



# Quarterly Economic Review

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**June, 2008**

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# QUARTERLY ECONOMIC REVIEW

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## REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

### DOMESTIC ECONOMIC DEVELOPMENTS

Preliminary indications are that domestic economic activity was subdued during the second quarter of 2008 as compared to the same period in 2007, with softening in tourism output and moderated consumer demand contrasting with relatively flat construction activity. Meanwhile, sustained increases in international commodity prices continued to have an accelerated effect on the domestic inflation rate. Fiscal data for the initial eleven months to May of FY2007/08 revealed some reduction in the deficit, reflecting modest growth in revenue, alongside restrained expenditure trends. Monetary developments were dominated by the Government's US\$100 million external borrowing which, along with abated net private sector lending, supported a strong build-up in liquidity and external reserves. In the external sector, the current account deficit narrowed considerably, amid a reduction in both net non-oil import demand and private sector profit remittances. Otherwise, the surplus on the capital and financial account widened significantly, led by increased net public sector borrowing that augmented almost stable net private inflows.

Net free cash reserves of the banking system improved by 12.2% to \$252.0 million during the second quarter, remaining at a stable 4.5% of Bahamian dollar liabilities, in comparison to 2007. The broader surplus liquid assets, which absorbed more of the quarter's liquidity flows, advanced by 66.8% to \$319.6 million, evident in a sizeable increase in banks' Treasury bill holdings. This elevated the excess over the statutory minimum to 35.7% versus 26.7% in 2007. In interest rate developments, banks recorded a widening in the weighted average rate spread on loans and deposits, by 53 basis points to 7.51%, with the weighted average loan rate firming by 42 basis points to 11.42% and the corresponding deposit rate softening by 11 basis points to 3.91%. The average 90-day Treasury bill rate also rose by 14 basis points to 2.83%, whereas benchmark rates—the Central Bank's Discount Rate and the commercial

bank's Prime rate—remained at 5.25% and 5.50%, respectively.

Growth in the money aggregates (M3) tapered to 1.3% from 4.0% in the corresponding quarter of 2007, for an end-June stock of \$5,859.2 million. Narrow money (M1) expansion slackened to 0.2% from 5.0% a year ago, as slowed accretions to business and household balances reduced demand deposit gains to 0.7%, while currency in active circulation contracted by 4.7%. Similarly, M2 growth eased to 1.5% from 3.9%, amid less robust additions to savings and fixed deposits of 0.9% and 2.3%, with the latter influenced by more subdued business placements. Foreign currency deposits of residents also declined by 2.2%.

Domestic credit expansion during the review quarter was considerably lower at \$72.9 million (1.0%) from \$246.3 million (3.6%) last year. This included a deceleration in the advance in net private sector lending to 1.4% from 37.1%, as the respective uptrend in residential mortgages and consumer credit slackened to 2.0% and 1.8%. Concurrently, claims on the public sector fell by \$13.7 million (1.2%), in a sharp reversal from the 12.6% acceleration in 2007, as Government's net repayment position was facilitated by proceeds from the external bond issue.

Fiscal trends indicated a narrowing in the deficit, by an estimated 31.7% to \$37.1 million, over the first eleven months of FY2007/08. Revenue collections firmed by 6.7% to \$1,279.7 million, surpassing the restrained expenditure growth of 3.2% to \$1,359.5 million. In particular, recurrent expenses rose by 5.4%, while capital outlays and net lending to public enterprises were scaled-back by 10.0% and 9.8% respectively, vis-à-vis the same 11 months of FY2006/07. Net of amortization payments, budgetary financing featured net foreign currency borrowing of \$99.8 million and a net increase in Bahamian dollar debt obligations of \$137.9 million. For the review quarter, financing activities culminated in an increase in the Direct Charge on Government of \$53.0 million (2.0%) to \$2,678.9 million. Inclusive of Government's contingent

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liabilities, which decreased by 1.0% to \$419.8 million, the National Debt rose during the quarter by \$49.0 million (1.6%) to \$3,098.7 million.

In comparison to 2007, softer arrivals numbers underscored a weakened tourism outturn for the second quarter. Visitor arrivals fell by 7.2% to 1.1 million, although below the 12.1% reduction posted in 2007. Losses in the air segment were significantly curtailed to 1.3%, while the continued falloff in sea arrivals moderated to 10.4%. By port of entry, New Providence experienced an extended loss of 11.3%, albeit inclusive of an upturn in air arrivals, relative to an accelerated falloff in cruise visitors. Grand Bahama traffic contracted further by 15.8%, with an intensified reduction in air arrivals and slightly moderated losses in sea visitors. In a turnaround from last year's 19.3% decrease, visitors to the Family Islands advanced by 7.2%, with the uptick in sea arrivals outpacing a large decrease in the air component. Against these developments, preliminary indications are that industry earnings were stable to slightly increased during the quarter, with average hotel room rate appreciations continuing to cushion average occupancy declines, particularly among large properties in New Providence.

Construction sector data for the quarter suggested that the level of activity was unchanged from 2007, with modest gains in domestic outlays contrasted with tapered foreign investment support. Mortgage data from the banking system, insurance companies and the Bahamas Mortgage Corporation indicated a nearly one-quarter increase in total disbursements for new construction and repairs, to \$100.1 million, as the respective residential and commercial components firmed by 22.4% to \$91.4 million and by 57.4% to \$8.7 million. Similarly, on a forward looking basis, total mortgage commitments for new construction and repairs more than doubled to \$75.9 million. Notably, loan approvals for residential projects rose two-thirds to \$52.6 million and for commercial developments, by \$20.7 million to \$23.2 million.

Both the quarterly and annual inflation rates continued to be elevated, owing to influences from higher international fuel and commodity prices. As measured by the changes in the average Retail Price Index, inflation accelerated on a quarterly basis, to 2.7% from 0.6% in

2007. Food and energy related price gains were largely captured in more firmed advances in average costs for food & beverages (1.9%), housing (4.9%) and transportation & communications (1.4%) components of the Index. The increase was also elevated for "other" goods & services (9.2%), reflecting, among other factors, advances in legal fees and jewelry costs; as well as for furniture & household operations (4.9%) and medical care & health (1.0%) costs. Meanwhile, the 12-month inflation through June firmed to 3.0% from 2.4% in 2007, led by accelerated increases for food & beverages and transportation & communications. Average price gains were also noted for furniture & household items and medical care & health costs.

In the external sector, the current account deficit narrowed by almost half to \$148.6 million. In particular, the 32.8% falloff in net non-oil imports more than absorbed the 38.1% hike in payments for imported fuel, leading to a decline in the merchandise trade deficit of 11.7% to \$468.8 million. The improvement was mitigated by a 6.1% decrease in the services account surplus, partly owing to a downturn in net travel receipts of 3.3% to \$527.1 million and a reduction in offshore companies' local expenses. Having a positive effect on the outcome, net income outflows fell sharply by 70.2% to \$29.2 million, mainly associated with a reduction in private sector net interest and dividend remittances; while net current transfer receipts declined by 12.6% to \$15.0 million.

The estimated surplus on the capital and financial account widened to \$343.8 million from \$182.0 million in 2007. This was supported by a net public borrowing of \$97.0 million, which strongly reversed the net payment of \$21.6 million in 2007. In the private sector, net direct investment receipts improved significantly, as net equity inflows strengthened to \$108.8 million from \$81.3 million and net real estate purchases, to \$103.1 million from \$8.2 million. However, net private sector loan financing decreased to \$14.4 million from \$99.7 million, whereas external support from domestic banks' short-term financing rose to \$17.9 million from \$4.3 million in 2007.

## FISCAL OPERATIONS

### OVERVIEW

Provisional data on the Government's budgetary operations for the first eleven months of FY2006/07 indicate a 31.7% narrowing in the deficit to an estimated \$79.9 million. Revenue collections rose by 6.7% to \$1,279.7 million, outweighing slowed expenditure growth of 3.2% to \$1,359.5 million.

### REVENUE

Revenue gains benefitted from the 7.2% hike in tax receipts to \$1,164.5 million (91.0% of total receipts), overshadowing a slight reduction in non-tax flows of 0.1% to \$115.2 million.

Increased tax receipts included a 5.3% boost in levies on international trade and transactions, to \$617.7 million (53.0% of total tax revenue), concentrated in higher import duty yields. Also, collections of business and professional license fees rose by 21.4% to \$81.7 million, inclusive of a healthy gain in annual fees for international business companies.

Underscoring a cumulative boost in hotel room revenues in the 11 months through May, selective taxes on tourism services advanced by 16.3% to \$35.1 million. Motor vehicle taxes rose by 7.8% to \$18.7 million and stamp taxes on financial & other transactions, by 12.7% to \$224.1 million. Other uncategorized taxes were augmented by almost one-third to \$68.8 million. In contrast, property taxes receded by 4.9% to \$69.5 million and departure taxes, by 1.6% to \$66.3 million, reflecting a softer trend in the number of visitor arrivals.

The marginal falloff in non-tax revenue was characterised by a one-third reduction in property income to \$29.5 million, after a sizeable boost in dividend flows during FY2006/07. This outweighed increased collections of fines, forfeitures & administrative fees, of 21.1% to \$81.8 million, and the modest gain from the sale of Government property to \$3.9 million.

## Government Revenue By Source

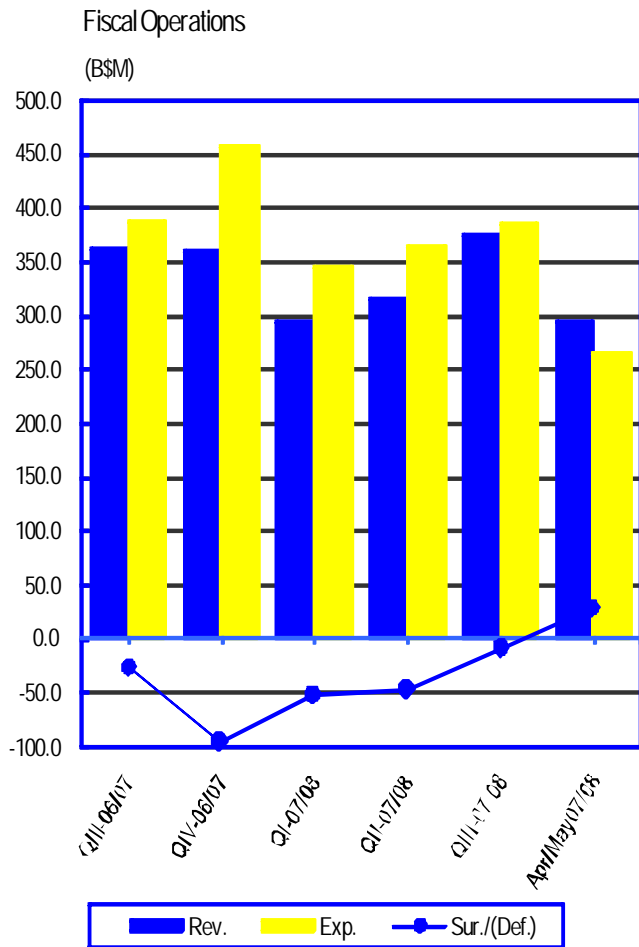
(Jul - May)

	FY06/07		FY07/08	
	B\$M	%	B\$M	%
Property Tax	73.1	6.1	69.5	5.4
Selective Services Tax	30.2	2.5	35.1	2.7
Busines. & Prof Lic. Fees	67.3	5.6	81.7	6.4
Motor Vehicle Tax	17.4	1.5	18.7	1.5
Departure Tax	67.3	5.6	66.3	5.2
Import Duties	447.7	37.3	473.1	37.0
Stamp Tax from Imports	126.1	10.5	133.5	10.4
Export Tax	12.5	1.0	11.1	0.9
Stamp Tax from Exports	--	--	--	--
Other Stamp Tax	198.8	16.6	224.1	17.5
Other Tax Revenue	52.4	4.4	68.8	5.4
Fines, Forfeits, etc.	67.6	5.6	81.8	6.4
Sales of Govt. Property	0.4	--	3.9	0.3
Income	47.3	3.9	29.5	2.3
Other Non-Tax Rev.	0.1	--	--	--
Capital Revenue	--	--	--	--
Grants	--	--	--	--
Less:Refunds	8.4	0.7	17.4	1.4
Total	1199.8	100.0	1279.7	100.0

### EXPENDITURE

Under spending, the 3.2% overall advance was led by a 5.4% increase in current outlays to \$1,192.9 million—representing 87.7% of the total. In contrast, capital outlays contracted by 10.0% to \$118.9 million and net lending to public enterprises, by 9.9% to \$47.7 million.

By economic classification, Government consumption rose by 2.9% to \$738.1 million, including a 3.0% increase in personal emoluments to \$500.3 million and a 2.5% advance in purchases of goods & services to \$237.8 million. Additionally, transfer payments rose by 9.8%, with an 8.4% extension in subsidies and other transfers to \$318.3 million and a 13.2% rise in interest payments on debt to \$136.6 million.



On a functional basis, spending on general public services fell by 0.1% to \$336.8 million. However, comparatively larger outlays were recorded for social benefits & services of 28.9% to \$83.0 million; housing, 46.6% to \$4.3 million; health, 16.4% to \$219.4 million; defence, 12.8%, to \$38.1 million and education, 4.7% to \$234.6 million. Otherwise, a reduction in spending was noted for economic services, of 13.4% to \$126.1 million, as operational responsibility for certain expenses was transferred to the autonomous Airport Authority.

As regards capital expenditure, investments were broadly scaled-back, with the moderation in infrastructure works reflected in the 9.3% decrease in capital formation to \$80.7 million. Acquisition of mainly land and fixed assets also fell by 10.2% to \$35.3 million. Functionally, the general public service and defense registered in-

creased outlays; whereas, notable reductions were evident for education, health and housing.

### FINANCING AND NATIONAL DEBT

Financing activities during the first eleven months of FY2007/08 included \$106.7 million in external borrowing, encompassing the US\$100 million bond issue and internal borrowing of \$214.5 million. Total debt repayment amounted to \$83.5 million, of which \$78.4 million serviced internal obligations.

Reflecting quarterly financing activities, the Direct Charge on Government advanced by 2.0% to \$2,678.9 million during the three months through June, and was \$237.7 million (9.7%) higher than the corresponding period in 2007. Bahamian dollar denominated liabilities accounted for 86.0% of the Direct Charge. Further disaggregation revealed that the majority of this debt was held by non-bank private investors (31.4%), followed by public corporations (30.9%), domestic banks (28.8%) and the Central Bank (8.7%). Long-term securities represented 86.6% of the Bahamian dollar debt, with an average term to maturity of 11.9 years. Otherwise, short-term Treasury bills comprised 10.0% of the total and domestic bank loans, the remaining 3.4%.

The National Debt, inclusive of the Government's contingent liabilities, rose by \$49.0 million (1.6%) to \$3,098.7 million over the previous quarter, and on a 12-month basis, by \$208.6 million (7.2%) since June 2007.

### PUBLIC SECTOR FOREIGN CURRENCY DEBT

During the review quarter, public sector foreign currency debt increased by \$88.2 million (12.9%) to \$773.7 million, as new borrowings of \$120.8 million exceeded the \$32.6 million in amortization payments. The Government's liabilities rose by 26.3% to \$374.5 million (48.4% of the total), while public corporations' obligations advanced by 2.6% to \$399.6 million.

By creditor profile, the largest share of the debt was held by commercial banks (46.6%), followed by investors in private capital markets (38.8%), multilateral institutions (13.5%) and bilateral institutions & other lenders (1.2%). The majority of the obligations were denominated in

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United States dollars, with an average term to maturity of 13.2 years.

Total debt service for the June quarter fell to \$45.7 million from \$91.7 million in 2007, when the public corporations refinanced \$40 million. Correspondingly, amortization payments were reduced to \$32.6 million from \$77.2 million, while interest payments fell marginally to \$13.1 million. As a result, debt service as a proportion of estimated exports of goods and non-factor services declined to 5.4% from 10.0% in the comparable period of 2007.

### 2005/2006 BUDGET HIGHLIGHTS

The Government's FY2008/09 Budget was presented to Parliament in May 2008 and approved in June 2008. The Budget introduced countercyclical measures to mitigate the adverse impact of international developments on the local economy and to shift more of the tax burden away from low income households. Revenue measures also included further rationalization and simplification of the tariff regime, and incentives to promote energy conservation behaviour. Against this background, the Budget projected a 32.2% increase in the deficit for FY2008/09, and firming in the deficit to GDP ratio to 2.5% from a budgeted 1.7% in FY2007/08. The debt to GDP ratio is also expected to rise incrementally to 35.2%.

New revenue generating measures comprised increases in bank license and work permit fees, and the elimination of the ceiling on real property taxes. With these increases supplementing forecasted growth in the rest of the tax base, the Budget projected total revenue gains of \$85.2 million (5.7%) to \$1,569.3 million, featuring advances in both tax and non-tax flows of \$65.0 million (4.8%) and \$20.0 million (16.3%), respectively.

Among tax receipts was the forecasted growth in property taxes of 13.6% to \$97.3 million, while business and professional license fees were expected to rise by 30.6% to \$112.0 million, owing to a general hike in annual fees, including those for domestic banks. Based on anticipated visitor growth, departure taxes are expected to improve by 10.7% (\$86.2 million). With the removal of the \$250,000 ceiling for the stamp assessment on real estate transactions, stamp taxes on financial & other transactions are targeted 34.3% higher at \$268.0 million;

and motor vehicle taxes are forecasted to increase by 11.3% to \$28.5 million. The anticipated decline in taxes on international trade and transactions of 5.4% to \$762.3 million, brings expectations more in line with realized collections during FY2007/08, against which some growth is still likely. This category also featured the unification of all stamp taxes into the respective import duty rates, and the reclassification of significant import levies as excise taxes.

Improvement in non-tax revenue is expected to be driven by gains in income from dividend and other sources, of 27.1% to \$48.1 million, and a projected increase in fines, forfeitures & administration fees of 11.6% to \$91.8 million.

Budgeted expenditures rose by \$125.5 million (7.8%) to \$1,735.0 million, due primarily to the 7.1% increase in recurrent allocations to \$1,484.2 million, as planned capital outlays were relatively unchanged at \$188.7 million.

Under the economic classification, the recurrent allotment for Government consumption rose by 6.2% to \$949.0 million, with an approved extension for personal emoluments of 5.2% to \$618.3 million and for purchases of goods and services, of 7.9% to \$330.7 million. The allocations for transfer payments also rose by 8.9% to \$535.2 million, encompassing larger provisions for both subsidies and interest payments.

On the functional basis, recurrent expenditure provisions for general public services rose by 4.1% to \$431.2 million; education, by 3.7% to \$248.4 million; health, by 6.2% to \$259.3 million; social benefits & services, by 19.8% to \$99.4 million; "other" community & social services, by 13.0% to \$22.3 million; defence, by 0.9% to \$45.8 million and housing, by 7.8% to \$8.1 million. Approved spending for economic services also increased by 8.6% to \$168.6 million.

While planned capital outlays were approximately unchanged vis-à-vis FY2007/08, allocations for infra-structural works, under capital formation, were boosted by 21.8% to \$147.0 million. This countered a planned scale-back in the acquisition of assets, of 41.1% to \$35.1 million, and a more than halving in proposed capital transfers to public enterprises, to a combined \$26.8



million. On a functional basis, budgeted allocations were increased for education, but curtailed for the general public service, defence and health.

On the financing side the Government projected domestic borrowing requirements totalling \$207.3 million during FY2008/09 and external drawings of \$27.9 million. Debt amortization is provisioned at \$60.1 million, mainly for Bahamian dollar obligations. As a result, the Direct Charge on Government is expected to increase by some \$175.0 million over the fiscal year, and the National Debt to advance by at least this amount, to just in excess of \$3.3 billion.

## REAL SECTOR

### TOURISM

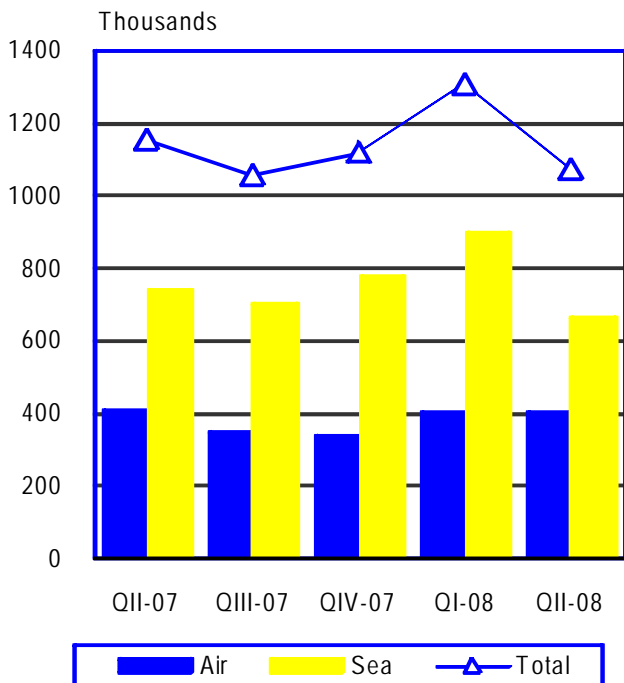
Preliminary data suggests that gains in tourism output were significantly dampened during the second quarter of 2008, despite appreciation in average hotel pricing, as the sector experienced a further contraction in visitor arrivals.

Total visitor arrivals declined further by 7.2% to 1.1 million, although moderating a steeper downturn of 12.1% in the comparative 2007 period. Air traffic, dominated by stopover visitors, experienced a more tempered decline of 1.3% to 0.4 million, relative to an 8.8% falloff a year earlier. Following a reduction of 13.8% last year, the number of cruise and other sea-based travelers decreased by a more moderate 10.4% to 0.7 million.

In terms of ports of entry, the falloff in arrivals to New Providence widened to 11.3% from 7.6% in 2007, with an intensified reduction in sea visitors (21.1%) outstripping the recovery in air travelers (3.6%). The decline in visits to Grand Bahama continued at 15.8%, with more accelerated losses in air traffic (14.0%) and a slightly tempered contraction in sea visitors (16.7%). In contrast, arrivals to the Family Islands recovered by 7.2%, from a 19.3% decrease last year, with an upturn in the sea segment (13.2%) outstripping an extended loss in air visitors (9.0%).

Earnings indicators suggest that overall industry intake firmed marginally, primarily on the basis of stopover pricing gains, as major properties in New Providence experienced healthy average room rate increases. The latter eclipsed an estimated overall softening in receipts in Grand Bahama. In the Family Islands, it is expected that the cruise segment improvement nearly overturned a projected softening in stopover earnings.

### Visitor Arrivals



### CONSTRUCTION

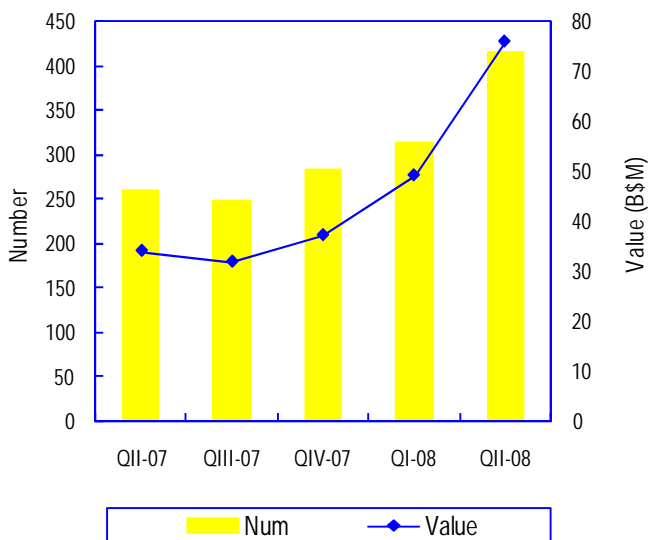
Construction sector output was comparatively flat over the review quarter, as the increased domestic mortgage financing activities contrasted with comparatively curtailed work on foreign investment projects. On the domestic side, data from banks, insurance companies and the Bahamas Mortgage Corporation showed quarterly mortgage disbursements for new construction and repairs rising by 24.8% over the previous year to \$100.1 million. Related disbursements for commercial developments grew by 57.4% to \$8.7 million, and for residential projects, by 22.4% to \$91.9 million.

Total mortgage commitments for new construction and repairs—a leading indicator of future activity—rose in number by 59.6% to 415, with a corresponding increase in value of \$42 million to \$75.9 million. Significant firming

occurred within the commercial segment, with the value of commitments extended to \$23.2 million from \$2.5 million, and a corresponding boost in the number of projects to 94 from 15 in 2007. In the residential sector, the number of commitments increased by 31.0% to 321, valued 67.4% higher at \$52.6 million.

With regards to financing costs, the average interest rate on residential mortgage loans softened by 30 basis points to 8.50%, in contrast to a 50 basis point increase over the corresponding quarter a year ago. A similar pattern was observed for the average interest rate on commercial loans, which narrowed by 30 basis points, following an equivalent gain to 9.10% in 2007.

Mortgage Commitments:  
New Construction and Repairs



### PRICES

The pass-through effects of rising international prices for crude oil and commodities continued to elevate the level of domestic inflation. In particular, the quarterly rate of increase in the average Retail Price Index accelerated to 2.7% from 0.6% in the comparable period of 2007. Average cost increases for food & beverages firmed to 1.9% from 1.1% in 2007; housing—inclusive of electricity—to 2.0% from 0.1%, and transportation & communication—including freight and airline travel—to 1.4% from 0.3%. Average price firming was also noted for furniture

& household operations, to 4.9% from 4.2% and for medical care & health, to 1.0% from 0.5%. Influenced by hikes in legal fees and jewellery prices, average costs for “other” goods & services rose by 9.2% as compared to 0.3% last year, while the 3.1% uptick in recreation & entertainment services costs contrasted with an easing of 2.3% last year. Meanwhile, more moderated inflationary pressures were observed in the marginally abated quarterly rise in average costs for clothing & footwear to 0.2%, and almost stable educational costs.

### Average Retail Price Index

(Annual % Changes)  
June

Items	Weight	2007		2008	
		Index	%	Index	%
Food & Beverages	138.3	130.3	4.2	136.9	5.0
Clothing & Footwear	58.9	107.4	0.7	109.0	1.5
Housing	328.2	108.3	0.3	111.9	3.3
Furn. & Household	88.7	129.3	5.4	139.3	7.7
Med. Care & Health	44.1	141.1	1.3	149.8	6.2
Trans. & Comm.	148.4	112.2	3.2	116.3	3.6
Rec., Enter. & Svcs.	48.7	125.9	2.4	129.9	3.2
Education	53.1	172.8	2.3	176.8	2.3
Other Goods & Svcs.	91.6	136.6	2.0	150.0	9.8
ALL ITEMS	1000	122.1	2.2	127.8	4.7

As evidence of the direct impact of higher fuel costs, the Department of Statistics’ surveys indicated that the average retail price of gasoline in New Providence—captured in transportation costs—moved upward by 14.3% over the quarter to \$5.29 per gallon, and the cost of diesel rose sharply by 23.7% to \$5.37 per gallon. In the comparative 2007 quarter, gas averaged \$4.40 per gallon and diesel, \$3.32. Similarly, the Bahamas Electricity Corporation per kilowatt hour fuel surcharge for energy consumption rose during the quarter by 8.0% to 17.21¢, further exceeding the second quarter 2007 estimate of \$9.97 per kilowatt hour.

## MONEY, CREDIT AND INTEREST RATES

### OVERVIEW

While monetary expansion was comparatively slowed during the second quarter, credit growth trailed deposit gains. This development, alongside inflows from Government's external borrowing and increased profit retention, supported a healthy boost in bank liquidity and the system's net foreign assets. Although more liquid conditions led to easing in the weighted average deposit rate, the average interest spread widened, as the weighted average lending rate firmed.

Asset quality indicators showed some deterioration during the June quarter, as loan servicing difficulties increased within the commercial credit portfolio. Meanwhile in the latest available data for the first quarter of 2008, bank profitability indicators weakened on a year-over-year basis, due in part to higher operational costs and increased provisions for bad debts.

### LIQUIDITY

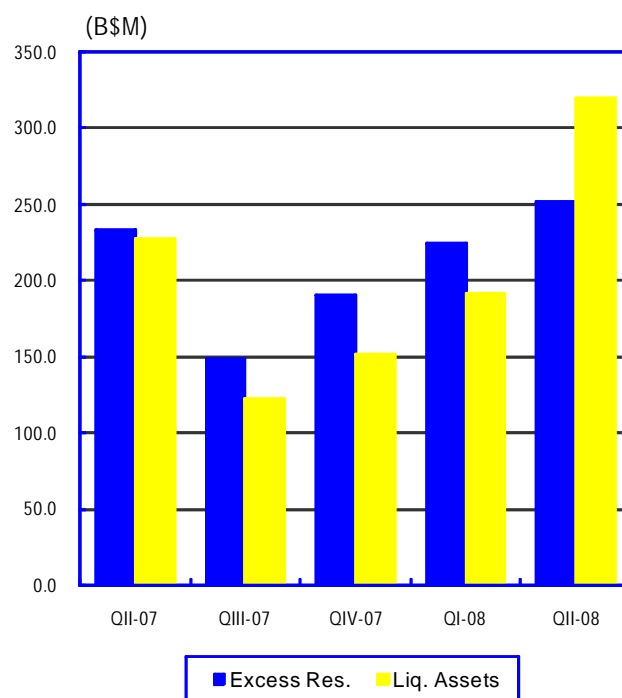
Buttressed by foreign currency inflows, net free cash reserves rose by 12.2% to \$252.0 million, although lower than the 17.6% growth registered in the same period of 2007. Free cash balances, as a percentage of total Bahamian dollar deposits, remained unchanged at 4.5% at end-June, compared to a year ago. As surplus resources also accumulated in Treasury bill holdings, the broader excess liquid assets grew by \$127.9 million (66.8%) to \$319.6 million, far above the \$52.3 million (29.8%) improvement in the previous year. Consequently, liquid assets exceeded the statutory minimum by 35.7% vis-à-vis 26.7% in the same period of 2007.

### DEPOSITS AND MONEY

Steadied buildup in household and public corporations' balances was offset by more constrained increases in business deposits, resulting in a slowing in the quarterly growth in the monetary aggregates (M3) to 1.3% from 4.0% in 2007. Narrow money (M1) declined marginally by 0.2%, countering last year's 5.0% advance; as de-

mand deposit growth tapered to 0.7% from 5.9% and accretions to business and private individuals' holdings were dampened. Currency in active circulation also contracted by 4.7%, following a marginal increase of 0.4% in 2007.

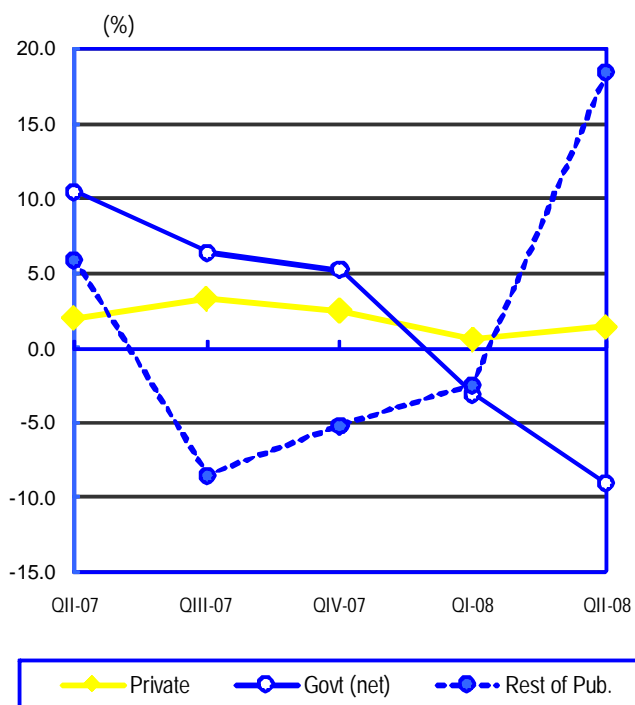
### Liquidity



Broad money (M2) expanded at a tempered pace of 1.5% versus 3.9% in the comparable period of 2007. Alongside moderated household accumulations, which constrained savings deposits gain to 0.9% from 4.4%, notable easing in net placements by businesses checked the advance in fixed balances to 2.3% from 3.3%. Moreover, residents' foreign currency deposits decreased by 2.2%, after growth of 6.2% in 2007.

At end-June, the money supply (M3) stood at \$5,859.2 million, compared to \$5,533.0 million in 2007. Bahamian dollar fixed deposits comprised the largest component of the stock (56.7%), followed by demand balances (18.8%) and savings (17.4%); while residents' foreign currency deposits and currency in active circulation accounted for the remaining 3.7% and 3.5%, respectively.

## Changes in Credit



## DOMESTIC CREDIT

The Government's use of external loan proceeds to repay domestic obligations and the moderation in net private sector credit lending, underpinned a slackening in domestic credit growth to \$72.9 million (1.0%) during the review period, from \$246.3 million (3.6%) in 2007. The Bahamian dollar component, which comprised 90.7% of the total, rose at a significantly curtailed pace of \$54.0 million (0.8%), compared to \$242.0 million (4.0%) last year. In contrast, the expansion in foreign currency credit firmed to \$18.9 million (2.8%) from \$4.3 million (0.6%) in 2007.

Overall, claims on the public sector contracted by \$13.7 million (1.2%), contrasting with the \$132.0 million (12.6%) uptrend last year. In particular, the Government's net repayment of \$76.3 million (9.1%), partly reversed the year-earlier expansion of \$109.5 million (16.5%) and eclipsed increased claims on the public corporations of \$62.6 million (18.4%).

Private sector credit growth narrowed to \$86.6 million (1.4%) from \$114.4 million (2.0%) in 2007, encompassing

a slightly slowed expansion in the Bahamian dollar component of \$114.5 million (2.0%) and an extended net foreign currency repayment, mainly by tourism-sector entities, of \$28 million (6.1%).

Personal loans, which comprised 75.4% of outstanding claims on the private sector recorded an abated increase of 1.8% relative to 3.5% a year ago, with slower growth in all of the major categories. Notably, net residential mortgage lending narrowed to \$46.6 million (2.0%) from \$67.7 million (3.2%) and net consumer lending to \$38.0 million (1.8%) from \$46.2 million (2.4%). However, the net extension in overdrafts steadied at \$2.5 million (2.4%).

## Distribution of Bank Credit By Sector End-June

	2007		2008	
	B\$M	%	B\$M	%
Agriculture	10.3	0.2	12.4	0.2
Fisheries	14.9	0.2	9.3	0.1
Mining & Quarry	9.4	0.1	4.3	0.1
Manufacturing	51.8	0.8	49.7	0.7
Distribution	207.9	3.3	192.1	2.9
Tourism	252.9	4.0	211.1	3.2
Enter. & Catering	47.0	0.8	32.4	0.5
Transport	25.7	0.4	28.6	0.4
Public Corps.	278.6	4.4	300.3	4.5
Construction	413.9	6.6	462.3	6.9
Government	139.7	2.2	57.2	0.9
Private Financial	26.1	0.4	24.8	0.4
Prof. & Other Ser.	148.8	2.4	144.8	2.2
Personal	4,299.1	68.6	4,755.2	71.4
Miscellaneous	341.0	5.4	376.2	5.6
<b>TOTAL</b>	<b>6,267.2</b>	<b>100.0</b>	<b>6,660.7</b>	<b>100.0</b>

Across economic sectors, credit growth firmed for construction (13.8%), miscellaneous purposes (2.3%), agriculture (4.7%) and fisheries (9.1%). However, these were tempered by net repayments within transportation (34.9%), entertainment & catering (34.3%) and mining & quarrying (30.8%). Otherwise, smaller contractions in

claims were recorded for tourism (8.4%), private financial institutions (6.7%) and manufacturing (5.8%) activities.

A disaggregation of consumer installment credit showed that the largest increase occurred for debt consolidation (\$26.3 million), followed by credit cards (\$6.1 million), private cars (\$3.7 million), travel (\$2.5 million), home improvements (\$2.3 million), land purchases (\$1.4 million) and medical care (\$1.0 million). In contrast, the "miscellaneous" category registered a net repayment of (\$5.8 million).

### MORTGAGES

More comprehensive data for banks, insurance companies and the Bahamas Mortgage Corporation indicate that total mortgages outstanding increased on a quarterly basis at a slightly moderated pace of \$63.6 million (2.2%), to stand at \$2,928.1 million. Residential claims, which comprised 92.3% of the total, rose by \$64.8 million (2.5%), while commercial mortgages contracted marginally by \$1.2 million (0.5%). At end-June, the largest share of surveyed claims remained within the portfolios of domestic banks (89.4%), followed by insurance companies (6.6%) and the Bahamas Mortgage Corporation (4.0%).

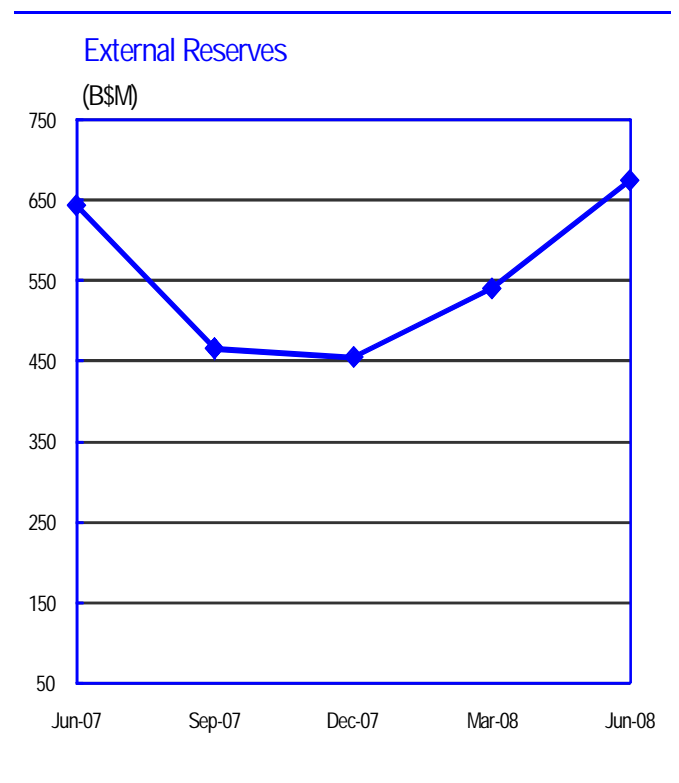
### THE CENTRAL BANK

During the review period, the falloff in the Central Bank's net claims on Government was extended to \$116.4 million (39.5%) from \$31.0 million (16.0%) in the same period of the previous year. This mainly reflected a net sale of Treasury bills of \$117.6 million, which overshadowed a marginal reduction in deposits held for the Government. Net deposit liabilities to the rest of the public sector declined by \$1.0 million (9.1%); however, currency and demand liabilities to domestic banks and the private sector also rose by \$13.1 million (2.1%).

The net effect of these flows was a more robust accumulation in external reserves of \$135.2 million (25.1%), as compared to \$19.2 million (3.1%) in the previous year. In particular, the Central Bank's net foreign currency purchase widened to \$129.9 million from \$12.3 million a year earlier. Transactions with the Government were reversed to a net purchase of \$134.6 million from a net

sale of \$15.9 million, reflecting the impact of the external bond issue. This outweighed the increased net outflows via the public corporations of \$27.1 million to \$89.5 million, and a \$5.8 million decrease in the net purchase from commercial banks to \$84.8 million.

The end-June stock of external reserves, at \$674.8 million, approximated 16.4 weeks of non-oil merchandise imports, compared to the previous year's level of \$642.9 million that was equivalent to 14.1 weeks of imports. By law the Central Bank is required to hold sufficient foreign reserves to support the equivalent of 50% of the value of its Bahamian dollar demand liabilities. After excluding this amount from the external balances, the remaining "useable" reserves stood slightly higher at \$289.7 million vis-à-vis \$281.7 million in 2007.



### DOMESTIC BANKS

While the slowdown in credit growth was less marked than the easing in domestic deposit gains, the increase in internal resources from profit retention and expanded net foreign liabilities contributed to the improvement in bank

liquidity during the second quarter. Growth in bank credit to the private sector eased to \$86.6 million (1.4%) from \$114.4 million (2.0%) and the advance in net claims on Government slackened to \$40.2 million (7.4%) from \$140.6 million (29.9%) in 2007. Only the expansion in credit to public corporations strengthened, by \$40.1 million to \$62.6 million (18.8%). Meanwhile, the increase in bank deposits slackened considerably to \$86.8 million (1.6%) from \$203.3 million (4.0%). However, banks recorded an increase in capital and surplus resources (mainly accumulated profits) of 4.0% (\$68.1 million) and a rise in net external liabilities of 3.0% (\$17.9 million).

At quarter's end, banks' domestic deposit liabilities totaled \$5,767.8 million, of which 96.2% was denominated in Bahamian dollars. The largest share of Bahamian dollar deposits was held by private individuals (58.4%), followed by business firms (24.1%), the public sector (10.1%), other depositors (4.1%) and private financial institutions (3.3%). Alternatively, fixed deposits accounted for 60.0% of the total, while demand and savings balances comprised 22.2% and 17.8%, respectively.

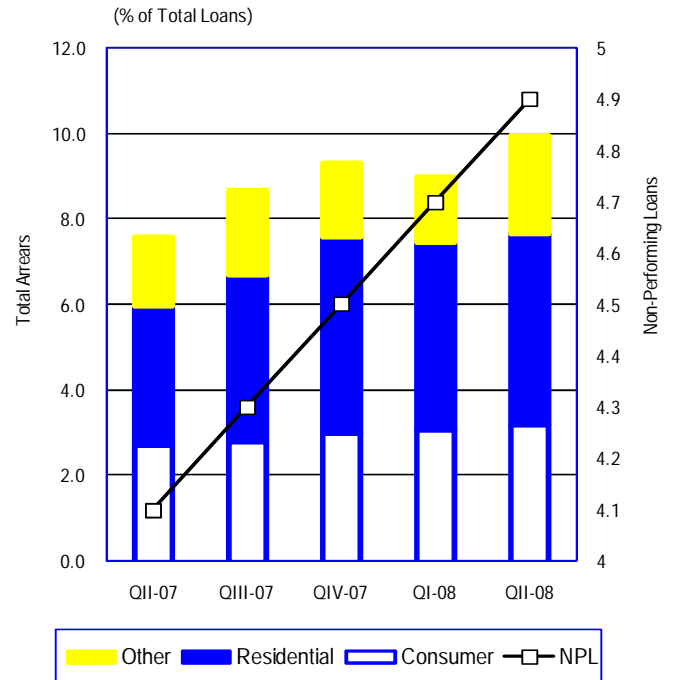
An analysis of Bahamian dollar contracts by number and range of value, showed that balances of \$10,000 or less comprised the majority of accounts (90.2%), albeit only 7.5% of the total value. Deposits of between \$10,000 and \$50,000, accounted for 6.7% of the accounts and 12.5% of the overall value; while those valued over \$50,000 constituted 80.0% of the total funds, but only 3.1% of all contracts.

Asset quality indicators registered some deterioration during the second quarter. In particular, the proportion of private sector loans in arrears—those with past due payments of at least one month—increased to 10.1% of the corresponding claims, compared to 9.1% at the end of the previous quarter and 7.6% a year earlier.

By debtor grouping, the arrears rate for consumer credit eased slightly to 8.7% from 8.8%. However, the commercial arrears rate, which accounted for the majority of the asset deterioration, rose to 13.3% from 8.4% last quarter and the rate for residential mortgages to 10.2% from 9.9%. In addition, total non-performing loans, for which banks no longer accrued interest, firmed as a percentage of the private sector portfolio to 4.9% from

4.7% in the previous quarter and 4.1% at June 2007. In response to the deterioration in loan quality, banks increased provisions for loan losses to 2.4% from 2.3% of total loans at end-March. Albeit, as a proportion of non-performing loans, the provisioning rate remained at 47.9%.

### Loan Arrears & Non-Performing Balances



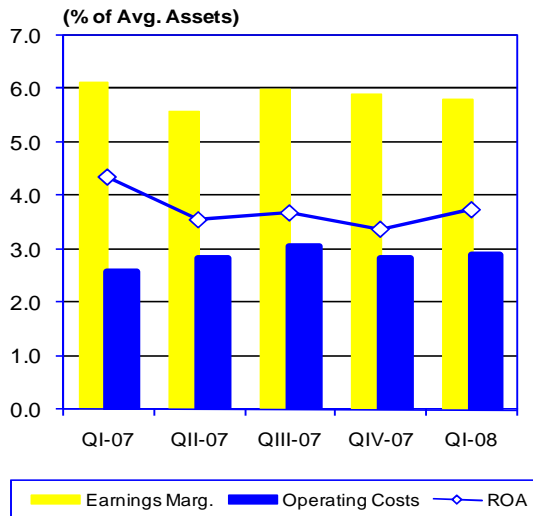
### BANK PROFITABILITY

During the first quarter of 2008, the latest period for which data is available, banks' net profit decreased by 6.7% to \$80.7 million over the same quarter of 2007. Against the \$11.2 million (22.0%) rise in operating costs, the net interest margin improved by only \$1.3 million (1.1%) and commission & foreign exchange income by \$1.9 million (24.3%). Higher expenses also muted the \$2.4 million rise in the net margin on "miscellaneous" income, which included a large increase in bad debt expenses that almost eclipsed boosted earnings from "other" sources.

Developments were correspondingly reflected in a softening in profitability ratios relative to average domestic assets. The net interest margin ratio narrowed by 41

basis points to 5.3%, and while the contribution from commission and foreign exchange income rose by 5 basis point to 0.44%, it was negated by the 4 basis point increase in "other" net income to 0.86%. After a 32 basis point hike in the operating cost ratio to 2.90% of average assets, the net income (return on assets) ratio fell by 62 basis points to 3.74%.

### Domestic Banks' Profitability



### INTEREST RATES

Domestic banks' weighted average interest spread on loans and deposit rates widened by 53 basis points to 7.51% during the quarter, as the average loan rate firmed by 42 basis points to 11.42% and the corresponding deposit rate softened by 11 basis points to 3.91%.

On the deposit side, the average band on fixed maturities moved broadly lower to 3.71% - 4.57% from 3.74% - 5.05%. Similarly, the average savings and demand deposit rates declined by 5 and 7 basis points, to 2.25% and 1.34%, respectively.

The largest increase in average lending rates was registered for commercial mortgages, of 62 basis points to 9.24%. The average residential mortgage rate rose by 22 basis points to 8.58%; for consumer loans, by 49 basis points to 13.49% and for overdrafts, by 45 basis points to 11.79%.

The average 90 day Treasury bill rate firmed by 14 basis points to 2.83%; while the Benchmark rates—the Central Bank's Discount Rate and Commercial Banks' Prime Rate—were unchanged at 5.25% and 5.50%, respectively.

### Banking Sector Interest Rates Period Average (%)

	Qtr. II 2006	Qtr. I 2007	Qtr. II 2007
<b>Deposit rates</b>			
Demand Deposits	2.32	2.07	2.45
Savings Deposits	2.13	2.01	1.96
<b>Fixed Deposits</b>			
Up to 3 months	3.13	3.44	3.50
Up to 6 months	3.60	3.88	3.86
Up to 12 months	3.88	4.32	4.19
Over 12 months	4.10	4.84	4.05
Weighted Avg Deposit Rate	3.30	3.66	3.63
<b>Lending rates</b>			
Residential mortgages	7.82	7.93	8.13
Commercial mortgages	8.42	8.56	8.26
Consumer loans	11.97	12.15	12.82
Other Local Loans	7.64	7.82	8.02
Overdrafts	10.38	11.47	12.39
Weighted Avg Loan Rate	9.90	10.35	10.82

### CAPITAL MARKETS DEVELOPMENTS

Domestic capital markets recorded continued depreciation in equity prices during the second quarter, accompanied by a decrease in trading volume. The Bahamas International Securities Exchange (BISX) All Share Price Index fell further by 7.2% to 1,823.0 points, extending the previous period's decline of 5.0% and overturning last year's gain of 1.9%. As to trading volume, an estimated 1.16 million shares changed ownership, valued at \$7.9 million, compared to 2.1 million valued at \$6.6 million in 2007. Moreover, market capitalization on BISX moved lower by an estimated 9.1% to \$2.9 billion.

Meanwhile, Fidelity Capital Market Limited's share price index (FINDEX)—which also captures over the counter trading—decreased by 4.9% to 877.8 points during the review quarter, as opposed to the 2.3% appreciation achieved in the second quarter of 2007.

## INTERNATIONAL TRADE AND PAYMENTS

Preliminary estimates for the second quarter of 2008 indicate that the current account deficit narrowed by 42.0% to an estimated \$148.6 million over the comparative 2007 period. A tempering in demand pressures led to a reduction in the merchandise trade deficit and combined with lower net income outflows to offset the modest falloff in net services receipts. Moreover, elevated public sector borrowing contributed to an almost 90% increase in the surplus on the capital and financial account.

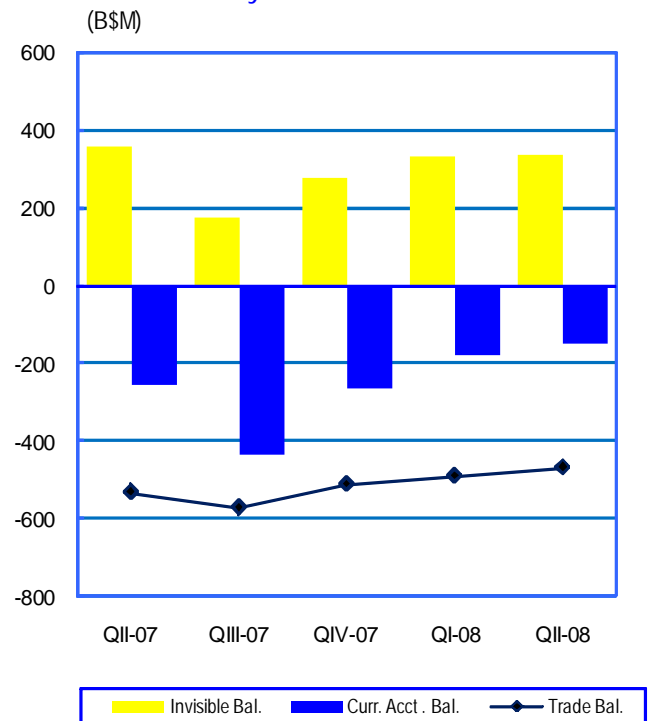
The merchandise trade deficit narrowed by 11.7% to an estimated \$468.8 million. In particular, the almost one-third decline in net non-oil imports to \$279.8 million cushioned a 38.1% hike in oil payments to \$260.8 million, with the latter associated with continued firming in international fuel prices. In particular, the average cost of imported fuel rose broadly, with gas oil up, on a per barrel basis, by 75.9% to \$126.61; propane fuel, by 36.1% to \$82.10; bunker 'c' fuel, by 35.7% to \$74.18; motor gas, by 31.8% to \$133.40 and jet fuel, by 19.2% to \$160.04.

The estimated surplus on the services account contracted by 6.1% to \$334.3 million. As tourism output softened and residents' expenditure on travel firmed, net travel receipts fell by 3.3% to \$527.1 million. In addition, net inflows from offshore companies' local expenses receded by 7.2% to \$43.1 million; while net outflows associated with 'other miscellaneous' transactions rose by more than a third to \$112.9 million and for Government services, by \$17.5 million to \$9.0 million. Providing support to the surplus, net transportation outflows tapered by 15.9% to \$70.3 million; net insurance payments, by 28.0% to \$24.9 million and net outflows for construction services, by 86.3% (\$31.4 million) to \$5.0 million, due

to a slowdown in works on foreign investor sponsored projects.

On the income account, net factor remittances narrowed by more than two-thirds to \$29.2 million, with wage-related payments lower by 13.9% to \$16.9 million. As non-bank profit remittances decreased, net repatriation of investment income fell by 84.3% to \$12.3 million, while the public sector's net interest payments rose by \$0.7 million to \$1.8 million.

### Balance of Payments



Net current transfer receipts narrowed by 12.6% to \$15.0 million, owing to a 21.3% falloff in net receipts by Government, to \$15.5 million. In addition, the private sector's net outflows decreased moderately to \$0.5 million, to mirror trends in workers' net remittances.

The estimated surplus on the capital and financial account improved to \$343.8 million from \$182.0 million in the same period a year earlier. Developments were marked by a \$155.8 million expansion in the financial surplus to \$354.6 million. In particular, after a net repayment of \$21.6 million last year, the public sector



recorded a net external borrowing of \$97.0 million, associated primarily with the Government's US\$100 million bond issue. Net private direct investments advanced by \$92.4 million to \$212.0 million, with healthy gains in net real estate purchases to \$103.1 million from \$38.2 million, and in net equity inflows, to \$108.8 million from \$81.3 million. Conversely, the private sector's net external borrowing narrowed to \$34.4 million from \$99.7 million and residents' net portfolio outflows doubled to \$6.7 million. Net short-term inflows through the domestic banking system increased to \$17.9 million from \$4.3 million in the corresponding quarter last year.

As a result of these developments, and after adjusting for possible net errors and omissions, the surplus on the overall payments balance, which corresponds to the change in the Central Bank's external reserves, widened to \$135.2 million from \$19.2 million a year earlier.

## INTERNATIONAL ECONOMIC DEVELOPMENTS

During the second quarter, global economic activity continued to be hampered by fallout from the United States' sub-prime mortgage crisis, tighter credit market conditions and escalating prices for fuel and primary commodities which accelerated consumer price inflation. As a consequence, several major economies recorded flat or negative growth, contrasting with a fiscally stimulated strengthening in the United States. While these developments continued to frame monetary policy decisions, interest rate easing only occurred in the United States and the United Kingdom. Although the relatively improved position of the United States economy supported some rebound in the value of the dollar, persistent uncertainty over the global economic outlook had a depressing effect on equity market valuations. Meanwhile, trends in external sector balances remained mixed.

The output momentum slowed in most of the major economies during the second quarter. As an exception, growth in the United States' firmed to 3.3% on an annualized basis from 0.9% in the first quarter, largely reflecting a stimulus to personal consumption from the Government's \$100 billion tax rebate and strengthening in net

exports. In the United Kingdom, output was flat after slowed growth of less than 2.0% on an annualized basis in the first quarter, with household consumption unchanged and business investments contracted. After a gain of 0.7% last period, economic activity in the euro zone weakened by 0.2%, due to softness in investments and consumption. In this regard, real GDP in Germany—the largest economy in the bloc—fell by 0.5%. Amid a contraction in private consumption and export weakness, Japan's real output fell by 2.8%, compared to expansion at approximately the same pace during the previous quarter and a decline of 1.2% a year earlier. While China's economy stayed robust, growth moderated to 10.6% from 11.1%, as export weakness and tightened credit policies constrained domestic investment.

In light of the deteriorating economic conditions, labour markets in the major economies remained soft. The average unemployment rate in the United States rose by 0.4 percentage points to 5.5%, due mainly to layoffs in the construction, manufacturing and employment services sectors. The United Kingdom's jobless rate also firmed to 5.4% from 5.2% in the previous quarter. Despite marginal easing in the unemployment rates of both Germany and France, the uptick in Spain's jobless rate contributed to overall firming in the euro area's unemployment, by 0.1 percentage points to 7.3%. Japan's quarterly average unemployment rate also rose slightly over the review period, to 4.0% from 3.9%, mainly reflecting subdued labour demand among small businesses.

The sustained rise in oil and food prices continued to push global inflation higher during the second quarter. In the United States, the average consumer price inflation accelerated to 5.0% from 4.0% in the first quarter, with more than half of the increase due to energy costs and one-sixth owing to rising food prices. The United Kingdom's core inflation quickened to 3.8% from 2.5% and the increase in euro zone average prices intensified to 4.0% from 3.6%. China's annual inflation softened to 7.2% in June from 7.8% in March, but remained sharply accelerated from the previous year's 4.2%. Similarly, consumer prices in Japan firmed by 1.5% on a 12 month basis, exceeding the 1.0% advance through the end of the first quarter.

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Expectations of an improved near-term outlook for the US economy supported a rally in the dollar against most major currencies during the review quarter. The dollar rose against the Japanese yen, by 6.5% to ¥106.21; the Swiss franc, by 2.8% to \$1.0211 and the euro by 0.2% to €0.6347. The currency stabilized against the pound at £0.50, in the wake of the flagging UK economy, but fell against the yuan by 2.2% to RMB 6.8591, amid continued robust growth in China.

The subprime mortgage crisis and weakness in the short-term outlook for the global economy had further negative effects on equity valuations on the major businesses. In the United States, the Dow Jones Industrial Average (DJIA) and the Standard and Poor's 500 (S&P 500) slumped by 7.4% and 3.2%, to 11,350 points and 1,281 points, respectively. In Europe, France's CAC 40 index deteriorated by 5.8% to 4,435 points; Germany's DAX index, by 1.8% to 6,418 points and the United Kingdom's FTSE 100 index, by 1.3% to 5,626 points. In Asia, China's Shanghai Composite index plunged by 21.2% to 2,736 points; however, Japan's Nikkei 225 index firmed by 7.6% to 13,481 points, reflecting continued recovery in stock prices after several years of weakness.

Commodity prices sustained their upward momentum, driven by ongoing geopolitical tensions and the comparatively weak US dollar. In particular, oil prices surged by 35.3% to \$140.91 per barrel, to stand at more than double the end June 2007 price of \$70.77 per barrel. Meanwhile, demand for assets to hedge against the weak dollar and unstable financial markets pushed the price of gold up by 0.9% to \$925.40 per ounce and silver, by 1.0% to \$17.75 per ounce. As regard food prices, the World Bank's index of grain prices for middle and low income countries rose by an estimated 22.4% during the quarter and was almost 200% appreciated on a 12-month basis, as more attention shifted towards crop cultivation for alternative fuel production.

The monetary policy stance remained stable to accommodate at the major central banks, with inflationary concerns balanced against the soft outlook for economic activity. In a continued effort to stimulate economic activity, the United States' Federal Reserve lowered its primary credit and federal funds rates, by 25 basis points

each, to 2.25% and 2.00%, respectively in April. The Bank of England reduced its bank rates by 25 basis points to 5.00% in April, to offset tightened credit conditions and the slump in the United Kingdom's economy. Faced with significantly elevated inflation, the European Central Bank kept its key marginal lending rate and deposit rate at 5.00% and 3.00%, respectively, in light of the downside risk of higher prices in the medium term. The Bank of Japan also left its basic loan rate and overnight rate unchanged at 0.75% and 0.50%, respectively. In contrast, the Bank of China maintained a tight credit stance, raising the reserve requirement for depository institutions to 17.5% from 15.5%.

Most major economies experienced mixed trends in their external sector balances during the review quarter. In the United States, the goods and services deficit balance increased by \$1.6 billion to an estimated \$176.5 billion. For the three months to May, the deficit on the goods and services account in the United Kingdom contracted to £12.3 billion from £14.5 billion in the first quarter. Meanwhile, the euro zone's current account deficit fell marginally to €4.1 billion from €4.3 billion, supported by a slight gain in net exports and a decrease in net transfer outflows. China's trade surplus contracted by 12.8% to US\$57.5 billion, as net import demand accelerated, while deterioration in Japan's net exports reduced the current account surplus by 41.0% to ¥3.9 trillion compared to the same quarter of last year.

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**STATISTICAL APPENDIX**  
**(Tables 1-16)**

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## STATISTICAL APPENDIX

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The following symbols and conventions are used throughout this report:

1. n.a. not available
2. -- nil
3. p provisional
4. Due to rounding, the sum of separate items may differ from the totals.

**TABLE 1**  
**FINANCIAL SURVEY**

End of Period	2003			2004			2005			2006			2007			2008		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	
<b>Net foreign assets</b>	(143.8)	104.3	(32.2)	(16.3)	(6.4)	(181.1)	(254.4)	(133.4)	(124.4)	(249.0)	(213.4)	(55.4)	61.9					
Central Bank	484.3	667.8	578.8	637.8	644.2	542.7	499.7	623.5	642.9	464.7	454.2	539.6	674.8					
Domestic Banks	(628.1)	(563.5)	(611.0)	(654.1)	(650.6)	(723.8)	(754.1)	(756.9)	(767.3)	(713.7)	(667.6)	(595.0)	(612.9)					
<b>Net domestic assets</b>	4,147.1	4,317.2	4,862.4	4,950.5	5,161.6	5,259.8	5,399.5	5,455.3	5,657.4	5,791.7	5,850.7	5,837.9	5,797.3					
Domestic credit	4,974.0	5,227.2	5,899.5	6,051.4	6,295.3	6,524.9	6,742.9	6,802.1	7,049.3	7,259.1	7,434.3	7,433.3	7,506.2					
Public sector	879.4	887.8	945.8	935.7	1,006.8	1,004.5	1074.2	1044.3	1,176.2	1,191.8	1,215.9	1,180.4	1,166.7					
Government (net)	506.5	547.1	642.5	621.2	642.2	636.0	677.0	664.2	773.7	823.6	866.8	840.1	763.8					
Rest of public sector	372.9	340.7	303.3	314.5	364.6	368.5	397.2	380.1	402.5	368.2	349.1	340.3	402.9					
Private sector	4,094.6	4,339.4	4,953.7	5,115.7	5,288.5	5,520.4	5,668.7	5,757.8	5,873.1	6,067.3	6,218.4	6,252.9	6,339.5					
Other items (net)	(826.9)	(910.0)	(1,037.1)	(1,100.9)	(1,133.7)	(1,265.1)	(1,343.4)	(1,346.8)	(1,391.9)	(1,467.4)	(1,583.6)	(1,595.4)	(1,708.9)					
<b>Monetary liabilities</b>	4,003.3	4,421.5	4,830.2	4,934.2	5,155.2	5,078.7	5,145.1	5,321.9	5,533.0	5,542.7	5,637.3	5,782.5	5,859.2					
Money	907.4	1,134.4	1,247.6	1,265.5	1,352.7	1,263.6	1,251.1	1,267.9	1,330.7	1,273.3	1,300.3	1,308.4	1,305.7					
Currency	160.1	176.6	195.3	198.2	198.3	199.0	202.1	216.1	216.9	213.3	223.7	214.2	204.2					
Demand deposits	747.3	957.8	1,052.3	1,067.3	1,154.4	1,064.6	1,049.0	1,051.8	1,113.8	1,060.0	1,076.6	1,094.2	1,101.5					
Quasi-money	3,095.9	3,287.1	3,582.6	3,668.7	3,802.5	3,815.1	3,894.0	4,054.0	4,202.3	4,269.4	4,337.0	4,474.1	4,553.5					
Fixed deposits	2,315.9	2,410.3	2,556.6	2,636.2	2,687.9	2,720.8	2,781.5	2,907.3	3,002.0	3,074.2	3,144.8	3,245.7	3,320.5					
Savings deposits	678.8	779.9	881.8	911.6	931.8	941.1	953.3	986.2	1,029.9	1,012.9	992.1	1,009.3	1,018.9					
Foreign currency	101.2	96.9	144.2	120.9	182.8	153.2	159.2	160.5	170.4	182.3	200.1	219.1	214.1					
<b>Total domestic credit</b>	0.7	5.1	12.9	2.6	4.0	3.6	3.3	0.9	3.6	3.0	2.4	(0.0)	1.0					
Public sector	1.0	1.0	6.5	(1.1)	7.6	(0.2)	6.9	(2.8)	12.6	1.3	2.0	(2.9)	(1.2)					
Government (net)	(22.2)	8.0	17.4	(3.3)	3.4	(1.0)	6.4	(1.9)	16.5	6.4	5.2	(3.1)	(9.1)					
Rest of public sector	69.9	(8.6)	(11.0)	3.7	15.9	1.1	7.8	(4.3)	5.9	(8.5)	(5.2)	(2.5)	18.4					
Private sector	0.6	6.0	14.2	3.3	3.4	4.4	2.7	1.6	2.0	3.3	2.5	0.6	1.4					
<b>Monetary liabilities</b>	4.4	10.4	14.0	2.2	4.5	(1.5)	1.3	3.4	4.0	0.2	1.7	2.6	1.3					
Money	11.0	25.0	9.2	1.4	6.9	(6.6)	(1.0)	1.3	5.0	(4.3)	2.1	0.6	(0.2)					
Currency	3.4	10.3	10.0	1.5	0.1	0.4	1.6	6.9	0.4	(1.7)	4.9	(4.2)	(4.7)					
Demand deposits	12.7	28.2	10.6	1.4	8.2	(7.8)	(1.5)	0.3	5.9	(4.8)	1.6	1.6	0.7					
Quasi-money	2.6	6.2	9.9	2.4	3.6	0.3	2.1	4.1	3.7	1.6	1.6	3.2	1.8					

(percentage changes)

**Source: The Central Bank of The Bahamas**

**TABLE 2**  
**MONETARY SURVEY**

End of Period	2003			2004			2005			2006			2007			2008		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	
	<b>(B\$ Millions)</b>																	
<b>Net foreign assets</b>	(130.7)	70.9	(65.9)	(47.7)	(30.2)	(148.5)	(235.0)	(84.1)	(68.5)	(226.7)	(197.2)	(35.5)	82.5					
Central Bank	484.3	667.8	578.8	637.8	644.2	542.7	499.7	623.5	642.9	464.7	454.2	539.6	674.8					
Commercial banks	(615.0)	(596.9)	(644.7)	(685.5)	(674.4)	(691.2)	(734.7)	(707.6)	(711.4)	(691.4)	(651.4)	(575.1)	(592.3)					
<b>Net domestic assets</b>	4,025.1	4,247.2	4,786.9	4,880.9	5,094.5	5,140.3	5,299.4	5,327.1	5,518.8	5,709.2	5,800.3	5,785.8	5,743.2					
Domestic credit	4,822.8	5,083.1	5,752.7	5,900.8	6,142.5	6,372.6	6,588.8	6,650.8	6,899.5	7,120.3	7,401.4	7,413.6	7,480.2					
Public sector	874.9	883.4	945.8	930.9	1,001.6	999.0	1,068.9	1,039.0	1,171.0	1,186.5	1,212.8	1,177.3	1,163.7					
Government (net)	502.1	542.7	642.5	616.4	637.0	630.5	671.7	658.9	768.5	818.3	863.8	837.0	760.9					
Rest of public sector	372.8	340.7	303.3	314.5	364.6	368.5	397.2	380.0	402.5	368.2	349.0	340.3	402.8					
Private sector	3,947.9	4,199.7	4,806.9	4,969.9	5,140.9	5,373.6	5,519.9	5,611.8	5,728.5	5,933.8	6,188.6	6,236.3	6,316.5					
Other items (net)	(797.7)	(835.9)	(965.8)	(1,019.9)	(1,048.0)	(1,232.3)	(1,289.4)	(1,323.7)	(1,380.7)	(1,411.1)	(1,601.1)	(1,627.8)	(1,737.0)					
<b>Monetary liabilities</b>	3,894.4	4,318.1	4,716.1	4,833.2	5,064.3	4,991.8	5,064.4	5,243.0	5,450.3	5,482.4	5,603.1	5,750.3	5,825.7					
Money	895.8	1,124.7	1,223.0	1,245.5	1,338.1	1,246.3	1,238.1	1,254.3	1,313.0	1,256.1	1,278.9	1,290.7	1,284.8					
Currency	160.1	176.6	195.3	198.2	198.3	199.0	202.1	216.1	217.0	213.3	223.7	214.2	204.2					
Demand deposits	735.7	948.1	1,027.7	1,047.3	1,139.8	1,047.3	1,036.0	1,038.2	1,096.0	1,042.8	1,055.2	1,076.5	1,080.6					
Quasi-money	2,998.6	3,193.4	3,493.1	3,587.7	3,726.2	3,745.5	3,826.3	3,988.7	4,137.3	4,226.3	4,324.2	4,459.6	4,540.9					
Savings deposits	678.5	779.7	881.6	911.5	931.7	941.1	953.1	986.0	1,029.6	1,012.6	991.9	1,009.1	1,018.7					
Fixed deposits	2,218.8	2,316.8	2,467.4	2,555.3	2,611.7	2,651.2	2,714.1	2,842.2	2,937.3	3,031.4	3,132.2	3,231.4	3,308.1					
Foreign currency deposits	101.3	96.9	144.1	120.9	182.8	153.2	159.1	160.5	170.4	182.3	200.1	219.1	214.1					
	<b>(percentage change)</b>																	
<b>Total domestic credit</b>	0.6	5.4	13.2	2.6	4.1	3.7	3.4	0.9	3.7	3.2	3.9	0.2	0.9					
Public sector	0.8	1.0	7.1	(1.6)	7.6	(0.3)	7.0	(2.8)	12.7	1.3	2.2	(2.9)	(1.2)					
Government (net)	(22.5)	8.1	18.4	(4.1)	3.3	(1.0)	6.5	(1.9)	16.6	6.5	5.6	(3.1)	(9.1)					
Rest of public sector	69.9	(8.6)	(11.0)	3.7	15.9	1.1	7.8	(4.3)	5.9	(8.5)	(5.2)	(2.5)	18.4					
Private sector	0.6	6.4	14.5	3.4	3.4	4.5	2.7	1.7	2.1	3.6	4.3	0.8	1.3					
<b>Monetary liabilities</b>	4.1	10.9	9.2	2.5	4.8	(1.4)	1.5	3.5	4.0	0.6	2.2	2.6	1.3					
Money	10.8	25.6	8.7	1.8	7.4	(6.9)	(0.7)	1.3	4.7	(4.3)	1.8	0.9	(0.5)					
Currency	3.4	10.3	10.6	1.5	0.1	0.4	1.6	6.9	0.4	(1.7)	4.9	(4.2)	(4.7)					
Demand deposits	12.5	28.9	8.4	1.9	8.8	(8.1)	(1.1)	0.2	5.6	(4.9)	1.2	2.0	0.4					
Quasi-money	2.2	6.5	9.4	2.7	3.9	0.5	2.2	4.2	3.7	2.2	2.3	3.1	1.8					

**Source: The Central Bank of The Bahamas**

**TABLE 3**  
CENTRAL BANK BALANCE SHEET

End of Period	(B\$ Millions)																	
	2003			2004			2005			2006			2007			2008		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	
<b>Net foreign assets</b>	484.3	667.8	578.8	637.8	644.2	542.7	499.7	623.5	642.9	464.7	454.2	539.6	674.8					
Balances with banks abroad	183.7	311.1	145.4	210.4	212.1	116.8	90.5	226.7	246.3	69.8	59.5	149.8	285.1					
Foreign securities	291.3	347	424.4	418.4	422.8	416.47	399.8	387.3	387.0	385.1	384.7	379.4	379.4					
Reserve position in the Fund	9.3	9.7	9.0	9.0	9.3	9.3	9.4	9.5	9.5	9.7	9.9	10.3	10.2					
SDR holdings	--	--	--	--	--	0.1	--	--	0.1	0.1	0.1	0.1	0.1					
<b>Net domestic assets</b>	15.2	(13.1)	23.1	(21.0)	(25.9)	83.9	85.1	89.9	50.7	175.3	235.7	191.9	71.9					
Net claims on Government	108.4	141.9	122.0	111.3	129.9	182.3	182.5	194.2	163.1	278.7	332.3	295.0	178.5					
Claims	114.8	149.5	149.7	150.7	137.4	198.0	190.6	201.8	176.9	288.1	347.8	320.0	201.5					
Treasury bills	--	--	--	--	--	43.4	52.2	49.1	--	116.0	143.5	117.6	--					
Bahamas registered stock	43.8	78.5	72.7	73.7	75.4	77.6	76.4	90.6	104.9	100.1	132.4	130.4	129.5					
Loans and advances	71.0	71.0	77.0	77.0	62.0	77.0	62.0	62.0	72.0	72.0	72.0	72.0	72.0					
Deposits	(6.4)	(7.6)	(27.7)	(39.4)	(7.5)	(15.7)	(8.1)	(7.5)	(13.8)	(9.4)	(15.6)	(25.0)	(23.0)					
In local currency	(6.4)	(7.6)	(27.7)	(39.4)	(7.5)	(15.7)	(8.1)	(7.5)	(13.8)	(9.4)	(15.6)	(25.0)	(23.0)					
In foreign currency	--	--	--	--	--	--	--	--	--	--	--	--	--					
Deposits of rest of public sector	(21.6)	(87.7)	(26.1)	(54.1)	(77.8)	(12.4)	(18.3)	(22.8)	(29.8)	(17.4)	(10.4)	(17.6)	(17.1)					
Credit to commercial banks	--	--	--	--	--	--	--	--	--	--	--	--	--					
Official capital and surplus	(97.3)	(98.2)	(105.5)	(114.0)	(108.5)	(107.2)	(107.3)	(115.4)	(112.6)	(111.4)	(111.6)	(121.3)	(123.3)					
Net unclassified assets	18.4	22.3	24.4	27.6	22.3	13.1	20.1	25.8	22.1	17.5	17.9	28.3	26.4					
Loans to rest of public sector	6.4	7.6	7.3	7.2	7.2	7.1	7.0	7.0	6.9	6.8	6.8	6.7	6.6					
Public Corp Bonds/Securities	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1	0.8	0.8	0.8					
<b>Liabilities To Domestic Banks</b>	(324.2)	(462.2)	(392.0)	(403.9)	(404.9)	(412.4)	(367.3)	(481.7)	(461.2)	(410.8)	(450.1)	(500.5)	(525.8)					
Notes and coins	(79.6)	(78.5)	(105.8)	(57.0)	(60.4)	(59.1)	(116.2)	(60.3)	(72.0)	(73.5)	(110.1)	(79.7)	(81.8)					
Deposits	(244.6)	(383.7)	(286.2)	(346.9)	(344.5)	(353.3)	(251.1)	(421.4)	(389.2)	(337.2)	(340.0)	(420.8)	(444.0)					
SDR allocation	(15.2)	(15.9)	(14.6)	(14.7)	(15.1)	(15.2)	(15.4)	(15.4)	(15.5)	(15.9)	(16.2)	(16.8)	(16.7)					
Currency held by the private sector	(160.1)	(176.6)	(195.3)	(198.2)	(198.3)	(199.0)	(202.1)	(216.1)	(216.9)	(213.3)	(223.7)	(214.2)	(204.2)					

Source: The Central Bank of The Bahamas

**TABLE 4**  
**DOMESTIC BANKS BALANCE SHEET**

End of Period	(B\$ Millions)																	
	2003			2004			2005			2006			2007			2008		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	
<b>Net foreign assets</b>	(628.1)	(563.5)	(611.0)	(654.1)	(650.6)	(723.8)	(754.1)	(756.9)	(767.3)	(713.7)	(667.6)	(595.0)	(612.9)					
<b>Net claims on Central Bank</b>	322.4	461.4	389.7	403.2	405.1	418.1	366.5	479.8	460.4	412.3	448.4	499.7	525.0					
Notes and Coins	79.6	78.5	105.8	57.0	60.4	59.1	116.2	60.3	72.0	73.5	110.1	79.7	81.8					
Balances	243.6	383.7	284.7	347.0	345.5	359.8	251.1	420.4	389.2	339.6	339.1	420.8	444.0					
Less Central Bank credit	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8					
<b>Net domestic assets</b>	3,814.7	4,018.7	4,518.2	4,615.1	4,753.6	4,797.4	4,935.4	5,003.4	5,190.8	5,197.3	5,199.7	5,215.9	5,271.0					
Net claims on Government	398.1	405.2	528.9	510.0	512.3	453.8	494.5	469.9	610.6	544.9	534.5	545.1	585.3					
Treasury bills	47.6	26.7	66.1	78.0	125.3	34.6	10.0	18.9	139.6	60.7	50.8	71.7	197.4					
Other securities	369.6	393.3	400.5	413.9	417.8	447.5	437.1	446.7	437.9	463.1	468.5	466.3	460.7					
Loans and advances	74.5	78.2	150.7	122.6	75.7	70.9	156.3	107.7	139.7	136.1	120.3	133.4	57.2					
Less: deposits	93.6	93	88.4	104.5	106.5	99.2	108.9	103.3	106.6	115.1	105.0	126.3	130.0					
Net claims on rest of public sector	53.0	91.5	(25.3)	(11.4)	(14.0)	(15.2)	12.3	15.4	(7.7)	(55.7)	(78.9)	(96.6)	(57.4)					
Securities	18.6	18.6	20.6	22.6	34.3	34.3	121.1	118.4	115.9	98.0	97.7	97.2	95.2					
Loans and advances	347.0	313.5	265.8	283.6	322.2	326.1	268.1	253.7	278.6	262.3	243.9	235.7	300.3					
Less: deposits	312.6	240.6	311.7	317.6	370.5	375.6	376.8	356.6	402.3	416.0	420.5	429.5	452.9					
Other net claims	3.5	(14.1)	(5.9)	(4.2)	8.2	(42.3)	(17.9)	(31.3)	(37.6)	(5.3)	(6.9)	(1.2)	(3.1)					
Credit to the private sector	4094.6	4339.4	4953.7	5,115.7	5,288.5	5,520.4	5,668.7	5,757.8	5,873.1	6,067.3	6,218.4	6,252.9	6,343.1					
Securities	20.4	14.7	28.2	27.4	28.2	29.2	21.7	20.3	24.3	24.9	29.6	29.6	36.3					
Mortgages	1438.4	1631.1	1919.1	1,996.8	2,084.2	2,182.3	2,258.1	2,320.7	2,390.4	2,480.1	2,580.4	2,617.4	2,702.6					
Loans and advances	2,635.8	2,693.6	3006.4	3,091.5	3,176.1	3,308.9	3,388.9	3,416.9	3,458.4	3,562.3	3,608.4	3,605.9	3,604.2					
Private capital and surplus	(1032.5)	(1121.4)	(1197.5)	(1,278.4)	(1,299.2)	(1,420.7)	(1,477.5)	(1,501.3)	(1,552.1)	(1,600.9)	(1,654.1)	(1,706.6)	(1,775.0)					
Net unclassified assets	301.5	318.1	264.3	283.4	257.8	301.4	255.3	292.8	304.5	247.0	186.7	222.3	178.1					
<b>Liabilities to private sector</b>	3,508.9	3,916.6	4297.1	4,364.2	4,508.1	4,491.7	4,547.8	4,726.4	4,883.9	4,896.0	4,982.7	5,120.6	5,183.1					
Demand deposits	766.2	921	1092.2	1,066.1	1,161.4	1,128.7	1,112.9	1,124.8	1,164.7	1,137.7	1,174.8	1,182.5	1,164.9					
Savings deposits	682.1	783.7	885.3	915.1	937.6	949.0	956.8	988.3	1,032.7	1,016.2	994.7	1,013.8	1,024.2					
Fixed deposits	2060.6	2211.9	2319.6	2,383.0	2,409.1	2,414.0	2,478.1	2,613.3	2,686.5	2,742.0	2,813.2	2,924.3	2,994.0					

**Source: The Central Bank of The Bahamas**



**TABLE 5**  
**PROFIT AND LOSS ACCOUNTS OF BANKS IN THE BAHAMAS\***

(B\$'000s)

Period	2005				2006				2007				2008					
	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	
1. Interest Income	533,519	646,269	744,537	145,220	156,110	162,343	182,596	182,718	181,288	187,091	193,440	184,145						
2. Interest Expense	178,153	225,205	291,206	47,289	53,343	57,560	67,013	68,909	74,410	73,078	74,809	69,067						
3. <b>Interest Margin (1-2)</b>	355,366	421,064	453,331	97,931	102,767	104,783	115,583	113,809	106,878	114,013	118,631	115,078						
4. Commission & Forex Income	28,665	29,543	31,714	7,134	6,973	6,648	8,788	7,680	7,979	10,936	5,119	9,544						
5. <b>Gross Earnings Margin (3+4)</b>	384,031	450,607	485,045	105,065	109,740	111,431	124,371	121,489	114,857	124,949	123,750	124,622						
6. Staff Costs	125,378	138,087	133,309	33,502	33,914	35,985	34,686	26,848	34,586	36,696	35,179	35,281						
7. Occupancy Costs	18,558	20,669	20,612	4,744	5,292	5,682	4,951	4,595	5,390	5,167	5,460	5,111						
8. Other Operating Costs	54,888	63,002	79,480	16,036	15,093	14,022	17,851	19,773	18,603	21,972	19,132	22,073						
9. <b>Operating Costs (6+7+8)</b>	198,824	221,758	233,401	54,282	54,299	55,689	57,488	51,216	58,579	63,835	59,771	62,465						
10. <b>Net Earnings Margin (5-9)</b>	185,207	228,849	251,644	50,783	55,441	55,742	66,883	70,273	56,278	61,114	63,979	62,157						
11. Depreciation Costs	12,625	11,088	11,673	2,818	2,842	2,810	2,618	2,935	2,986	2,967	2,785	3,101						
12. Provisions for Bad Debt	21,897	43,129	39,817	6,181	10,819	7,967	18,162	5,696	12,567	8,614	12,940	16,227						
13. Other Income	76,750	101,633	107,271	26,750	23,607	26,185	25,091	24,794	32,565	27,202	22,710	37,831						
14. <b>Other Income (Net) (13-11-12)</b>	42,228	47,416	55,781	17,751	9,946	15,408	4,311	16,163	17,012	15,621	6,985	18,503						
15. <b>Net Income (10+14)</b>	227,435	276,265	307,425	68,534	65,387	71,150	71,194	86,436	73,290	76,735	70,964	80,660						
16. <b>Effective Interest Rate Spread (%)</b>	6.45	6.15	6.25	6.24	6.28	6.12	5.96	5.88	5.80	6.44	6.88	6.36						
	<b>(Ratios To Average Assets)</b>																	
Interest Margin	5.42	5.62	5.51	5.49	5.54	5.49	5.97	5.74	5.17	5.47	5.64	5.33						
Commission & Forex Income	0.44	0.40	0.39	0.40	0.38	0.35	0.45	0.39	0.39	0.52	0.24	0.44						
Gross Earnings Margin	5.85	6.02	5.89	5.89	5.91	5.84	6.42	6.12	5.56	5.99	5.88	5.78						
Operating Costs	3.02	2.97	2.83	3.04	2.93	2.92	2.97	2.58	2.84	3.06	2.84	2.90						
Net Earnings Margin	2.83	3.05	3.06	2.85	2.99	2.92	3.45	3.54	2.72	2.93	3.04	2.88						
Net Income	3.47	3.69	3.74	3.84	3.52	3.73	3.68	4.36	3.55	3.68	3.37	3.74						

\*Commercial Banks and OLFs with domestic operations

**TABLE 6**  
**MONEY SUPPLY**

(B\$ Millions)

End of Period	2003			2004			2005			2006			2007			2008		
	Mar.	Jun.	Sept.	Mar.	Jun.	Sept.	Mar.	Jun.	Sept.	Mar.	Jun.	Sept.	Mar.	Jun.	Sept.	Mar.	Jun.	
<b>Money supply (M1)</b>	907.4	1,134.4	1,247.6	1,265.5	1,352.7	1,263.6	1,251.1	1,267.9	1,330.7	1,273.3	1,300.3	1,300.3	1,308.4	1,305.7				
1) Currency in active circulation	160.1	176.6	195.3	198.2	198.3	199.0	202.1	216.1	216.9	213.3	223.7	214.2	204.2					
2) Demand deposits	747.3	957.8	1,052.3	1,067.3	1,154.4	1,064.6	1,049.0	1,051.8	1,113.8	1,060.0	1,076.6	1,094.2	1,101.5					
Central Bank	21.7	87.7	26.1	54.1	78.2	12.4	18.3	22.8	29.8	17.4	10.4	18.2	17.1					
Domestic Banks	725.6	870.1	1,026.2	1,013.2	1,076.2	1,052.2	1,030.7	1,029.0	1,084.0	1,042.6	1,066.2	1,076.0	1,084.4					
<b>Factors affecting changes in money (M1)</b>																		
1) Net credit to Government	506.5	547.1	642.5	621.2	642.2	636.0	677.0	664.2	773.7	823.6	866.8	840.1	763.8					
Central Bank	108.4	141.9	122.0	111.2	129.9	182.3	182.5	194.2	163.1	278.7	332.3	295.0	178.5					
Domestic Banks	398.1	405.2	520.5	510.0	512.3	453.7	494.5	470.0	610.6	544.9	534.5	545.1	585.3					
2) Other credit	4,467.5	4,680.1	5,257.0	5,430.2	5,653.1	5,888.9	6,065.9	6,137.9	6,275.6	6,435.5	6,567.5	6,593.2	6,742.4					
Rest of public sector	372.9	340.7	303.3	314.5	364.6	368.5	397.2	380.1	402.5	368.2	349.1	340.3	402.9					
Private sector	4,094.6	4,339.4	4,953.7	5,115.7	5,288.5	5,520.4	5,668.7	5,757.8	5,873.1	6,067.3	6,218.4	6,252.9	6,339.5					
3) External reserves	484.3	667.8	578.8	637.8	644.2	542.7	499.7	623.5	642.9	464.7	454.2	539.6	674.8					
4) Other external liabilities (net)	(628.1)	(563.5)	(611.0)	(654.1)	(650.6)	(723.8)	(754.1)	(756.9)	(767.3)	(713.7)	(667.6)	(595.0)	(612.9)					
5) Quasi money	3,095.9	3,287.1	3,582.6	3,668.7	3,802.5	3,815.1	3,894.0	4,054.0	4,202.3	4,269.4	4,337.0	4,474.1	4,553.5					
6) Other items (net)	(826.9)	(910.0)	(1,037.1)	(1,100.9)	(1,133.7)	(1,265.1)	(1,343.4)	(1,346.8)	(1,391.9)	(1,467.4)	(1,583.6)	(1,595.4)	(1,708.9)					

**Source: The Central Bank of The Bahamas**

**TABLE 7**  
**CONSUMER INSTALMENT CREDIT\***

End of Period	2004			2005			2006			2007			2008		
	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	
<b>CREDIT OUTSTANDING</b>															
Private cars	212,679	209,879	216,465	222,787	226,337	228,421	231,191	237,786	241,465	248,152	247,418	251,167			
Taxis & rented cars	2,349	2,317	2,322	2,340	2,502	2,568	2,305	2,004	2,095	1,908	1,925	2,033			
Commercial vehicles	5,212	6,038	6,173	6,551	6,588	6,829	7,024	6,985	6,926	6,956	6,966	6,876			
Furnishings & domestic appliances	13,972	17,309	17,667	18,277	18,768	19,658	20,018	20,265	21,111	22,394	22,435	22,818			
Travel	40,814	41,435	39,489	42,151	46,929	45,944	42,898	43,506	50,326	50,970	48,520	51,036			
Education	46,926	47,737	48,393	48,257	53,095	52,858	52,219	52,249	58,196	54,725	53,938	54,012			
Medical	13,811	14,446	14,940	16,227	16,691	17,320	18,149	18,846	20,231	20,520	21,014	22,034			
Home Improvements	114,199	134,334	137,988	142,222	145,557	152,851	154,103	157,601	162,026	163,070	164,973	167,272			
Land Purchases	150,096	174,645	177,630	186,023	190,508	201,318	212,473	217,701	221,946	227,236	232,912	234,282			
Consolidation of debt	346,795	413,193	429,545	439,948	447,458	459,791	469,828	482,978	496,945	496,296	505,038	531,296			
Miscellaneous	374,008	412,162	425,763	438,374	463,648	489,122	505,010	516,608	536,264	559,119	562,536	556,726			
Credit Cards	166,073	188,058	186,643	196,474	210,102	226,401	223,774	228,627	243,125	256,995	258,291	264,375			
<b>TOTAL</b>	<b>1,486,934</b>	<b>1,661,553</b>	<b>1,703,018</b>	<b>1,759,631</b>	<b>1,828,183</b>	<b>1,903,081</b>	<b>1,938,992</b>	<b>1,985,156</b>	<b>2,060,656</b>	<b>2,108,341</b>	<b>2,125,966</b>	<b>2,163,927</b>			
<b>NET CREDIT EXTENDED</b>															
Private cars	-8,655	-2,800	6,586	6,322	3,550	2,084	2,770	6,595	3,679	6,687	-734	3,749			
Taxis & rented cars	295	-32	5	18	162	66	-263	-301	91	-187	17	108			
Commercial vehicles	958	826	135	378	37	241	195	-39	-59	30	10	-90			
Furnishings & domestic appliances	1,245	3,337	358	610	491	890	360	247	846	1,283	41	383			
Travel	-1	621	-1,946	2,662	4,778	-985	-3,046	608	6,820	644	-2,450	2,516			
Education	-2,977	811	656	-136	4,838	-237	-639	30	5,947	-3,471	-787	74			
Medical	149	635	494	1,287	464	629	829	697	1,385	289	494	1,020			
Home Improvements	4,903	20,135	3,654	4,234	3,335	7,294	1,252	3,498	4,425	1,044	1,903	2,299			
Land Purchases	29,831	24,549	2,985	8,393	4,485	10,810	11,155	5,228	4,245	5,290	5,676	1,370			
Consolidation of debt	3,135	66,398	16,352	10,403	7,510	12,333	10,037	13,150	13,967	-649	8,742	26,258			
Miscellaneous	39,741	38,154	13,601	12,611	25,274	25,474	15,888	11,598	19,656	22,855	3,417	-5,810			
Credit Cards	17,808	21,985	-1,415	9,831	13,628	16,299	-2,627	4,853	14,498	13,870	1,296	6,084			
<b>TOTAL</b>	<b>86,432</b>	<b>174,619</b>	<b>41,465</b>	<b>56,613</b>	<b>68,552</b>	<b>74,898</b>	<b>35,911</b>	<b>46,164</b>	<b>75,500</b>	<b>47,685</b>	<b>17,625</b>	<b>37,961</b>			

**Source: The Central Bank of The Bahamas**

\* Includes both demand and add-on loans

**TABLE 8**  
SELECTED AVERAGE INTEREST RATES

Period	(%)												
	2005			2006			2007			2008			
	Qtr. I	Qtr. II	Qtr. III	Qtr. I	Qtr. II	Qtr. III	Qtr. I	Qtr. II	Qtr. III	Qtr. I	Qtr. II	Qtr. III	
<b>DOMESTIC BANKS</b>													
<b>Deposit rates</b>													
Savings deposits	2.26	2.16	2.05	2.19	2.13	2.16	2.14	2.01	1.96	2.00	2.24	2.30	2.25
Fixed deposits													
Up to 3 months	3.13	3.17	3.51	3.15	3.13	3.16	3.25	3.44	3.50	3.52	3.58	3.74	3.71
Up to 6 months	3.41	3.63	3.89	3.44	3.60	3.63	3.83	3.88	3.86	3.85	3.98	4.18	4.09
Up to 12 months	3.58	3.93	4.28	3.85	3.88	3.88	4.10	4.32	4.19	4.12	4.47	4.83	4.57
Over 12 months	3.62	4.18	4.52	4.13	4.10	4.15	4.32	4.84	4.05	4.48	4.71	5.05	4.28
Weighted average rate	3.22	3.36	3.69	3.31	3.30	3.31	3.51	3.66	3.63	3.68	3.80	4.02	3.91
<b>Lending rates</b>													
Residential mortgages	8.08	7.85	8.16	7.94	7.82	7.84	7.78	7.93	8.13	8.28	8.29	8.36	8.58
Commercial mortgages	8.10	8.37	8.75	8.12	8.42	8.30	8.65	8.56	8.26	8.93	9.23	8.62	9.24
Consumer loans	12.22	11.96	12.70	12.01	11.97	12.10	11.75	12.15	12.82	12.76	13.05	13.00	13.49
Overdrafts	10.86	10.56	11.44	11.18	10.38	10.44	10.23	11.47	12.39	11.04	10.87	11.34	11.79
Weighted average rate	10.34	9.97	10.63	10.25	9.90	9.93	9.79	10.35	10.82	10.63	10.72	11.00	11.42
<b>Other rates</b>													
Prime rate	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Treasury bill (90 days)	0.14	0.87	2.66	0.36	0.69	0.69	1.74	2.55	2.64	2.63	2.83	2.69	2.83
Treasury bill re-discount rate	0.64	1.37	3.16	0.86	1.19	1.19	2.24	3.05	3.14	3.13	3.33	3.19	3.33
Bank rate (discount rate)	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25

Source: The Central Bank of The Bahamas

**TABLE 9**  
SELECTED CREDIT QUALITY INDICATORS OF DOMESTIC BANKS

Period	2004				2005				2006				2007				2008		
	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	
<b>Loan Portfolio</b>																			
Current Loans (as a % of total loans)	90.8	92.0	92.3	93.0	92.4	92.5	92.4	92.5	92.4	92.4	91.3	90.6	90.9	89.9					
Arrears (% by loan type)																			
Consumer	2.9	2.8	2.7	2.6	2.8	2.8	2.8	2.8	2.6	2.7	2.8	3.0	3.1	3.2					
Mortgage	3.8	3.6	3.2	3.2	3.4	3.1	3.1	3.1	3.1	3.3	3.9	4.6	4.4	4.5					
Commercial	2.5	1.6	1.8	1.2	1.4	1.6	1.6	1.6	1.9	1.5	1.9	1.7	1.5	2.3					
Public	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1					
Total Arrears	9.2	8.0	7.7	7.0	7.6	7.5	7.6	7.5	7.6	7.6	8.7	9.4	9.1	10.1					
<b>Total B\$ Loan Portfolio</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>					
<b>Loan Portfolio</b>																			
Current Loans (as a % of total loans)	90.8	92.0	92.3	93.0	92.4	92.5	92.4	92.5	92.4	92.4	91.3	90.6	90.9	89.9					
Arrears (% by days outstanding)																			
30 - 60 days	2.9	2.7	2.7	2.3	2.4	2.5	2.4	2.5	2.7	2.6	3.1	3.6	3.2	3.4					
61 - 90 days	1.5	1.0	0.7	0.7	1.2	0.9	1.2	0.9	0.8	1.0	1.3	1.3	1.2	1.7					
90 - 179 days	0.8	0.9	0.9	0.7	0.8	0.9	0.8	0.9	0.8	0.7	0.9	1.2	1.4	1.2					
over 180 days	4.0	3.4	3.4	3.3	3.2	3.2	3.2	3.2	3.3	3.4	3.4	3.3	3.3	3.8					
Total Arrears	9.2	8.0	7.7	7.0	7.6	7.5	7.6	7.5	7.6	7.6	8.7	9.4	9.1	10.1					
<b>Total B\$ Loan Portfolio</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>					
Non Accrual Loans (% by loan type)																			
Consumer	39.7	33.9	35.1	36.5	37.0	35.0	37.0	35.0	31.9	33.1	30.8	29.4	32.8	31.4					
Mortgage	38.8	42.9	41.6	44.3	41.7	40.9	41.7	40.9	42.7	42.1	42.7	45.6	46.4	45.3					
Other Private	21.4	23.1	23.2	19.1	21.2	24.0	21.2	24.0	25.3	22.8	24.6	23.2	19.0	21.5					
Public	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	2.0	1.9	1.8	1.8	1.8					
Total Non Accrual Loans	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>					
<b>Provisions to Loan Portfolio</b>																			
Consumer	4.0	3.0	3.1	3.3	3.5	3.4	3.5	3.4	2.8	3.0	2.7	2.8	3.0	3.1					
Mortgage	1.2	1.3	1.5	1.5	1.3	1.3	1.3	1.3	1.2	1.3	1.2	1.2	1.2	1.3					
Other Private	1.0	1.6	2.3	2.3	2.3	2.5	2.3	2.5	2.8	2.4	3.2	3.2	3.3	3.7					
Public	0.0	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Total Provisions to Total Loans	2.2	2.0	2.3	2.3	2.3	2.3	2.3	2.3	2.1	2.1	2.1	2.2	2.3	2.4					
Total Provisions to Non-performing Loans	45.0	44.9	51.8	57.7	56.5	54.7	54.7	54.7	51.1	51.3	48.7	47.9	47.9	47.9					
Total Non-performing Loans to Total Loans	4.8	4.5	4.3	4.0	4.1	4.2	4.1	4.2	4.1	4.1	4.3	4.5	4.7	4.9					

**Source: The Central Bank of The Bahamas**

Figures may not sum to total due to rounding.

**TABLE 10**  
**SUMMARY OF BANK LIQUIDITY**

End of Period	(B\$ Millions)																	
	2003			2004			2005			2006			2007			2008		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	
<b>I. Statutory Reserves</b>																		
Required reserves	187.2	205.3	226.3	228.6	238.0	244.6	244.7	248.5	258.5	263.1	265.0	269.3	277.4					
Average Till Cash	66.7	70.2	86.5	60.8	67.8	68.2	96.9	67.9	71.4	72.5	92.8	74.9	77.2					
Average balance with central bank	250.2	407.5	332.2	357.5	355.9	348.5	265.7	379.6	421.0	340.2	363.1	419.7	453.0					
Free cash reserves (period ended)	128.9	271.6	191.5	189.0	184.9	171.2	117.2	198.3	233.1	148.9	190.1	224.5	252.0					
<b>II. Liquid Assets (period)</b>																		
A. Minimum required Liquid assets	615.6	677.2	752.2	768.5	797.6	800.4	802.5	813.6	851.8	858.0	860.0	883.7	894.0					
B. Net Eligible Liquid Assets	772.3	909.7	895.6	937.8	990.4	964.2	865.6	988.9	1079.5	980.5	1011.9	1075.3	1213.6					
i) Balance with Central Bank	243.5	383.7	284.7	347.0	345.5	359.8	251.1	420.4	389.2	339.6	341.2	420.8	444.0					
ii) Notes and Coins	80.1	79.0	106.3	57.5	60.9	59.6	116.7	60.8	72.5	74.0	110.6	80.2	82.0					
iii) Treasury Bills	47.6	26.7	66.1	78.0	125.3	34.6	10.0	18.9	139.6	60.7	50.8	71.7	197.4					
iv) Government registered stocks	369.5	393.3	400.4	413.9	417.8	447.5	437.1	446.7	437.9	463.1	468.5	466.3	460.7					
v) Specified assets	26.8	24.9	26.0	28.0	39.3	39.0	39.9	39.7	39.5	37.3	36.6	36.5	34.3					
vi) Net Inter-bank dem/call deposits	5.6	2.9	12.9	14.2	2.4	24.5	11.7	3.3	1.5	6.6	5.0	0.6	(4.0)					
vii) Less: borrowings from central bank	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)					
C. Surplus/(Deficit)	156.7	232.5	143.4	169.3	192.8	163.8	63.1	175.4	227.6	122.5	151.9	191.6	319.6					

**Source: The Central Bank of The Bahamas**

**TABLE 11  
GOVERNMENT OPERATIONS AND FINANCING**

Period	(B\$ Millions)											
	2006/07p				2007/08p				2007/08p			
	2004/05p	2005/06p	2006/07p	Budget 2007/08	2008/09	QTR. III	QTR. IV	QTR. I	QTR. II	QTR. III	QTR. IV*	
Total Revenue & Grants	1,039.4	1,221.5	1,338.5	1484.2	1569.3	352.2	360.2	293.7	315.9	375.2	294.8	
Current expenditure	1,053.1	1,149.6	1,285.7	1385.4	1484.2	334.6	368.0	303.6	319.1	339.0	231.2	
Capital expenditure	90.4	123.5	166.3	189.7	188.7	36.1	64.6	30.5	33.5	32.8	22.1	
Net lending	71.4	54.5	69.1	34.4	62.2	16.9	24.5	10.4	12.0	13.1	12.2	
<b>Overall balance</b>	<b>(175.5)</b>	<b>(106.1)</b>	<b>(182.5)</b>	<b>(125.4)</b>	<b>(165.7)</b>	<b>(35.3)</b>	<b>(96.9)</b>	<b>(50.8)</b>	<b>(48.7)</b>	<b>(9.8)</b>	<b>29.4</b>	
<b>FINANCING (I+II-III+IV+V)</b>	175.5	106.1	182.5	125.4	165.7	35.3	96.9	50.8	48.7	9.8	(29.4)	
<b>I. Foreign currency borrowing</b>	<b>2.9</b>	<b>8.7</b>	<b>14.5</b>	<b>23.0</b>	<b>27.9</b>	<b>5.0</b>	<b>3.8</b>	<b>2.6</b>	<b>23.0</b>	<b>0.3</b>	<b>100.8</b>	
External	2.9	5.3	14.5	23.0	27.9	5.0	3.8	2.6	3.0	0.3	100.8	
Domestic	--	3.4	--	--	--	--	--	--	20.0	--	--	
<b>II. Bahamian dollar borrowing</b>	<b>325.1</b>	<b>201.7</b>	<b>230.3</b>	<b>166.6</b>	<b>207.2</b>	<b>50.0</b>	<b>65.3</b>	<b>128.0</b>	<b>66.5</b>	--	--	
i) Treasury bills	13.1	--	10.0	--	--	--	10.0	28.0	--	--	--	
Central Bank	13.1	--	10.0	--	--	--	10.0	28.0	--	--	--	
Commercial banks & OLFIs	--	--	--	--	--	--	--	--	--	--	--	
Public corporations	--	--	--	--	--	--	--	--	--	--	--	
Other	--	--	--	--	--	--	--	--	--	--	--	
ii) Long-term securities	<b>306.3</b>	<b>201.7</b>	<b>195.3</b>	--	--	<b>50.0</b>	<b>45.3</b>	<b>100.0</b>	<b>66.5</b>	--	--	
Central Bank	55.9	11.5	70.3	--	--	20.0	45.3	--	41.5	--	--	
Commercial banks & OLFIs	46.3	35.2	34.9	--	--	--	--	25.2	--	--	--	
Public corporations	125.6	25.3	49.1	--	--	30.0	--	30.8	25.0	--	--	
Other	78.5	129.6	41.0	--	--	--	--	44.0	--	--	--	
iii) Loans and Advances	<b>5.7</b>	--	<b>25.0</b>	--	--	--	<b>10.0</b>	--	--	--	--	
Central Bank	5.7	--	25.0	--	--	--	10.0	--	--	--	--	
Commercial banks	--	--	--	--	--	--	--	--	--	--	--	
<b>III Debt repayment</b>	<b>98.3</b>	<b>62.1</b>	<b>122.5</b>	<b>63.9</b>	<b>60.1</b>	<b>11.3</b>	<b>58.1</b>	<b>21.3</b>	<b>3.1</b>	<b>11.3</b>	<b>47.8</b>	
<b>Domestic</b>	<b>92.6</b>	<b>58.1</b>	<b>92.8</b>	<b>56.0</b>	<b>55.0</b>	<b>10.5</b>	<b>31.4</b>	<b>20.5</b>	<b>1.4</b>	<b>10.5</b>	<b>46.0</b>	
Bahamian dollars	92.6	57.2	91.0	56.0	55.0	10.5	30.5	20.5	0.5	10.5	25.1	
Internal foreign currency	--	0.9	1.8	--	--	--	0.9	--	0.9	--	20.9	
<b>External</b>	<b>5.7</b>	<b>4.0</b>	<b>29.7</b>	<b>7.9</b>	<b>5.1</b>	<b>0.8</b>	<b>26.7</b>	<b>0.8</b>	<b>1.7</b>	<b>0.8</b>	<b>1.8</b>	
<b>IV. Cash balance change</b>	<b>(45.8)</b>	<b>39.5</b>	<b>(7.6)</b>	--	--	<b>5.0</b>	<b>(9.7)</b>	<b>(4.0)</b>	<b>3.9</b>	<b>(30.8)</b>	<b>(4.3)</b>	
<b>V. Other Financing</b>	<b>(8.3)</b>	<b>(81.6)</b>	<b>67.8</b>	<b>(0.3)</b>	<b>(9.3)</b>	<b>(13.5)</b>	<b>95.6</b>	<b>(54.5)</b>	<b>(41.6)</b>	<b>51.6</b>	<b>(78.2)</b>	

Source: Treasury Monthly Printouts. Data compiled according to the International Monetary Fund's Government Finance Statistics format.

\* April & May only

**TABLE 12**  
**NATIONAL DEBT**

(B\$' 000s)

End of Period	2005p			2006p			2007p			2008p		
	2005p	2006p	2007p	2006p	2007p	2008p	2007p	2008p	2008p	Mar.	Jun.	
<b>TOTAL EXTERNAL DEBT</b>												
By Instrument												
Government Securities	286,528	289,186	273,783	270,743	272,520	273,783	273,783	273,783	273,257	372,204		
Loans	225,000	225,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	300,000		
	61,528	64,186	73,783	70,743	72,520	73,783	73,783	73,783	73,257	72,204		
Commercial banks	--	--	--	--	--	--	--	--	--	--	--	--
Offshore financial institutions	--	--	--	--	--	--	--	--	--	--	--	--
Multilateral institutions	61,528	64,186	70,168	67,128	68,905	70,168	70,168	70,168	69,642	68,589		
Bilateral Institutions	--	--	3,615	3,615	3,615	3,615	3,615	3,615	3,615	3,615		
Private Capital Markets	225,000	225,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	300,000		
<b>TOTAL INTERNAL DEBT</b>	1,948,696	2,097,077	2,363,056	2,170,458	2,277,958	2,363,056	2,363,056	2,363,056	2,352,564	2,306,653		
By Instrument												
Foreign Currency	--	4,966	23,160	4,063	4,063	23,160	23,160	23,160	23,160	2,257		
Government securities	--	--	--	--	--	--	--	--	--	--	--	--
Loans	--	4,966	23,160	4,063	4,063	23,160	23,160	23,160	23,160	2,257		
Bahamian Dollars	1,948,696	2,092,111	2,339,896	2,166,395	2,273,895	2,339,896	2,339,896	2,339,896	2,329,404	2,304,396		
Advances	76,988	61,988	71,988	71,988	71,988	71,988	71,988	71,988	71,988	71,988		
Treasury bills	192,469	192,469	230,469	202,469	230,469	230,469	230,469	230,469	230,469	230,469		
Government securities	1,668,993	1,829,908	2,031,693	1,885,192	1,965,192	2,031,693	2,031,693	2,031,693	2,021,693	1,996,693		
Loans	10,246	7,746	5,746	6,746	6,246	5,746	5,746	5,746	5,254	5,246		
By Holder												
Foreign Currency	--	4,966	23,160	4,063	4,063	23,160	23,160	23,160	23,160	2,257		
Commercial banks	--	4,966	23,160	4,063	4,063	23,160	23,160	23,160	23,160	2,257		
Other local financial institutions	--	--	--	--	--	--	--	--	--	--	--	--
Bahamian Dollars	1,948,696	2,092,111	2,339,896	2,166,395	2,273,895	2,339,896	2,339,896	2,339,896	2,329,404	2,304,396		
The Central Bank	149,682	190,824	348,842	176,930	288,568	348,842	348,842	348,842	320,819	201,548		
Commercial banks	463,385	450,474	520,904	580,722	526,049	520,904	520,904	520,904	541,561	662,162		
Other local financial institutions	4,811	5,271	3,032	5,171	5,171	3,032	3,032	3,032	3,032	2,932		
Public corporations	763,092	764,486	729,259	714,170	722,058	729,259	729,259	729,259	729,580	713,163		
Other	567,726	681,056	737,859	689,402	732,049	737,859	737,859	737,859	734,412	724,591		
<b>TOTAL FOREIGN CURRENCY DEBT</b>	286,528	294,152	296,943	274,806	276,583	296,943	296,943	296,943	296,417	374,461		
<b>TOTAL DIRECT CHARGE</b>	2,235,224	2,386,263	2,636,839	2,441,201	2,550,478	2,636,839	2,636,839	2,636,839	2,625,821	2,678,857		
<b>TOTAL CONTINGENT LIABILITIES</b>	501,637	500,885	431,507	448,828	440,408	431,507	431,507	431,507	423,870	419,807		
<b>TOTAL NATIONAL DEBT</b>	2,736,861	2,887,148	3,068,346	2,890,029	2,990,886	3,068,346	3,068,346	3,068,346	3,049,691	3,098,664		

Source: Treasury Accounts & Treasury Statistical Summary Printouts  
Public Corporation Reports  
Creditor Statements, Central Bank of The Bahamas



**TABLE 13**  
**PUBLIC SECTOR FOREIGN CURRENCY DEBT OPERATIONS**

	2005p	2006p	2007p	2007p			2008p	
				Jun.*	Sep	Dec.*	Mar.	Jun.
<b>Outstanding debt at beginning of period</b>	<b>581,709</b>	<b>553,442</b>	<b>636,225</b>	<b>631,178</b>	<b>622,904</b>	<b>614,124</b>	<b>645,267</b>	<b>685,511</b>
Government	284,611	286,528	294,152	298,416	274,806	276,583	296,943	296,417
Public Corporations	297,098	266,914	342,073	332,762	348,098	337,541	348,324	389,094
<b>Plus new drawings</b>	<b>42,862</b>	<b>132,336</b>	<b>188,382</b>	<b>68,942</b>	<b>2,609</b>	<b>109,971</b>	<b>50,309</b>	<b>120,830</b>
Government	4,974	13,872	34,541	3,942	2,609	22,971	309	100,830
Public corporations	37,888	118,464	153,841	65,000	--	87,000	50,000	20,000
<b>Less Amortization</b>	<b>71,129</b>	<b>49,553</b>	<b>179,340</b>	<b>77,216</b>	<b>11,389</b>	<b>78,828</b>	<b>10,065</b>	<b>32,595</b>
Government	3,057	6,248	31,750	27,552	832	2,611	835	22,786
Public corporations	68,072	43,305	147,590	49,664	10,557	76,217	9,230	9,809
<b>Outstanding debt at end of period</b>	<b>553,442</b>	<b>636,225</b>	<b>645,267</b>	<b>622,904</b>	<b>614,124</b>	<b>645,267</b>	<b>685,511</b>	<b>773,746</b>
Government	286,528	294,152	296,943	274,806	276,583	296,943	296,417	374,461
Public corporations	266,914	342,073	348,324	348,098	337,541	348,324	389,094	399,285
<b>Interest Charges</b>	<b>30,937</b>	<b>35,234</b>	<b>40,418</b>	<b>14,450</b>	<b>4,250</b>	<b>16,487</b>	<b>5,049</b>	<b>13,073</b>
Government	18,141	18,254	18,000	8,947	589	7,965	891	8,008
Public corporations	12,796	16,980	22,418	5,503	3,661	8,522	4,158	5,065
<b>Debt Service</b>	<b>102,066</b>	<b>84,787</b>	<b>219,758</b>	<b>91,666</b>	<b>15,639</b>	<b>95,315</b>	<b>15,114</b>	<b>45,668</b>
Government	21,198	24,502	49,750	36,499	1,421	10,576	1,726	30,794
Public corporations	80,868	60,285	170,008	55,167	14,218	84,739	13,388	14,874
<b>Debt Service ratio (%)</b>	<b>3.4</b>	<b>2.7</b>	<b>6.5</b>	<b>10.0</b>	<b>2.0</b>	<b>11.1</b>	<b>1.6</b>	<b>5.4</b>
<b>Government debt Service/ Government revenue (%)</b>	<b>1.9</b>	<b>1.9</b>	<b>3.7</b>	<b>10.1</b>	<b>0.5</b>	<b>3.3</b>	<b>0.5</b>	<b>n.a</b>
<b>MEMORANDUM</b>								
Holder distribution (B\$ Mil):								
Commercial banks	215.9	296.7	327.2	304.8	295.4	327.2	369.0	360.2
Offshore Financial Institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral Institutions	112.0	108.7	108.9	108.8	109.5	108.9	107.4	104.4
Bilateral Institutions	0.0	0.0	3.6	3.6	3.6	3.6	3.6	3.6
Other	0.5	5.7	5.6	5.7	5.6	5.6	5.5	5.5
Private Capital Markets	225.0	225.0	200.0	200.0	200.0	200.0	200.0	300.0

**Source: Treasury Accounts, Treasury Statistical Printouts and Quarterly Reports from Public Corporations, Central Bank of The Bahamas.**

**Note:** \*Debt servicing during the 2nd & 4th quarters of 2007 includes the refinancing of \$40 million & \$65 million in Public Corporations (internal) debt. Net of these payments, the respective adjusted debt service ratios were 5.6% & 3.5%.

**TABLE 14**  
BALANCE OF PAYMENTS SUMMARY\*

	(B\$ Millions)																	
	2005p			2006p			2007p			2006			2007			2008		
	Qtr.Ip	Qtr.IIip	Qtr.IVip	Qtr.Ip	Qtr.IIip	Qtr.IVip	Qtr.Ip	Qtr.IIip	Qtr.IVip	Qtr.Ip	Qtr.IIip	Qtr.IVip	Qtr.Ip	Qtr.IIip	Qtr.IVip	Qtr.Ip	Qtr.IIip	Qtr.IVip
<b>A. Current Account Balance (I+II+III+IV)</b>	(747.0)	(1,403.2)	(1,308.9)	(281.6)	(291.6)	(427.8)	(402.2)	(362.2)	(252.9)	(432.0)	(261.8)	(179.6)	(148.7)					
<b>I. Merchandise (Net)</b>	(1,850.2)	(2,063.0)	(2,154.5)	(493.1)	(532.2)	(564.6)	(473.1)	(540.1)	(531.1)	(571.4)	(511.9)	(490.7)	(468.8)					
Exports	549.0	703.5	801.8	172.1	172.5	179.3	179.6	183.7	189.9	201.1	227.1	278.3	178.1					
Imports	2,399.2	2,766.5	2,956.3	665.2	704.7	743.9	652.7	723.8	721.0	772.5	739.0	769.0	646.9					
<b>II. Services (Net)</b>	1,221.2	825.5	1,025.4	262.2	287.8	157.4	118.1	212.7	359.1	176.1	277.6	330.5	334.3					
Transportation	(312.9)	(300.8)	(310.6)	(76.1)	(78.5)	(73.6)	(72.7)	(87.3)	(80.9)	(76.0)	(66.4)	(82.5)	(70.3)					
Travel	1,724.6	1,671.2	1,809.8	487.6	510.0	342.9	330.7	495.6	545.1	379.7	389.3	506.5	527.1					
Insurance Services	(97.1)	(120.7)	(106.5)	(21.7)	(33.7)	(35.2)	(30.2)	(14.7)	(34.3)	(36.0)	(21.4)	(28.7)	(24.9)					
Offshore Companies Local Expenses	148.2	188.1	210.2	32.5	34.0	45.6	76.0	44.2	46.4	56.7	63.0	62.2	43.1					
Other Government	(50.4)	(68.4)	(44.8)	(21.0)	(5.1)	(8.9)	(33.4)	(17.3)	(1.5)	(21.6)	(4.5)	(6.4)	(19.0)					
Other Services	(191.2)	(543.8)	(532.7)	(139.2)	(139.0)	(113.4)	(152.3)	(207.7)	(115.8)	(126.7)	(82.4)	(120.5)	(121.7)					
<b>III. Income (Net)</b>	(203.3)	(217.9)	(231.6)	(67.0)	(66.2)	(27.0)	(57.7)	(45.6)	(98.0)	(48.6)	(39.4)	(34.1)	(29.2)					
1. Compensation of Employees	(73.2)	(92.9)	(84.7)	(41.1)	(19.2)	(16.3)	(16.3)	(16.9)	(19.7)	(23.8)	(24.4)	(15.4)	(16.9)					
2. Investment Income	(130.1)	(125.1)	(146.9)	(25.9)	(47.0)	(10.7)	(41.5)	(28.7)	(78.4)	(24.9)	(15.0)	(18.7)	(12.3)					
<b>IV. Current Transfers (Net)</b>	85.3	52.1	51.8	16.3	19.0	6.3	10.5	10.8	17.2	12.0	11.9	14.7	15.0					
1. General Government	59.1	58.3	60.9	17.8	20.0	9.0	11.5	12.7	19.8	13.8	14.7	17.3	15.5					
2. Private Sector	26.2	(6.2)	(9.1)	(1.5)	(1.0)	(2.7)	(1.0)	(1.9)	(2.6)	(1.8)	(2.9)	(2.6)	(0.5)					
<b>B. Capital and Financial Account (I+II)</b>	890.7	1,216.6	954.9	276.9	148.2	342.9	448.6	430.3	181.9	124.3	218.3	372.8	343.9					
(excl. Reserves)																		
<b>I. Capital Account (Net Transfers)</b>	(60.4)	(63.5)	(75.7)	(13.8)	(14.2)	(21.8)	(13.7)	(21.4)	(16.8)	(21.5)	(16.0)	(11.6)	(10.7)					
<b>II. Financial Account (Net)</b>	951.1	1,280.1	1,030.6	290.7	162.4	364.7	462.3	451.7	198.7	145.8	234.4	384.4	354.6					
1. Direct Investment	563.6	706.4	713.3	178.6	100.5	140.2	287.1	310.0	119.5	130.1	153.7	185.0	212.0					
2. Portfolio Investment	--	(18.8)	(7.2)	--	(12.5)	(6.3)	--	--	(3.1)	--	(4.1)	(5.1)	(6.7)					
3. Other Investments	387.5	592.5	324.4	112.1	74.3	230.8	175.2	141.8	82.3	15.6	84.8	204.5	149.3					
Central Gov't Long Term Capital	1.1	2.6	(15.4)	0.7	(1.5)	2.3	1.1	4.3	(22.8)	1.8	1.3	(0.5)	98.9					
Other Public Sector Capital	(9.8)	(6.2)	9.0	(1.2)	(2.0)	(1.1)	(1.9)	(1.1)	1.1	(1.1)	10.1	(1.1)	(1.9)					
Banks	47.6	143.0	(86.6)	43.0	(3.5)	73.2	30.3	(26.4)	4.3	(18.3)	(46.2)	(72.5)	17.9					
Other	348.6	453.0	417.4	69.6	81.3	156.4	145.7	165.0	99.7	33.1	119.5	278.6	34.4					
<b>C. Net Errors and Omissions</b>	(232.6)	107.5	308.1	63.8	149.7	(16.7)	(89.3)	55.6	90.2	129.7	32.6	(107.6)	(60.0)					
<b>D. Overall Balance (A+B+C)</b>	(88.9)	(79.1)	(45.9)	59.1	6.3	(101.6)	(42.9)	123.8	19.2	(178.1)	(10.8)	85.6	135.2					
<b>E. Financing (Net)</b>	88.9	79.1	45.9	(59.1)	(6.3)	101.6	42.9	(123.8)	(19.2)	178.1	10.8	(85.6)	(135.2)					
Change in SDR holdings	0.0	0.1	--	--	--	0.1	--	--	--	--	--	--	--					
Change in Reserve Position with the IMF	0.7	(0.5)	(0.4)	(0.1)	(0.2)	--	(0.2)	--	--	(0.3)	(0.1)	(0.4)	0.1					
Change in Ext. Foreign Assets ( ) = Increase	88.2	79.6	46.3	(59.0)	(6.1)	101.6	43.1	(123.8)	(19.2)	178.4	10.9	(85.2)	(135.3)					

Source: The Central Bank of the Bahamas

\* Figures may not sum to total due to rounding

**TABLE 15**  
**EXTERNAL TRADE**

	(B\$ '000)									
	2006		2007		2006		2007		2008	
	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. I
<b>I. OIL TRADE</b>										
i) Exports	92,997	167,600	22,695	26,416	24,995	28,438	40,098	38,598	60,466	51,401
ii) Imports	605,383	615,782	161,840	197,023	102,863	106,550	169,542	173,969	165,721	211,264
<b>II. OTHER MERCHANDISE</b>										
<b>Domestic Exports</b>										
Crawfish	89,906	81,370	7,159	26,136	41,919	16,594	9,174	20,408	35,194	n.a.
Fish & other Crustacea	5,188	1,864	1,857	1,434	882	511	525	591	237	n.a.
Fruits & Veggies.	1,233	1,198	--	--	543	647	78	8	465	n.a.
Aragonite	--	35,577	--	--	--	10,073	8,820	8,530	8,154	n.a.
Rum	9,218	20,282	289	4,928	3,620	5,438	4,497	6,709	3,638	n.a.
Other Cordials & Liqueurs	--	--	--	--	--	--	--	--	--	n.a.
Crude Salt	12,016	6,599	3,398	3,688	1,440	2,179	1,364	1,655	1,401	n.a.
Hormones	--	--	--	--	--	--	--	--	--	n.a.
Chemicals	--	84,562	--	--	--	15,188	19,930	30,040	19,404	n.a.
Other Pharmaceuticals	--	347	--	--	--	74	94	105	74	n.a.
Fragrances	--	--	--	--	--	--	--	--	--	n.a.
Other	187,400	147,290	45,934	42,925	44,793	35,205	41,487	37,029	33,569	n.a.
<b>i) Total Domestic Exports</b>	304,961	379,089	58,637	79,111	93,197	85,909	85,969	105,075	102,136	96,330
<b>ii) Re-Exports</b>	110,868	123,398	23,373	23,721	27,196	27,865	29,322	29,888	36,323	80,730
<b>iii) Total Exports (i+ii)</b>	415,829	502,487	82,010	102,832	120,393	113,774	115,291	134,963	138,459	177,060
<b>iv) Imports</b>	2,375,341	2,488,023	575,447	618,388	594,236	659,118	620,817	650,398	557,690	596,808
<b>v) Retained Imports (iv-ii)</b>	2,264,473	2,364,625	552,074	594,667	567,040	631,253	591,495	620,510	521,367	516,078
<b>vi) Trade Balance (i-v)</b>	(1,959,512)	(1,985,536)	(493,437)	(515,556)	(473,843)	(545,344)	(505,526)	(515,435)	(419,231)	(419,748)

Source: Department of Statistics Quarterly Statistical Summaries

**TABLE 16**  
SELECTED TOURISM STATISTICS

Period	2005p		2006p		2007p		2007p				2008p		
					Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	
<b>Visitor Arrivals</b>													
Air	4,779,417	4,730,607	4,595,582	1,036,799	1,097,977	1,274,045	1,152,037	1,054,442	1,115,058	1,303,601	1,069,611		
Sea	1,514,532	1,491,633	1,486,301	334,010	297,471	389,597	410,372	350,033	336,299	403,333	405,135		
	3,264,885	3,238,974	3,109,281	702,789	800,506	884,448	741,665	704,409	778,759	900,268	664,476		
<b>Visitor Type</b>													
Stopover	1,608,153	1,600,112	n.a	357,726	323,050	397,861	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Cruise	3,078,709	3,076,397	2,970,659	662,164	776,772	854,457	696,715	660,787	758,700	868,745	615,566		
Day/Transit	83,619	68,085	n.a	15,165	15,112	n.a.	n.a	n.a	n.a	n.a	n.a	n.a	n.a
<b>Tourist Expenditure(B\$ 000's)</b>													
Stopover	2,068,859	2,056,428	n.a	457,719	434,429	n.a.	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Cruise	1,883,863	1,880,300	n.a	420,766	391,118	n.a.	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Day	179,979	172,043	n.a	36,043	42,404	n.a.	n.a	n.a	n.a	n.a	n.a	n.a	n.a
	5,017	4,085	n.a	910	907	n.a.	n.a	n.a	n.a	n.a	n.a	n.a	n.a
<b>Number of Hotel Nights</b>	3,224,892	3,266,878	n.a	806,698	800,308	789,030	n.a	n.a	n.a	n.a	n.a	n.a	n.a
<b>Average Length of Stay</b>	6.4	6.4	n.a	5.9	6.7	n.a.	n.a	n.a	n.a	n.a	n.a	n.a	n.a
<b>Average Hotel Occupancy Rates (%)</b>													
New Providence	75.4	76.9	73.7	75.4	65.8	79.9	78.5	71.6	64.9	n.a	n.a	n.a	n.a
Grand Bahama	63.7	52.0	46.6	43.5	36.8	49.4	54.8	44.6	37.7	n.a	n.a	n.a	n.a
Other Family Islands	39.4	36.3	38.5	30.8	28.8	41.8	49.3	35.0	27.7	n.a	n.a	n.a	n.a
<b>Average Nightly Room Rates (\$)</b>													
New Providence	164.8	172.0	201.0	159.0	156.7	201.6	213.6	191.9	197.0	n.a	n.a	n.a	n.a
Grand Bahama	109.8	122.3	124.8	98.8	113.0	158.2	137.9	103.7	99.3	n.a	n.a	n.a	n.a
Other Family Islands	190.1	205.1	219.9	184.0	199.7	243.8	218.7	200.6	216.5	n.a	n.a	n.a	n.a

Source: The Ministry of Tourism