



Monthly Economic and Financial Developments September 2024

In an effort to provide the public with more frequent information on its economic surveillance activities, the Central Bank has decided to release monthly reports on economic and financial sector developments in The Bahamas. The Bank monitors these conditions as part of its monetary policy mandate, to assess whether money and credit trends are sustainable relative to levels of external reserves required to protect the value of the Bahamian dollar and, if not, the degree to which credit policies ought to be adjusted. The main data source for this surveillance is financial institutions' daily reports on foreign exchange transactions and weekly balance sheet statements. Therefore, monthly approximations may not coincide with calendar estimates reported in the Central Bank's quarterly reports. The Central Bank will release its "Monthly Economic and Financial Developments" report on the Monday following its monthly Monetary Policy Committee Meeting.

Future Release Dates:

2024: 4th December, 27th December



SEPTEMBER 2024 SUMMARY

MONTHLY ECONOMIC AND FINANCIAL DEVELOPMENTS

Overall Economic Activity

Preliminary economic indicators suggest that the domestic economy sustained its growth momentum during the month of September, albeit at a moderated pace, approaching the expected medium-term potential. Tourism output continued to record expansion as the demand for travel in key source markets persisted, but with the cruise sector momentum more pronounced than stopover market gains.

Inflation

In price developments, average consumer price inflation—as measured by changes in the average Retail Price Index (RPI) for The Bahamas—declined during the 12 months to July 2024, relative to the comparative 2023 period, due to a reduction in price pressures for imported fuel and other goods and services.

Fiscal Sector

Provisional data on the Government’s budgetary operations for FY2023/24 showed that the deficit reduced by nearly two-thirds, owing to modest revenue gains, which contrasted with an estimated reduction in aggregate expenditure.

Monetary Sector

Monetary trends during the month of September were marked by a contraction in banking sector liquidity, as the rise in domestic credit contrasted with the reduction in the deposit base. Similarly, external reserves declined, reflecting seasonal net foreign currency outflows through both the private and public sectors.

International Economies

Indications are that, during the month of September, although the pace of economic growth varied, the major economies sustained their positive trajectories, despite continuing to face headwinds, such as the ongoing geopolitical tensions in Eastern Europe and the Middle East. In this environment, most of the major central banks continued to signal future interest rate cuts, in an effort to secure medium-growth prospects, as the inflation outlook moderated.



Monthly Economic and Financial Developments (MEFD) September 2024

1. Domestic Economic Developments

Overview

Economic indicators suggest that the domestic economy growth momentum moderated during the month of September, as economic indicators continued to normalize closer to their expected medium-term potential. Tourism continued to record healthy output levels, but at a tempered pace, with the cruise segment expanding at a faster rate than the more dominant stopover market. In price developments, average consumer price inflation—as measured by changes in the average Retail Price Index (RPI) for The Bahamas—slowed during the 12 months to July 2024, relative to the comparative 2023 period, due to a reduction in price pressures for imported fuel and other goods and services. On the fiscal front, provisional data on the Government’s budgetary operations for FY2023/24 showed that the deficit narrowed relative to FY2022/23, underpinned by the growth in total revenue, combined with a reduction in aggregate expenditure. Monetary trends during the month of September were marked by a contraction in banking sector liquidity, as the rise in domestic credit contrasted with the reduction in the deposit base. Likewise, external reserves declined during the review month, owing to net foreign currency outflows through the private and public sectors.

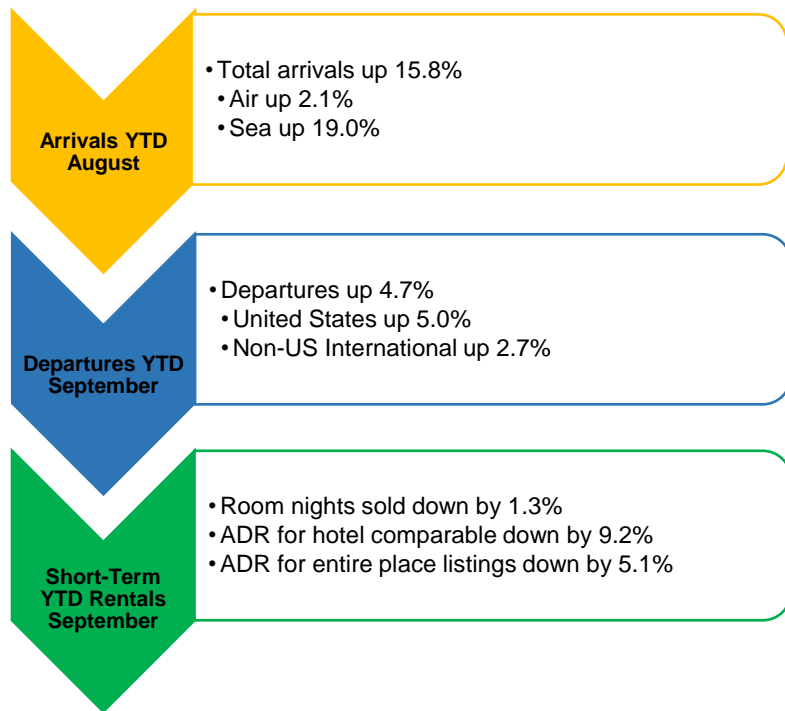
Real Sector

Tourism

Initial data revealed that the tourism sector gains during the review month, were reflected more robustly in the cruise market. Conversely, stopover was more constrained by accommodation capacity, as well as partially disrupted by the busier than-normal early start to the hurricane season, despite any direct impact on the archipelago.

According to data from the Ministry of Tourism, total arrivals strengthened to 0.9 million visitors in August, compared to 0.7 million visitors in the corresponding 2023 period. Contributing to this outcome, sea passengers rose by 24.8% to 0.8 million. However, air arrivals declined by 3.5% to 0.1 million visitors, reflecting a moderation in bookings, amid the increased hurricane season activity.

Chart 1: Tourism Indicators at a Glance



Sources: Ministry of Tourism, Nassau Airport Development Co. & AirDNA

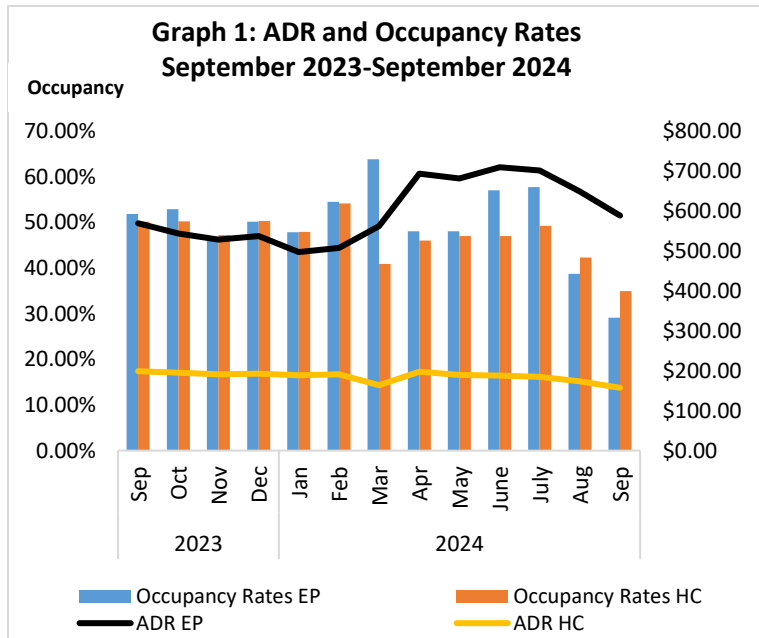
A breakdown by major port of entry revealed that total arrivals to New Providence expanded by 26.3% to 0.4 million visitors, vis-à-vis the same period in the previous year. Underlying these developments, sea passengers strengthened by 41.1% to 0.3 million, overshadowing the 4.4% falloff in air traffic to 0.1 million. Further, arrivals to the Family Islands grew by 18.9% to 0.4 million, led by a 20.2% expansion in sea traffic, to 0.4 million, which overshadowed the 4.1% falloff in air visitors to 18,543. In contrast, total arrivals to Grand Bahama decreased by 15.0% to 41,885 when compared to the same period in the prior year, as the 18.2% reduction in sea passengers to 37,666 eclipsed the 29.9% growth in air passengers to 4,219.

Table 1: Total Visitor Arrivals January – August 2024

| Arrivals | New Providence (% Change) | | Grand Bahama (% Change) | | Family Islands (% Change) | |
|--------------|---------------------------|-------------|-------------------------|------------|---------------------------|-------------|
| | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 |
| Air | 21.4 | 2.0 | 47.0 | 7.8 | 22.6 | 1.6 |
| Sea | 62.6 | 27.3 | 70.1 | 3.4 | 63.0 | 14.9 |
| Total | 46.9 | 19.3 | 67.5 | 3.8 | 58.7 | 13.9 |

Source: Ministry of Tourism

On a year-to-date basis, total arrivals expanded by 15.8% to 7.7 million visitors, relative to the comparative 2023 period. Underlying this development, sea traffic moved higher by 19.0% to 6.4 million, while air passengers rose by 2.1% to 1.3 million (see Table 1).



Source: AirDNA

The most recent data provided by the Nassau Airport Development Company Limited (NAD) revealed that total departures in September—net of domestic passengers—declined by 5.5% to 78,576, relative to the same period last year. In particular, U.S. departures reduced by 7.1% to 65,344. However, international departures increased by 3.8% to 13,232 vis-à-vis the corresponding period in the previous year.

On a year-to-date basis, total outbound air traffic grew by 4.7% to 1.3 million, albeit notably lower than the 25.7% expansion in 2023. In particular, U.S. departures rose by 5.0% to 1.1 million, and international departures, by 2.7% to 0.2 million.

As it relates to the short-term vacation rental market, data provided by AirDNA showed that in September, total room nights sold fell by 1.3% to 24,921, when compared to the same period last year. Correspondingly, occupancy rates for entire place listings decreased to 29.1% from 32.7% in the comparative period last year, and for hotel comparable listings, to 34.0% from 36.0% in 2023. Meanwhile, as shown in Graph 1, price indicators revealed that the average daily room rate (ADR) for entire place listings declined by 5.1% to \$588.53, and for hotel comparable listings, by 9.2% to \$157.17.

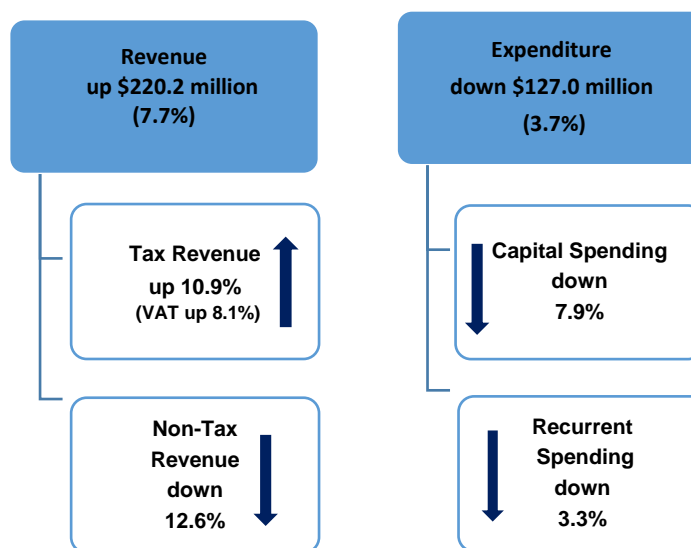
On a year-to-date basis, total room nights sold rose by 6.2%, supported by gains in both entire place bookings (5.8%) and hotel comparable bookings (7.3%). Meanwhile, occupancy levels for entire place and hotel comparable listings moderated by 5.5% and by 3.2%, respectively. Despite lower occupancy levels, the ADR for entire place listings edged up by 1.2% and for hotel comparable listings, by 1.0%.

Fiscal

Provisional data on the Government’s budgetary operations for FY2023/24 showed that the deficit narrowed to \$186.7 million from \$533.8 million in FY2022/23. Contributing to this outturn, total revenue grew by \$220.2 million (7.7%) to \$3,075.6 million, while aggregate expenditure reduced by \$127.0 million (3.7%) to \$3,262.3 million.

Revenue growth was led by a \$269.5 million (10.9%) increase in tax receipts. Specifically, taxes on goods and services rose by \$178.6 million (11.0%) to \$1,807.6 million, as VAT receipts expanded by \$101.3 million (8.1%), to \$1,353.4 million, underpinned by the ongoing strengthening in economic activity. Further, proceeds from financial & realty stamp taxes grew by \$1.8 million (1.7%), to \$108.8 million. In addition, receipts from international trade and transactions— inclusive of exports, customs & other import duties and departure taxes—increased by \$49.8 million (7.4%) to \$725.2 million, relative to the prior fiscal year. In addition, property tax collections rose by \$41.7 million (25.8%) to \$203.2 million. Meanwhile, revenue from general stamp taxes reduced by \$0.6 million (7.7%) to \$7.1 million. In contrast, non-tax revenue decreased by \$48.1 million (12.6%) to \$332.5 million, as miscellaneous & unidentified revenue reduced by \$50.4 million (92.0%) to \$4.4 million, while property income fell by \$17.6 million (27.3%) to \$46.9 million. Reimbursements & repayments also decreased to \$35.1 million, relative to \$44.2 million in the prior year. Conversely, proceeds from the sale of goods and services moved higher by \$27.2 million (12.9%) to \$238.4 million, underpinned by broad-based gains in fees & service charges. Further, collections from fines, penalties & forfeits increased by 13.7% to \$6.1 million, while sales of other non-financial assets, advanced to \$1.7 million from a mere \$0.5 million a year earlier.

**Chart 2: Budgetary Operations at a Glance
FY2023/2024**



Source: The Ministry of Finance

As it relates to expenditure, recurrent spending declined by \$101.1 million (3.3%) to \$2,960.7 million. The outcome was driven by a reduction in payments for the use of goods and services by \$110.9 million (16.5%) to \$560.8 million. Similarly, subsidies decreased by \$52.1 million (11.2%) to \$412.6 million, owing primarily to lower outlays to public non-financial corporations. Further, other “miscellaneous” payments reduced by \$34.7 million (11.1%) to \$278.0 million, led by a falloff in current transfers. In contrast, employee compensation grew by \$38.1 million (4.7%) to \$843.3 million, while interest payments moved higher by \$40.0 million (7.0%) to \$613.1 million. In addition, social assistance benefits rose by \$16.5 million (7.2%) to \$243.8 million.

Capital expenditure also fell by \$25.9 million (7.9%), to \$301.5 million. This was attributed to a \$31.8 million (11.3%) reduction in the acquisition of non-financial assets. However, capital transfers advanced by \$5.9 million (13.0%) to \$51.4 million.

Prices

Average consumer price inflation—as measured by the All Bahamas Retail Price Index—fell to 1.5% during the twelve months to July, from 4.8% in the comparative 2023 period. Underpinning this outcome, average costs decreased for communication by 7.0%, transport, by 5.1%, clothing & footwear, by 2.4% and recreation & culture by 1.8%, after posting increases in the previous year. In addition, average inflation slowed for housing, water, gas electricity & other fuels (3.3%); alcoholic beverages, tobacco & narcotics (3.2%); food and non-alcoholic beverages (2.6%); restaurant & hotels (2.4%); and furnishing, household equipment, & routine household maintenance (2.4%). Providing some offset, inflation quickened for health (5.9%), education (4.1%), and miscellaneous goods & services (3.8%).

2. Monetary Trends

September 2024 vs. 2023

Liquidity

During the month of September, banking sector liquidity declined, as the growth in domestic credit contrasted with the reduction in the deposit base. Specifically, excess reserves—a narrow measure of liquidity—decreased by \$104.3 million to \$2,065.3 million, extending the \$94.6 million falloff in the preceding year. Similarly, excess liquid assets—a broad measure of liquidity—reduced by \$71.6 million to \$3,051.9 million, exceeding the \$49.1 million retrenchment in 2023.

On a year-to-date basis, excess reserves grew by \$198.2 million, a switch from a \$1.7 million decrease in the previous year. Likewise, excess liquid assets expanded by \$167.6 million, albeit lower than the \$173.9 million buildup in the year prior.

External Reserves

During the review period, external reserves contracted by \$206.3 million to \$2,709.9 million, surpassing the \$144.9 million reduction in the preceding year. Reflective of this development, the Central Bank's net sales to commercial banks advanced to \$130.2 million, from \$70.8 million in the previous year. Likewise, commercial banks' net outflows to their customers more than doubled to \$113.2 million, from \$54.3 million a year earlier. In addition, the Central Bank's net foreign currency sales to the public sector widened to \$90.7 million, from \$53.2 million in the preceding year.

Over the nine-month period, external reserves grew by \$358.7 million, a reversal from the \$9.1 million decline in the prior year, supported by proceeds from the Government's external borrowing and inflows from real sector activities. In particular, the Central Bank's foreign currency transactions with the public sector shifted to a net purchase of \$74.9 million, from a net sale of \$286.9 million in the comparative 2023 period. Further, the Bank's net inflows from commercial banks narrowed to \$226.6 million from \$255.0 million last year. Meanwhile, commercial banks' net purchase from their customers extended to \$211.9 million from \$194.9 million in the year prior.

Exchange Control Sales

Provisional data on foreign currency sales for current account transactions indicated that monthly outflows rose by \$144.9 million to \$770.4 million in September, vis-à-vis the same period last year. Underlying this outcome, oil and non-oil imports grew by \$73.6 million and by \$64.8 million, respectively. Further, travel related expenses increased by \$12.0 million, and factor income remittances, by \$1.1 million. In an offset, payments for other current items—primarily credit and debit transactions—decreased by \$4.0 million and transfers payments by \$2.7 million.

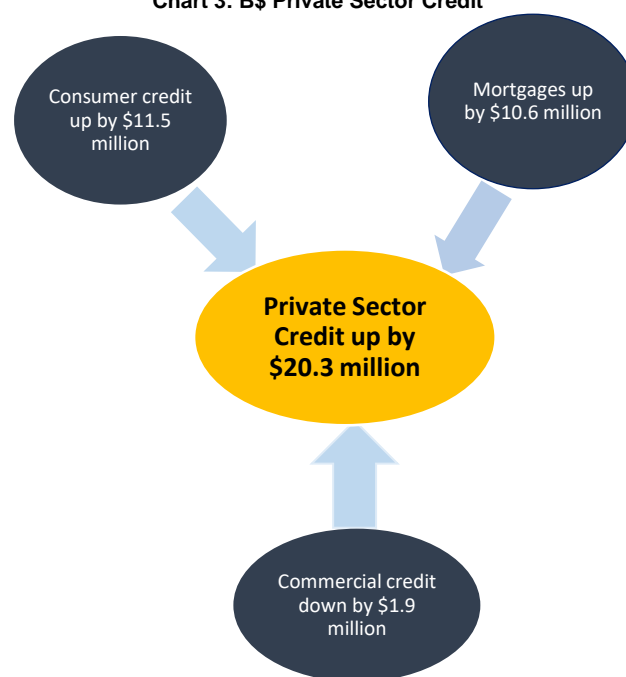
On a year-to-date basis, foreign currency sales for current account transactions expanded by \$638.7 million to \$6,299.2 million, relative to the corresponding period in 2023. In particular, factor income remittances moved higher by \$410.3 million; non-oil imports, by \$293.8 million and travel related expenses, by \$52.1 million. Further, oil imports increased by \$6.5 million, while transfers payments edged up by \$0.3 million. Conversely, payments for “other” current items reduced by \$124.3 million.

Domestic Credit

Bahamian Dollar Credit

During September, the growth in Bahamian dollar credit strengthened to \$92.7 million, from \$74.1 million a year earlier. In particular, net claims on the Government rose by \$74.1 million, extending the \$62.3 million accumulation in the previous year. In addition, private sector credit expanded further by \$20.3 million, vis-à-vis the \$3.2 million gain in the preceding year. Specifically, mortgages recovered by \$10.6 million, from a \$14.0 million reduction the year prior. Further, the growth in consumer credit continued at \$11.5 million, vis-à-vis \$7.0 million in September 2023. Providing some offset, commercial credit decreased by \$1.9 million, a shift from a \$10.2 million increase in the prior year. Likewise, credit to public corporations declined by \$1.6 million, a turnaround from an \$8.6 million buildup a year earlier.

Chart 3: B\$ Private Sector Credit



Source: Central Bank of The Bahamas

Over the nine-month-period, the expansion in Bahamian dollar credit tapered to \$156.8 million, from \$190.7 million in the same period last year. Notably, net claims on the Government decreased by \$12.6 million, as opposed to a \$164.6 million growth in the comparable 2023 period. Conversely, the rise in private sector credit strengthened to \$145.0 million, from \$33.9 million last year. In particular, consumer credit gains extended to \$81.6 million from just \$3.3 million in the previous year. Further, mortgages recovered by \$39.2 million, from a \$45.0 million falloff a year earlier. Nevertheless, the accumulation in commercial and other

loans slowed to \$24.2 million, from \$75.6 million in the prior year. Meanwhile, credit to public corporations also increased by \$24.4 million, a reversal from a \$7.9 million decrease in the preceding year.

Foreign Currency Credit

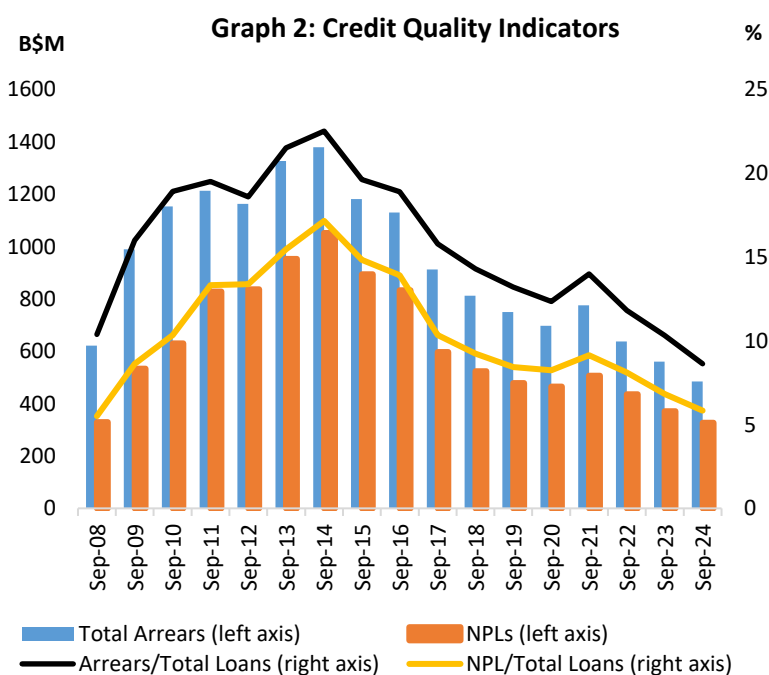
In September, domestic foreign currency credit grew by \$34.9 million, a switch from a \$2.7 million decline in the previous year. Reflective of this outcome, private sector credit rose by \$33.0 million, vis-à-vis a \$1.1 million falloff in the year prior. In particular, commercial and other loans moved higher by \$31.4 million, extending the \$2.5 million uptick in the corresponding 2023 period. Further, mortgages increased by \$1.6 million, vis-à-vis the preceding year's \$3.6 million reduction. Likewise, net claims on the Government advanced by \$3.5 million, following a relatively flat outturn in the year prior. Meanwhile, credit to the public sector fell by \$1.5 million, after registering a falloff of the same magnitude in September 2023.

On a year-to-date basis, foreign currency credit expanded by \$39.7 million, a reversal from a \$23.4 million retrenchment in the prior year. Specifically, the growth in private sector credit accelerated to \$61.5 million, from \$6.2 million in the previous year. Contributing to this outturn, commercial and other loans rose by \$42.7 million, exceeding last year's gain of \$4.4 million. Likewise, the rise in mortgages widened to \$18.8 million, from \$1.8 million a year earlier. In addition, net claims on the Government reduced by \$17.2 million, a shift from a \$25.8 million decline the year prior. Meanwhile, the reduction in credit to public corporations extended to \$4.5 million, from \$3.8 million in the preceding year.

Credit Quality

Commercial banks' credit quality indicators improved during the review month, supported by the healthier domestic economic environment. In particular, total private sector arrears reduced by \$19.0 million (3.8%) to \$484.1 million, with the corresponding ratio lower by 35 basis points at 8.6%.

A disaggregation by the average age of delinquency showed that short-term arrears (31-90 days) declined by \$9.5 million (5.7%) to \$156.9 million, resulting in a reduction of the attendant ratio by 18 basis points to 2.8%. Likewise, non-performing loans (over 90 days) fell by \$9.5 million (2.8%) to \$327.2 million, with the associated ratio decreasing by 18 basis points to 5.8%. The NPL ratios for commercial loans fell by 50 basis points, to 3.3%; mortgages, by 15 basis points to 8.3%; and consumer loans, by 5 basis points to 4.2%.



An analysis by loan type revealed that mortgage delinquencies contracted by \$10.7 million (3.3%) to \$313.4 million, reflecting a \$7.3 million (6.4%) retrenchment in short-term arrears and \$3.5 million (1.7%) in the non-accrual component. Similarly, commercial loans fell by \$7.1 million (15.5%) to \$38.8 million, explained by a \$5.6 million (13.9%) reduction in long-term arrears, and by \$1.5 million (27.6%) in the short-term segment. In addition, consumer loans edged down by \$1.1 million (0.9%) to \$131.9 million, underpinned by reductions in both the short and long-term components of \$0.8 million (1.7%) and \$0.3 million (0.4%), respectively.

In terms of allowances for credit losses, banks decreased their total provisions by \$1.1 million (0.4%) to \$311.6 million in September. However, the ratio of total provisions to non-performing loans moved higher by 2.4 percentage points to 95.2%, while the ratio of total provisions to total arrears rose by 2.2 percentage points to 64.4%. During the review period, banks wrote-off an estimated \$4.5 million in overdue loans, and recovered approximately \$4.1 million.

On a year-to-date basis, total private sector arrears contracted by \$77.6 million (13.8%), with the attendant ratio declining by 1.7 percentage points. Contributing to this development, short-term arrears decreased by \$43.3 million (21.6%), with the relevant ratio lower by 88 basis points. In addition, non-performing loans reduced by \$34.2 million (9.5%), leading to an 81 basis point narrowing in the corresponding ratio.

A disaggregation by loan category showed that mortgage arrears fell by \$36.7 million (10.5%), underpinned by a \$24.0 million (18.4%) reduction in short-term arrears and \$12.7 million (5.8%) in the long-term category. Likewise, commercial loans contracted by \$23.8 million (38.0%), on account of a \$13.0 million (77.1%) decrease in short-term loans and a \$10.8 million (23.7%) falloff in the non-performing loans segment. In addition, consumer loans reduced by \$17.1 million (11.5%), owing to a \$10.7 million (11.2%) retrenchment in long-term arrears and \$6.4 million (12.0%) in the short-term category.

During the nine-month-period, commercial banks' total provisions for losses declined by \$18.5 million (5.6%). However, the ratio of total provisions to total arrears rose by 5.6 percentage points, while the ratio of total provisions to non-performing loans increased by 3.9 percentage points. On a year-to-date basis, commercial banks' wrote off approximately \$47.5 million in overdue loans and recovered an estimated \$38.6 million.

Deposits

During the review period, the contraction in total Bahamian dollar deposits extended to \$182.7 million, from \$36.8 million last year. In particular, demand balances declined by \$156.1 million, surpassing the \$31.2 million reduction in the previous year. Similarly, savings deposits fell by \$14.8 million, exceeding the \$0.7 million decrease in the preceding year. Further, the falloff in fixed deposits widened to \$11.7 million, from \$4.9 million in the prior year. However, the decrease in foreign currency deposits of residents moderated to \$3.4 million, from \$22.3 million in 2023.

Over the nine-month period, the growth in total Bahamian dollar deposits tapered to \$70.7 million, from \$123.3 million in the year prior. Specifically, the expansion in savings deposits slowed to \$117.0 million, from \$128.4 million a year earlier. Further, fixed deposits contracted by \$91.9 million, exceeding last year's \$28.6 million retrenchment. Conversely, demand deposits grew by \$45.5 million, surpassing the \$23.5 million increase in the preceding year. Meanwhile, the rise in foreign currency deposits of residents moderated to \$12.2 million, from \$60.1 million in the previous year.

Interest Rates

In interest rate developments, the weighted average loan rate firmed by 7 basis points to 12.30% in September. Conversely, the weighted average deposit rate narrowed by 2 basis points to 0.47%, with the highest rate of 2.75% offered on fixed balances over 12 months.

3. Domestic Outlook

As the economy continues to converge toward its medium-term growth potential, the domestic economy is projected to expand at a more moderated pace in 2024 than in 2023, led by the performance in the tourism industry. Meanwhile, ongoing foreign investment projects are anticipated to provide steadied support to the construction sector and by extension economic growth. Nevertheless, downside risks to tourism remain, predominantly linked to exogenous factors, such as geopolitical tensions, inflation and elevated global oil prices, which could constrain the travel sector activity. Further, any reversal in major central banks' unwinding of their counter-inflation policies could impede the travel spending capacity of key source market consumers.

With regard to the labour market, employment conditions are forecasted to continue to improve, with additional job gains primarily in the construction and tourism sectors. In terms of prices, inflation is also estimated to continue to moderate, in response to abated price pressures in energy and other imports. Notwithstanding, upside risks to inflation revolve around increase global oil prices uncertainty and supply chain shortages related to geopolitical tensions in Eastern Europe and the Middle East.

In terms of the fiscal performance, the Government's net financing gap should sustain its downward trajectory. The anticipated ongoing gains in revenue remains significantly linked to tourism-led improving trends in taxable economic activities. In addition, the estimated budgetary gap is expected to require a mix of domestic and external borrowings, but with the bulk of the total funding from domestic sources.

Monetary sector developments will continue to include high levels of banking sector liquidity, as commercial banks maintain their conservative lending posture. However, the economic environment should encourage additional lending to the private sector. Further, external reserves are forecasted to stay robust in 2024, remaining above international benchmarks, although a reduction is likely, given the anticipated rise in domestic credit. Nonetheless, external balances should remain more than adequate to sustain the Bahamian dollar currency peg. In particular, foreign exchange market conditions are expected to remain at healthy levels, undergirded by inflows from tourism and other net private sector activities.

4. Monetary Policy and Financial Stability Implications

Based on the prevailing outlook, the Central Bank will uphold its accommodative policy stance for private sector credit and pursue policies that ensure a favourable outcome for external reserves and financial stability. Further, through its Monetary Policy Committee (MPC), the Bank will proactively monitor developments within the foreign exchange market, and adopt measures to support a positive outcome for the foreign reserves, as considered appropriate.

APPENDIX

International Developments

Indications are that during the month of September, although the pace of economic growth varied, the major economies sustained their positive trajectories, despite continuing to face headwinds, such as the ongoing geopolitical tensions in Eastern Europe and the Middle East. In this environment, the major central banks retained their monetary policy tightening posture, but with inflation expected to continue to moderate, have signaled future interest rate cuts, in an effort to maintain economic growth.

Economic expansion was sustained in the United States during the review month. Specifically, for the month of September, retail sales increased by 0.4%, exceeding the 0.1% uptick in the month prior, owing to a rise in the cost of clothing, health & personal care stores and food & beverage items. By contrast, industrial production decreased by 0.3% in the review month, a reversal from an increase of the same magnitude in August. In labour market developments, the unemployment rate fell by 10 basis points to 4.1%, as total nonfarm payroll employment grew by 254,000, with job gains in food services, health care, Government construction and social assistance. Meanwhile, the consumer price index rose by 0.2% for the third consecutive month, on account of gains in the cost of food and shelter. On the external front, the trade deficit declined by \$8.5 billion (10.8%) to \$70.4 billion in August, reflective of a 2.0% expansion in exports, combined with a 0.9% falloff in imports. In this environment, the Federal Reserve lowered its target range for the federal fund's rate by 50 basis points to 4.75%-5.00%; the lowest since the COVID-19 pandemic.

Among the European economies, real GDP in the United Kingdom grew by 0.2% in August, following a flat outturn in the previous month, supported by improvements in services, production and construction output. However, in September, growth in retail sales slowed to 0.3% from 1.0%, as the falloff in supermarkets sales offset the uptick in the computers and telecommunications sectors. Similarly, the increase in production output moderated to 0.5% in August from 0.7% in the month prior, with the decrease in mining & quarrying, outweighing the gain in manufacturing, water supply & sewerage and electricity & gas output. In terms of the labour market, the jobless rate narrowed by 10 basis points to 4.0% over the three months to August. Further, the rise in consumer prices tapered to 0.1% in September, following a 0.4% uptick a month earlier. In external developments, the trade in goods and services deficit contracted by £3.8 billion to a deficit of £1.0 billion in August, underpinned by a 5.4% increase in exports, as imports remained relatively unchanged. Given these developments, the Bank of England retained its key policy rate at 5.00%, in an effort to achieve its 2.0% target rate for inflation. In the euro area, indicators were largely positive during the review month. In particular, industrial production increased by 1.8% during the month of August, a turnaround from a 0.5% falloff a month earlier, as production expanded for capital goods, durable goods, non-durable goods and energy. Further, retail sales rose by 10 basis points to 0.2% in August, owing to a rise in the volume of trade for food, drinks, tobacco, non-food products and automotive fuel. In the labour market, the unemployment rate declined by 20 basis points to 6.4% in the month of August. In addition, annual inflation moderated by 50 basis points to 1.7% in September. On the external front, the trade surplus declined by 4.2% to €4.6 billion, as the 2.4% reduction in exports eclipsed the 2.3% falloff in imports. Against this backdrop, the European Central Bank retained its interest rates for main refinancing operations at 4.25%; the marginal lending facility, at 4.50%; and the deposit facility, at 3.75%, with prospects of near-term easing increasing.

In Asia, economic indicators were mostly positive during the review month. In China, real GDP expanded by 4.6% during the third quarter, albeit slightly lower than the 4.7% growth recorded in the second quarter. In September, industrial production rose by 5.4%, exceeding the 4.5% gain in the month earlier, explained by a rise in manufacturing, electricity, heat, gas & water production and the supply sectors. Further, the unemployment rate fell by 20 basis points to 5.1% in September. In price developments, annual inflation declined by 20 basis points to 0.4%, owing to a decrease in the costs of food and non-food items. However, the growth in China's trade surplus reduced by 10.2% to \$81.7 billion in September, as the 0.3% in imports offset the 2.4% rise in exports. As a result of these developments, the People's Bank of China maintained its reverse repo rate at 1.7%. In Japan, retail sales moved higher by 60 basis points to 0.8% in August, extending the 0.2% gain in the previous month. Further, the annual inflation rate decreased to 2.5% in September from 3.0% a month earlier, driven by a moderation in the rise in the cost of electricity. In addition, the unemployment rate fell by 20 basis points to 2.5% in August. On the external front, Japan's trade deficit contracted by 58.1% to ¥294.3 billion in September, as the 7.2% growth in exports overshadowed the 2.1% rise in imports. In this environment, the Bank of Japan left its key policy rate unchanged at 0.25%.

During the month of September, movements varied for the major equity markets. Specifically, China's SE Composite rose by 17.4% and the German DAX, by 2.2%. Similarly, the United States, S&P 500 and the Dow Jones Industrial Average (DJIA) increased by 2.0% and 1.9%, respectively. In addition, the French CAC 40 edged up by 0.1%. Conversely, Japan's Nikkei 225 moved lower by 1.9% and the United Kingdom's FTSE 100, by 1.7%.

In foreign exchange market developments, the US dollar depreciated against most of the major currencies during the review month. In particular, the U.S dollar weakened against the British Pound by 1.9% to £0.7476 and the euro, by 0.8% to €0.8980. Likewise, the Swiss Franc fell by 0.5% to CHF0.8456; the Japanese Yen, by 1.7% to ¥143.63; and the Chinese Renminbi, by 1.0% to CNY7.0187. In contrast, the Canadian dollar rose by 0.2% to CAD\$1.3525.

In the commodity markets, prices were mixed during the month of September. Specifically, the price of crude oil fell by 8.9% to \$71.77 per barrel, despite OPEC's crude oil production declining by 560,000 barrels per day, to average about 40.1 million barrels per day. In contrast, the cost of gold rose by 5.2% to \$2,634.58 per troy ounce and the price of silver, by 8.0% to \$31.16 per troy ounce.

Recent Monetary and Credit Statistics

(B\$ Millions)

| September | | | | | |
|-----------|------|--------|------|------------|------|
| Value | | Change | | Change YTD | |
| 2023 | 2024 | 2023 | 2024 | 2023 | 2024 |

1.0 LIQUIDITY & FOREIGN ASSETS

| | | | | | | |
|-------------------------------|----------|----------|---------|---------|--------|--------|
| 1.1 Excess Reserves | 1,926.43 | 2,065.29 | -94.59 | -104.26 | -1.69 | 198.21 |
| 1.2 Excess Liquid Assets | 2,946.69 | 3,051.85 | -49.07 | -71.59 | 173.87 | 167.62 |
| 1.3 External Reserves | 2,585.58 | 2,709.94 | -144.89 | -206.31 | -9.10 | 358.73 |
| 1.4 Bank's Net Foreign Assets | -95.47 | -108.62 | -29.19 | -34.82 | 2.31 | -18.28 |
| 1.5 Usable Reserves | 1,163.46 | 1,219.65 | -87.98 | -126.23 | 12.45 | 351.72 |

2.0 DOMESTIC CREDIT

| | | | | | | |
|-------------------------------------|----------|----------|--------|--------|--------|---------|
| 2.1 Private Sector | 5,654.21 | 5,877.65 | 2.06 | 53.25 | 40.11 | 206.48 |
| a. B\$ Credit | 5,366.93 | 5,528.30 | 3.18 | 20.25 | 33.94 | 144.99 |
| of which: Consumer Credit | 1,906.87 | 2,004.34 | 7.00 | 11.50 | 3.26 | 81.59 |
| Mortgages | 2,662.44 | 2,701.32 | -14.01 | 10.61 | -44.95 | 39.19 |
| Commercial and Other Loans B\$ | 797.62 | 822.64 | 10.20 | -1.85 | 75.63 | 24.21 |
| b. F/C Credit | 287.28 | 349.35 | -1.13 | 33.00 | 6.17 | 61.49 |
| of which: Mortgages | 153.06 | 172.98 | -3.61 | 1.63 | 1.79 | 18.79 |
| Commercial and Other Loans F/C | 134.22 | 176.37 | 2.48 | 31.37 | 4.38 | 42.69 |
| 2.2 Central Government (net) | 3,344.51 | 3,317.73 | 62.22 | 77.50 | 138.81 | -29.80 |
| a. B\$ Loans & Securities | 3,364.99 | 3,371.34 | 44.23 | 35.80 | 181.06 | -176.98 |
| Less Deposits | 322.84 | 330.86 | -18.05 | -38.25 | 16.44 | -164.41 |
| b. F/C Loans & Securities | 305.72 | 285.40 | 0.00 | 0.00 | -27.65 | -13.32 |
| Less Deposits | 3.36 | 8.16 | 0.05 | -3.45 | -1.83 | 3.92 |
| 2.3 Rest of Public Sector | 337.03 | 359.41 | 7.12 | -3.06 | -11.63 | 19.91 |
| a. B\$ Credit | 311.53 | 339.91 | 8.62 | -1.56 | -7.88 | 24.41 |
| b. F/C Credit | 25.50 | 19.50 | -1.50 | -1.50 | -3.75 | -4.50 |
| 2.4 Total Domestic Credit | 9,335.74 | 9,554.78 | 71.40 | 127.68 | 167.29 | 196.58 |
| a. B\$ Domestic Credit | 8,720.60 | 8,908.69 | 74.08 | 92.73 | 190.68 | 156.84 |
| b. F/C Domestic Credit | 615.14 | 646.09 | -2.68 | 34.94 | -23.39 | 39.74 |

3.0 DEPOSIT BASE

| | | | | | | |
|---|----------|----------|--------------|---------|--------|--------|
| 3.1 Demand Deposits | 3,897.86 | 3,945.50 | -31.15 | -156.10 | 23.53 | 45.52 |
| a. Central Bank | 44.48 | 17.32 | -19.99 | -33.66 | -48.70 | -10.69 |
| b. Banks | 3,853.38 | 3,928.19 | -11.16 | -122.43 | 72.22 | 56.21 |
| 3.2 Savings Deposits | 2,231.44 | 2,384.86 | -0.74 | -14.82 | 128.37 | 117.01 |
| 3.3 Fixed Deposits | 2,045.51 | 1,930.94 | -4.94 | -11.74 | -28.65 | -91.86 |
| 3.4 Total B\$ Deposits | 8,174.81 | 8,261.29 | -36.83 | -182.66 | 123.25 | 70.67 |
| 3.5 F/C Deposits of Residents | 528.17 | 517.10 | -22.32 | -3.38 | 60.06 | 12.17 |
| 3.6 M2 | 8,592.36 | 8,711.44 | -43.95 | -177.41 | 101.17 | 47.87 |
| 3.7 External Reserves/M2 (%) | 30.09 | 31.11 | -1.52 | -1.70 | -0.47 | 3.97 |
| 3.8 External Reserves/Base Money (%) | 95.69 | 94.62 | -2.64 | -3.81 | -0.24 | 6.50 |
| 3.9 External Reserves/Demand Liabilities (%) | 90.91 | 90.92 | -1.40 | -1.93 | 1.04 | 11.66 |
| | Value | | Year To Date | | Change | |
| | 2023 | 2024 | 2023 | 2024 | Month | YTD |

4.0 FOREIGN EXCHANGE TRANSACTIONS

| | | | | | | |
|---|---------|---------|----------|----------|--------|--------|
| 4.1 Central Bank Net Purchase/(Sale) | -123.94 | -220.95 | -31.89 | 301.52 | -97.01 | 333.42 |
| a. Net Purchase/(Sale) from/to Banks | -70.77 | -130.23 | 254.95 | 226.58 | -59.46 | -28.37 |
| i. Sales to Banks | 95.10 | 164.35 | 440.68 | 526.82 | 69.25 | 86.15 |
| ii. Purchase from Banks | 24.33 | 34.12 | 695.63 | 753.41 | 9.79 | 57.77 |
| b. Net Purchase/(Sale) from/to Others | -53.16 | -90.71 | -286.85 | 74.94 | -37.55 | 361.79 |
| i. Sales to Others | 168.87 | 199.25 | 1,215.92 | 1,777.22 | 30.39 | 561.29 |
| ii. Purchase from Others | 115.71 | 108.54 | 929.07 | 1,852.16 | -7.16 | 923.08 |
| 4.2 Banks Net Purchase/(Sale) | -54.27 | -113.19 | 194.85 | 211.93 | -58.91 | 17.08 |
| a. Sales to Customers | 540.47 | 665.02 | 5,346.38 | 5,431.44 | 124.54 | 85.06 |
| b. Purchase from Customers | 486.20 | 551.83 | 5,541.22 | 5,643.37 | 65.63 | 102.15 |

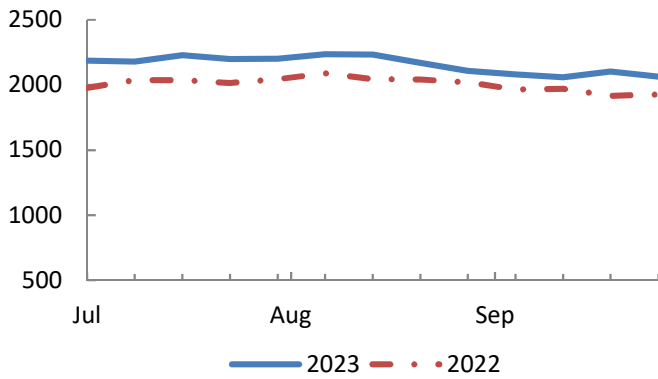
5.0 EXCHANGE CONTROL SALES

| | | | | | | |
|--------------------------|--------|--------|----------|----------|--------|---------|
| 5.1 Current Items | 625.48 | 770.38 | 5,660.49 | 6,299.21 | 144.90 | 638.72 |
| of which Public Sector | 103.30 | 144.87 | 791.84 | 1,185.81 | 41.57 | 393.97 |
| a. Nonoil Imports | 139.41 | 204.24 | 1,365.50 | 1,659.29 | 64.83 | 293.80 |
| b. Oil Imports | 62.65 | 136.28 | 613.32 | 619.79 | 73.64 | 6.47 |
| c. Travel | 16.49 | 28.48 | 157.04 | 209.17 | 11.99 | 52.13 |
| d. Factor Income | 21.81 | 22.96 | 344.06 | 754.35 | 1.14 | 410.29 |
| e. Transfers | 20.01 | 17.35 | 164.92 | 165.26 | -2.67 | 0.34 |
| f. Other Current Items | 365.10 | 361.07 | 3,015.66 | 2,891.35 | -4.03 | -124.31 |
| 5.2 Capital Items | 120.51 | 82.03 | 823.34 | 779.98 | -38.49 | -43.37 |
| of which Public Sector | 99.04 | 57.99 | 582.22 | 601.75 | -41.05 | 19.53 |

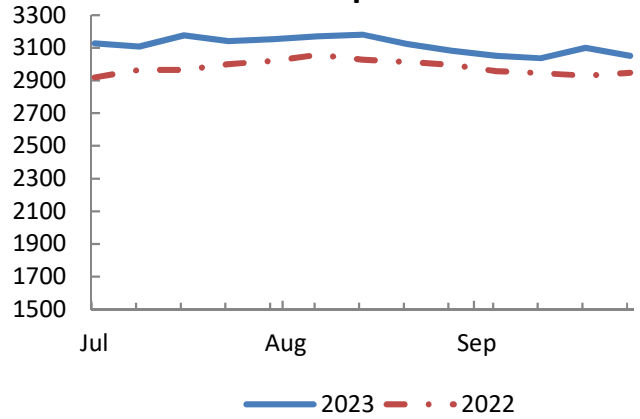
SELECTED MONEY AND CREDIT INDICATORS

(B\$ Millions)

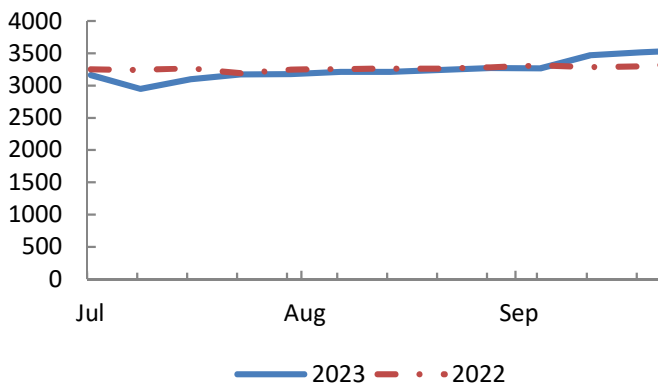
Excess Reserves



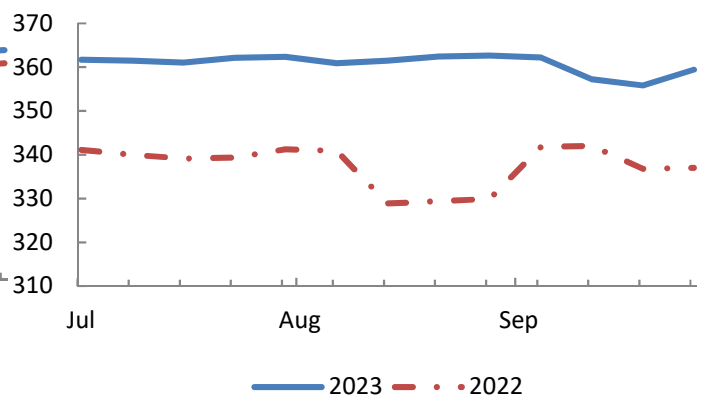
Excess Liquid Assets



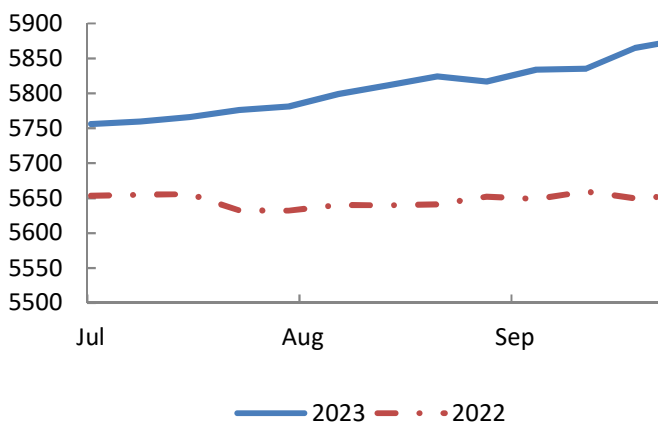
Central Govt. Credit (Net)



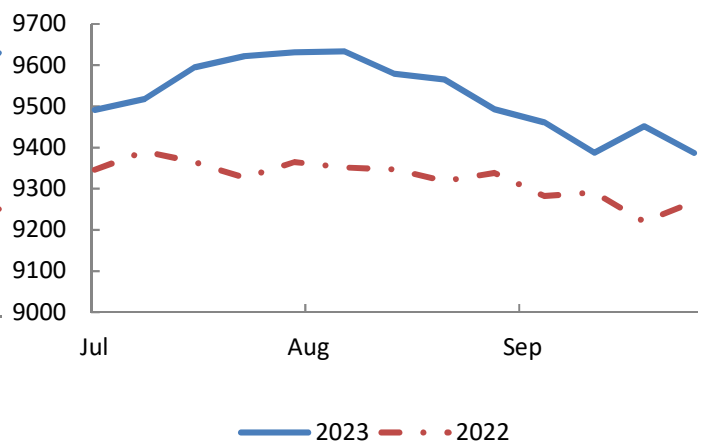
Rest of Public Sector Credit



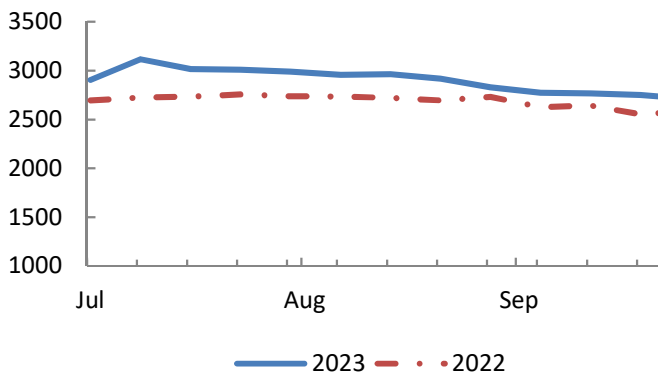
Private Sector Credit



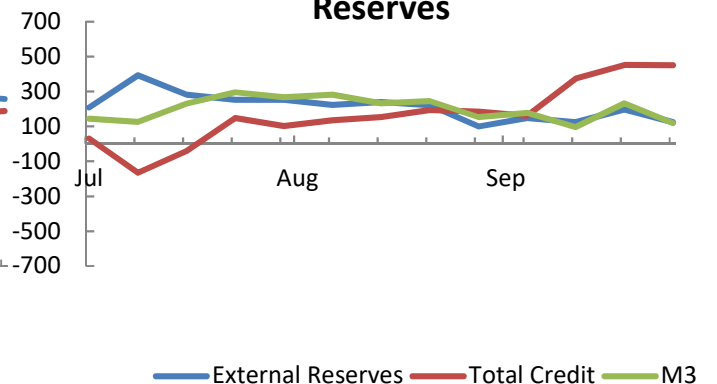
M3



External Reserves



Changes in Money, Credit & Ext. Reserves



Selected International Statistics

| A: Selected Macroeconomic Projections (Annual % Change and % of labor force) | | | | | | |
|---|-----------------|-------------|-----------------------|-------------|---------------------|-------------|
| | Real GDP | | Inflation Rate | | Unemployment | |
| | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 |
| Bahamas | 4.3 | 2.3 | 1.9 | 2.4 | 12.3 | 8.8 |
| United States | 2.5 | 2.7 | 3.2 | 2.4 | 3.6 | 4.0 |
| Euro-Area | 0.4 | 0.8 | 1.9 | 2.9 | 6.5 | 6.6 |
| Germany | -0.3 | 0.2 | 3.0 | 2.2 | 3.0 | 3.3 |
| Japan | 1.9 | 0.9 | 2.9 | 2.0 | 2.6 | 2.5 |
| China | 5.2 | 4.6 | 0.2 | 1.0 | 5.2 | 5.1 |
| United Kingdom | 0.1 | 0.5 | 4.0 | 2.2 | 4.0 | 4.2 |
| Canada | 1.1 | 1.2 | 3.2 | 2.1 | 5.4 | 6.3 |

Source: IMF World Economic Outlook April 2024

| B: Official Interest Rates – Selected Countries (%) | | | | | |
|--|------------------|-------------------------|-----------------------------|---------------------|------------------------|
| <i>With effect from</i> | CBOB | ECB (EU) | Federal Reserve (US) | | Bank of England |
| | Bank Rate | Refinancing Rate | Primary Credit | Target Funds | Repo Rate |
| September 2022 | 4.00 | 1.50 | 3.25 | 3.00-3.25 | 2.25 |
| October 2022 | 4.00 | 2.00 | 4.00 | 3.75-4.00 | 2.25 |
| November 2022 | 4.00 | 2.00 | 4.00 | 3.75-4.00 | 3.00 |
| December 2022 | 4.00 | 2.50 | 4.50 | 4.25-4.50 | 3.50 |
| January 2023 | 4.00 | 2.50 | 4.50 | 4.25-4.50 | 4.00 |
| February 2023 | 4.00 | 3.00 | 4.75 | 4.50-4.75 | 4.00 |
| March 2023 | 4.00 | 3.50 | 5.00 | 4.75-5.00 | 4.25 |
| April 2023 | 4.00 | 3.50 | 5.00 | 4.75-5.00 | 4.25 |
| May 2023 | 4.00 | 3.75 | 5.25 | 5.00-5.25 | 4.50 |
| June 2023 | 4.00 | 4.00 | 5.25 | 5.00-5.25 | 5.00 |
| July 2023 | 4.00 | 4.25 | 5.50 | 5.25-5.50 | 5.00 |
| August 2023 | 4.00 | 4.50 | 5.50 | 5.25-5.50 | 5.25 |
| September 2023 | 4.00 | 4.50 | 5.50 | 5.25-5.50 | 5.25 |
| October 2023 | 4.00 | 4.50 | 5.50 | 5.25-5.50 | 5.25 |
| November 2023 | 4.00 | 4.50 | 5.50 | 5.25-5.50 | 5.25 |
| December 2023 | 4.00 | 4.50 | 5.50 | 5.25-5.50 | 5.25 |
| January 2024 | 4.00 | 4.50 | 5.50 | 5.25-5.50 | 5.25 |
| February 2024 | 4.00 | 4.50 | 5.50 | 5.25-5.50 | 5.25` |
| March 2024 | 4.00 | 4.50 | 5.50 | 5.25-5.50 | 5.25 |
| April 2024 | 4.00 | 4.50 | 5.50 | 5.25-5.50 | 5.25 |
| May 2024 | 4.00 | 4.50 | 5.50 | 5.25-5.50 | 5.25 |
| June 2024 | 4.00 | 4.25 | 5.50 | 5.25-5.50 | 5.25 |
| July 2024 | 4.00 | 4.25 | 5.50 | 5.25-5.50 | 5.25 |
| August 2024 | 4.00 | 3.65 | 5.50 | 5.25-5.50 | 5.00 |
| September 2024 | 4.00 | 3.65 | 5.50 | 5.25-5.50 | 5.00 |

Selected International Statistics

| C. Selected Currencies (Per United States Dollars) | | | | | | |
|---|--------------|-----------|--------------|-------------------|-----------------|-------------------|
| Currency | September-23 | August-24 | September-24 | Mthly % Change | YTD % Change | 12-Mth% Change |
| Euro | 0.9458 | 0.9051 | 0.8980 | -2.01 | -2.85 | -5.05 |
| Yen | 149.37 | 146.17 | 143.63 | -2.54 | -2.24 | -3.84 |
| Pound | 0.8197 | 0.7618 | 0.7476 | -2.06 | -5.14 | -8.79 |
| Canadian \$ | 1.3577 | 1.3492 | 1.3525 | -2.29 | 0.67 | -0.38 |
| Swiss Franc | 0.9153 | 0.8496 | 0.8456 | -3.23 | -1.83 | -7.61 |
| Renminbi | 7.2980 | 7.0913 | 7.0187 | -1.87 | -2.10 | -3.83 |

Source: Bloomberg as of September 30th, 2024

| D. Selected Commodity Prices (\$) | | | | | |
|--|--------------|-----------|--------------|-------------------|-----------------|
| Commodity | September-23 | August-24 | September-24 | Mthly % Change | YTD % Change |
| Gold / Ounce | 1848.63 | 2503.39 | 2634.58 | 5.24 | 27.70 |
| Silver / Ounce | 22.18 | 28.86 | 31.16 | 7.95 | 30.94 |
| Oil / Barrel | 86.84 | 78.80 | 71.77 | -8.92 | -8.48 |

Source: Bloomberg as of 30th September, 2024

| E: Short Term Deposit Rates in Selected Currencies (%) | | | |
|---|--------|--------|--------|
| | USD | GBP | EUR |
| o/n | 4.8900 | 5.1000 | 3.4610 |
| 1 Month | 4.9250 | 5.0150 | 3.4050 |
| 3 Month | 4.8075 | 4.9758 | 3.3140 |
| 6 Month | 4.3575 | 4.8775 | 3.1200 |
| 9 Month | 4.3600 | 4.7400 | 2.9337 |
| 1 year | 4.2025 | 4.6725 | 2.7975 |

Source: Bloomberg as of 30th September 2024

| F. Equity Market Valuations – September 30th, 2024 (% change) | | | | | | | | |
|--|-------|-------|---------|----------|--------|-------|------------|-------|
| | BISX | DJIA | S&P 500 | FTSE 100 | CAC 40 | DAX | Nikkei 225 | SE |
| 1 month | 1.01 | 1.85 | 2.02 | -1.67 | 0.06 | 2.21 | -1.88 | 17.39 |
| 3 month | 1.58 | 3.64 | 4.35 | -1.57 | 1.38 | 4.41 | -3.02 | 13.53 |
| YTD | 4.71 | 12.31 | 20.81 | 6.51 | 16.15 | 15.36 | 13.31 | 12.15 |
| 12-month | 11.15 | 26.33 | 34.38 | 8.27 | 7.02 | 25.60 | 19.03 | 7.27 |

Sources: Bloomberg and BISX

**Summary Accounts of the Central Bank
(B\$ Millions)**

| | VALUE | | | | | | | | CHANGE | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Aug. 14 | Aug. 21 | Aug. 28 | Sep. 04 | Sep. 11 | Sep. 18 | Sep. 25 | Oct. 02 | Aug. 14 | Aug. 21 | Aug. 28 | Sep. 04 | Sep. 11 | Sep. 18 | Sep. 25 | Oct. 02 |
| I. External Reserves | 2,958.16 | 2,962.45 | 2,916.24 | 2,830.47 | 2,774.62 | 2,768.23 | 2,750.20 | 2,709.94 | (32.31) | 4.29 | (46.21) | (85.78) | (55.84) | (6.39) | (18.04) | (40.26) |
| II. Net Domestic Assets (A + B + C + D) | 58.71 | 51.64 | 46.45 | 73.35 | 93.22 | 75.89 | 143.45 | 153.96 | 55.49 | (7.07) | (5.18) | 26.89 | 19.87 | (17.33) | 67.56 | 10.50 |
| A. Net Credit to Gov't (I + ii + iii -iv) | 772.66 | 782.28 | 791.11 | 808.17 | 805.53 | 782.59 | 869.88 | 869.34 | 31.94 | 9.62 | 8.82 | 17.07 | (2.64) | (22.94) | 87.29 | (0.54) |
| i) Advances | 476.81 | 476.81 | 500.81 | 500.81 | 500.81 | 500.81 | 555.81 | 555.81 | 30.00 | - | 24.00 | - | - | - | 55.00 | - |
| ii) Registered Stock | 422.49 | 421.74 | 421.84 | 421.93 | 420.50 | 420.89 | 417.29 | 417.39 | 0.22 | (0.75) | 0.10 | 0.09 | (1.43) | 0.39 | (3.60) | 0.10 |
| iii) Treasury Bills | 0.24 | 0.24 | 0.24 | 0.24 | 0.24 | 0.24 | 0.24 | 0.24 | - | 0.00 | (0.00) | 0.00 | 0.00 | (0.00) | (0.00) | - |
| iv) Deposits | 126.87 | 116.50 | 131.78 | 114.80 | 116.02 | 139.35 | 103.46 | 104.10 | (1.72) | (10.37) | 15.28 | (16.98) | 1.22 | 23.33 | (35.89) | 0.64 |
| B. Rest of Public sector (Net) (i+ii-iii) | (24.28) | (38.03) | (44.74) | (29.97) | (0.56) | (7.33) | (27.96) | (11.08) | 19.15 | (13.75) | (6.71) | 14.77 | 29.41 | (6.77) | (20.63) | 16.89 |
| i) Loans | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | - | - | - | - | - | - | - | - |
| ii) Bonds/Securities | 4.74 | 4.74 | 4.74 | 4.74 | 4.74 | 4.74 | 4.74 | 4.74 | - | - | - | - | - | - | - | - |
| iii) Deposits | 30.52 | 44.27 | 50.98 | 36.21 | 6.80 | 13.57 | 34.20 | 17.32 | (19.15) | 13.75 | 6.71 | (14.77) | (29.41) | 6.77 | 20.63 | (16.89) |
| C. Loans to/Deposits with Banks | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| D. Other Items (Net)* | (689.67) | (692.61) | (699.91) | (704.86) | (711.75) | (699.37) | (698.46) | (704.30) | 4.40 | (2.94) | (7.30) | (4.95) | (6.89) | 12.39 | 0.90 | (5.84) |
| III. Monetary Base | 3,016.87 | 3,014.09 | 2,962.70 | 2,903.81 | 2,867.84 | 2,844.12 | 2,893.65 | 2,863.90 | 23.18 | (2.78) | (51.39) | (58.88) | (35.97) | (23.72) | 49.53 | (29.75) |
| A. Currency in Circulation | 598.08 | 582.38 | 589.49 | 586.65 | 589.90 | 577.00 | 585.58 | 600.56 | (3.02) | (15.70) | 7.11 | (2.84) | 3.25 | (12.90) | 8.58 | 14.98 |
| B. Bank Balances with CBOB | 2,418.79 | 2,431.71 | 2,373.21 | 2,317.16 | 2,277.94 | 2,267.12 | 2,308.07 | 2,263.34 | 26.20 | 12.92 | (58.50) | (56.05) | (39.22) | (10.81) | 40.95 | (44.73) |

