were mixed, as industrial production firmed—for the fifth consecutive month—by 0.4% in June, following a slight 0.1% uptick in the prior period. Further, the unemployment rate steadied at 4.4%, despite the 222,000 increase in non-farm payrolls, amid gains in health care, social assistance, financial activities and mining employment. In contrast, retail sales decreased by 0.2%, underpinned by declines in sales at service stations, clothing stores and supermarkets, along with cut backs on leisure spending. The consumer price index was flat in June, following a 0.1% falloff in the prior month, due mainly to lower energy costs. Residential market indicators improved during June, with housing starts and completions advancing by 8.3% and 5.2%, while the number of building permits issued rose by 5.1%. Against the backdrop of low unemployment, and expectations that inflation will approach the 2.0% target over the near-term, the Federal Reserve raised the target range for the federal funds rate, by 25 basis points to 1 to 1-1/4 percent.

Economic indicators for European economies suggest continued improvement in conditions during the period. In particular, gains in euro area industrial production accelerated to 1.3%, from 0.3% in April—due to the rise in the production of capital, consumer and intermediate goods—however, UK production decreased by 0.1%. Further, the growth in euro area retail trade quickened to 0.4% from 0.1% in the prior month, reflecting increased sales of automotive fuel and non-food products. In labour market developments, the UK's jobless rate softened by 10 basis points to 4.5% during the 3 months to May, while euro area unemployment steadied at 9.3%. Annual inflation for the euro area eased slightly by 50 basis points to 1.4% in June, due mainly to a reduction in energy and services costs. In this environment, both the European Central Bank and the Bank of England maintained their highly accommodative monetary policy stance.

Economic conditions in Asia varied during the review period. Specifically, China's Purchasing Manager's Index (PMI) firmed to 51.7% in June, from 51.2% in the prior month, led by gains in new orders. Further, growth in industrial production advanced by 20 basis points to 0.8% in China in May; however, Japan's production contracted by 3.3%, a reversal from a 4.0% increase in April, amid declines in transport equipment, business machinery and fabricated metals. Similarly, China's retail sales rose marginally by 0.9%, in line with the prior month's expansion, while Japan's retail sales fell by 1.6%, partly reflecting reduced sales at department stores and super markets. In labour market developments, Japan's unemployment rate stabilised at 3.1%, while China's inflation rate eased to 0.1% from 0.3%, while the rate was flat in Japan. On the external front, a 6.1% increase in exports—largely to the United States—occasioned a 7.3% expansion in China's trade surplus to US\$40.8 billion in May; however, Japan's trade position reversed from a ¥479.2 billion surplus to a ¥203.4 billion deficit, owing to a decline in exports by 7.6% and an increase in imports by 3.5%. On the monetary front, both the Bank of Japan and the People's Bank of China left their policy rates and asset purchase programmes unchanged.

Broad-based declines were registered across commodity markets during June. Specifically, crude oil prices fell by 2.6% to \$50.33, as OPEC's oil production climbed by 393 thousand barrels per day (b/d) to an average of 32.61 million b/d. Similarly, in the precious metal market, the prices of silver and gold decreased by 4.1% and 2.2% to \$16.62 and \$1,241.55 per troy ounce, respectively.

Developments in the major stock markets featured contractions in the European bourses, with France's CAC40, the United Kingdom's FTSE 100 and Germany's DAX falling by 3.08%, 2.76% and 2.30%, respectively, amid concerns that the European Central Bank would soon begin to tighten monetary policy. Comparatively, in the United States, backed by continued improvements in economic fundamentals, the Dow Jones Industry Average (DJIA) and S&P 500 both firmed, by 1.62% and 0.48%, respectively. Positive trends were also noted in the Asian markets, with China's SE Composite and Japan's Nikkei 225 both rising, by 2.41% and 1.95%, respectively.

During June, the U.S. dollar depreciated modestly against most of the major currencies, owing partly to negative retail sales activity. The dollar weakened against the Canadian dollar by 3.4% to CAD\$1.2961, the euro by 1.6% to €0.8752, both the British pound sterling and the Swiss Franc by 1.0% to £0.7677 and CHF0.9583, respectively, and the Chinese Yuan by 0.8% to CNY6.7682. In contrast, the dollar firmed by 1.4% versus the Japanese Yen to ¥112.37.



# Recent Monetary and Credit Statistics

(B\$ Millions)

<b>JUNE</b>						
Value		Change		Change YTD		
2016	2017	2016	2017	2016	2017	

## 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	744.95	851.57	35.68	162.35	255.59	127.85
1.2 Excess Liquid Assets	1,509.50	1,613.00	29.61	158.46	195.10	165.92
1.3 External Reserves	1,053.80	960.95	44.90	7.56	244.89	58.88
1.4 Bank's Net Foreign Assets	-318.13	-109.95	27.09	30.39	135.19	21.21
1.5 Usable Reserves	400.47	216.29	21.08	-93.50	105.34	-27.56

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>6,190.57</b>	<b>6,134.35</b>	<b>-4.91</b>	<b>0.94</b>	<b>-90.96</b>	<b>-18.41</b>
a. B\$ Credit	5,950.60	5,896.54	-1.64	1.91	-55.18	-16.82
of which: Consumer Credit	2,185.97	2,220.68	28.93	-6.32	17.13	-26.74
Mortgages	3,049.03	2,947.50	7.43	-0.43	-23.71	-13.32
Commercial and Other Loans B\$	715.59	728.36	-38.00	8.65	-48.60	23.24
b. F/C Credit	239.97	237.80	-3.26	-0.97	-35.77	-1.59
of which: Mortgages	66.17	68.84	-0.46	-0.25	-15.65	0.80
Commercial and Other Loans F/C	173.81	168.96	-2.81	-0.72	-20.13	-2.39
<b>2.2 Central Government (net)</b>	<b>2,178.74</b>	<b>2,720.17</b>	<b>-2.65</b>	<b>146.19</b>	<b>-35.81</b>	<b>181.99</b>
a. B\$ Loans & Securities	2,488.72	2,966.84	-1.48	209.96	21.97	215.68
Less Deposits	300.42	239.24	-0.29	58.28	18.48	30.45
b. F/C Loans & Securities	0.00	0.00	-0.11	0.00	-36.62	0.00
Less Deposits	9.57	7.43	1.34	5.49	2.69	3.24
<b>2.3 Rest of Public Sector</b>	<b>319.18</b>	<b>288.53</b>	<b>20.72</b>	<b>-3.69</b>	<b>12.06</b>	<b>-17.35</b>
a. B\$ Credit	108.89	103.99	22.72	1.16	30.88	-3.32
b. F/C Credit	210.29	184.54	-2.00	-4.86	-18.82	-14.03
<b>2.4 Total Domestic Credit</b>	<b>8,688.53</b>	<b>9,143.08</b>	<b>13.19</b>	<b>143.46</b>	<b>-114.68</b>	<b>146.08</b>
a. B\$ Domestic Credit	8,247.79	8,728.14	19.88	154.75	-20.81	165.09
b. F/C Domestic Credit	440.74	414.94	-6.70	-11.29	-93.87	-19.00

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	2,044.20	2,413.38	107.13	156.46	212.45	223.87
a. Central Bank	16.08	18.44	3.66	4.62	3.05	2.68
b. Banks	2,028.12	2,394.93	103.47	151.84	209.40	221.19
3.2 Savings Deposits	1,219.21	1,380.87	22.71	30.85	67.85	87.21
3.3 Fixed Deposits	2,957.94	2,784.73	-54.42	-12.03	-58.09	-85.72
3.4 Total B\$ Deposits	6,221.35	6,578.98	75.41	175.27	222.21	225.36
3.5 F/C Deposits of Residents	256.40	387.82	5.16	20.62	20.80	9.37
<b>3.6 M2</b>	<b>6,478.76</b>	<b>6,857.50</b>	<b>90.19</b>	<b>168.01</b>	<b>243.09</b>	<b>210.13</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>16.27</b>	<b>14.01</b>	<b>0.47</b>	<b>-0.24</b>	<b>3.29</b>	<b>0.44</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>82.94</b>	<b>68.35</b>	<b>0.25</b>	<b>-7.93</b>	<b>0.89</b>	<b>-1.79</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>80.65</b>	<b>64.52</b>	<b>0.51</b>	<b>-9.54</b>	<b>1.93</b>	<b>-4.00</b>

Value		Year to Date		Change	
2016	2017	2016	2017	Month	YTD

## 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>45.95</b>	<b>6.63</b>	<b>233.23</b>	<b>47.44</b>	<b>-39.32</b>	<b>-185.80</b>
a. Net Purchase/(Sale) from/to Banks	52.12	41.71	235.96	146.58	-10.41	-89.39
i. Sales to Banks	11.50	17.01	60.75	130.65	5.51	69.91
ii. Purchases from Banks	63.62	58.72	296.71	277.23	-4.90	-19.48
b. Net Purchase/(Sale) from/to Others	-6.17	-35.08	-2.73	-99.14	-28.91	-96.41
i. Sales to Others	31.56	55.65	309.10	326.28	24.10	17.18
ii. Purchases from Others	25.39	20.57	306.37	227.14	-4.82	-79.23
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>53.87</b>	<b>65.55</b>	<b>240.18</b>	<b>171.37</b>	<b>11.68</b>	<b>-68.80</b>
a. Sales to Customers	295.26	301.74	2,003.46	2,229.68	6.47	226.22
b. Purchases from Customers	349.13	367.29	2,243.64	2,401.06	18.16	157.42
<b>4.3 B\$ Position (change)</b>	<b>-10.36</b>	<b>-13.25</b>				

## 5.0 EXCHANGE CONTROL SALES

<b>5.1 Current Items</b>	<b>352.74</b>	<b>340.55</b>	<b>2,162.65</b>	<b>2,393.56</b>	<b>-12.20</b>	<b>230.90</b>
<b>of which Public Sector</b>	<b>26.29</b>	<b>10.40</b>	<b>292.05</b>	<b>166.40</b>	<b>-15.89</b>	<b>-125.65</b>
a. Nonoil Imports	121.67	127.94	791.72	866.84	6.27	75.11
b. Oil Imports	20.99	20.72	172.54	188.12	-0.27	15.59
c. Travel	19.56	23.25	101.50	148.34	3.69	46.84
d. Factor Income	32.12	15.49	110.13	91.44	-16.63	-18.69
e. Transfers	20.94	20.60	136.03	146.49	-0.34	10.46
f. Other Current Items	137.47	132.55	850.73	952.32	-4.91	101.59
<b>5.2 Capital Items</b>	<b>26.76</b>	<b>6.99</b>	<b>121.80</b>	<b>45.25</b>	<b>-19.77</b>	<b>-76.55</b>
<b>of which Public Sector</b>	<b>14.18</b>	<b>2.32</b>	<b>72.97</b>	<b>18.51</b>	<b>-11.86</b>	<b>-54.47</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>

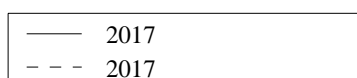
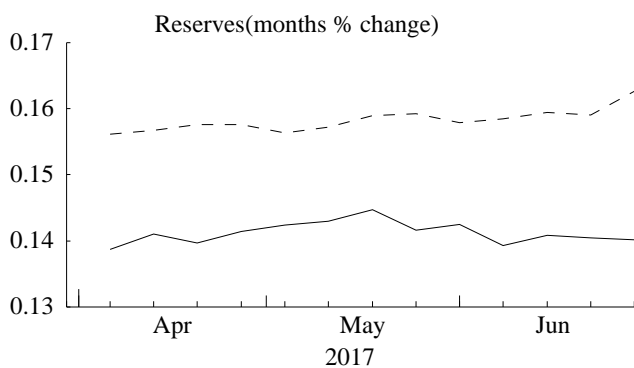
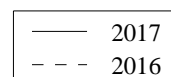
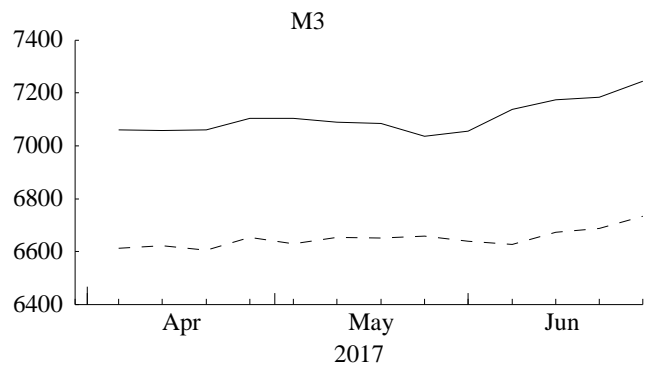
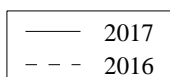
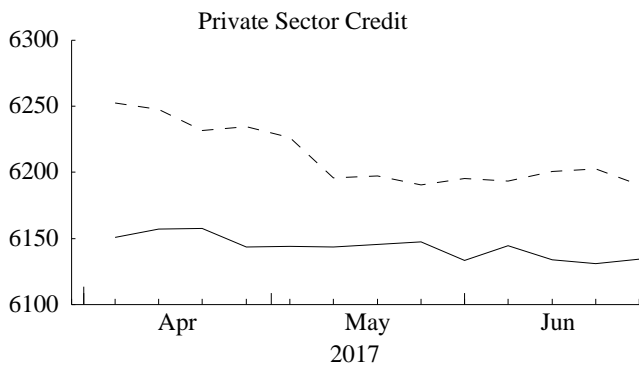
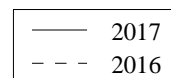
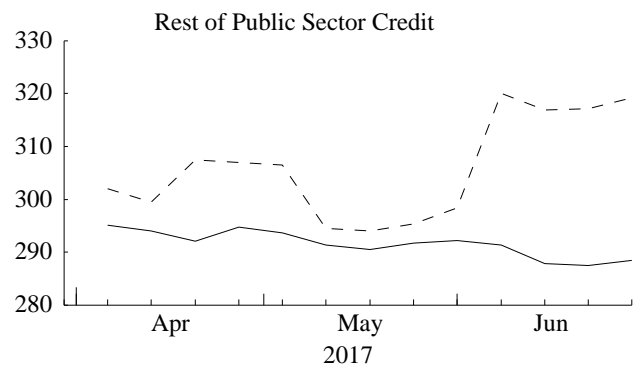
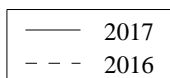
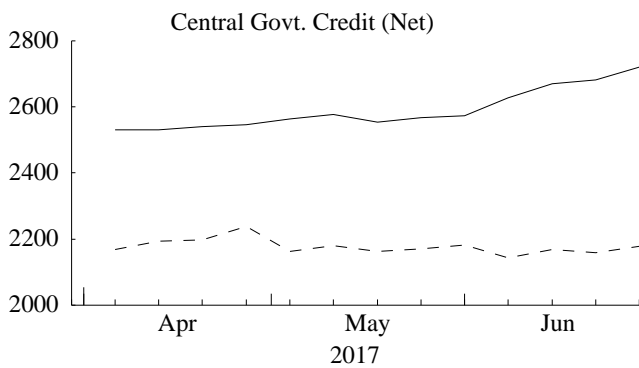
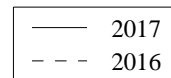
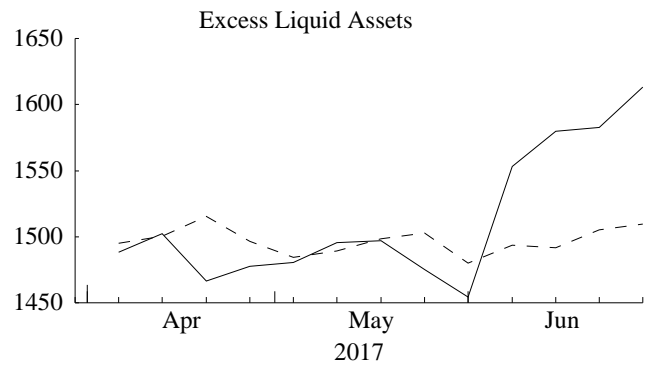
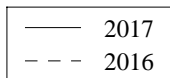
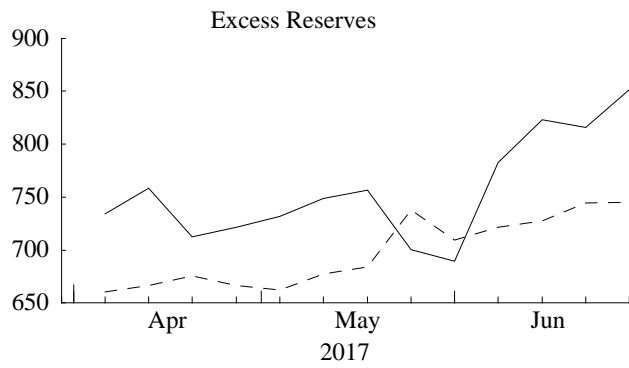
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: JUNE 29, 2016 and JUNE 28, 2017

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	
	2016	2017	2016	2017	2016	2017
Bahamas	0.0	1.4	0.8	N/A	11.6	N/A
United States	1.6	2.3	1.3	2.7	4.9	4.7
Euro-Area	1.7	1.7	0.2	1.7	10.0	9.4
<i>Germany</i>	<i>1.8</i>	<i>1.6</i>	<i>0.4</i>	<i>2.0</i>	<i>4.2</i>	<i>4.2</i>
Japan	1.0	1.2	-0.1	1.0	3.1	3.1
China	6.7	6.6	2.0	2.4	4.0	4.0
United Kingdom	1.8	2.0	0.6	2.5	4.9	4.9
Canada	1.4	1.9	1.4	2.0	7.0	6.9
<i>Source: IMF World Economic Outlook April 2017, 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
June 2015	4.50	0.05	0.75	0-0.25	0.50
July 2015	4.50	0.05	0.75	0-0.25	0.50
August 2015	4.50	0.05	0.75	0-0.25	0.50
September 2015	4.50	0.05	0.75	0-0.25	0.50
October 2015	4.50	0.05	0.75	0-0.25	0.50
November 2015	4.50	0.05	0.75	0-0.25	0.50
December 2015	4.50	0.05	1.00	0.25-0.50	0.50
January 2016	4.50	0.05	1.00	0.25-0.50	0.50
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

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	June-16	May-17	June-17	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.9007	0.8894	0.8752	-1.59	-7.93	-2.83
Yen	103.20	110.78	112.37	1.44	-3.96	8.89
Pound	0.7511	0.7758	0.7677	-1.04	-5.14	2.20
Canadian \$	1.2924	1.3500	1.2961	-3.99	-3.58	0.29
Swiss Franc	0.9760	0.9678	0.9583	-0.98	-6.05	-1.81
Renminbi	6.6415	6.8197	6.7682	-0.76	-2.62	1.91

*Source: Bloomberg as of June 30, 2017*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	June 2016	May 2017	June 2017	Mthly % Change	YTD % Change
Gold / Ounce	1322.20	1268.95	1241.55	-2.16	7.75
Silver / Ounce	18.72	17.33	16.62	-4.11	4.40
Oil / Barrel	49.52	51.66	50.33	-2.57	-11.42

*Source: Bloomberg as of June 30, 2017*

<b>E. Equity Market Valuations – June 30, 2017 (% change)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-0.54	1.62	0.48	-2.76	-3.08	-2.30	1.95	2.41
3 month	-1.99	3.32	2.57	-0.14	-0.04	0.10	5.95	-0.93
YTD	-3.78	8.03	8.24	2.38	5.31	4.09	4.81	2.86
12-month	-5.04	19.07	15.46	12.43	20.84	27.32	28.62	8.97

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
<b>o/n</b>	<b>1.28</b>	<b>0.28</b>	<b>-0.39</b>
<b>1 Month</b>	1.28	0.26	-0.37
<b>3 Month</b>	1.32	0.28	-0.34
<b>6 Month</b>	1.48	0.42	-0.29
<b>9 Month</b>	1.65	0.59	-0.20
<b>1 year</b>	1.85	0.76	-0.14

*Source: Bloomberg as of June 30, 2017*

# SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

	VALUE												CHANGE						
	May. 03	May. 10	May. 17	May. 24	May. 31	Jun. 07	Jun. 14	Jun. 21	Jun. 28	May. 03	May. 10	May. 17	May. 24	May. 31	Jun. 07	Jun. 14	Jun. 21	Jun. 28	
<b>I. External Reserves</b>	958.94	959.34	972.35	945.94	953.40	940.43	955.94	953.03	960.95	7.19	0.40	13.01	-26.42	7.46	-12.97	15.51	-2.91		7.92
<b>II. Net Domestic Assets (A + B + C + D)</b>	322.64	336.76	330.53	296.98	296.46	397.67	410.44	409.23	444.97	-1.05	14.12	-6.22	-33.55	-0.52	101.22	12.76	-1.21		35.74
<b>A. Net Credit to Gov<sup>t</sup>(i + ii + iii - iv)</b>	661.56	667.78	656.09	629.09	629.31	735.27	737.06	737.95	783.04	4.57	6.22	-11.69	-26.99	0.22	105.96	1.79	0.89		45.09
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	381.56	371.56	365.68	365.55	356.66	356.72	355.93	355.97	356.03	37.02	-10.00	-5.89	-0.12	-8.90	0.07	-0.79	0.04		0.06
iii) Treasury Bills	170.31	170.31	170.31	154.31	161.29	261.03	261.03	261.03	357.05	-31.30	0.00	0.00	-16.00	6.98	99.74	0.00	0.00		96.03
iv) Deposits	24.97	8.75	14.56	25.43	23.29	17.14	14.56	13.70	64.70	1.14	-16.22	5.80	10.87	-2.14	-6.16	-2.58	-0.85		51.00
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-14.29	-6.59	-7.16	-9.40	-10.27	-15.34	-4.25	-4.96	-15.09	-2.77	7.71	-0.57	-2.25	-0.87	-5.07	11.09	-0.70		-10.14
i) BDB Loans	3.55	3.55	3.55	3.55	3.55	3.55	3.55	3.35	3.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.20		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	17.84	10.14	10.71	12.95	13.82	18.89	7.80	8.31	18.44	2.77	-7.71	0.57	2.25	0.87	5.07	-11.09	0.50		10.14
<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>	-324.62	-324.43	-318.40	-322.71	-322.58	-322.26	-322.37	-323.77	-322.97	-2.86	0.19	6.04	-4.31	0.13	0.32	-0.11	-1.40		0.79
<b>III. Monetary Base</b>	1,281.58	1,296.10	1,302.89	1,242.92	1,249.85	1,338.10	1,366.37	1,362.26	1,405.92	6.14	14.52	6.79	-59.97	6.94	88.25	28.27	-4.12		43.67
A. Currency in Circulation	388.69	389.41	386.06	381.82	394.77	399.24	389.75	378.03	387.03	-2.15	0.72	-3.35	-4.24	12.95	4.47	-9.48	-11.72		8.99
B. Bank Balances with CBOB	892.89	906.69	916.83	861.10	855.08	938.87	976.62	984.22	1,018.89	8.29	13.80	10.14	-55.74	-6.01	83.78	37.75	7.60		34.67

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

