



Monthly Economic and Financial Developments September 2015

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:

2015: November 30, December 21.

Monthly Economic and Financial Developments

September 2015

1. Domestic Economic Developments

Preliminary indications are that the domestic economy sustained its mild growth path during the month of September, based on modest gains in tourism output, and on-going foreign investment-led projects which supported construction activity. Amid the downward trajectory in global oil prices, domestic fuel costs continued to moderate over the review period. Monetary sector developments were dominated by the seasonal firming in foreign currency demand, which contributed to declines in both bank liquidity and external reserves.

Provisional data from a sample of major hotels in New Providence and Paradise Island indicated that gains in the high value-added stopover segment supported an expansion in tourism sector performance over the eight months of 2015. Specifically, total room revenue firmed by 2.6%, reflecting increases in both the average occupancy rate, of 3.4 percentage points to 75.7% and in the average daily room rate, of 6.3% (\$15.60) to \$263.09.

Domestic inflation for the twelve months to August—as measured by the Retail Price Index of The Bahamas—rose by 54 basis points to 1.57%. This outturn reflected a significant acceleration in price increases for health (by 7.8 percentage points to 9.7%), recreation and culture (by 6.2 percentage points to 8.1%) and furnishing, household equipment & maintenance (by 5.0 percentage points to 5.3%). More muted gains were noted for communication and education, of 2.6 and 2.4 percentage points to 3.3% and 4.8% respectively, and of less than 2.0 percentage points for food & non-alcoholic beverages, restaurant & hotels, clothing & footwear and alcoholic beverages, tobacco & narcotics. In addition, average prices were stable for housing, water, gas electricity & other fuels—the most heavily weighted component—following a 0.9% decline last year. In contrast, inflation slowed for miscellaneous goods and services, to 0.5% from 3.3%, while average transportation costs fell by 3.3%, a reversal from a 4.1% increase in 2014.

Reflecting the sustained falloff in international crude oil prices from the prior year's levels, the Bahamas Electricity Corporation's fuel charge decreased by 7.3% to 14.35 cents per kilowatt hour in September—a 46.9% reduction from the previous year. Similarly, prices at the pump trended downwards, with both gasoline and diesel costs falling by 6.1%, month-on-month, to \$4.46 and \$3.78 per gallon, and more sharply, for the annual comparison, by 16.8% and 24.7%, respectively.

2. International Developments

The global economy continued to grow at a modest and uneven pace during the review period, with moderate gains in the United States and European economies counterbalanced by the China-led weakness in emerging markets. In this context, the International Monetary Fund (IMF), in the October 2015 *World Economic Outlook* report lowered its global growth forecasts for both 2015 and 2016 by 20 basis points to 3.1% and 3.6%, respectively. Given the prevailing environment, most major central banks sustained their highly accommodative policy measures.

Indications are that the United States' economy grew modestly during the review period, as the expansion in output tapered to an estimated 1.5% during the third quarter, from 3.9% recorded in the prior period. This

outcome mainly reflected a slowdown in consumer spending and a fall in private inventory investment. In addition, housing starts and completions firmed by 6.5% and 7.5%, respectively in September, over the preceding month; although building permits—a forward looking indicator—fell by 5.0% month-on-month, while retail sales grew marginally by 0.1%, after a flat performance a month earlier. Labour market conditions continued to improve, as 142,000 jobs were added during the month, primarily in the health care and information sectors—steady the jobless rate at 5.1%. However, industrial production fell by 0.2%, after a 0.1% decrease in August, on account of reduced oil and gas drilling, while the continued softening in energy costs lowered consumer prices by 0.2% in September, extending the previous month's 0.1% contraction. External sector developments featured a \$6.5 billion expansion in the trade deficit, to \$48.3 billion in August, resulting from a \$3.7 billion decline in exports—mainly of industrial supplies and materials—and a \$2.8 billion rise in imports, which consisted primarily of consumer goods. Despite the improvement in economic conditions, the Federal Reserve remained cautious in its outlook and decided to maintain the 0.00-0.25% target range for its benchmark rate.

European economies continued to face challenges, as the recovery in the euro area remained lacklustre. Despite these developments, the United Kingdom's economy sustained its upward trajectory, with improvements in overall productivity resulting in a 0.2% increase in the Conference Board's Leading Economic Index (LEI) in August, following three consecutive months of contraction. Gains in mining and quarrying fuelled a 1.0% rise in industrial output during the month, a turnaround from the 0.4% decrease in July. In the external sector, the trade deficit narrowed by £1.2 billion to £3.3 billion in August, occasioned by a £1.1 billion fall-off in the goods deficit—amid record exports of cars and chemicals—and a £0.1 billion increase in the services account surplus. Given the improvement in economic activity, the number of employed persons grew by 140,000 in the three-months ended August, which lowered the unemployment rate by 10 basis points to 5.4%. The decline in fuel-based costs led to a slight 0.1% reduction in consumer prices in September, after stabilising in the prior month. Euro area economic indicators were mixed over the review period, as higher sales of automotive fuel and food, drinks and tobacco, were offset by reduced spending on non-food products, resulting in a flat retail trade outcome in August, after a 0.6% expansion a month earlier. In addition, decreased production of energy and capital goods contributed to a 0.5% fall in industrial production, a turnaround from the 0.8% gain in July. In the external sector, the trade surplus was more than halved, from €31.4 billion in July to €11.2 billion, as the €36.9 million reduction in exports—particularly for German industrial orders—offset the €16.7 million decrease in imports. Against this backdrop, the unemployment rate steadied at 11.0%, while consumer prices fell marginally by 0.1% in September, due primarily to a reduction in energy costs, after an increase of the same magnitude a month earlier. In monetary policy developments, both the Bank of England and the European Central Bank retained their highly accommodative monetary policy stances.

Indications are that Asian economies continued to expand; although the slowdown in China negatively impacted the regional outturn. In China, real GDP growth slowed marginally to an annualized 6.9% rate in the third quarter—the weakest pace since the start of the global financial crisis—from 7.0% in the prior period, as the expansion in manufacturing output tapered. In addition, growth in both industrial production and retail sales eased in September, by 14 and 4 basis points, to 0.4 and 0.9%, respectively. In price developments, average consumer prices rose slightly by 0.1% month-on-month, lower than August's 0.5% uptick, reflecting increases in non-food prices, which offset the decline in food costs. Japan's economic performance remained relatively weak, as industrial production fell in August by 1.2% month-on-month, extending July's 0.8% reduction. Retail sales were flat compared to the previous month's 1.4% advance, while consumer prices firmed by 0.2% in August, on account of higher costs for culture and recreation services. In this environment, the unemployment rate moved upwards, by 10 basis points to 3.4%. In an

effort to combat the deceleration in growth, the People's Bank of China maintained its highly accommodative policy stance and the Bank of Japan sustained its quantitative easing measures.

Reflecting a marginal increase in OPEC's average daily crude production, by 110,000 barrels per day (bpd) to 31.6 million bpd, the price of oil softened by 0.3% in September to \$47.60 per gallon. In terms of precious metals, gold costs contracted by 1.7% to \$1,115.07 per troy ounce, while the price of silver fell by 0.7% to \$14.52 per troy ounce.

Broad-based decreases were registered in the major equity markets during the month, amid investors' concerns over the slowdown in the Chinese economy, which led to declines in the shares of several commodity producers. In the United States, the Dow Jones Industrial Average (DJIA) and the S&P 500 indices contracted, by 1.5% and 2.6%, respectively, while European bourses also weakened, as losses were posted for Germany's DAX (5.8%), France's CAC 40 (4.3%) and the United Kingdom's FTSE 100 (3.0%). For Asia, Japan's Nikkei 225 fell sharply by 8.0% and China's SE composite decreased moderately by 4.8%.

The US dollar appreciated relative to most of the major currencies in September, as the country's economic fundamentals strengthened. Specifically, the dollar firmed against both the British pound and the euro, by 1.4% to £0.6611 and by 0.3% to €0.8947, respectively. The dollar also advanced relative to the Canadian dollar, by 1.3% to C\$1.3313 and vis-à-vis the Swiss Franc, by 0.6% to CHF 0.9732. In contrast, the dollar declined versus both the Japanese Yen and the Chinese Yuan, by 1.1% and 0.3%, to ¥119.88 and CNY6.3565, respectively.

3. Domestic Monetary Trends

September 2015 vs. 2014

Reflecting the traditional increase in foreign currency demand during the latter half of the year, both bank liquidity and external reserves contracted over the review period. Specifically, excess liquid assets—the broader measure of liquidity—declined by \$81.8 million to \$1,321.4 million, although below 2014's \$123.5 million reduction, while excess reserves decreased by \$91.0 million to \$442.8 million, following a year-earlier \$110.4 million falloff.

In line with the seasonal pick-up in foreign currency demand to meet current obligations and banks' capital repatriations, external reserves decreased by \$94.5 million to \$826.7 million, a slowdown from the previous year's \$129.9 million contraction. In the underlying transactions, the Central Bank's net foreign currency sale to commercial banks eased by one-third to \$42.6 million, in line with a \$9.3 million decline in their net sale to customers to \$35.1 million. Further, the Bank's net sale to the public sector—mainly for fuel and interest payments—fell by \$10.5 million to \$53.7 million.

During the review month, the growth in Bahamian dollar credit accelerated to \$96.5 million from \$78.9 million in 2014, as claims on the private sector expanded by \$5.9 million, a reversal from a \$3.2 million decline a year earlier. Specifically, consumer loans and mortgages firmed by \$5.5 million and \$4.5 million, vis-à-vis respective declines of \$0.8 million and \$1.5 million, last year; however, the contraction in commercial loans widened by \$3.2 million to \$4.2 million. In addition, accretions to net claims on the Government were higher by \$5.5 million at \$83.6 million, and credit to the rest of the public sector rose by \$7.0 million, outpacing the \$4.0 million advance recorded in the prior year.

In September, banks' credit quality indicators improved modestly, reflecting broad-based reductions across all arrears categories. In particular, total private sector loan delinquencies fell by \$26.8 million (2.2%) to \$1,182.1 million, lowering the ratio of arrears to total loans by 47 basis points to 19.6%. A breakdown by average age revealed that the majority of the improvement occurred in the short-term (31–90 day) segment, which decreased by \$15.5 million (5.1%) to \$288.5 million, with the relevant ratio contracting by 26 basis points to 4.8%. Similarly, nonperforming loans—arrears in excess of 90 days—tapered by \$11.4 million (1.3%) to \$893.7 million, and by 20 basis points to 14.8% of total private sector loans.

By loan type, the reduction in total private sector arrears was led by the commercial segment, which decreased by \$20.9 million (9.2%) to \$206.6 million, primarily attributed to a \$20.8 million (48.9%) decline in the short-term category, while the non-performing component was relatively unchanged. Similarly, mortgage arrears decreased by \$6.9 million (1.0%) to \$665.0 million, due to a \$7.7 million (1.5%) falloff in the non-accrual segment, which eclipsed the \$0.8 million (0.5%) uptick in the 31-90 day category. In contrast, consumer loan delinquencies edged up by \$0.9 million (0.3%) to \$310.6 million, reflecting a \$4.5 million (4.6%) increase in the short-term component, which outweighed the \$3.6 million (1.7%) decrease in the nonperforming category.

During the review period, banks reduced their total provisions for loan losses marginally by \$0.3 million (0.1%) to \$523.8 million; however, the larger falloff in delinquencies resulted in the ratio of provisions to both arrears and nonperforming loans edging up, by 96 and 71 basis points to 44.3% and 58.6%, respectively. Banks also wrote off an estimated \$8.1 million in bad debts in September and recovered a total of \$2.1 million.

Domestic foreign currency credit softened by \$1.7 million over the review period, following a \$4.5 million decrease in the prior year. In terms of the components, credit to the private sector declined by \$4.0 million—in line with the \$4.9 million contraction noted in 2014, as commercial loans and mortgages lessened by \$3.6 million and \$0.4 million, respectively. In contrast, credit to the rest of the public sector advanced by \$1.6 million, a turnaround from the year earlier \$0.7 million reduction, while net claims on the Government grew marginally by \$0.7 million, after the \$1.1 million uptick recorded in the corresponding year-earlier period.

The contraction in Bahamian dollar deposits slowed by \$19.8 million to \$14.5 million relative to 2014, as savings deposits grew by \$9.8 million, a reversal from a \$10.3 million decrease in 2014, and the decline in demand deposits was lower at \$15.5 million from \$29.8 million. In a modest offset, fixed balances fell by \$8.8 million, vis-à-vis a \$5.7 million expansion in the previous year.

In interest rate developments, the weighted average deposit rate contracted by 14 basis points to 1.30% in September, with the highest rate of 5.00% offered on fixed balances of over 12 months. Similarly, the weighted average loan rate declined by 43 basis points to 11.98%.

January-September 2015 vs. 2014

Monetary developments for the nine months of 2015 featured robust gains in bank liquidity, buoyed by net foreign currency inflows from real sector activities and increased lending to the Government. Excess liquid assets firmed by \$179.5 million, following an increase of \$64.4 million recorded in 2014, as banks utilized a portion of their cash resources to acquire Government paper. Correspondingly, banks' excess cash balances declined by \$50.5 million, to reverse the year-earlier \$89.5 million expansion.

Growth in external reserves slowed by \$11.9 million to \$40.0 million over the nine-month period, as the Bank's net sale to the public sector accelerated by \$90.8 million to \$235.4 million, in comparison to the prior period when Government received net proceeds from its US\$300 million bond issue. In contrast, the net purchase from commercial banks surged by \$81.6 million to \$267.9 million, as increased inflows from tourism-related activities supported a gain in their net purchase from customers of \$58.9 million to \$237.5 million.

The expansion in Bahamian dollar credit tapered to \$123.6 million from \$158.4 million in the same period of 2014, as an increase in deposits resulted in accretions to net claims on the Government slowing significantly by \$48.5 million to \$138.7 million. Credit to the rest of the public sector increased by \$6.4 million, a reversal from a \$25.6 million contraction in 2014. Reflecting the persistent softness in consumer demand, private sector credit fell by \$21.5 million, outpacing the \$3.3 million contraction recorded a year-earlier. Included in this outturn was a decrease in the mortgage component, by \$22.3 million, after a \$3.3 million decline in the prior year, and in the growth in consumer credit, to \$17.4 million from \$27.1 million in 2014. In a modest offset, the falloff in commercial and other loans slowed to \$16.6 million from \$27.1 million.

In the context of the modest improvement in economic conditions and increased loan write-offs, banks' credit quality indicators improved over the nine-month period. Total private sector loan arrears declined by \$111.3 million (8.6%) to \$1,182.1 million and by 1.8 percentage points to 19.6% of total private sector loans. This outturn was led by reductions in the non-performing component, of \$84.5 million (8.6%) to \$893.7 million, equating to a 1.4 percentage point decrease in the corresponding loan ratio, to 14.8%. Similarly, short-term arrears contracted by \$26.8 million (8.5%) to \$288.5 million, and by 44 basis points to 4.8% of total loans.

By loan type, commercial mortgages accounted for the bulk of the decline in total arrears, falling by \$56.0 million (21.3%) to \$206.6 million, as both the short-term and non-accrual categories slackened by \$20.2 million (48.2%) and \$35.9 million (16.3%), respectively. Similarly, mortgage delinquencies contracted by \$33.3 million (4.8%) to \$665.0 million, due to respective declines in the non-performing and short-term components, of \$25.9 million (4.9%) and \$7.4 million (4.3%). Consumer arrears declined by \$22.0 million (6.6%) to \$310.6 million, as non-accrual loans fell by \$22.7 million (9.8%), overshadowing the marginal \$0.8 million (0.8%) increase in the short-term category.

Banks increased their provisions by \$22.5 million (4.5%) to \$523.8 million over the period. As a result, the ratio of provisions to both arrears and non-performing loans firmed, by 5.6 and 7.4 percentage points, to 44.3% and 58.6%, respectively. Banks also wrote off an estimated \$88.0 million in delinquent loans and recovered approximately \$21.3 million in overdue obligations.

Total domestic foreign currency credit declined by \$1.4 million, significantly lower than the \$93.2 million contraction recorded in 2014, when Government utilized a portion of its external bond proceeds to repay a short-term bridging financing facility. Underpinning this outturn, net claims on the Government expanded by \$19.3 million, a reversal from the year-earlier \$58.5 million decline, while credit to the rest of the public sector firmed by \$14.7 million, vis-à-vis a \$3.0 million fall in 2014. In contrast, claims on the private sector fell by \$35.4 million, in line with the \$30.6 million reduction a year ago, being explained by decreases in mortgages and commercial loans, of \$18.3 million and \$17.1 million, respectively.

In terms of deposits, the growth in total Bahamian dollar balances slackened by \$61.2 million to \$76.9 million, as the contraction in fixed deposits accelerated to \$91.4 million from \$31.5 million, while growth in demand balances moderated to \$91.1 million from \$121.7 million in 2014. Providing some offset, accretions to savings deposits accelerated by \$29.4 million to \$77.3 million.

4. Outlook and Policy Implications

The relatively mild pace of domestic growth is expected to be maintained over the near-term, as further improvements in several key source markets support a stable tourism output, and construction activity is underpinned by several varied-scale foreign investment projects, and to a lesser extent, Government's efforts to rebuild infrastructure damaged by Hurricane Joaquin in October. Nevertheless, the delayed opening of the Baha Mar Resort, which recently terminated 2,000 employees, will dampen near-term economic growth and employment prospects. On a positive note, inflation is expected to remain subdued, as the decline in global oil prices negates the initial impact of the VAT.

Expectations are that the fiscal deficit will continue to narrow over the near-term, benefitting from VAT-related revenues, as well as measures aimed at enhancing revenue administration and restraining expenditure growth. However, the extent of the improvement in Government's accounts is projected to be tempered by demand for additional funding to rebuild hurricane-affected infrastructure in several southern Family Islands.

In the monetary sector, bank liquidity is poised to remain elevated, as households continue to deleverage, amid the persistence of elevated arrears levels and banks' conservative lending practices. Financial sector stability concerns will stay muted, as the banking system's capital levels are expected to continue to exceed the minimum requirements.

In the external sector, the traditional year-end increase in foreign exchange demand, for inventory rebuilding and other external payments, in the absence of countervailing real sector inflows, is likely to result in a fall-off in external reserves. However, balances should remain broadly in line with international benchmarks over the near-term.

In this environment, the Central Bank will continue to monitor economic developments in both the domestic and international environment, to determine if any change in its monetary policy stance is warranted.

Recent Monetary and Credit Statistics

(B\$ Millions)

SEPTEMBER						
Value		Change		Change YTD		
2014	2015	2014	2015	2014	2015	

1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	491.25	442.82	-110.40	-90.97	89.54	-50.45
1.2 Excess Liquid Assets	1,149.33	1,321.43	-123.54	-81.78	64.43	179.54
1.3 External Reserves	791.65	826.71	-129.91	-94.45	51.88	39.95
1.4 Bank's Net Foreign Assets	-549.26	-446.91	-3.99	1.49	137.75	-12.92
1.5 Usable Reserves	295.40	340.58	-73.97	-48.96	49.05	80.46

2.0 DOMESTIC CREDIT

2.1 Private Sector	6,495.30	6,296.05	-8.10	1.85	-33.89	-56.90
a. B\$ Credit	6,141.35	6,008.32	-3.21	5.89	-3.27	-21.52
of which: Consumer Credit	2,139.03	2,168.01	-0.78	5.51	27.05	17.35
Mortgages	3,147.65	3,076.75	-1.46	4.53	-3.27	-22.31
Commercial and Other Loans B\$	854.67	763.56	-0.97	-4.15	-27.06	-16.56
b. F/C Credit	353.95	287.73	-4.89	-4.04	-30.62	-35.38
of which: Mortgages	131.07	83.93	-0.50	-0.44	-11.18	-18.29
Commercial and Other Loans F/C	222.88	203.80	-4.39	-3.60	-19.44	-17.10
2.2 Central Government (net)	2,090.27	2,189.33	79.19	84.35	128.82	158.06
a. B\$ Loans & Securities	2,187.54	2,434.29	75.63	84.87	163.36	161.31
Less Deposits	162.14	257.12	-2.51	1.25	-23.90	22.57
b. F/C Loans & Securities	66.00	13.25	0.00	0.88	-59.00	13.25
Less Deposits	1.12	1.09	-1.05	0.16	-0.55	-6.07
2.3 Rest of Public Sector	371.78	341.86	3.28	8.56	-28.61	21.09
a. B\$ Credit	100.94	103.65	3.97	6.95	-25.64	6.42
b. F/C Credit	270.85	238.21	-0.69	1.61	-2.97	14.66
2.4 Total Domestic Credit	8,957.41	8,827.27	74.39	94.77	65.17	122.23
a. B\$ Domestic Credit	8,267.69	8,289.14	78.90	96.46	158.35	123.64
b. F/C Domestic Credit	689.72	538.13	-4.50	-1.69	-93.18	-1.41

3.0 DEPOSIT BASE

3.1 Demand Deposits	1,556.44	1,869.92	-29.79	-15.52	121.72	91.06
a. Central Bank	11.80	18.44	4.20	0.56	3.40	-5.13
b. Banks	1,544.63	1,851.49	-33.99	-16.08	118.33	96.19
3.2 Savings Deposits	1,159.20	1,145.10	-10.27	9.79	47.91	77.28
3.3 Fixed Deposits	3,287.28	3,047.67	5.73	-8.80	-31.50	-91.42
3.4 Total B\$ Deposits	6,002.91	6,062.69	-34.33	-14.53	138.13	76.92
3.5 F/C Deposits of Residents	292.35	241.25	-9.40	-4.84	41.36	-0.80
3.6 M2	6,216.54	6,288.11	-30.36	-14.32	138.87	70.92
3.7 External Reserves/M2 (%)	12.73	13.15	-2.02	-1.47	0.56	0.49
3.8 Reserves/Base Money (%)	82.34	88.89	-3.93	-1.35	2.36	8.69
3.9 External Reserves/Demand Liabilities (%)	79.76	85.03	-3.68	-1.61	4.80	10.33
	Value		Year to Date		Change	
	2014	2015	2014	2015	Month	YTD

4.0 FOREIGN EXCHANGE TRANSACTIONS

4.1 Central Bank Net Purchase/(Sale)	-131.49	-96.20	41.68	32.47	35.29	-9.21
a. Net Purchase/(Sale) from/to Banks	-67.38	-42.55	186.26	267.90	24.83	81.63
i. Sales to Banks	83.80	58.60	196.20	135.00	-25.20	-61.20
ii. Purchases from Banks	16.42	16.05	382.47	402.90	-0.37	20.43
b. Net Purchase/(Sale) from/to Others	-64.11	-53.65	-144.59	-235.43	10.46	-90.84
i. Sales to Others	94.54	80.80	679.76	537.72	-13.73	-142.04
ii. Purchases from Others	30.43	27.15	535.17	302.29	-3.27	-232.88
4.2 Banks Net Purchase/(Sale)	-44.48	-35.07	178.64	237.56	9.41	58.93
a. Sales to Customers	389.57	314.87	2,833.84	3,074.94	-74.70	241.09
b. Purchases from Customers	345.09	279.80	3,012.48	3,312.50	-65.29	300.02
4.3 B\$ Position (change)	2.01	3.01				

5.0 EXCHANGE CONTROL SALES

5.1 Current Items	ND	ND	ND	ND	ND	ND
of which Public Sector	ND	ND	ND	ND	ND	ND
a. Nonoil Imports	ND	ND	ND	ND	ND	ND
b. Oil Imports	ND	ND	ND	ND	ND	ND
c. Travel	ND	ND	ND	ND	ND	ND
d. Factor Income	ND	ND	ND	ND	ND	ND
e. Transfers	ND	ND	ND	ND	ND	ND
f. Other Current Items	ND	ND	ND	ND	ND	ND
5.2 Capital Items	ND	ND	ND	ND	ND	ND
of which Public Sector	ND	ND	ND	ND	ND	ND
5.3 Bank Remittances	ND	ND	ND	ND	ND	ND

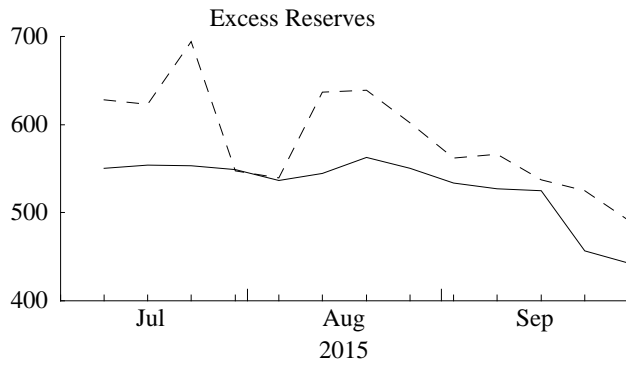
Sources: Research Department Weekly Brief Database and Banking Brief for the weeks ending: OCTOBER 01, 2014 and SEPTEMBER 30, 2015

Exchange Control Sales figures are as at month end.

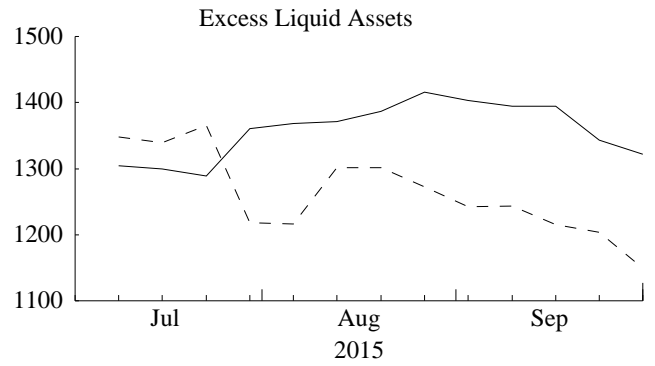
Notes: 1.0, 2.0 and 3.0 YTD change reflects change of current month over previous year end; for 4.0 and 5.0 change is over corresponding period of previous year.

SELECTED MONEY AND CREDIT INDICATORS

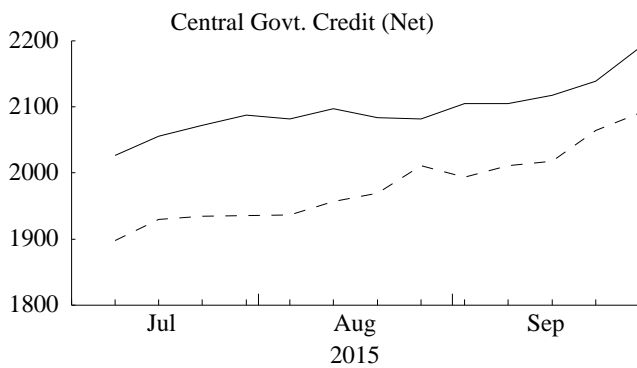
(B\$ Millions)



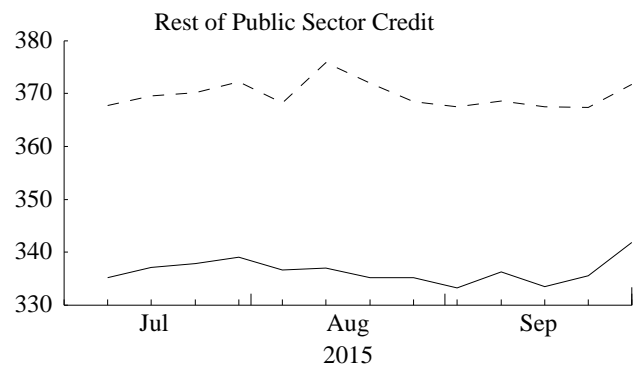
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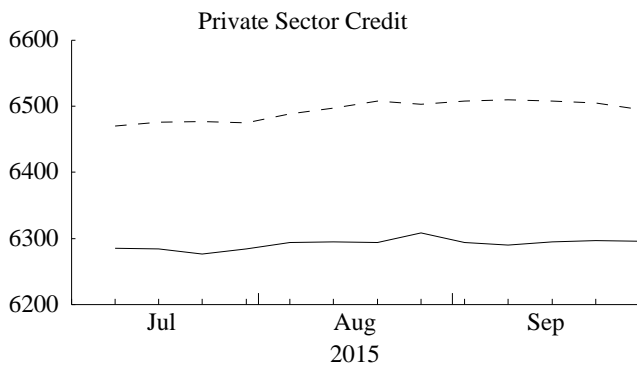
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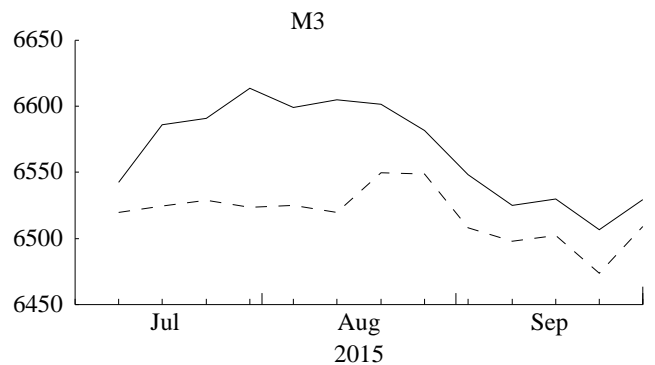
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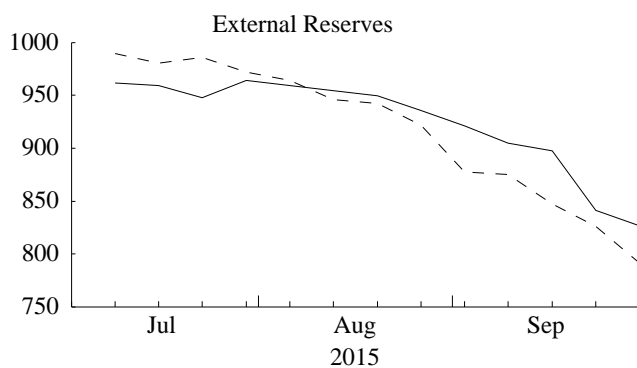
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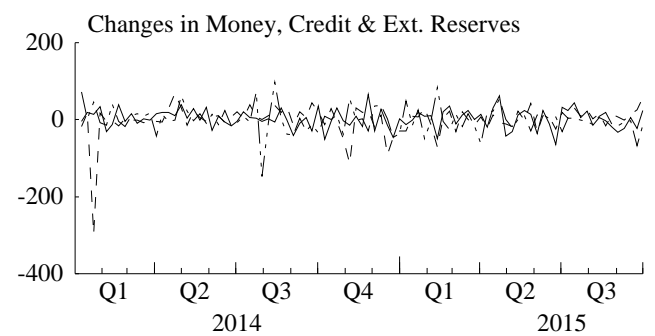
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— M3
- - - Domestic Credit
- · - External Reserves

Selected International Statistics

A: Selected Macroeconomic Projections (Annual % Change and % of labor force)						
	Real GDP		Inflation Rate		Unemployment	
	2014	2015	2014	2015	2014	2015
Bahamas	1.0	1.2	1.2	1.7	15.7	12.0
United States	2.4	2.6	1.6	0.1	6.2	5.3
Euro-Area	0.9	1.5	0.4	0.2	11.6	11.0
<i>Germany</i>	<i>1.6</i>	<i>1.5</i>	<i>0.8</i>	<i>0.2</i>	<i>5.0</i>	<i>4.7</i>
Japan	-0.1	0.6	2.7	0.7	3.6	3.5
China	7.3	6.8	2.0	1.5	4.1	4.1
United Kingdom	3.0	2.5	1.5	0.1	6.2	5.6
Canada	2.4	1.0	1.9	1.0	6.9	6.8
<i>Source: IMF World Economic Outlook October 2015, Department of Statistics</i>						

B: Official Interest Rates – Selected Countries (%)					
<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
September 2013	4.50	0.50	0.75	0-0.25	0.50
October 2013	4.50	0.50	0.75	0-0.25	0.50
November 2013	4.50	0.25	0.75	0-0.25	0.50
December 2013	4.50	0.25	0.75	0-0.25	0.50
January 2014	4.50	0.25	0.75	0-0.25	0.50
February 2014	4.50	0.25	0.75	0-0.25	0.50
March 2014	4.50	0.25	0.75	0-0.25	0.50
April 2014	4.50	0.25	0.75	0-0.25	0.50
May 2014	4.50	0.25	0.75	0-0.25	0.50
June 2014	4.50	0.15	0.75	0-0.25	0.50
July 2014	4.50	0.15	0.75	0-0.25	0.50
August 2014	4.50	0.15	0.75	0-0.25	0.50
September 2014	4.50	0.05	0.75	0-0.25	0.50
October 2014	4.50	0.05	0.75	0-0.25	0.50
November 2014	4.50	0.05	0.75	0-0.25	0.50
December 2014	4.50	0.05	0.75	0-0.25	0.50
January 2015	4.50	0.05	0.75	0-0.25	0.50
February 2015	4.50	0.05	0.75	0-0.25	0.50
March 2015	4.50	0.05	0.75	0-0.25	0.50
April 2015	4.50	0.05	0.75	0-0.25	0.50
May 2015	4.50	0.05	0.75	0-0.25	0.50
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

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	Sep-14	Aug-15	Sep-15	Mthly % Change	YTD % Change	12-Mth% Change
Euro	0.7917	0.8920	0.8947	0.30	8.24	13.01
Yen	109.65	121.23	119.88	-1.11	0.17	9.33
Pound	0.6168	0.6517	0.6611	1.44	2.98	7.18
Canadian \$	1.1198	1.3140	1.3313	1.32	14.58	18.89
Swiss Franc	0.9550	0.9673	0.9732	0.61	-2.13	1.91
Renminbi	6.1380	6.3759	6.3565	-0.30	2.44	3.56

Source: Bloomberg as of September 30, 2015

D. Selected Commodity Prices (\$)					
Commodity	September 2014	August 2015	September 2015	Mthly % Change	YTD % Change
Gold / Ounce	1208.16	1134.81	1115.07	-1.74	-5.85
Silver / Ounce	16.98	14.63	14.52	-0.72	-7.59
Oil / Barrel	96.50	47.75	47.60	-0.31	-16.97

Source: Bloomberg as of September 30, 2015

E. Equity Market Valuations – September 30, 2015 (% chg)								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	0.97	-1.47	-2.64	-2.98	-4.25	-5.84	-7.95	-4.78
3 month	4.23	-7.58	-6.94	-7.04	-6.99	-11.74	-14.07	-28.63
YTD	8.69	-8.63	-6.74	-7.68	4.27	-1.48	-0.36	-5.62
12-month	14.39	-4.45	-2.65	-8.47	0.88	1.96	7.51	29.14

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	GBP	EUR
o/n	0.21	0.38	-0.15
1 Month	0.37	0.50	-0.13
3 Month	0.45	0.58	-0.06
6 Month	0.74	0.78	0.01
9 Month	0.87	0.88	0.03
1 year	0.98	1.04	0.10

Source: Bloomberg as of September 30, 2015

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

	VALUE										CHANGE							
	Aug. 05	Aug. 12	Aug. 19	Aug. 26	Sep. 02	Sep. 09	Sep. 16	Sep. 23	Sep. 30	Aug. 05	Aug. 12	Aug. 19	Aug. 26	Sep. 02	Sep. 09	Sep. 16	Sep. 23	Sep. 30
I. External Reserves	959.25	954.32	949.59	935.64	921.15	904.72	897.42	841.47	826.71	-4.86	-4.92	-4.73	-13.95	-14.48	-16.44	-7.29	-55.95	-14.77
II. Net Domestic Assets (A + B + C + D)	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
A. Net Credit to Gov^t(i + ii + iii - iv)	398.14	398.52	400.87	414.19	415.02	414.82	415.19	396.62	431.41	-6.54	0.38	2.35	13.32	0.83	-0.20	0.37	-18.57	34.79
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	274.47	274.36	274.33	274.33	274.00	273.89	273.75	263.68	263.32	-0.10	-0.10	-0.04	0.00	-0.33	-0.11	-0.14	-10.07	-0.36
iii) Treasury Bills	13.65	13.65	13.65	29.64	29.64	29.64	29.64	29.64	54.61	-9.24	0.00	0.00	16.00	0.00	-0.00	0.00	0.00	24.97
iv) Deposits	24.63	24.15	21.76	24.44	23.28	23.37	22.86	31.36	21.19	-2.79	-0.48	-2.39	2.68	-1.16	0.10	-0.51	8.50	-10.18
B. Rest of Public Sector (Net) (i + ii - iii)	-27.44	-30.17	-5.76	-5.80	-13.97	-14.14	-17.70	-11.81	-14.54	-2.42	-2.74	24.41	-0.04	-8.17	-0.17	-3.56	5.89	-2.72
i) BDB Loans	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	-0.13	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	31.34	34.07	9.66	9.70	17.87	18.04	21.60	15.71	18.44	2.30	2.74	-24.41	0.04	8.17	0.17	3.56	-5.89	2.72
C. Loans to/Deposits with Banks	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
D. Other Items (Net)*	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
III. Monetary Base	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
A. Currency in Circulation	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
B. Bank Balances with CBOB	679.58	677.44	700.70	690.51	674.92	664.43	660.72	599.00	595.56	-12.48	-2.14	23.26	-10.20	-15.59	-10.49	-3.70	-61.72	-3.44

* 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	
	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015
Fiscal Operations:																										
1. Government Revenue & Grants	117.8	117.8	104.1	104.1	104.2	105.8	120.3	120.3	103.8	103.8	146.5	146.5	157.4	157.4	143.9	112.3	156.1	141.6	141.6	188.4	129.4	208.8	145.3	149.4	1327.4	1533.6
% change: over previous month	8.1%	-4.5%	-19.7%	-19.7%	-15.0%	19.6%	15.4%	15.4%	-1.9%	-1.9%	4.1%	4.1%	78.4%	78.4%	-9.8%	-18.2%	8.4%	26.0%	26.0%	20.6%	-8.6%	11.3%	12.3%	-28.7%	6.1%	15.5%
2. Import/Excise Duties	44.0	48.4	49.7	46.9	42.0	47.8	47.8	47.8	49.0	47.8	47.8	47.8	46.0	46.0	32.5	45.4	40.8	48.4	48.4	48.2	47.9	50.4	52.6	41.6	518.5	511.1
% change: over previous month	-9.3%	-26.8%	12.9%	0.0%	-15.4%	8.6%	0.1%	0.1%	7.3%	7.3%	-2.5%	-2.5%	-3.5%	-3.5%	-45.0%	-1.4%	25.5%	6.6%	6.6%	18.1%	-1.4%	4.6%	9.8%	-17.5%	-2.1%	-1.4%
3. Recurrent Expenditure	122.9	132.1	112.9	128.8	125.0	145.3	148.8	148.8	128.8	128.8	129.1	129.1	150.9	150.9	158.8	112.5	115.3	124.7	124.7	138.8	154.0	149.1	124.4	149.1	1430.5	1523.2
% change: over previous month	-19.1%	-20.5%	-8.2%	-2.5%	-1.3%	16.2%	17.0%	17.0%	-11.3%	2.7%	0.2%	0.2%	16.8%	16.8%	29.8%	-25.4%	-27.3%	10.8%	10.8%	20.4%	23.5%	7.3%	-19.2%	0.0%	2.6%	6.4%
4. Capital Expenditure	4.5	9.8	16.8	21.5	8.9	29.0	17.6	10.0	8.9	9.3	19.7	14.2	10.4	10.4	12.2	14.4	14.5	13.9	13.9	19.9	75.3	27.8	18.1	17.1	208.5	185.4
% change: over previous month	-90.6%	-77.7%	27.5%	19.6%	-35.0%	98.5%	-63.7%	-63.7%	-49.7%	-7.1%	12.2%	33.4%	-47.0%	-47.0%	-14.3%	38.5%	19.2%	-3.9%	-3.9%	36.8%	443.2%	39.9%	-75.9%	-38.4%	-1.0%	-1.0%
5. Deficit/Suplus*	-15.7	-25.2	-28.2	-62.8	-63.9	-62.8	-47.1	-47.1	-42.2	-79.4	-7.3	18.2	-32.8	-32.8	-33.2	-17.8	23.8	1.2	1.2	17.9	-110.0	22.3	-10.4	-24.9	-379.0	-254.3
% change: over previous month	-84.5%	-75.0%	78.9%	148.8%	87.7%	18.7%	-26.2%	-26.2%	-3.7%	68.5%	-82.7%	-122.9%	3.4%	3.4%	-282.3%	-45.7%	-171.7%	-106.9%	-106.9%	-24.9%	-9030.2%	24.5%	-90.5%	-211.7%	-14.7%	-32.0%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC			
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015		
Debt, **																										
6. Total Direct Debt	5,008.7	5,668.6	5,022.7	5,603.6	5,023.6	5,601.9	5,135.5	5,603.1	5,155.8	5,601.9	5,158.4	5,604.5	5,352.3	5,352.3	5,683.7	5,362.3	5,683.7	5,346.2	5,346.2	5,786.9						
% change: over previous month	0.5%	1.2%	0.3%	-1.1%	0.0%	0.0%	2.2%	0.0%	0.4%	0.0%	0.1%	0.9%	3.8%	3.8%	0.5%	0.2%	0.2%	-0.3%	-0.3%	2.2%						
7. External Debt	1,488.0	1,604.0	1,492.0	1,604.0	1,492.9	1,602.2	1,489.8	1,603.5	1,490.2	1,612.2	1,487.8	1,609.8	1,487.7	1,487.7	1,609.4	1,487.7	1,609.4	1,486.6	1,486.6	1,606.7						
% change: over previous month	0.0%	8.0%	0.3%	0.0%	0.1%	-0.1%	-0.2%	0.1%	0.0%	0.5%	-0.2%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	0.0%						
8. Internal F/C Debt	0.0	0.0	0.0	0.0	0.0	0.0	66.0	0.0	66.0	0.0	66.0	0.0	66.0	66.0	10.6	66.0	10.6	66.0	66.0	10.6						
% change: over previous month															0.0%	0.0%	0.0%	0.0%	0.0%	0.0%						
9. Bahamian Dollar Debt	3,520.7	4,064.7	3,530.7	3,998.7	3,530.7	3,998.7	3,579.7	3,998.7	3,599.7	3,989.7	3,604.7	4,044.7	3,798.7	3,798.7	4,063.7	3,608.7	4,043.7	3,793.7	3,793.7	4,169.6						
% change: over previous month	-4.1%	1.4%	0.3%	-1.6%	0.0%	0.0%	1.4%	0.0%	0.6%	-0.3%	0.1%	1.4%	5.4%	5.4%	0.5%	0.3%	0.5%	-0.4%	-0.4%	3.1%						
10. Total Amortization	275.4	15.4	10.0	65.0	1.1	1.7	14.1	3.8	10.0	10.0	2.4	2.4	25.4	25.4	65.4	10.0	20.0	16.1	15.6							
% change: over previous month	425.6%	545.2%	-96.4%	320.9%	-89.2%	-97.3%	1204.9%	179.3%	-29.3%	164.0%	-76.1%	-76.1%	962.7%	962.7%	2636.4%	-60.7%	-60.7%	60.8%	60.8%	-27.8%						
11. Total Public Sector F/C Debt	2,309.5	2,483.6	2,318.7	2,482.8	2,317.7	2,489.3	2,377.5	2,499.7	2,376.6	2,507.2	2,377.9	2,508.9	2,380.9	2,380.9	2,518.3	2,380.1	2,517.5	2,386.1	2,386.1	2,514.3						
% change: over previous month	8.0%	2.6%	0.4%	0.0%	0.0%	0.7%	2.6%	0.0%	0.0%	0.3%	0.1%	0.1%	0.1%	0.1%	0.4%	-0.0%	-0.0%	0.2%	0.2%	-0.1%						

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC				
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015			
Real Sector Indicators																											
12. Retail Price Index	99.8	102.1	100.1	101.9	100.4	102.0	100.3	101.9	100.3	101.9	100.3	102.3															
% change: over previous month	0.75%	2.79%	0.29%	-0.68%	0.30%	0.07%	-0.15%	-0.08%	0.0%	0.02%	0.0%	0.40%															
13. Tourist arrivals (000's)	555.2	570.5	566.4	550.2	637.1	651.5	567.4	559.5	481.9	469.4	507.0	477.6															
% change: over previous year	3.16%	2.70%	0.22%	-2.87%	5.48%	2.27%	-2.35%	-1.40%	7.66%	-2.61%	6.24%	-5.80%															
14. Air arrivals (000's)	88.6	101.7	107.7	116.7	149.0	157.6	131.0	135.3	117.7	117.6	130.9	132.1															
% change: over previous year	2.88%	14.80%	2.85%	8.21%	3.0%	5.25%	-1.62%	3.20%	3.8%	-0.15%	0.95%	0.95%															
15. Occupied Room Nights																											
% change: over previous year																											
16. Res. Mortgage Commitments-Value of New Const. & Rehab. (B\$Millions)																											
% change: over previous year																											