



Monthly Economic and Financial Developments June 2010

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 Date:

2010: August 30, October 4, November 1, November 29, December 28.

Monthly Economic and Financial Developments

June 2010

1. Domestic Economic Developments

Preliminary indicators suggest ongoing weakness in economic output, although conditions have stabilized since the onset of the recent economic crisis, in the context of the global recovery. Aided by promotional activities to boost arrivals and occupancy levels, the tourism sector recorded modest gains year-on-year, but the performance remains below 2008's level. Sharply moderated foreign investment inflows provided some support to construction activity, which is also receiving reduced stimulus from domestic activities, as evidenced by subdued growth in mortgage lending.

In monetary developments, banks' profit remittances alongside recurring trade transactions, led to a contraction in both liquidity and external reserves for the review month. Both measures still remain at relatively healthy levels, partly on account of the lacklustre domestic demand conditions, which have also restrained employment growth opportunities, resulting in a further deterioration in banks' credit quality indicators.

Preliminary data suggests that hotel performance indicators improved over the first half of the year, supported by higher occupancy rates and increased average daily expenditures. Between January and April, total visitor arrivals firmed by 10.2%, primarily on account of the strong 13.1% gain in the sea component, to 1.38 million—its highest level in over five years. Incentive programmes supported a recovery in the higher value-added air segment by 2.5%, from last year's comparative 15.5% contraction; however, the numbers remained some 13.4% below their 2008 levels. By ports of entry, visitors to New Providence grew by 12.5%, led by a strong 18.2% gain in sea passengers and a more modest increase in air arrivals of 2.4%. In Grand Bahama, a 38.5% surge in sea visitors outpaced the 4.4% decrease in the air segment, for a 27.2% hike in overall visitors. The Family Island market posted a 0.6% advance in total arrivals, as the rerouting of several vessels to other local ports led to a 0.3% decline in the dominant sea component, which negated an 8.0% improvement in air passengers.

The fiscal outcome continued to be adversely impacted by the falloff in domestic economic activity. Government's overall deficit for the eleven months of FY2009/10 worsened by almost 50% to \$327.0 million, occasioned by increased expenditure and a falloff in revenue intake. Total receipts were lower by \$46.7 million (3.9%) at \$1.2 billion, as declining collections from international trade taxes, combined with reductions in non-trade related stamp taxes, led to a \$74.1 million (7.1%) contraction in tax revenues. In contrast, non-tax receipts grew by \$27.4 million (17.7%), buoyed by increased income payments. Total spending firmed by \$60.9 million (4.3%) to \$1.5 billion, as higher interest payments on a growing pool of domestic debt contributed to an \$11.2 million (0.9%) rise in current outlays; and increased spending on infrastructure projects elevated capital expenditures by \$17.4 million (15.7%). Net lending, to support budgetary operations of public sector entities, almost doubled to \$32.4 million.

Reflecting the softening in global price pressures, inflation for the twelve months to May—as measured by changes in the average Retail Price Index—moderated by 3.7 percentage points to 1.0%. Price declines were noted for recreation, entertainment & services (1.8%) and housing (0.4%); while inflation levels moderated by 6.9 percentage points to 1.8% for other good & services, by 6.5 percentage points to 1.5%

for food & beverages, and by 4.1 percentage points to 2.0% for furniture & household operations. Smaller accretions to average costs, of less than 2.0 percentage points, were recorded for the remaining categories, while the rise in average prices for clothing & footwear edged up, to 1.8% from 1.6%. With regard to electricity prices, the average fuel surcharge for the month of June was unchanged at 11.49 cents per kilowatt hour, although firming by 51.0% over the previous year.

2. International Developments

Indications are that the growth in global output, which gained momentum at end-2009, continued in June, as evidenced by higher industrial production and increased exports. However, the recovery remained unbalanced, with strong growth in Asia outpacing improvements in the United States' economy and moribund conditions in Europe.

In the United States, real GDP growth moderated from 3.7% in the opening quarter to 2.4% in the second quarter, due to increased imports and a slowdown in private inventory investment. However, personal consumption expenditures grew by 0.2% in May, after stabilising a month earlier. In addition, the goods and services deficit deteriorated by \$2.0 billion to \$40.3 billion, as import growth outpaced the expansion in exports. Despite the loss of 225,000 temporary jobs in June, the creation of 83,000 private sector jobs, alongside a contraction in the labour force, led to a modest improvement in the unemployment rate to 9.5%. Conditions in the housing sector remained challenging, as sales of new single-family houses fell by 32.7% in May over the previous month; and housing starts and completions contracted by 10.0% and 7.4%, respectively. With inflation remaining relatively benign and growth slowing, the Federal Reserve maintained its key Federal Funds rate at 0-0.25%.

In Europe, economic conditions improved slightly, although uncertainty persisted, due to the sovereign debt crisis in Greece. In the United Kingdom, the goods and services deficit widened to £3.8 billion in May from £3.5 billion in April, as the £0.7 billion deterioration in the goods deficit to £8.1 billion, overshadowed the £0.3 billion improvement in the services account surplus to £4.2 billion. Retail sales advanced by 2.2% in May, relative to the same period of 2009, buoyed by a 5.4% increase in non-food purchases. The unemployment rate fell marginally to 7.8% in the second quarter, owing primarily to increased part-time employment. On the prices front, falling fuel prices fed into a 20 basis point reduction in annual inflation to 3.2% in June. The euro area's economy remained stable over the review period, as industrial production rose by 0.9% in May, on par with the previous month, while retail trade advanced by 0.2%, in contrast to a 0.9% decline in April. In the external account, the trade balance reversed to a deficit of €3.4 billion in May, from a €0.3 billion surplus in April, as imports rose by 4.2% to surpass the 1.6% advance in exports. The unemployment rate was stable at 10.0%, and consumer price inflation slowed, on a monthly basis, by 2 basis points to 1.4% in June. In light of the uncertain economic environment, both the Bank of England and the European Central Bank maintained their neutral monetary policy stances.

Economic conditions remained strong in Asia, led by China's 10.3% expansion in output, which represented a slowing from the previous quarter's 11.9% gain, based on retrenched credit growth. The trade surplus more than doubled, year-on-year, to US\$20.0 billion in June, due mainly to a 44% surge in exports. Amid a slight downturn in housing prices, monthly inflation softened by 20 basis points to 2.9% in June. Faced with mounting pressure over its "artificially low" exchange rate, the People's Bank of China pledged to allow the Yuan to float more freely in June. Japan's economic performance was less robust, with unemployment rising marginally by 10 basis points to 5.2% in May. The trade surplus fell by over 50%

to ¥391.0 billion, occasioned by lower exports. Consumer prices rose by a marginal 0.1% in May, in contrast to April's 1.2% fall. To support economic activity, the Bank of Japan left its bank rate unchanged.

Reflecting the upturn in global demand, oil prices firmed by 1.2% to \$75.70 per barrel in June. OPEC's average crude oil production steadied at 29.2 million barrels per day. With regard to precious metals, the price of gold firmed by 2.1% at \$1,242.25 per troy ounce, and silver costs increased marginally by 0.3% to \$18.62 per troy ounce.

In June, investors maintained a cautious posture, as a result of the European debt crisis, leading to contractions in most of the major indices. In the United States, the Dow Jones Industrial Average (DJIA) and the S&P 500 declined by 3.6% and 5.4%, respectively. Similarly, losses were registered for the United Kingdom's FTSE 100 (5.2%), France's CAC 40 (1.8%), while Germany DAX was relatively stable. In Asia, Japan's Nikkei 225 and China's Shanghai SE Composite weakened by 4.0% and 7.5%, respectively.

The US dollar registered a mixed performance in the foreign currency market during the review month. The dollar strengthened against the euro, by 0.6% to €0.8172, but weakened versus the pound, by 2.8% to £0.6691. The dollar also depreciated against the Swiss Franc, by 6.7% to CHF1.0774, but firmed vis-à-vis the Canadian dollar by 1.8% to CND\$1.0638. The Chinese Yuan, which was unpegged from the dollar in June, appreciated marginally by 0.7% to CNY6.78, while the Japanese Yen rose vis-à-vis the dollar, by 3.1% to ¥88.44.

3. Domestic Monetary Trends

During the review month, bank liquidity contracted moderately, reflecting regular outflows, alongside banks' profit repatriations. For the first half of 2010, both liquidity and external reserves recorded moderate growth, against the backdrop of weak domestic demand conditions and net foreign currency inflows arising from real sector activities and a one-off business sale to a foreign entity.

June 2010 vs. 2009

For the month of June, excess reserves contracted by \$51.4 million, following a \$27.4 million decrease a year earlier. This pattern was also observed for excess liquid assets, which declined by \$47.8 million, relative to a \$27.7 million retrenchment in 2009.

External reserves decreased by \$40.5 million, as the Central Bank's transactions resulted in a net sale of \$36.9 million, compared to a relatively flat position a year earlier. Underlying this outcome was a net sale of \$28.0 million to commercial banks, to facilitate higher demands from customers—inclusive of banks' profit remittances. Transactions with the public sector were reversed to a net sale of \$8.9 million from a net purchase of \$3.3 million.

Growth in banks' Bahamian dollar credit advanced almost three-fold to \$78.7 million. Government's increased use of short-term funds to finance its operations extended banks' claims, to \$66.9 million from \$22.0 million in 2009. Accretions to private sector credit firmed by \$8.5 million to \$10.6 million, as growth in mortgages (\$19.0 million) and consumer credit (\$3.1 million) outweighed the contraction in commercial and "other" loans (\$11.6 million). Credit to the rest of the public sector rose by \$1.2 million, which was below the \$4.9 million upturn registered a year-earlier.

A further breakdown of consumer credit for May—the latest data available—indicated net repayment positions in almost all categories, reflecting consumers' bias towards debt reduction. The largest contractions were registered for “miscellaneous” purposes (\$4.0 million) and private cars (\$1.3 million), followed by debt consolidations (\$1.0 million). Declines of less than \$1.0 million were recorded for most of the remaining categories, while lending for home improvement and land purchases firmed by \$0.3 million each.

Banks' credit quality indicators continued to deteriorate over the review month, as the weak economic environment and persistence of high unemployment constrained borrowers' ability to service their debts. Total private sector arrears firmed by \$15.9 million (1.4%) to \$1.1 billion, or 18.2% of total loans, in contrast to a \$3.4 million decrease in 2009. Of the \$1.1 billion in arrears, 25.1% was in the form of consumer credits, 51.4% in mortgages and 23.5% in commercial loans—with a slight upward drift in the mortgage and commercial components since end-2009. A disaggregation of arrears by average age showed the short term (31–90 day) category gaining \$5.2 million (1.0%) to \$520.8 million, while the corresponding ratio steadied at 8.3%. Non-performing loans, those in excess of 90 days, and on which banks stopped accruing interest, increased by \$10.7 million (1.8%) to \$620.4 million, as the ratio to total loans firmed by 16 basis points to 10.3%.

In terms of the main categories, the build-up in arrears was mainly attributed to a gain in the commercial component of \$12.7 million (5.0%) to \$268.4 million, reflecting growth in both the short-term and non-performing segments by \$8.0 million and \$4.7 million, respectively. Mortgage and consumer arrears also expanded marginally, by \$2.7 million and \$0.5 million, owing mainly to increases in non-accrual loans.

In light of the continued deterioration in banks' loan portfolios, loan loss provisions were incremental by \$1.5 million (0.6%) to \$232.4 million. However, due to the pace of growth in total arrears and non-performing loans, the corresponding ratios contracted, by 16 and 42 basis points, to 20.4% and 37.5%, respectively.

Accretions to foreign currency credit slackened to \$4.9 million from \$25.6 million a year ago, as the Government's position reversed to a net repayment of \$1.9 million, from a net increase of \$22.3 million. In contrast, accretions to private sector credit firmed by \$0.9 million to \$6.8 million, and credit to the rest of the public sector was relatively unchanged, compared to the previous year's \$2.7 million reduction.

Growth in total Bahamian dollar deposits accelerated by 79.1% to \$33.1 million. Following respective declines of \$4.6 million and \$15.3 million a year earlier, both demand and savings deposits rebounded by \$11.9 million and \$6.3 million. However, growth in fixed deposits moderated to \$15.0 million from \$38.3 million in 2009.

With regard to interest rates, the weighted average deposit rate fell by 9 basis points to 3.38%; with the highest rate of 6.25% offered on fixed deposit maturities between 6-12 months. The weighted average loan rate rose by 11 basis points to 10.84%.

January to June 2010

Reflecting a moderation in net foreign currency inflows from the previous year, associated with Government's foreign currency borrowings, accretions to excess reserves and excess liquid assets slowed by \$110.0 million each, to \$69.2 million and \$139.0 million, respectively over the first half of the year.

External reserves grew by a reduced \$36.2 million, after last year's comparative \$201.5 million build-up. The Bank's net purchase moderated by \$159.5 million to \$31.7 million, as net transactions with the public sector reversed to a net sale of \$143.4 million from a net purchase of \$48.3 million, following the receipt of proceeds from Government's foreign currency borrowings. However, a \$61.4 million increase in foreign currency receipts by commercial banks from their customers, related to real sector activities and a one-off business sale, supported an expansion in their net sales to the Central Bank by 22.5% to \$175.1 million.

Bahamian dollar credit advanced by \$194.6 million, in contrast to a \$53.0 million contraction in 2009. In particular, net claims on the Government firmed by \$238.0 million, reversing a foreign currency funded \$42.5 million decline in 2009. Growth in credit to the rest of the public sector was extended to \$15.3 million, from \$3.9 million in 2009. In contrast, the private sector's liabilities contracted by \$58.7 million, as respective declines in consumer and commercial loans, of \$32.0 million and \$38.1 million, offset slowed gains in mortgages of \$11.3 million.

In line with the sustained weakness in the economy and high levels of unemployment, banks credit quality indicators worsened over the six-month period. Total private sector loan arrears firmed by \$51.1 million (4.7%), a modest slowdown from the \$66.0 million advance noted in 2009, and its ratio to total loans increased by 60 basis points to 18.2%. Reflecting the lengthening in arrears, the non-performing component firmed by \$44.0 million (7.6%), with the corresponding ratio gaining by 80 basis points to 10.3%. A much lower expansion of \$7.1 million (1.4%) was registered for loans 31–90 days in arrears, resulting in the ratio to total loans remaining stable at 8.3%.

A breakdown of delinquencies by the major components, showed that the expansion in total arrears was driven by a worsening in the commercial and mortgage segments, by \$32.8 million (13.9%) and \$55.4 million (10.4%), respectively. With regard to mortgage delinquencies—which have tended to persist given the depressed housing market—the short term component grew by \$28.9 million (9.9%), while non-performing loans advanced by \$26.5 million (11.0%). Further, the worsening in business conditions led to a deterioration in the non-performing component for commercial arrears, by \$24.7 million (15.3%), with a smaller increment of \$8.1 million (11.0%) from the 31-90 day category. Conversely, as consumers continued to repay their outstanding loans, this category of delinquencies improved by \$37.1 million (11.5%), with the short-term arrears down by \$29.9 million (9.9%), outstripping the \$7.2 million (4.1%) gain in the non-accrual segment.

In this environment, banks increased their provisions against loan losses by \$18.8 million (8.8%); however, given the pace of deterioration in both arrears and non-performing loans, the ratio of arrears to these categories tapered by 16 and 42 basis points to 20.4% and 37.5%, respectively.

Domestic foreign currency credit rose marginally by \$2.0 million, a marked slowdown from the \$113.4 million surge in the corresponding period of 2009. This movement primarily reflected a \$0.4 million contraction in net claims on the Government, a reversal from a short-term credit led \$159.4 million expansion a year earlier. Similarly, private sector credit narrowed by \$2.3 million, vis-à-vis the previous year's \$0.7 million contraction. In a modest offset, loans to public corporations expanded by \$4.6 million, a turnaround from a \$45.4 million decrease in 2009.

During the review period, Bahamian dollar deposits rose strongly by \$206.8 million, more than double the \$81.6 million advance a year earlier, as gains in demand and fixed deposits accelerated by \$69.5 million and \$57.3 million, to \$85.4 million and \$104.8 million, respectively. In contrast, savings deposit growth tapered by \$1.6 million to \$17.3 million.

Outlook and Policy Implications

Expectations are that the economy will continue to stabilise over the remainder of the year, benefitting from modest improvements in key tourism indicators. However, downside risks persist, given the ongoing uncertainty regarding the strength and duration of the recovery in the US economy, which is the source of over 85% of The Bahamas' stopover visitors. Amid continued constrained international credit conditions, as financial institutions maintain a more conservative lending posture, foreign investment inflows are anticipated to remain below their 2008 level, with the potential for growth if a number of large-scale pipeline projects gain traction. With no notable recovery in domestic demand likely for the balance of 2010, prospects for a return to a positive growth trajectory and an improvement in the unemployment rate may not materialize until 2011.

The general economic downturn will continue to exert a drag on Government's revenue performance, although the implementation of new revenue strengthening measures, along with plans to curb the growth in spending, should limit the fiscal deficit and the deterioration in the debt indicators over the medium to long term.

On the monetary front, liquidity is poised to remain buoyant through the close of the year, amid subdued private sector demand conditions. This should support external reserves at relatively healthy levels—although some contraction is anticipated over the balance of the year, in line with the traditional, though abated, seasonal demand for foreign exchange and the levelling off in foreign currency earnings.

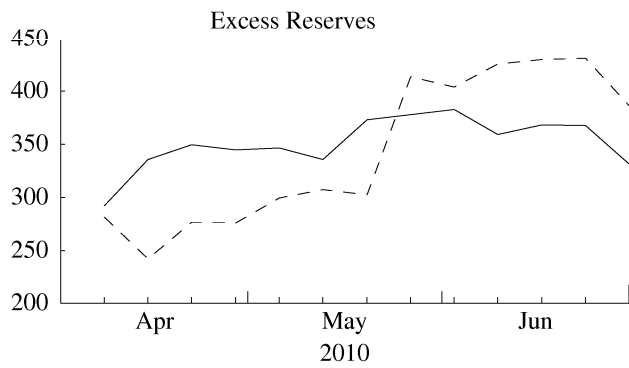
In this context, the Bank will sustain its monitoring of the economic environment and will continue to adopt appropriate policies, to ensure the soundness of the financial sector and the stability of the exchange rate regime.

Recent Monetary and Credit Statistics

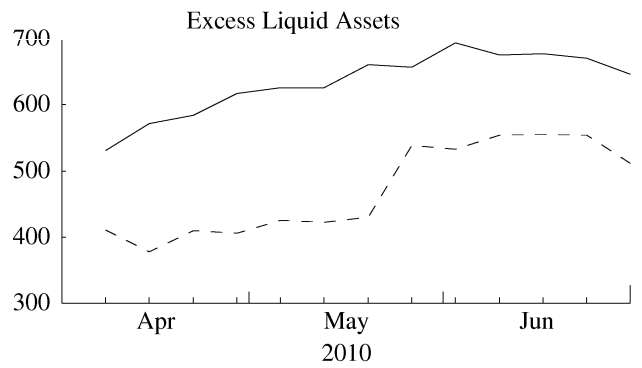
(B\$ Millions)

	JUNE					
	Value		Change		Change YTD	
	2009	2010	2009	2010	2009	2010
1.0 LIQUIDITY & FOREIGN ASSETS						
1.1 Excess Reserves	386.47	331.30	-27.42	-51.44	179.17	69.21
1.2 Excess Liquid Assets	510.92	645.27	-27.73	-47.94	248.97	138.88
1.3 External Reserves	764.22	861.53	5.59	-40.50	201.49	36.15
1.4 Bank's Net Foreign Assets	-830.51	-601.32	-82.48	12.45	-108.70	68.89
1.5 Usable Reserves	331.76	468.82	11.03	-20.64	98.18	9.95
2.0 DOMESTIC CREDIT						
2.1 Private Sector	6,487.96	6,494.71	8.01	17.89	-15.19	-61.06
a. B\$ Credit	6,049.26	6,071.34	2.09	10.56	-14.52	-58.73
of which: Consumer Credit	2,179.79	2,140.73	-5.65	3.21	-35.13	-31.98
Mortgages	2,805.87	2,882.83	7.88	19.02	54.62	11.34
Commercial and Other Loans B\$	1,063.61	1,047.77	-0.14	-11.67	-34.01	-38.09
b. F/C Credit	438.70	423.38	5.92	7.33	-0.67	-2.33
of which: Mortgages	93.96	102.42	5.78	3.02	8.63	6.48
Commercial and Other Loans F/C	344.74	320.96	0.14	4.31	-9.31	-8.81
2.2 Central Government (net)	1,015.92	1,227.95	44.28	65.04	116.96	237.64
a. B\$ Loans & Securities	1,035.55	1,381.82	18.25	72.59	2.32	214.98
Less Deposits	181.22	151.77	-3.71	5.67	44.80	-23.06
b. F/C Loans & Securities	164.75	2.56	20.18	0.00	160.84	-1.15
Less Deposits	3.16	4.67	-2.14	1.89	1.39	-0.75
2.3 Rest of Public Sector	360.35	386.07	2.20	1.21	-41.48	19.96
a. B\$ Credit	88.74	96.63	4.86	1.21	3.87	15.26
b. F/C Credit	271.61	289.45	-2.66	0.00	-45.35	4.69
2.4 Total Domestic Credit	7,864.31	8,108.85	54.56	84.13	60.36	196.59
a. B\$ Domestic Credit	6,992.41	7,398.13	28.99	78.69	-53.06	194.63
b. F/C Domestic Credit	871.89	710.72	25.57	5.44	113.42	1.97
3.0 DEPOSIT BASE						
3.1 Demand Deposits	1,097.36	1,175.78	-4.56	11.85	15.92	85.39
a. Central Bank	16.36	12.20	0.92	3.06	7.41	-0.41
b. Banks	1,081.00	1,163.58	-5.48	8.80	8.51	85.80
3.2 Savings Deposits	1,038.93	1,012.12	-15.25	6.26	18.90	17.31
3.3 Fixed Deposits	3,479.20	3,641.25	38.29	10.33	46.80	104.07
3.4 Total B\$ Deposits	5,615.48	5,829.15	18.48	28.44	81.62	206.78
3.5 F/C Deposits of Residents	201.27	216.74	-18.78	5.09	32.29	-0.10
3.6 M2	5,805.97	6,013.05	18.91	30.43	66.31	192.33
3.7 External Reserves/M2 (%)	13.16	14.33	0.05	-0.75	3.36	0.15
3.8 Reserves/Base Money (%)	93.60	113.54	3.37	1.93	6.35	-4.59
3.9 External Reserves/Demand Liabilities (%)	88.16	109.45	1.60	0.21	2.88	-2.77
	Value		Year to Date		Change	
	2009	2010	2009	2010	Month	YTD
4.0 FOREIGN EXCHANGE TRANSACTIONS						
4.1 Central Bank Net Purchase/(Sale)	-0.06	-36.90	191.20	31.74	-36.84	-159.45
a. Net Purchase/(Sale) from/to Banks	-3.35	-27.99	142.87	175.13	-24.64	32.25
i. Sales to Banks	21.30	54.62	54.23	120.26	33.33	66.02
ii. Purchases from Banks	17.95	26.63	197.11	295.38	8.69	98.27
b. Net Purchase/(Sale) from/to Others	3.29	-8.91	48.32	-143.38	-12.20	-191.70
i. Sales to Others	41.87	37.31	237.07	255.22	-4.56	18.15
ii. Purchases from Others	45.15	28.40	285.39	111.84	-16.75	-173.55
4.2 Banks Net Purchase/(Sale)	-18.71	-33.56	125.54	186.94	-14.85	61.40
a. Sales to Customers	324.71	290.64	1,977.43	1,597.74	-34.07	-379.69
b. Purchases from Customers	306.00	257.08	2,102.98	1,784.68	-48.92	-318.29
4.3 B\$ Position (change)	17.65	-10.41				
5.0 EXCHANGE CONTROL SALES						
5.1 Current Items	240.52	0.00	1,080.96	0.00	0.00	0.00
of which Public Sector	50.25	0.00	162.57	0.00	0.00	0.00
a. Nonoil Imports	86.72	0.00	470.87	0.00	0.00	0.00
b. Oil Imports	41.44	0.00	112.25	0.00	0.00	0.00
c. Travel	13.64	0.00	67.63	0.00	0.00	0.00
d. Factor Income	10.09	0.00	50.20	0.00	0.00	0.00
e. Transfers	5.63	0.00	27.64	0.00	0.00	0.00
f. Other Current Items	82.99	0.00	352.37	0.00	0.00	0.00
5.2 Capital Items	22.49	0.00	39.20	0.00	0.00	0.00
of which Public Sector	0.05	0.00	4.17	0.00	0.00	0.00
5.3 Bank Remittances	3.00	0.00	27.80	0.00	0.00	0.00

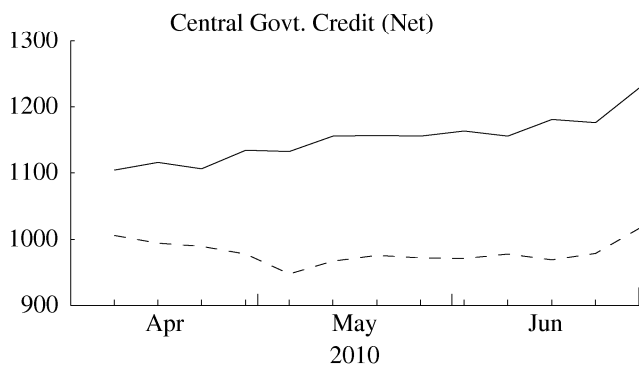
SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



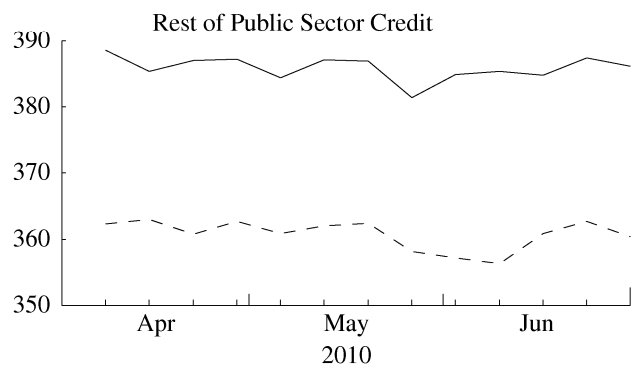
— 2010
- - - 2009



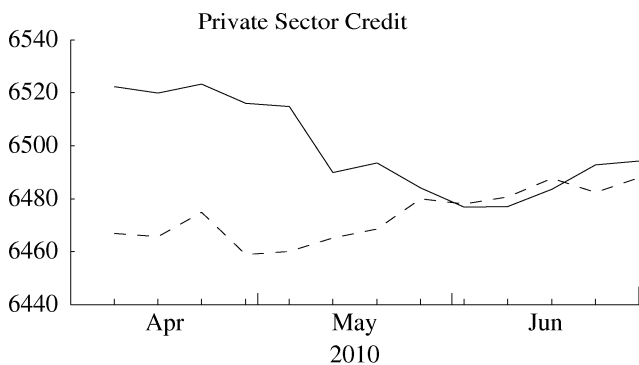
— 2010
- - - 2009



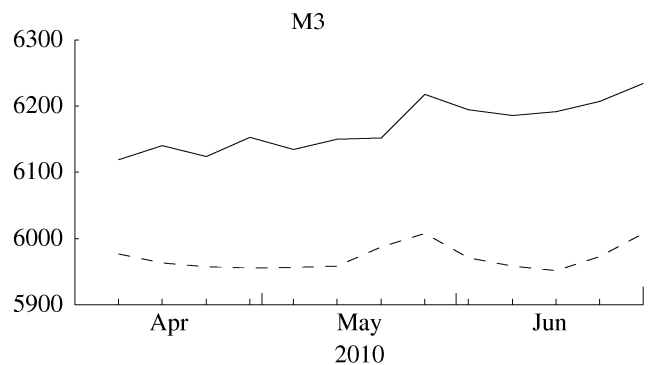
— 2010
- - - 2009



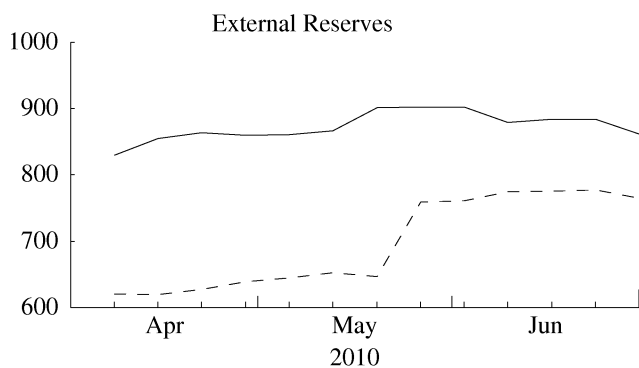
— 2010
- - - 2009



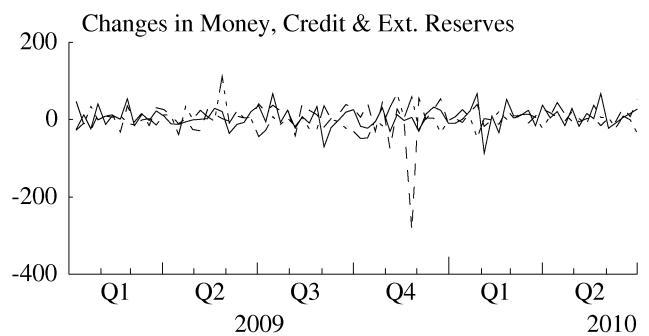
— 2010
- - - 2009



— 2010
- - - 2009



— 2010
- - - 2009



— M3
- - - Domestic Credit
... External Reserves

Selected International Statistics

A: Selected Macroeconomic Projections (Annual % Change and % of labor force)						
	Real GDP		Inflation Rate		Unemployment	
	2009	2010	2009	2010	2009	2010
Bahamas	-5.0	-0.5	2.1	1.7	14.2*	n/a
United States	-2.4	3.1	-0.3	2.1	9.3	9.4
Euro-Area	-4.1	1.0	0.3	1.1	9.4	10.5
<i>Germany</i>	<i>-5.0</i>	<i>1.2</i>	<i>0.1</i>	<i>0.9</i>	<i>7.4</i>	<i>8.6</i>
Japan	-5.2	1.9	-1.4	-1.4	5.1	5.1
China	8.7	10.0	-0.7	3.1	n/a	n/a
United Kingdom	-4.9	1.3	2.2	2.7	7.5	8.3
Canada	-2.6	3.1	0.3	1.8	8.3	7.9

Sources: IMF World Economic Outlook, April 2010, IMF World Economic Outlook, October 2009 & () The Bahamas Department of Statistics.*

B: Official Interest Rates – Selected Countries (%)					
<i>With effect</i> <i>from</i>	CBOB	ECB (EU)	Federal Reserve (US)		Bank of England
	Bank Rate	Refinancing Rate	Primary Credit Rate	Target Funds Rate	Repo Rate
May 2008	5.25	4.00	2.25	2.00	5.00
June 2008	5.25	4.00	2.25	2.00	5.00
July 2008	5.25	4.25	2.25	2.00	5.00
August 2008	5.25	4.25	2.25	2.00	5.00
September 2008	5.25	4.25	2.25	2.00	5.00
October 2008	5.25	3.75	1.25	1.00	4.50
November 2008	5.25	3.25	1.25	1.00	3.00
December 2008	5.25	2.50	0.50	0.00-0.25	2.00
January 2009	5.25	2.00	0.50	0.00-0.25	1.50
February 2009	5.25	2.00	0.50	0.00-0.25	1.00
March 2009	5.25	1.50	0.50	0.00-0.25	0.50
April 2009	5.25	1.25	0.50	0.00-0.25	0.50
May 2009	5.25	1.00	0.50	0.00-0.25	0.50
June 2009	5.25	1.00	0.50	0.00-0.25	0.50
July 2009	5.25	1.00	0.50	0.00-0.25	0.50
August 2009	5.25	1.00	0.50	0.00-0.25	0.50
September 2009	5.25	1.00	0.50	0.00-0.25	0.50
October 2009	5.25	1.00	0.50	0.00-0.25	0.50
November 2009	5.25	1.00	0.50	0.00-0.25	0.50
December 2009	5.25	1.00	0.50	0.00-0.25	0.50
January 2010	5.25	1.00	0.50	0.00-0.25	0.50
February 2010	5.25	1.00	0.75	0.00-0.25	0.50
March 2010	5.25	1.00	0.75	0.00-0.25	0.50
April 2010	5.25	1.00	0.75	0.00-0.25	0.50
May 2010	5.25	1.00	0.75	0.00-0.25	0.50
June 2010	5.25	1.00	0.75	0.00-0.25	0.50

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	Jun-09	May-10	Jun-10	Mthly % Change	YTD % Change	12-Mth % Change
Euro	0.7126	0.8127	0.8172	0.56	17.07	14.68
Yen	96.36	91.27	88.44	-3.10	-4.91	-8.22
Pound	0.6076	0.6879	0.6691	-2.72	8.22	10.12
Canadian \$	1.1623	1.0444	1.0638	1.85	1.00	-8.47
Swiss Franc	1.0669	1.1549	1.0774	-6.71	4.04	-0.83
Renminbi	6.8307	6.828	6.7814	-0.68	-0.67	-0.72

Source: Bloomberg as at June 30, 2010

D. Selected Commodity Prices (\$)					
Commodity	June 2009	May 2010	June 2010	Mthly % Change	YTD % Change
Gold / Ounce	926.60	1216.20	1242.25	2.14	13.2
Silver / Ounce	13.61	18.56	18.62	0.28	10.3
Oil / Barrel	69.99	74.79	75.70	1.22	-2.8

Source: Bloomberg as at June 30, 2010

E. Equity Market Valuations – June 30, 2010 (%chg)								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	-3.21	-3.58	-5.39	-5.23	-1.84	0.02	-3.95	-7.48
3 month	-5.75	-9.97	-11.86	-13.43	-13.36	-3.06	-15.39	-22.86
YTD	-3.87	-6.27	-7.57	-9.16	-12.54	0.14	-11.03	-26.82
12-month	-4.71	15.71	12.12	15.71	9.63	24.06	-5.78	-18.96

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	GBP	EUR
o/n	0.24	0.40	0.15
1 Month	0.30	0.63	0.28
3 Month	0.51	0.61	0.55
6 Month	0.74	0.94	0.97
9 Month	0.94	1.17	1.14
1 year	1.17	1.38	1.27

Source: Bloomberg as at June 30, 2010

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

	VALUE												CHANGE					
	May. 05	May. 12	May. 19	May. 26	Jun. 02	Jun. 09	Jun. 16	Jun. 23	Jun. 30	May. 05	May. 12	May. 19	May. 26	Jun. 02	Jun. 09	Jun. 16	Jun. 23	Jun. 30
I. External Reserves	860.01	865.83	901.00	902.44	902.03	878.61	884.06	883.81	861.53	0.43	5.82	35.16	1.44	-0.42	-23.42	5.46	-0.26	-22.28
II. Net Domestic Assets (A + B + C + D)	-98.22	-116.95	-115.25	-107.92	-93.80	-103.04	-98.36	-101.10	-102.74	0.15	-18.73	1.69	7.33	14.12	-9.24	4.68	-2.74	-1.65
A. Net Credit to Gov^t(i + ii + iii - iv)	184.60	180.55	186.61	186.14	186.37	178.59	180.22	181.41	186.25	-0.03	-4.05	6.06	-0.47	0.23	-7.79	1.63	1.19	4.85
i) Advances	96.99	96.99	96.99	96.99	96.99	96.99	96.99	96.99	96.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii) Registered Stock	96.43	97.47	97.19	97.23	96.89	96.82	96.64	96.32	96.17	-0.22	1.03	-0.28	0.04	-0.34	-0.07	-0.18	-0.32	-0.14
iii) Treasury Bills	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.25
iv) Deposits	8.82	13.90	7.57	8.07	7.50	15.22	13.41	11.90	14.16	-0.19	5.08	-6.33	0.50	-0.57	7.72	-1.81	-1.51	2.27
B. Rest of Public Sector (Net) (i + ii - iii)	-3.75	-12.58	-15.95	-9.93	-3.19	-1.46	4.00	-0.73	-6.25	-1.82	-8.82	-3.38	6.02	6.74	1.74	5.45	-4.72	-5.52
i) BDB Loans	5.95	5.95	5.95	5.95	5.95	5.95	5.95	5.95	5.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii) BMC Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
iii) Deposits	9.70	18.53	21.90	15.88	9.14	7.41	1.95	6.68	12.20	1.82	8.82	3.38	-6.02	-6.74	-1.74	-5.45	4.72	5.52
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)*	-279.06	-284.92	-285.91	-284.13	-276.98	-280.17	-282.57	-281.78	-282.74	2.00	-5.86	-0.99	1.78	7.15	-3.19	-2.40	0.79	-0.97
III. Monetary Base	761.80	748.89	785.75	794.52	808.23	775.57	785.71	782.71	758.78	0.58	-12.91	36.86	8.78	13.70	-32.66	10.14	-3.00	-23.93
A. Currency in Circulation	271.61	267.19	260.70	263.54	275.33	272.57	265.54	262.55	275.93	9.92	-4.42	-6.49	2.83	11.80	-2.77	-7.03	-2.99	13.39
B. Bank Balances with CBOB	490.18	481.69	525.04	530.98	532.89	503.00	520.16	520.16	482.85	-9.34	-8.49	43.35	5.94	1.91	-29.89	17.16	-0.00	-37.31

* 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				
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010			
Fiscal Operations:																													
1. Government Revenue & Grants	100.1	100.2	116.5	127.4	87.8	140.2	110.8	93.5	117.6	110.8	91.5	111.6	99.6	150.1	96.2	120.5	107.8	1201.7	1154.9	-6.09%	-3.89%	513.5	478.8	8.52%	-6.75%	1256.4	1267.6	5.32%	0.89%
% change	-27.00%	-17.17%	16.45%	92.56%	-16.10%	78.56%	10.80%	33.32%	6.08%	18.52%	-22.19%	0.70%	-10.71%	49.00%	-3.40%	-19.68%	12.02%	(Over previous year)	(Over previous year)										
2. Import/Excise Duties	39.5	53.6	51.3	42.1	47.1	40.6	48.7	38.8	38.2	43.0	44.6	43.2	45.3	45.5	42.6	41.6	42.2	513.5	478.8	8.52%	-6.75%	1256.4	1267.6	5.32%	0.89%	1256.4	1267.6	5.32%	0.89%
% change	-48.41%	0.68%	29.26%	-21.41%	-0.39%	-5.06%	3.35%	-4.48%	-21.60%	10.85%	16.93%	0.48%	4.79%	-1.31%	-5.97%	-8.55%	-0.77%	513.5	478.8	8.52%	-6.75%	1256.4	1267.6	5.32%	0.89%	1256.4	1267.6	5.32%	0.89%
3. Recurrent Expenditure	116.7	115.1	100.0	117.7	111.2	119.8	108.5	108.6	128.3	121.0	100.7	111.5	118.3	126.4	127.2	105.6	123.7	1256.4	1267.6	5.32%	0.89%	1256.4	1267.6	5.32%	0.89%	1256.4	1267.6	5.32%	0.89%
% change	-24.22%	-30.83%	-14.32%	16.72%	14.68%	11.47%	10.89%	0.07%	18.19%	11.39%	-21.50%	-7.84%	6.09%	-2.43%	7.56%	-16.45%	-2.77%	1256.4	1267.6	5.32%	0.89%	1256.4	1267.6	5.32%	0.89%	1256.4	1267.6	5.32%	0.89%
4. Capital Expenditure	8.2	5.2	10.8	11.7	9.5	20.6	9.2	18.8	18.8	10.0	10.3	11.2	13.8	13.7	8.5	9.3	6.2	111.9	128.3	-5.91%	14.66%	111.9	128.3	-5.91%	14.66%	111.9	128.3	-5.91%	14.66%
% change	-75.94%	-82.14%	32.58%	12.85%	-12.40%	75.56%	-2.71%	-8.97%	8.58%	-45.09%	4.3	-13.6	34.22%	-11.81%	-13.22%	-32.36%	-27.06%	111.9	128.3	-5.91%	14.66%	111.9	128.3	-5.91%	14.66%	111.9	128.3	-5.91%	14.66%
5. Deficit/Surplus*	-29.4	-21.2	1.4	-25.2	-32.4	-54.4	-43.0	-40.2	-43.0	-43.0	-43.0	-43.0	-43.0	-43.0	-43.0	-43.0	-43.0	-219.3	-327.1	-174.61%	49.11%	-219.3	-327.1	-174.61%	49.11%	-219.3	-327.1	-174.61%	49.11%
% change	-56.81%	-85.22%	18.61%	-104.07%	-2451.67%	116.02%	-35.12%	-20.93%	91.66%	-110.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-219.3	-327.1	-174.61%	49.11%	-219.3	-327.1	-174.61%	49.11%	-219.3	-327.1	-174.61%	49.11%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC						
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010					
Debt, **																													
6. Total Debt	2,874.0	3,320.3	2,884.5	3,304.3	2,947.4	3,303.4	2,953.9	3,350.4	3,059.0	3,390.4	3,084.8	3,393.7	3,393.7	3,393.7	3,393.7	3,393.7	3,393.7	3,393.7	3,393.7	3,393.7	3,393.7	3,393.7	3,393.7	3,393.7	3,393.7	3,393.7	3,393.7	3,393.7	3,393.7
% change	5.01%	0.054%	0.37%	-0.48%	2.18%	-0.03%	0.22%	1.42%	3.56%	1.19%	0.84%	0.10%	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%	
7. External Debt	383.7	703.1	384.3	703.1	383.3	702.1	380.8	699.5	415.9	699.5	421.6	699.5	699.5	699.5	699.5	699.5	699.5	699.5	699.5	699.5	699.5	699.5	699.5	699.5	699.5	699.5	699.5	699.5	699.5
% change	0.19%	0.073%	2.74%	0.00%	-0.24%	-0.13%	-0.66%	-0.38%	6.42%	0.00%	1.38%	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%	
8. Internal F/C Debt	3.6	1.8	3.6	1.8	53.6	1.8	52.7	1.8	142.7	1.8	162.7	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
% change	158.00%	0.00%	0.00%	0.00%	1384.27%	0.00%	-1.68%	0.00%	170.75%	0.00%	14.01%	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%	
9. Bahamian Dollar Debt	2,486.6	2,615.5	2,486.6	2,599.5	2,500.5	2,599.5	2,510.5	2,646.2	2,500.5	2,689.2	2,500.5	2,692.5	2,692.5	2,692.5	2,692.5	2,692.5	2,692.5	2,692.5	2,692.5	2,692.5	2,692.5	2,692.5	2,692.5	2,692.5	2,692.5	2,692.5	2,692.5	2,692.5	2,692.5
% change	4.51%	0.00%	0.00%	-0.61%	0.56%	0.00%	0.40%	1.91%	-0.40%	1.31%	0.00%	0.12%	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%	
10. Total Amortization	0.0	0.1	0.0	16.0	0.9	0.9	18.5	12.7	60.0	0.0	0.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
% change	-100.00%	847.27%	#DIV/0!	14931.23%	6105.80%	0.00%	1868.38%	1292.64%	224.72%	-100.00%	-100.00%	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%	

11. Total Public Sector F/C Debt																													
856.8	1,186.4	856.6	1,184.8	846.0	1,175.2	841.3	1,172.0	954.3	1,189.9	952.4	1,162.8	1,162.8	1,162.8	1,162.8	1,162.8	1,162.8	1,162.8	1,162.8	1,162.8	1,162.8	1,162.8	1,162.8	1,162.8	1,162.8	1,162.8	1,162.8	1,162.8	1,162.8	1,162.8
55.93%	0.39%	-27.04%	36.86%	-28.59%	38.92%	-28.41%	39.31%	-18.58%	22.60%	-15.17%	17.15%	17.15%	17.15%	17.15%	17.15%	17.15%	17.15%	17.15%	17.15%	17.15%	17.15%	17.15%	17.15%	17.15%	17.15%	17.15%	17.15%	17.15%	17.15%

	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC						
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010					
Real Sector Indicators																													
12. Retail Price Index	130.1	131.2	130.0	131.2	130.0	131.2	130.3	131.3	130.4	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5	131.5
% change over previous month	4.77%	5.39%	-0.06%	0.02%	0.00%	-0.01%	0.23%	0.10%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	
13. Tourist arrivals (000's)	410.8	424.0	389.2	419.2	466.0	539.7	539.7	539.7	539.7	539.7	539.7	539.7	539.7	539.7	539.7	539.7	539.7	539.7	539.7	539.7	539.7	539.7	539.7	539.7	539.7	539.7	539.7	539.7	539.7
% change over previous year	10.21%	3.22%	-8.21%	7.71%	-6.91%	15.81%	15.81%	15.81%	15.81%	15.81%	15.81%	15.81%	15.81%	15.81%	15.81%	15.81%	15.81%	15.81%	15.81%	15.81%	15.81%	15.81%	15.81%	15.81%	15.81%	15.81%	15.81%	15.81%	
14. Air arrivals (000's)	90.0	91.7	103.1	103.0	133.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4
% change over previous year	-18.74%	1.89%	12.43%	-0.05%	20.05%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	
15. Occupied Room Nights																													
% change over previous year																													
16. Res. Mortgage Commitments-New Const.																													
% change over previous year																													

** Includes Net Lending to Public Corporations
 ** Data figures pertain to central government only unless otherwise indicated
 * - provisional
 Annual FY-FY Real Price data are averages.