



## **Monthly Economic and Financial Developments December 2013**

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:

2014: February 3, March 3, March 31, April 28, June 2, June 30, August 5, September 1, September 29, November 3, December 1, December 22.

# Monthly Economic and Financial Developments

## December 2013

### 1. Domestic Economic Developments

Preliminary indications are that domestic economic conditions were mildly positive in December, supported by ongoing foreign investment projects and a slightly improved tourism outcome. Consumer price inflation remained relatively benign, although there was moderate firming in domestic energy prices. The fiscal situation improved, as the Government's overall deficit contracted for the five months through November of FY2013/14, owing to a decline in spending and a slight increase in revenue. Monetary sector developments featured a build-up in external reserves, due to Government's foreign currency borrowings, while there was a mild seasonal decline in bank liquidity and credit quality indicators deteriorated.

Provisional hotel performance data, obtained from a sample of large hotels in New Providence and Paradise Island, showed a marginal uptick in room revenue, by 0.4% in December, year-on-year, on account of a 2.3% rise in the average daily room rate (ADR) to \$280.87, and a 0.8 percentage point increase in the average hotel occupancy rate to 58.8%. This represented the second monthly gain in room revenues for the year, and occurred, despite the reduction in inventory at seven properties and the temporary closure of one hotel. Developments throughout 2013 were influenced by sustained weakness in several of the main source markets, modest reductions in airlift and room capacity and ongoing regional competition. As a consequence, total room revenue declined by 7.0% over the previous year, as the 5.1 percentage point reduction in the occupancy rate, to 63.2%, outpaced the 2.9% firming in the ADR to \$235.87.

Domestic energy price movements for the month of December were mixed, with the average cost of gasoline stabilizing at \$5.12 per gallon, while the average price of diesel rose by 6.4% to \$5.32 per gallon. On an annual basis, both gasoline and diesel prices rose, by 0.4% and 3.1%, respectively.

Government's deficit for the five months to November of FY2013/14 narrowed by \$23.4 million (10.4%) to \$201.3 million, reflecting the combined effect of a \$17.4 million (2.4%) decline in aggregate expenditure to \$716.3 million, and a modest \$6.0 million (1.2%) rise in total revenue to \$515.0 million. With regard to receipts, non-tax collections grew by \$8.3 million (13.5%) to \$70.0 million, owing primarily to a \$17.7 million (51.7%) upturn in fines, forfeits & administrative fees, which negated the \$8.5 million (32.1%) contraction in property income flows. In contrast, tax receipts fell marginally by \$2.5 million (0.6%) to \$444.9 million, as weak consumer demand led to a \$21.0 million (8.2%) reduction in taxes on international trade, to outstrip the \$15.8 million (10.0%) gain in other "miscellaneous" taxes and broad-based rate-related increases in business and professional fees of \$4.1 million (23.9%). The improved expenditure outcome was due solely to the contraction in capital outlays, by \$28.3 million (33.3%) to \$56.7 million, as several major infrastructure projects were completed. Conversely, recurrent spending grew by \$7.1 million (1.1%) to \$634.4 million, as higher interest payments and subsidies led to a \$27.5 million (11.1%) gain in transfer payments, which offset the \$20.5 million (5.4%) decline in consumption outlays, that was partly linked to lower spending on contractual services. Financing for the deficit comprised Government bonds (\$115.0 million), external borrowings (\$104.9 million) and a short-term internal foreign currency loan (\$50.0 million).

## 2. International Developments

The global economic recovery was maintained during the review month, underpinned by sustained growth in the United States and Asian economies, while the fragile euro zone continued to exhibit modest signs of strengthening. In this context, the IMF, in the January 2014 edition of its World Economic Outlook (WEO) report, revised its forecast for global output upwards by 10 basis points in 2014, to 3.7%. However, the report also highlighted the downside risks to the global recovery, including extremely low inflation rates and higher corporate leverage in advanced economies, as well as potential increases in both financial market and capital flow volatility in emerging markets.

Economic activity in the United States continued to improve in December, as evidenced by the 0.3% uptick in industrial production, although slower than the 1.0% expansion in the prior month. Similarly, retail sales increased by 0.2% over the previous period, following a 0.4% advance in November. However, softness in the real estate market persisted, as housing starts and completions declined, on a monthly basis, by 9.8% and 10.8%, respectively, and building permits contracted by 3.0%. In the external sector, the trade deficit narrowed by \$5.0 billion to \$34.3 billion in November, reflecting a decline in net imports. Labour market conditions also improved—albeit modestly—in December, as non-farm payrolls grew by 74,000, contributing to a 0.3 percentage point softening in the unemployment rate to 6.7%. Occasioned by higher energy costs, average consumer prices rose slightly by 0.3% month-on-month, after stabilizing in November. On the monetary front, further evidence of improvement in growth fundamentals led the Federal Reserve to announce a scaling back of its \$85 billion per month bond buying programme by \$10 billion in January, 2014, while retaining its key interest rate within the 0.00%-0.25% range.

Indications are that the economic recovery in Europe continued during the review period. The United Kingdom's retail sales grew by 2.6% month-on-month in December, outstripping the 0.3% gain in the prior period, although industrial production steadied in November, after firming by 0.4% in the previous month. In the external sector, the trade deficit improved by £0.3 billion to £3.2 billion, due solely to a reduction in the goods deficit. The jobless rate also narrowed by 0.5 of a percentage point to 7.1% in the three months to November, while inflationary pressures eased during the year, with the annual rate declining by 10 basis points to 2.0%.

In the euro area economies, industrial production and retail trade grew by 1.8% and 1.4% in November, compared to declines of 0.8% and 0.4% in the prior month. External sector developments featured a €0.3 billion expansion in the trade surplus to €17.1 billion, as the reduction in imports exceeded the gain in exports. However, the jobless rate stabilized at 12.1% in November, for the eighth consecutive month. Underpinned by slightly higher costs for services and energy, consumer prices firmed by 0.3% in December, versus a 0.1% decline in the previous month. Given the relatively mild recovery momentum, both the Bank of England and the European Central Bank kept their highly accommodative monetary policy measures in place.

The relatively buoyant economic growth momentum in Asia was sustained, although tapering from the prior year's level. In China, gains in factory output and investment spending supported real GDP expansion of 7.7% in the fourth quarter, slightly lower than the previous period's 7.8% growth. Industrial production improved by an annualized 9.7% in December, marginally below the prior month's 10.0% increase, while gains in retail sales steadied at 13.6%. Annual consumer price inflation softened by 0.5 of a percentage point to 2.5% in December, while in the external sector, the trade surplus fell by US\$8.2 billion, on a monthly basis, to US\$25.6 billion, as the rise in imports outstripped gains in exports. Despite generally

positive economic developments, banks continued to face liquidity constraints, which prompted the People's Bank of China to inject an additional US\$5.0 billion into its banking system, to ease tightening credit conditions.

In Japan, economic activity remained sluggish, as industrial output fell marginally by 0.1% month-on-month, reversing the 1.0% advance in October. In contrast, robust consumer demand during the holiday season, buoyed retail sales by 3.2% in November, extending the 2.0% increase a month earlier, while the trade deficit deteriorated sharply by 18.0% to ¥1.29 trillion, as exports declined at a faster pace than imports. In November, consumer prices remained unchanged from the previous period, and the unemployment rate steadied at 4.0%—for the third consecutive month. On the monetary front, the Bank of Japan maintained its “quantitative easing” measures, in an effort to provide further stimulus to the economy.

In December, crude oil prices rose slightly, by 0.4% to \$111.59 per barrel, as OPEC's oil production declined marginally to average 29.44 million barrels per day. Precious metal prices moved in the opposite direction, with the price of gold falling by 4.1% to \$1,201.64 per troy ounce, and silver, by 2.6% to \$19.47 per troy ounce.

Nearly all of the major indices registered broad-based gains during the review month, buoyed by increased optimism over the robustness of the global economic recovery, which was reinforced by the Federal Reserve's decision to reduce its stimulus measures. In the United States, the S&P 500 index firmed by 2.4% and the Dow Jones Industrial Average (DJIA), by 3.0%. European bourses also registered gains, with the United Kingdom's FTSE 100 and Germany's DAX growing by 1.5% and 1.6%, respectively, while France's CAC 40 was relatively unchanged. In Asian markets, Japan's Nikkei 225 Index advanced by 4.0%; however, China's SE Composite declined by 4.7%.

In the foreign currency markets, the US dollar depreciated against most of the major currencies during the month of December. The dollar fell relative to the Swiss Franc, by 1.6% to CHF0.8922, weakened against both the euro and the British pound, by 1.1% to €0.7276 and £0.6040, respectively; and declined more modestly relative to the Chinese Yuan, by 0.6% to CNY6.0556. In contrast, the dollar appreciated in relation to the Japanese Yen, by 2.8% to ¥105.31, and moved slightly higher against the Canadian dollar, by 0.1% to CND\$1.0623.

### **3. Domestic Monetary Trends**

#### **December 2013 vs. 2012**

Monetary developments for the month of December featured a seasonal contraction in banking sector liquidity by \$38.9 million to \$401.7 million, a reversal from 2012's increase of \$108.1 million, which was mainly associated with Government's \$180 million external loan. Similarly, the broader excess liquid assets decreased by \$27.3 million to \$1,084.9 million, vis-à-vis the prior year's growth of \$139.5 million.

Buoyed by proceeds from Government's \$75.0 million short-term foreign currency loan, external reserves grew by \$62.0 million to \$739.8 million, which was significantly lower than the \$163.5 million build-up last year, when the foreign currency borrowing was much larger. In the underlying transactions, the Central Bank's net foreign currency purchase was lower at \$58.6 million from \$161.7 million in 2012, as the net intake from the public sector contracted by more than half to \$71.6 million. Further, the Bank's transactions with commercial banks were reversed, from a net purchase of \$9.9 million to a net sale of \$13.0 million, as the latter, in turn, sold a net of \$6.7 million to their customers, following a \$9.0 million net purchase a year ago.

The contraction in Bahamian dollar credit was lower at \$77.2 million from 2012's \$159.1 million, which mirrored the Government's use of borrowing proceeds to reduce net short-term local currency debt by \$77.5 million, relative to a \$164.5 million decrease in the prior year. Accretions to credit to public corporations also slackened to \$5.0 million from \$9.4 million last year. Reflecting the sustained softness in consumer spending, claims on the private sector fell by \$4.6 million, which was in line with the 2012 reduction, and inclusive of an accelerated falloff in the dominant mortgages segment, by \$9.5 million to \$11.3 million. In some offset, consumer credit expansion was relatively stable at \$3.8 million, and commercial and "other" loans recovered by \$2.9 million, from a \$6.2 million decrease in the corresponding period last year.

Amid persistently high employment, and the general sluggishness in economic activity, consumers continued to face challenges in meeting their existing debt obligations, as evidenced by a weakening in banks' credit quality indicators for the month of December. Total private sector loan arrears rose by \$9.6 million (0.7%) to \$1,352.2 million and by 15 basis points to 21.9% of total loans. In terms of the breakdown, delinquencies in the short-term, 31-90 day, segment grew by \$15.6 million (4.2%) to \$386.2 million, for a 25 basis points hike to 6.3% of total loans. In contrast, non-performing loans—arrears in excess of 90 days and on which banks have stopped accruing interest—contracted by \$6.1 million (0.6%) to \$966.0 million, resulting in a narrowing in the corresponding loan ratio by 10 basis point to 15.7%.

The increase in total arrears was led by a \$17.4 million (2.4%) gain in mortgage delinquencies to \$730.9 million, as both the short-term and non-performing segments grew by \$6.9 million (3.4%) and \$10.5 million (2.1%), respectively. In addition, consumer loan arrears rose by \$1.5 million (0.6%) to \$267.4 million, explained by a \$4.1 million (4.5%) rise in 31-90 day delinquencies, which outweighed the \$2.6 million (1.5%) reduction in non-accrual loans. In contrast, the commercial loan segment decreased by \$9.4 million (2.6%) to \$353.9 million, led by a \$13.9 million (4.8%) falloff in non-performing loans, with some offset by the \$4.6 million (6.3%) rise in short-term arrears.

Banks raised their loan loss provisions marginally by \$1.0 million (0.2%) to \$442.7 million in December. However, as the gain in total arrears outpaced the growth in provisions, the corresponding ratio narrowed by 16 basis points to 32.7%, while the non-performing loan ratio rose by 39 basis points to 45.8%. In addition, banks wrote-off an estimated \$9.6 million in bad loans and recovered \$1.3 million in delinquent obligations during the review month.

Occasioned by the Government's short-term foreign currency borrowings, total domestic foreign currency credit rose by \$72.7 million during the month, a turnaround from 2012's \$13.4 million reduction. Specifically, net claims on the Government advanced by \$75.6 million, after a marginal \$0.2 million gain a year earlier, while credit to the rest of the public sector grew by \$2.4 million, vis-à-vis the prior year's \$0.6 million contraction. In addition, the decline in private sector credit slowed to \$3.3 million from \$13.0 million last year.

Growth in total Bahamian dollar deposits moderated to \$3.9 million from \$18.1 million a year earlier, as accretions to demand balances were almost halved to \$20.0 million, and fixed deposits contracted by \$26.2 million, to reverse the year-earlier \$16.9 million expansion. Conversely, savings deposits grew by \$10.1 million, after a \$38.2 million drawdown a year earlier.

In interest rate developments, the weighted average deposit rate at banks firmed by 7 basis points to 1.48%, with the highest rate of 5.00% offered on fixed balances of over 12 months. In addition, the weighted average loan rate rose by 14 basis points to 11.67%.

### January – December 2013 vs. 2012

Liquidity levels remained buoyant throughout 2013, reflecting the persistent softness in domestic demand and the Government's foreign currency borrowings. The more liquid segment contracted by \$48.3 million to \$401.7 million, following the previous year's \$15.2 million hike, as banks increased their holdings of Government debt. As a consequence, growth in the broader excess liquid assets accelerated to \$113.4 million from \$74.3 million in 2012.

Reflecting the weakness in receipts from real sector activities and sustained demand for foreign currency to facilitate current payments, including above trend profit remittances, external reserves fell by \$72.3 million, relatively in line with the year-earlier \$79.9 million contraction. In terms of the foreign exchange transactions, the Bank's net sale to its clients was slightly lower at \$90.2 million, from \$97.4 million, as the net sale to Government narrowed by \$97.7 million to \$113.0 million. In contrast, the Bank's net purchase from commercial banks dropped by \$90.5 million to \$22.8 million, reflecting a similar decrease in their net intake from customers to \$25.3 million.

Accretions to Bahamian dollar claims moved higher by \$42.6 million to \$174.8 million, buoyed by increased Government borrowings. Specifically, net credit to the Government—mainly in the form of short-term advances—surged by \$243.5 million relative to the \$155.9 million gain in 2012, whereas growth in claims on public corporations was halved to \$7.7 million. Given the sustained weakness in domestic demand, credit to the private sector declined by \$75.9 million, up sharply from the previous year's \$39.7 million falloff. In particular, the \$64.5 million drop in commercial and "other" loans more than doubled the \$30.3 million a year earlier, and partly reflected a private entity's use of proceeds from a share issue to repay outstanding debts. The reduction in consumer credit was significantly lower at \$8.9 million from \$25.8 million last year, while the \$2.5 million fall-off in mortgages reversed the prior year's \$16.5 million gain.

Although not broadly based, domestic banks' credit quality indicators worsened in 2013. Total private sector arrears firmed by \$101.7 million (8.1%) to \$1,352.2 million, for a nearly 2 percentage point gain to 21.9% of total loans. The deterioration was led by the non-performing segment, which expanded by \$98.4 million (11.4%) to \$966.0 million—for an elevated 15.7% of total loans. Delinquencies in the short-term, 31-90 day component, advanced slightly by \$3.2 million (0.8%) to \$386.2 million, resulting in a marginal 13 basis point rise in the corresponding loan ratio to 6.3%.

The increase in arrears was mainly attributed to growth in the commercial and mortgage components. Commercial arrears rose by \$83.1 million (30.7%) to \$353.9 million, as the \$86.1 million (45.1%) rise in non-accrual loans outstripped the \$3.0 million (3.8%) reduction in the short-term segment. Similarly, mortgage arrears grew by \$31.4 million (4.5%) to \$730.9 million, with both the 31-90 day and non-performing components firming by \$10.5 million (5.2%) and \$21.0 million (4.2%), respectively. In contrast, consumer loan delinquencies fell by \$12.9 million (4.6%) to \$267.4 million, attributed to respective declines in the short-term segment by \$4.2 million (4.2%) and in non-performing loans, by \$8.6 million (4.8%).

Faced with a persistence of deteriorating credit quality indicators, banks augmented their total provisions for loan losses by \$70.0 million (18.8%) to \$442.7 million in 2013. Resultantly, the ratios of total provisions

to arrears and non-performing loans, rose by 2.9 percentage points each, to 32.7% and 45.8%, respectively. During the year, banks also recorded loan write-offs totalling \$128.4 million, while recoveries amounted to \$41.2 million.

In 2013, accretions to domestic foreign currency credit surged almost four-fold to \$100.1 million, owing primarily to higher levels of Government short-term financing activities. Specifically, net claims on the Government advanced by \$124.5 million, compared to a slight uptick of \$0.5 million in 2012; whereas, credit to the rest of the public sector decreased further by a relatively stable \$14.4 million. Private sector claims moved lower by \$11.3 million, vis-à-vis a \$41.7 million falloff a year ago, as entities reduced their outstanding commercial loans and mortgages.

Following a \$60.3 million contraction in 2012, total Bahamian dollar deposits rebounded by \$16.9 million, reflecting accelerated accretions to savings deposits of \$43.6 million, relative to a mere \$1.7 million gain a year earlier. The reduction in fixed deposits slowed by \$81.2 million to \$103.4 million, while growth in demand balances narrowed by \$45.9 million to \$76.8 million.

#### **4. Outlook and Policy Implications**

The domestic economy's growth momentum is expected to be sustained, with the potential for an improved outcome in 2014, based on gains in the tourism sector, amid the ongoing strengthening in several key source markets, increased room capacity and greater airlift. Construction sector output is also anticipated to remain relatively brisk, as a number of varied-scale foreign investment projects gain traction. A potential upside of these developments is a gradual improvement in employment conditions, especially in the services sector, and recovery in domestic demand. Meanwhile, inflation trends will continue to mirror the evolution of international oil prices and be influenced, to some extent, by the implementation of Government's new Value Added Tax (VAT) regime.

On the fiscal side, the Government is poised to secure improvements in the overall deficit and debt indicators, depending on the successful implementation of planned measures to enhance revenue administration, widen the tax base, and restrain expenditure growth.

In the monetary sector, liquidity levels are likely to remain buoyant, given the expected slow rebound of private sector demand, the persistence of loan arrears, and banks' conservative lending practices. The external reserve outturn hinges on the ability of the foreign exchange earning sectors, mainly tourism, to generate net inflows. Banks' private sector arrears are expected to remain elevated, as business and labour market conditions stay subdued; nevertheless, all institutions are expected to maintain capital levels in excess of their regulatory requirements, mitigating any financial stability concerns.

# Recent Monetary and Credit Statistics

(B\$ Millions)

<b>DECEMBER</b>						
Value		Change		Change YTD		
2012	2013	2012	2013	2012	2013	

## 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	450.02	401.71	108.07	-38.91	15.16	-48.31
1.2 Excess Liquid Assets	971.48	1,084.90	139.54	-27.28	74.33	113.42
1.3 External Reserves	812.11	739.77	163.51	61.97	-79.89	-72.33
1.4 Bank's Net Foreign Assets	-621.79	-687.01	-18.28	-100.16	-12.74	-65.22
1.5 Usable Reserves	348.29	246.36	109.46	40.76	-90.41	-101.93

## 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	<b>6,616.35</b>	<b>6,529.19</b>	<b>-17.65</b>	<b>-7.93</b>	<b>1.99</b>	<b>-87.16</b>
a. B\$ Credit	6,220.48	6,144.62	-4.63	-4.63	-39.66	-75.86
of which: Consumer Credit	2,120.84	2,111.97	3.41	3.79	-25.82	-8.87
Mortgages	3,103.06	3,100.56	-1.82	-11.31	16.47	-2.50
Commercial and Other Loans B\$	996.57	932.09	-6.22	2.89	-30.31	-64.49
b. F/C Credit	395.88	384.57	-13.02	-3.29	41.65	-11.31
of which: Mortgages	144.74	142.25	-0.27	-0.17	15.59	-2.49
Commercial and Other Loans F/C	251.14	242.32	-12.75	-3.13	26.06	-8.81
<b>2.2 Central Government (net)</b>	<b>1,593.40</b>	<b>1,961.46</b>	<b>-164.27</b>	<b>-1.89</b>	<b>156.41</b>	<b>368.06</b>
a. B\$ Loans & Securities	1,716.74	2,024.18	-159.59	-42.04	152.39	307.44
Less Deposits	122.13	186.04	4.88	35.44	-3.51	63.92
b. F/C Loans & Securities	0.00	125.00	0.00	75.00	0.00	125.00
Less Deposits	1.21	1.68	-0.21	-0.60	-0.51	0.46
<b>2.3 Rest of Public Sector</b>	<b>407.05</b>	<b>400.40</b>	<b>8.81</b>	<b>7.36</b>	<b>-0.51</b>	<b>-6.65</b>
a. B\$ Credit	118.85	126.58	9.42	4.95	15.43	7.73
b. F/C Credit	288.19	273.81	-0.61	2.41	-15.93	-14.38
<b>2.4 Total Domestic Credit</b>	<b>8,617.36</b>	<b>8,892.24</b>	<b>-172.55</b>	<b>-4.51</b>	<b>158.44</b>	<b>274.88</b>
a. B\$ Domestic Credit	7,934.51	8,109.34	-159.13	-77.16	132.22	174.83
b. F/C Domestic Credit	682.86	782.91	-13.42	72.65	26.23	100.05

## 3.0 DEPOSIT BASE

3.1 Demand Deposits	1,357.96	1,434.72	39.42	20.00	122.65	76.76
a. Central Bank	12.08	8.41	0.81	-3.34	3.86	-3.67
b. Banks	1,345.88	1,426.31	38.61	23.33	118.78	80.43
3.2 Savings Deposits	1,067.67	1,111.29	-38.22	10.06	1.66	43.61
3.3 Fixed Deposits	3,422.20	3,318.77	16.93	-26.19	-184.59	-103.43
3.4 Total B\$ Deposits	5,847.84	5,864.78	18.12	3.87	-60.29	16.94
3.5 F/C Deposits of Residents	223.14	250.99	-24.99	-33.54	30.27	27.84
<b>3.6 M2</b>	<b>6,052.99</b>	<b>6,077.67</b>	<b>21.18</b>	<b>15.37</b>	<b>-53.43</b>	<b>24.69</b>
<b>3.7 External Reserves/M2 (%)</b>	<b>13.42</b>	<b>12.17</b>	<b>2.66</b>	<b>0.99</b>	<b>-1.19</b>	<b>-1.24</b>
<b>3.8 Reserves/Base Money (%)</b>	<b>89.94</b>	<b>79.98</b>	<b>8.36</b>	<b>4.06</b>	<b>-10.95</b>	<b>-9.95</b>
<b>3.9 External Reserves/Demand Liabilities (%)</b>	<b>87.55</b>	<b>74.96</b>	<b>8.40</b>	<b>3.19</b>	<b>-10.84</b>	<b>-12.58</b>
	Value		Year to Date		Change	
	2012	2013	2012	2013	Month	YTD

## 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	<b>161.74</b>	<b>58.56</b>	<b>-97.41</b>	<b>-90.21</b>	<b>-103.18</b>	<b>7.19</b>
a. Net Purchase/(Sale) from/to Banks	9.87	-13.01	113.29	22.75	-22.88	-90.54
i. Sales to Banks	21.65	40.43	249.31	346.30	18.77	96.99
ii. Purchases from Banks	31.52	27.41	362.60	369.05	-4.11	6.45
b. Net Purchase/(Sale) from/to Others	151.87	71.57	-210.70	-112.96	-80.30	97.73
i. Sales to Others	71.14	53.30	736.93	669.08	-17.83	-67.84
ii. Purchases from Others	223.01	124.88	526.23	556.12	-98.13	29.89
<b>4.2 Banks Net Purchase/(Sale)</b>	<b>9.02</b>	<b>-6.72</b>	<b>120.21</b>	<b>25.25</b>	<b>-15.73</b>	<b>-94.95</b>
a. Sales to Customers	349.26	361.53	3,572.63	3,749.01	12.27	176.38
b. Purchases from Customers	358.28	354.81	3,692.84	3,774.26	-3.46	81.42
<b>4.3 B\$ Position (change)</b>	<b>-9.57</b>	<b>-5.41</b>				

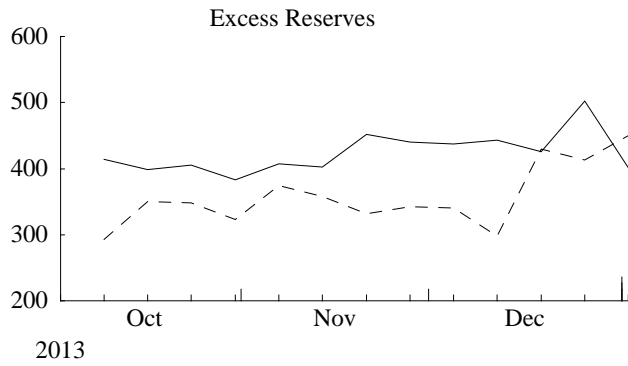
## 5.0 EXCHANGE CONTROL SALES

<b>5.1 Current Items</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>
<b>of which Public Sector</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>
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
<b>5.2 Capital Items</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>
<b>of which Public Sector</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>
<b>5.3 Bank Remittances</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>	<b>ND</b>

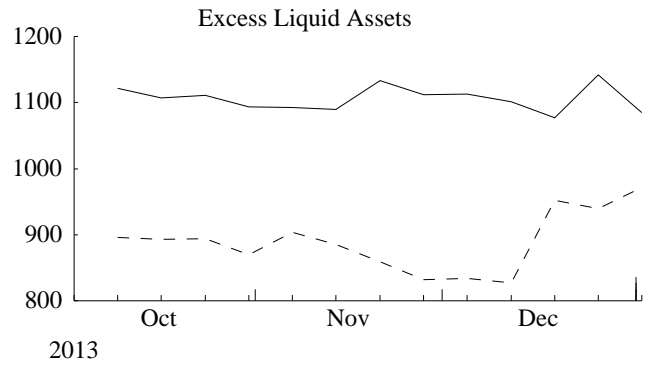


# SELECTED MONEY AND CREDIT INDICATORS

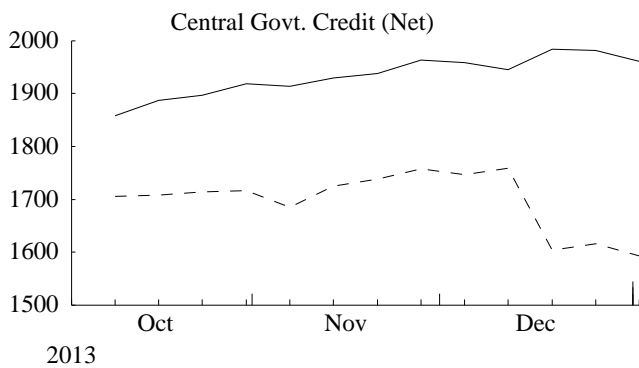
(B\$ Millions)



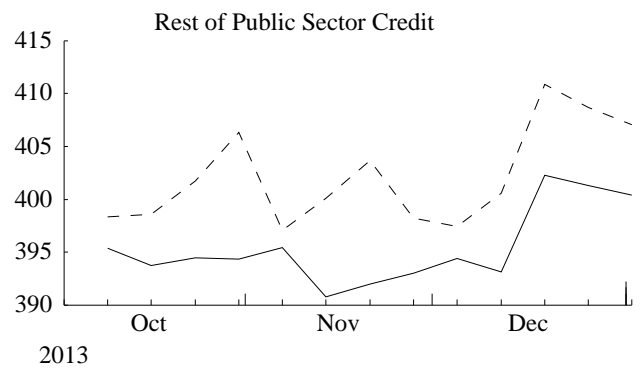
— 2013  
- - - 2012



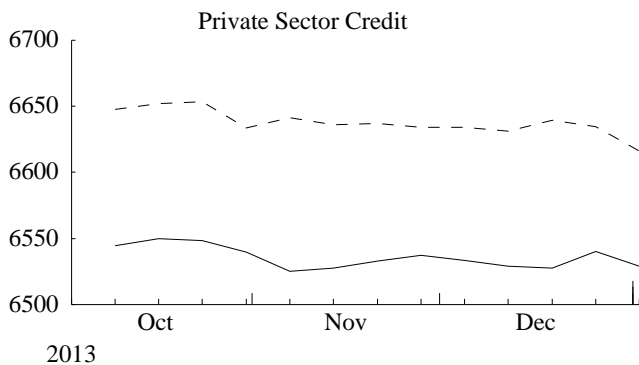
— 2013  
- - - 2012



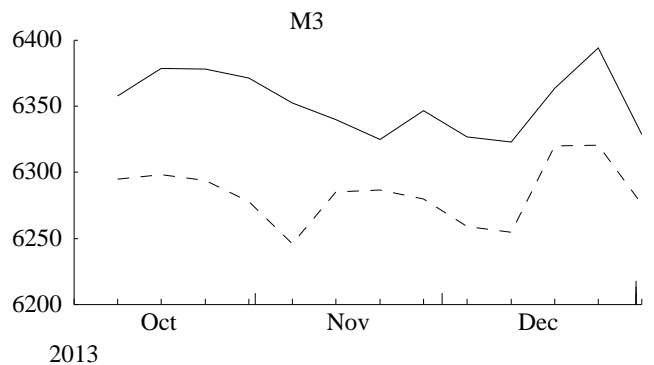
— 2013  
- - - 2012



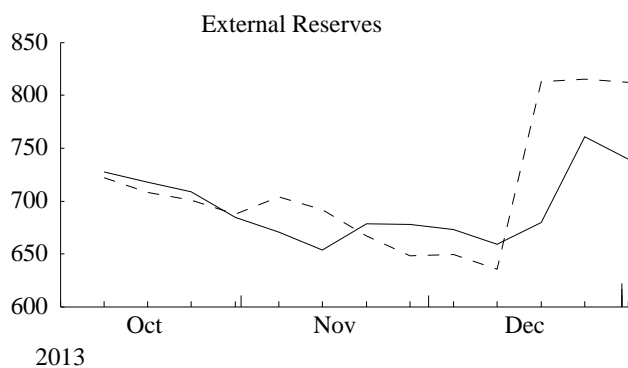
— 2013  
- - - 2012



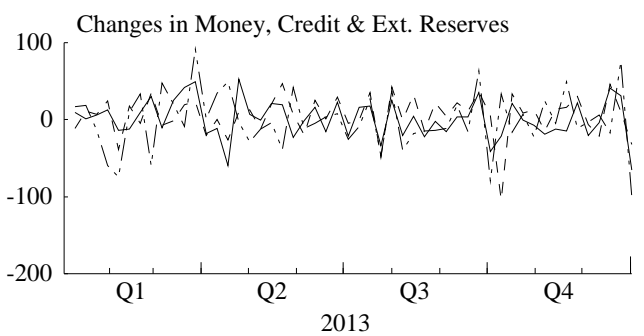
— 2013  
- - - 2012



— 2013  
- - - 2012



— 2013  
- - - 2012



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

## Selected International Statistics

<b>A: Selected Macroeconomic Projections</b> (Annual % Change and % of labor force)						
	Real GDP		Inflation Rate		Unemployment	
	2012	2013	2012	2013	2012	2013
Bahamas	1.8	1.9	2.0	1.0	14.0	16.2
United States	2.8	1.6	2.1	1.4	8.1	7.6
Euro-Area	-0.6	-0.4	2.5	1.5	11.4	12.3
<i>Germany</i>	<i>0.9</i>	<i>0.5</i>	<i>2.1</i>	<i>1.6</i>	<i>5.5</i>	<i>5.6</i>
Japan	2.0	2.0	0.0	0.0	4.4	4.2
China	7.7	7.6	2.6	2.7	4.1	4.1
United Kingdom	0.2	1.4	2.8	2.7	8.0	7.7
Canada	1.7	1.6	1.5	1.1	7.3	7.1
<i>Source: IMF World Economic Outlook October 2013, 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
November 2011	4.50	1.25	0.75	0-0.25	0.50
December 2011	4.50	1.00	0.75	0-0.25	0.50
January 2012	4.50	1.00	0.75	0-0.25	0.50
February 2012	4.50	1.00	0.75	0-0.25	0.50
March 2012	4.50	1.00	0.75	0-0.25	0.50
April 2012	4.50	1.00	0.75	0-0.25	0.50
May 2012	4.50	1.00	0.75	0-0.25	0.50
June 2012	4.50	1.00	0.75	0-0.25	0.50
July 2012	4.50	0.75	0.75	0-0.25	0.50
August 2012	4.50	0.75	0.75	0-0.25	0.50
September 2012	4.50	0.75	0.75	0-0.25	0.50
October 2012	4.50	0.75	0.75	0-0.25	0.50
November 2012	4.50	0.75	0.75	0-0.25	0.50
December 2012	4.50	0.75	0.75	0-0.25	0.50
January 2013	4.50	0.75	0.75	0-0.25	0.50
February 2013	4.50	0.75	0.75	0-0.25	0.50
March 2013	4.50	0.75	0.75	0-0.25	0.50
April 2013	4.50	0.75	0.75	0-0.25	0.50
May 2013	4.50	0.50	0.75	0-0.25	0.50
June 2013	4.50	0.50	0.75	0-0.25	0.50
July 2013	4.50	0.50	0.75	0-0.25	0.50
August 2013	4.50	0.50	0.75	0-0.25	0.50
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

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
Currency	Dec-12	Nov-13	Dec-13	Mthly % Change	YTD % Change	12-Mth % Change
Euro	0.7580	0.7358	0.7276	-1.11	-4.01	-4.01
Yen	86.75	102.44	105.31	2.80	21.39	21.39
Pound	0.6155	0.6109	0.6040	-1.14	-1.86	-1.86
Canadian \$	0.9922	1.0615	1.0623	0.08	7.07	7.07
Swiss Franc	0.9156	0.9065	0.8922	-1.58	-2.56	-2.56
Renminbi	6.2316	6.0919	6.0556	-0.60	-2.82	-2.82

*Source: Bloomberg as of December 31, 2013*

<b>D. Selected Commodity Prices (\$)</b>					
Commodity	December 2012	November 2013	December 2013	Mthly % Change	YTD % Change
Gold / Ounce	1675.35	1253.49	1201.64	-4.14	-28.28
Silver / Ounce	30.35	19.99	19.47	-2.59	-35.83
Oil / Barrel	110.62	111.10	111.59	0.44	0.88

*Source: Bloomberg as of December 31, 2013*

<b>E. Equity Market Valuations – December 31, 2013 (%chg)</b>								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	3.13	3.05	2.41	1.48	0.02	1.56	4.02	-4.71
3 month	4.40	9.56	10.40	4.44	3.68	11.14	12.70	-2.70
YTD	9.06	26.50	29.09	14.43	17.99	25.48	56.72	-6.75
12-month	9.06	26.50	29.09	14.43	17.99	25.48	56.72	-6.75

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	USD	GBP	EUR
<b>o/n</b>	0.05	0.35	0.05
<b>1 Month</b>	0.07	0.42	0.16
<b>3 Month</b>	0.13	0.45	0.18
<b>6 Month</b>	0.33	0.54	0.24
<b>9 Month</b>	0.43	0.68	0.30
<b>1 year</b>	0.49	0.81	0.38

*Source: Bloomberg as of December 31, 2013*

**SUMMARY ACCOUNTS OF THE CENTRAL BANK**  
(B\$ Millions)

	VALUE										CHANGE									
	Nov. 06	Nov. 13	Nov. 20	Nov. 27	Dec. 04	Dec. 11	Dec. 18	Dec. 25	Nov. 06	Nov. 13	Nov. 20	Nov. 27	Dec. 04	Dec. 11	Dec. 18	Dec. 25				
<b>I. External Reserves</b>	670.57	653.95	678.80	677.80	673.37	659.37	679.68	760.91	-14.40	-16.62	24.85	-1.00	-4.44	-13.99	20.31	81.23				
<b>II. Net Domestic Assets (A + B + C + D)</b>	-12.26	-0.26	24.41	13.80	14.90	34.72	9.56	-8.68	38.34	12.00	24.68	-10.61	1.10	19.82	-25.17	-18.23				
<b>A. Net Credit to Gov<sup>2</sup>(i + ii + iii - iv)</b>	496.07	505.97	524.74	523.80	521.24	543.57	520.25	531.40	29.66	9.90	18.76	-0.93	-2.56	22.33	-23.33	11.15				
i) Advances	105.66	115.66	134.66	134.66	134.66	134.66	134.66	134.66	0.00	10.00	19.00	0.00	0.00	0.00	0.00	0.00				
ii) Registered Stock	221.61	221.45	221.41	221.29	221.19	221.21	215.44	221.14	-0.08	-0.16	-0.04	-0.13	-0.09	0.02	-5.77	5.70				
iii) Treasury Bills	195.49	195.49	195.49	205.45	205.45	215.44	215.44	226.42	30.40	0.00	0.00	9.96	0.00	9.99	0.00	10.97				
iv) Deposits	26.68	26.62	26.82	37.59	40.06	27.74	45.29	50.82	0.65	-0.06	0.20	10.77	2.47	-12.32	17.56	5.52				
<b>B. Rest of Public Sector (Net) (i + ii - iii)</b>	-12.92	-15.56	-2.95	-7.19	-3.92	-3.86	-6.12	-2.69	2.38	-2.64	12.61	-4.24	3.27	0.07	-2.27	3.43				
i) BDB Loans	4.55	4.55	4.55	4.55	4.55	4.55	4.55	4.55	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				
iii) Deposits	17.47	20.11	7.50	11.74	8.47	8.41	10.67	7.24	-2.38	2.64	-12.61	4.24	-3.27	-0.07	2.27	-3.43				
<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				
<b>D. Other Items (Net)*</b>	-495.41	-490.68	-497.37	-502.81	-502.42	-504.99	-504.56	-537.38	6.30	4.73	-6.69	-5.44	0.39	-2.57	0.43	-32.82				
<b>III. Monetary Base</b>	658.30	653.69	703.21	691.61	688.27	694.10	689.24	752.24	23.94	-4.62	49.53	-11.61	-3.34	5.83	-4.86	63.00				
A. Currency in Circulation	113.03	114.98	103.86	109.47	111.72	114.80	113.36	110.61	8.38	1.95	-11.12	5.61	2.25	3.08	-1.43	-2.75				
B. Bank Balances with CBOB	545.27	538.71	599.35	582.14	576.55	579.30	575.88	641.63	15.56	-6.56	60.64	-17.21	-5.59	2.75	-3.42	65.75				

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

# FISCAL/REAL SECTOR INDICATORS

(\$ MILLIONS)

(% change represents current month from previous month)

	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YEAR TO DATE				
	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014			
<b>Fiscal Operations:</b>																													
1. Government Revenue & Grants % change: over previous month	107.3 -34.07%	112.7 -4.20%	97.1 -9.50%	104.1 -7.62%	92.5 -4.71%	105.8 19.63%	117.5 24.16%	103.8 -1.89%	103.8 -1.89%	117.5 24.16%	105.8 19.63%	117.5 24.16%	103.8 -1.89%	103.8 -1.89%	117.5 24.16%	105.8 19.63%	117.5 24.16%	103.8 -1.89%	103.8 -1.89%	117.5 24.16%	105.8 19.63%	117.5 24.16%	103.8 -1.89%	103.8 -1.89%	117.5 24.16%	105.8 19.63%	117.5 24.16%	509.0 76.87%	515.0 1.17%
2. Import/Export Duties % change: over previous month	50.4 -50.39%	44.0 -15.35%	48.2 -4.34%	49.7 3.14%	47.8 -0.90%	45.7 -8.65%	48.7 -3.45%	49.0 7.38%	48.0 -2.04%	45.7 -8.65%	49.0 7.38%	48.7 -3.45%	49.0 7.38%	48.0 -2.04%	45.7 -8.65%	49.0 7.38%	48.7 -3.45%	49.0 7.38%	48.0 -2.04%	45.7 -8.65%	49.0 7.38%	48.7 -3.45%	49.0 7.38%	48.0 -2.04%	45.7 -8.65%	49.0 7.38%	245.4 70.92%	230.4 -6.12%	
3. Recurrent Expenditure % change: over previous month	117.4 -47.15%	123.0 -43.32%	123.9 5.59%	112.9 -8.30%	128.7 3.86%	145.3 16.35%	130.5 -11.66%	128.3 -1.66%	128.3 -1.66%	130.5 -11.66%	145.3 16.35%	130.5 -11.66%	128.3 -1.66%	128.3 -1.66%	130.5 -11.66%	145.3 16.35%	130.5 -11.66%	128.3 -1.66%	128.3 -1.66%	130.5 -11.66%	145.3 16.35%	130.5 -11.66%	128.3 -1.66%	128.3 -1.66%	130.5 -11.66%	627.3 81.56%	634.4 1.13%		
4. Capital Expenditure % change: over previous month	13.8 -71.77%	4.5 -90.95%	25.3 83.21%	16.8 -33.99%	23.2 -8.24%	8.9 -62.14%	17.6 98.37%	8.9 -49.79%	8.9 -49.79%	17.6 98.37%	8.9 -49.79%	17.6 98.37%	8.9 -49.79%	8.9 -49.79%	17.6 98.37%	8.9 -49.79%	17.6 98.37%	8.9 -49.79%	8.9 -49.79%	17.6 98.37%	8.9 -49.79%	17.6 98.37%	8.9 -49.79%	8.9 -49.79%	17.6 98.37%	8.9 -49.79%	56.7 230.08%	56.7 -33.33%	
5. Deficit/Surplus* % change: over previous month	-24.5 -81.64%	-15.7 -135.05%	-57.5 78.87%	-28.2 -78.87%	-62.7 91.88%	-92.9 87.78%	-30.9 -37.02%	-41.7 -35.54%	-41.7 -35.54%	-30.9 -37.02%	-92.9 87.78%	-30.9 -37.02%	-41.7 -35.54%	-41.7 -35.54%	-30.9 -37.02%	-92.9 87.78%	-30.9 -37.02%	-41.7 -35.54%	-41.7 -35.54%	-30.9 -37.02%	-92.9 87.78%	-30.9 -37.02%	-41.7 -35.54%	-41.7 -35.54%	-30.9 -37.02%	-92.9 87.78%	-224.7 136.81%	-201.3 -10.42%	

Debt**																								
6. Total Debt % change: over previous month	3,806.5 0.0%	4,365.6 -0.7%	3,816.0 0.3%	4,414.3 1.1%	3,854.9 1.0%	4,530.9 2.6%	3,852.2 -0.1%	4,578.5 1.0%	3,882.7 0.8%	4,600.8 0.3%	3,906.7 0.6%	4,680.3 1.9%	4,081.5 4.5%	4,732.0 0.9%	4,057.9 -0.6%	4,733.6 0.0%	4,176.1 2.9%	4,887.9 3.3%	4,178.0 0.0%	4,838.8 -1.0%	4,234.1 1.3%	4,918.9 1.7%	4,395.6 3.8%	5,021.6 2.1%
7. External Debt % change: over previous month	799.4 0.0%	1,038.2 0.1%	809.9 1.3%	1,046.9 0.8%	808.8 -0.1%	1,053.6 0.6%	816.1 0.9%	1,051.2 -0.2%	826.7 1.3%	1,058.5 0.7%	830.2 0.4%	1,058.9 0.0%	830.1 0.0%	1,060.6 0.2%	833.5 0.4%	1,062.2 0.2%	833.8 0.0%	1,161.4 9.3%	830.7 -0.4%	1,158.1 -0.3%	856.8 3.1%	1,159.2 0.1%	1,038.2 21.2%	1,175.9 1.4%
8. Internal F/C Debt % change: over previous month	0.0	3,327.3	0.0	3,367.3	0.0	3,477.3	0.0	3,527.3	0.0	3,542.3	0.0	3,631.5	0.0	3,671.5	0.0	3,671.5	0.0	3,671.5	0.0	3,671.5	0.0	3,709.7 0.8%	3,720.7 0.3%	125.0 150.0%
9. Bahamian Dollar Debt % change: over previous month	3,006.1 0.0%	3,327.3 -0.9%	3,006.1 0.0%	3,367.3 1.2%	3,046.1 1.3%	3,477.3 3.3%	3,036.1 -0.3%	3,527.3 1.4%	3,056.1 0.7%	3,542.3 0.6%	3,076.4 0.7%	3,631.5 2.5%	3,251.4 3.7%	3,671.5 1.1%	3,224.4 -0.8%	3,671.5 0.0%	3,442.3 3.7%	3,726.5 1.5%	3,347.3 0.1%	3,680.7 -1.2%	3,377.3 0.9%	3,709.7 0.8%	3,357.3 -0.6%	3,720.7 0.3%
10. Total Amortization % change: over previous month	0.3 276.2%	30.2 -58.2%	0.0	10.0 -66.9%	1.1 -88.3%	21.7 112.6%	13.2 -126.0%	2.5 -83.5%	0.0	25.0 962.0%	0.0	2.3 -90.0%	25.2 1100.7%	30.3 46.9%	37.0 -46.9%	37.0	23.1 -37.5%	30.9 -37.5%	30.9	23.1 0.0%	79.1 153.0%	0.2 -99.2%	72.3 4662.0%	2.4

11. Total Public Sector F/C Debt % change: over previous month	1,481.2 -0.2%	5,193.1 178.3%	1,481.7 0.2%	5,243.1 1.0%	1,474.8 0.9%	5,366.4 2.2%	1,484.7 0.7%	5,403.4 0.9%	1,539.7 3.7%	5,430.8 0.5%	1,540.0 0.0%	5,517.0 1.6%	1,537.1 -0.2%	5,556.0 0.7%	1,577.2 -71.6%	1,587.6 252.4%	1,666.2 -70.0%	1,989.0 19.4%	1,660.3 -16.3%	1,984.3 19.5%	1,690.4 -14.8%	2,004.1 20.3%	1,888.5 -8.1%	2,121.2 13.5%		
<b>Real Sector Indicators</b>																										
12. Retail Price Index % change: over previous month	104.7 -0.16%	106.8 1.16%	104.9 0.26%	106.7 -0.07%	105.8 0.79%	106.3 -0.39%	106.1 0.31%	106.6 0.25%	106.5 0.4%	106.5 -0.1%	106.4 -0.1%	106.4 -0.1%	106.4 0.0%	106.4 0.0%	106.4 0.0%	106.4 0.0%	106.2 -0.2%	106.3 -0.1%	106.4 0.2%	106.2 -0.1%	106.2 -0.1%	106.5 0.47%	106.5 0.47%	106.5 0.47%		
13. Tourist arrivals (000's) % change: over previous year	528.7 8.48%	538.1 1.78%	529.1 -1.68%	533.2 0.78%	632.4 18.60%	674.0 6.58%	548.7 -18.45%	554.4 0.85%	415.0 -25.15%	447.6 7.87%	421.8 -5.77%	477.2 13.13%	488.7 0.00%	497.5 1.8%	390.0 0.00%	477.3 22.4%	321.5 0.00%	350.4 9.00%	350.4 0.00%	477.3 36.00%	350.4 -22.4%	477.3 36.00%	4,550 6.38%	4,550 6.38%		
14. Air arrivals (000's) % change: over previous year	89.4 9.83%	86.1 -3.69%	110.9 28.82%	104.8 -5.56%	156.3 49.16%	153.6 -1.69%	139.0 -9.52%	117.4 -15.55%	109.4 -6.84%	113.9 9.54%	124.8 9.54%	131.2 5.14%	140.3 -0.03%	133.7 -4.7%	99.0 0.01%	109.7 10.8%	57.9 0.00%	53.2 -8.2%	53.2 0.0%	109.7 10.8%	53.2 -8.2%	1,003 24.77%	1,003 -2.29%			
15. Occupied Room Nights % change: over previous year																										
16. Res. Mortgage Commitments/Value of New Const. & Rehab. (\$Millions) % change: over previous yfr.																										
					0.00	-100.00%	0.00	-100.00%	18.97	481.0%	22.56	18.97	22.56	18.97	30.76	62.2%	30.76	20.71	30.76	20.71	30.76	20.71	43.27	43.27		

\* Includes Net Landings - Public Corporation.  
\*\* Debt figures pertain to central government only unless otherwise indicated.  
† - provisional