



## **Monthly Economic and Financial Developments June 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: 2<sup>nd</sup> September, 30<sup>th</sup> September, 4<sup>th</sup> November, 4<sup>th</sup> December, 27<sup>th</sup> December**



## JUNE 2024 SUMMARY

### MONTHLY ECONOMIC AND FINANCIAL DEVELOPMENTS

#### ***Overall Economic Activity***

Preliminary economic indicators suggest that the domestic economy maintained its growth trajectory in June, albeit at a slower pace, as economic indicators continued to converge closer to their expected medium-term potential. Tourism output remained buoyant, supported by healthy gains in the high value-added air category and the sea segment, amid the persistent demand for travel in key source markets.

#### ***Inflation***

In price developments, average consumer price inflation—as measured by changes in the average Retail Price Index (RPI) for The Bahamas—moderated to 2.2% during the 12 months to April 2024, from 5.6% in the same period last year, underpinned by the decrease in global oil prices.

#### ***Fiscal Sector***

Preliminary data on the Government’s budgetary operations for the first nine months of FY2023/24 revealed that the deficit narrowed to \$214.2 million, from \$249.7 million in FY2022/23. Underlying this development, total revenue increased by \$112.4 million (5.4%) to \$2,191.5 million, outstripping the \$76.9 million (3.3%) rise in aggregate expenditure to \$2,405.6 million.

#### ***Monetary Sector***

Monetary trends for the month of June were marked by a contraction in bank liquidity, as the reduction in the deposit base, outweighed the decline in domestic credit. Similarly, external reserves reduced, largely attributed to net foreign currency outflows through the private sector.

#### ***International Economies***

Economic performance varied during the month of June, as developments continued to be influenced by geopolitical tensions in Eastern Europe and the Middle East, and slowly subsiding inflation. Against this backdrop, most of the major central banks retained their monetary policy tightening stances, in an attempt to further reduce inflation and support more sustained medium-term growth prospects.



# Monthly Economic and Financial Developments (MEFD)

## June 2024

### 1. Domestic Economic Developments

#### Overview

During the month of June, preliminary economic indicators suggest that the domestic economy maintained its growth trajectory, albeit at a slower pace in comparison to 2023, as economic indicators continued to converge closer to their expected medium-term potential. Tourism output remained buoyant, supported by healthy gains in the high value-added air category and the sea segment, amid the persistent demand for travel in key source markets. In price developments, average consumer price inflation—as measured by changes in the average Retail Price Index (RPI) for The Bahamas—moderated during the 12 months to April 2024, vis-à-vis the same period in the preceding year, underpinned by the decrease in global oil prices. On the fiscal front, preliminary data on the Government’s budgetary operations for the first nine months of FY2023/24 revealed that the deficit narrowed vis-à-vis the comparative FY2022/23, as the growth in total revenue overshadowed the rise in aggregate expenditure. Monetary trends for the month of June were marked by a contraction in bank liquidity, as the reduction in the deposit base, outweighed the decline in domestic credit. Simialry, external reserves reduced, largely attributed to net foreign currency outflows through the private sector.

#### Real Sector

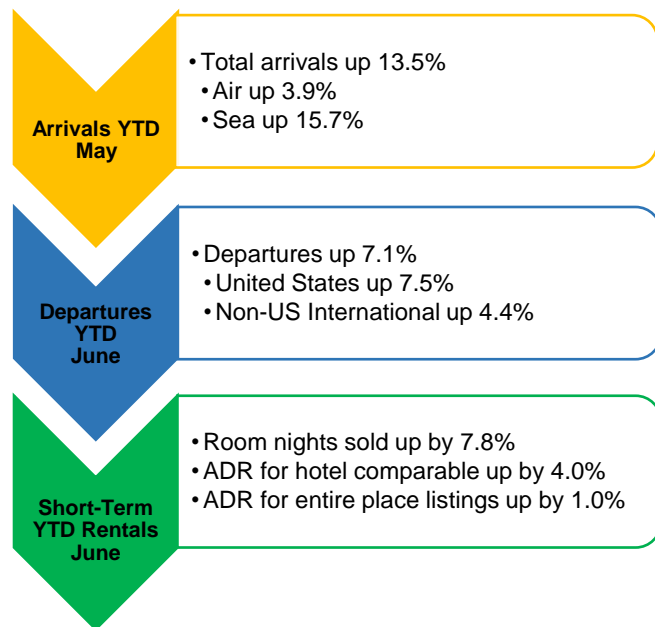
##### Tourism

Tourism metrics for the month June revealed that the sector’s output indicators continued to register healthy growth, bolstered by sustained gains in the high-value added air and in sea travel for all major ports of entry, as the demand for travel in key source markets persisted.

Official data provided by the Ministry of Tourism showed that total visitor arrivals strengthened to 0.90 million in May, relative to 0.76 million in the comparative 2023 period. Contributing to this outturn, the dominant sea segment expanded to 0.74 million visitors, compared to 0.61 million, a year earlier. Further, the high value air segment rose to 0.16 million visitors from 0.15 million passengers last year.

A breakdown by major port of entry indicated that total arrivals to New Providence expanded by 38.7% to 0.43 million visitors, relative to the previous year, as sea passengers grew by 56.4% to 0.31 million and air traffic, by 6.6% to 0.12 million. In

Chart 1: Tourism Indicators at a Glance



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

addition, total arrivals to the Family Islands increased by 3.9% to 0.42 million, from a year earlier. Underlying this development, arrivals by sea rose by 4.0% to 0.38 million and air by 2.5% to 35,479, compared to the same period in 2023. Likewise, total arrivals to Grand Bahama increased to 47,020, from 42,710 in the preceding year, amid a 9.6% gain in sea passengers to 42,294 and a 14.2% rise in air traffic to 4,726.

On a year-to-date basis, total arrivals expanded by 13.5% to 4.8 million visitors, relative to the comparative 2023 period. Contributing to this outturn, sea and air arrivals rose by 15.7% and by 3.9% to 4.0 million and 0.8 million, respectively, undergirded by growth across all major market segments.

The most current data provided by the Nassau Airport Development Company Limited (NAD) revealed that total departures in June—net of domestic passengers—grew by 6.4% to 151,865, vis-à-vis the corresponding period last year. Specifically, U.S. departures increased by 6.4% to 135,397, while non-US departures rose by 7.0% to 16,468, relative to the previous year.

During the first half of the year, total outbound traffic expanded by 7.1% to approximately 0.9 million passengers. Specifically, US departures grew by 7.5% to 0.8 million, compared to the same period in 2023. Likewise, non-US departures advanced by 4.4% to 0.12 million, year-on-year.

As it relates to the short-term vacation rental market, data provided by AirDNA cemented these trends. Specifically,

during the month of June, total room nights sold increased by 7.8% to 61,195, when compared to the same period last year. However, occupancy rates for entire place listings decreased to 56.8% from 59.2% in the prior year, and for hotel comparable listings to 47.5% from 48.5% in 2023. Meanwhile, as depicted in Graph 1, price indicators showed that the average daily room rate for entire place listings and hotel comparable listings firmed by 4.2% and by 0.6% to \$709.18 and \$187.60, respectively.

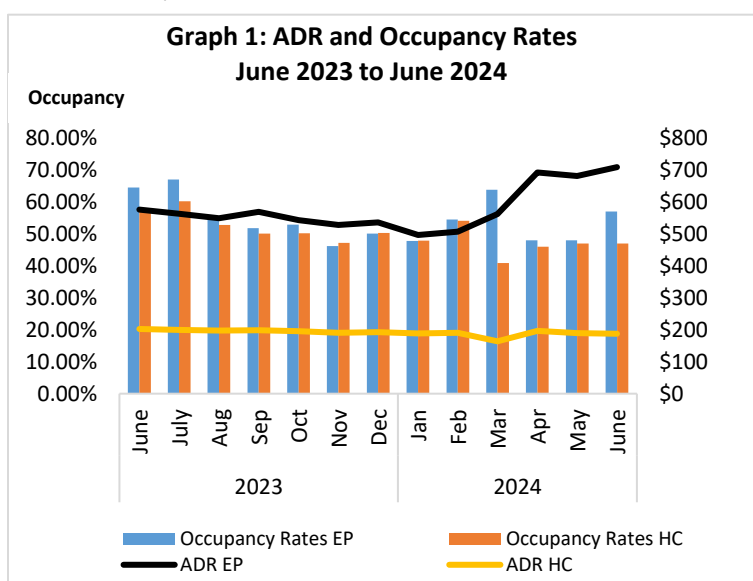
### Prices

Average consumer price inflation—as measured by the All Bahamas Retail Price Index—slowed to 2.2% during the 12 months to April, from 5.6% in the same period of 2023. Underlying this development, the average costs for transport decreased by 6.0%, for communications by 5.5%, for clothing and footwear by 0.2%, after registering respective increases of 8.9%, 3.2%, and 3.5% a year earlier. Further, the average

Table 1: Total Visitor Arrivals January – May 2024

Arrivals	New Providence (% Change)		Grand Bahama (% Change)		Family Islands (% Change)	
	2023	2024	2023	2024	2023	2024
Air	30.1	3.8	62.7	8.2	27.2	3.8
Sea	85.2	23.1	131.0	7.3	83.7	11.2
<b>Total</b>	<b>64.0</b>	<b>17.2</b>	<b>121.2</b>	<b>7.4</b>	<b>77.3</b>	<b>10.6</b>

Source: Ministry of Tourism



Source: AirDNA

inflation moderated for restaurants and hotels (3.0%); food and non-alcoholic beverages (3.0%); and recreation and culture (0.7%). In an offset, average inflation quickened for health (7.4%); alcohol beverages, tobacco, and narcotics (5.5%); furnishing, household equipment, and routine household maintenance (4.9%); housing, water, gas, electricity and other fuels (4.6%); miscellaneous goods and services (3.8%); and education (3.2%).

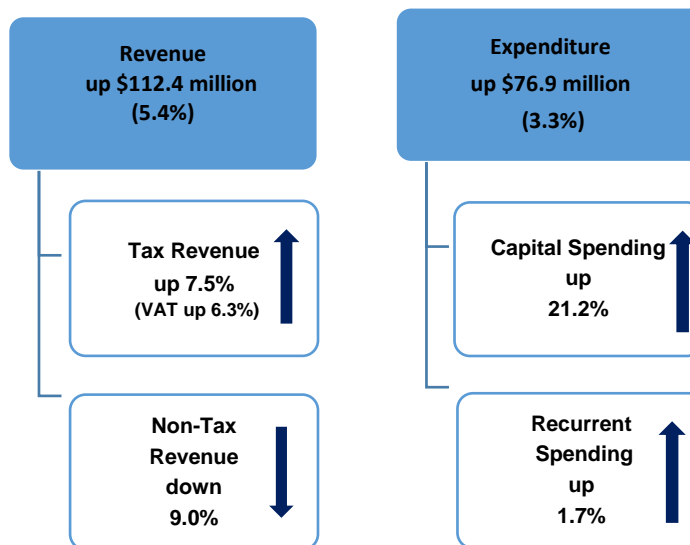
### Fiscal

Preliminary data on the Government's budgetary operations for the first nine months of FY2023/24 revealed that the deficit narrowed to \$214.2 million, from \$249.7 million in FY2022/23. Underlying this development, total revenue increased by \$112.4 million (5.4%) to \$2,191.5 million, outstripping the \$76.9 million (3.3%) rise in aggregate expenditure to \$2,405.6 million.

The growth in revenue collections was primarily driven by a \$136.9 million (7.5%) gain in tax receipts. Contributing, taxes on goods and services grew by \$108.3 million (9.1%) to \$1,302.7 million, as VAT receipts rose by \$58.5 million (6.3%), to \$993.9 million. In addition, excise tax receipts on goods and services accelerated to \$16.7 million, from just \$1.6 million in the previous fiscal year, while stamp tax on financial and real estate transactions advanced by \$2.8 million (3.5%), to \$82.5 million. Similarly, proceeds from international trade and transactions moved higher by \$11.1 million (2.3%), to \$502.3 million, on account of a 5.7% rise in departure taxes and 2.4% increase in customs & other import duties. Further, property taxes grew by \$18.4 million (14.5%), to \$145.6 million, attributed to the enhanced collection methods and enforcement measures employed by the government to lower arrears. Moreover, tax receipts from the use of goods/permission to use increased by \$44.2 million (34.2%) to \$173.4 million, reflective of a rise in proceeds from business licence fees (51.6%) and motor vehicle taxes (3.7%). In an offset, taxes on specific services (gaming taxes) reduced by \$12.3 million (25.3%), to \$36.3 million and general stamp taxes, by \$1.0 million (15.3%) to \$5.4 million. In contrast, non-tax revenue declined by \$23.2 million (9.0%) to \$235.4 million, explained by a \$13.9 million (41.5%) reduction in reimbursements & repayments to \$19.7 million and a \$5.9 million (15.2%) decrease in property income to \$33.0 million. Miscellaneous & unidentified receipts also reduced to a negligible \$1.0 million from \$26.6 million in the year prior.

As it relates to expenditure, recurrent spending grew by \$35.9 million (1.7%) to \$2,170.7 million. Underpinning this outturn, employee compensation rose by \$34.9 million (5.9%) to \$629.0 million, reflective of planned staff promotions, salary adjustments, and additional hires. Further, interest payments on public debt increased by \$17.3 million (4.4%) to \$409.1 million and disbursements for social assistance benefits, by \$3.5 million (8.6%) to \$44.2 million. In addition, allocations for pension and gratuities moved higher by \$7.9 million (6.1%), to \$137.4 million, while grants firmed by \$2.1 million (35.0%) to \$8.1 million. Providing some offset, outlays for

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



Source: The Ministry of Finance

various miscellaneous payments decreased by \$12.1 million (5.8%) to \$198.3 million, while spending for the use of goods & services was relatively unchanged at \$431.7 million. Capital outlays also rose by \$41.0 million (21.2%), to \$235.0 million, attributed to a \$26.9 million (16.1%) rise in spending on the acquisition of non-financial assets to \$194.3 million, reflective of higher disbursements for other fixed assets, other structures, land improvements, and transport equipment. Further, capital transfers advanced by \$14.1 million (53.0%) to \$40.7 million.

## **2. Monetary Trends**

### **June 2024 vs. 2023**

#### **Liquidity**

Monetary trends for the month of June revealed a reduction in bank liquidity, due to the contraction in the deposit base overshadowing the decline in domestic credit. Specifically, excess reserves—the narrow measure of liquidity—fell by \$22.0 million to \$2,209.3 million, a turnaround from a \$7.5 million growth last year. Similarly, excess liquid assets—a broad measure of liquidity—reduced by \$47.8 million to \$3,154.7 million, a switch from a \$6.1 million gain a year earlier.

On a year-to-date basis, the buildup in excess reserves accelerated to \$342.2 million from \$72.3 million in 2023. Likewise, excess liquid assets rose by \$270.5 million, exceeding the prior year's accumulation of \$133.1 million.

#### **External Reserves**

During the month of June, external reserves decreased by \$19.4 million to \$2,932.0 million, a moderation from the \$177.5 million contraction in the prior year. Underlying this outturn, the Central Bank's net foreign currency transactions with the commercial banks shifted to a net sale of \$39.8 million from a net purchase of \$17.8 million in the comparable period of the previous year. By contrast, commercial banks' transactions with their customers reversed to a net intake of \$18.7 million, from a net outflow of \$1.6 million in the preceding year. Likewise, the Bank's transactions with the public sector reversed to a net purchase of \$35.9 million from a net sale of \$193.6 million in 2023.

Over the six-month period, external reserves increased notably by \$580.8 million, surpassing the \$102.9 million growth in the comparable period last year. Balances were bolstered predominantly by net foreign currency inflows from real sector activities, alongside net receipts from the Government's external borrowings. Reflective of this development, the Central Bank's foreign currency transactions with the public sector switched to a net purchase of \$163.2 million from a net sale of \$207.1 million in the prior year. Further, the Bank's net purchases from commercial banks widened to \$405.1 million from \$265.7 million a year earlier. Similarly, commercial banks' net intake from their customers extended to \$399.0 million from \$220.8 million in the previous year.

#### **Exchange Control Sales**

Preliminary data on foreign currency sales for current account transactions indicated that monthly outflows decreased by \$8.2 million (1.6%) to \$503.3 million in June, compared to the same period last year. Leading this outcome, outflows for "other" current items—primarily credit and debit card financed imports—reduced

by \$50.2 million and factor income remittances, by \$7.1 million. Providing some offset, increases were registered for oil imports (\$29.1 million), non-oil imports (\$16.7 million), travel related expenses (\$3.3 million) and transfer payments (\$0.1 million).

On a year-to-date basis, foreign currency sales for current transactions rose by \$185.5 million (4.9%) to \$3,944.8 million, relative to the corresponding period in 2023. In particular, gains were recorded for factor income payments (\$196.9 million), non-oil imports (\$78.8 million) and travel related transactions (\$28.9 million). Conversely, outflows declined for “other” current items (\$64.8 million), oil imports (\$45.3 million), and transfer payments (\$9.0 million) vis-à-vis the comparative period in 2023.

## Domestic Credit

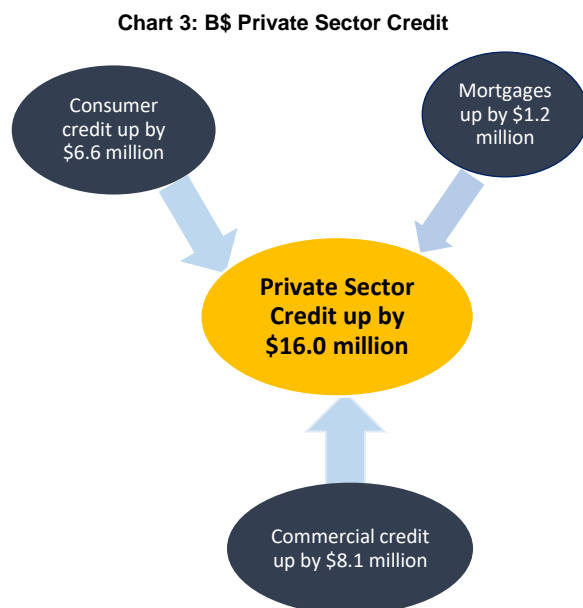
### *Bahamian Dollar Credit*

For the month of June, total Bahamian Dollar credit reduced by \$29.3 million, a reversal from a \$175.9 million expansion a year earlier. In particular, net claims on the Government declined by \$40.5 million, a switch from a \$173.4 million buildup in the preceding year. In addition, credit to the public corporations fell by \$4.8 million, exceeding the \$3.2 million falloff in the prior year. In contrast, the growth in private sector credit extended to \$16.0 million, from \$5.7 million in the previous year. In particular, consumer credit grew by \$6.6 million, a turnaround from last year’s \$6.4 million retrenchment. Mortgages also edged up by \$1.2 million, following a \$2.8 million decrease in 2023. However, the growth in commercial credit tapered to \$8.1 million from \$14.9 million in the year prior.

Similarly, total Bahamian dollar credit contracted by \$110.7 million during the first half of the year, as opposed to a \$69.4 million accumulation in 2023. Underpinning this outcome, net claims on the Government fell by \$200.8 million, a switch from a \$49.4 million increase in the previous year. Conversely, private sector credit growth strengthened to \$64.2 million from \$26.1 million in the prior year. In particular, consumer credit rose by \$18.9 million, contrasting with a \$2.2 million falloff in 2023. Similarly, mortgages increased by \$8.5 million, contrasting with a \$25.2 million decline in the previous year. However, the growth in commercial credit slowed to \$36.8 million, from \$53.5 million in the preceding year. In addition, credit to public corporations grew by \$25.9 million, following a \$6.0 million decrease in the year prior.

### *Foreign Currency Credit*

During the month of June, growth in domestic foreign currency credit extended to \$29.2 million from \$2.9 million in the comparative period last year. Leading this outturn, private sector credit expanded by \$21.5 million, exceeding the \$2.9 million uptick in the preceding year. In particular, both mortgages and commercial credit rose by \$13.9 million and by \$7.5 million, following respective increases of \$0.5 million and \$2.4 million a year earlier. Similarly, the buildup in net claims on the Government widened to \$9.2 million from \$1.6 million



Source: Central Bank of The Bahamas

in the previous year. Meanwhile, credit to public corporations fell by \$1.5 million, the same magnitude as the year prior.

Over the six month period, the falloff in domestic foreign currency credit slowed to \$4.2 million from \$18.6 million in 2023. Underlying this outcome, net claims on the Government declined by \$11.2 million, trailing the \$27.0 million reduction in the preceding year. In addition, private sector credit grew by \$9.9 million, albeit below the \$10.6 million increase last year. In particular, mortgages were higher by \$10.4 million, exceeding the \$5.9 million rise a year earlier. However, commercial credit moved lower by \$0.5 million, vis-à-vis the \$4.7 million gain last year. Meanwhile, credit to the rest of the public sector decreased by \$3.0 million, exceeding the \$2.3 million falloff the year prior.

### Credit Quality

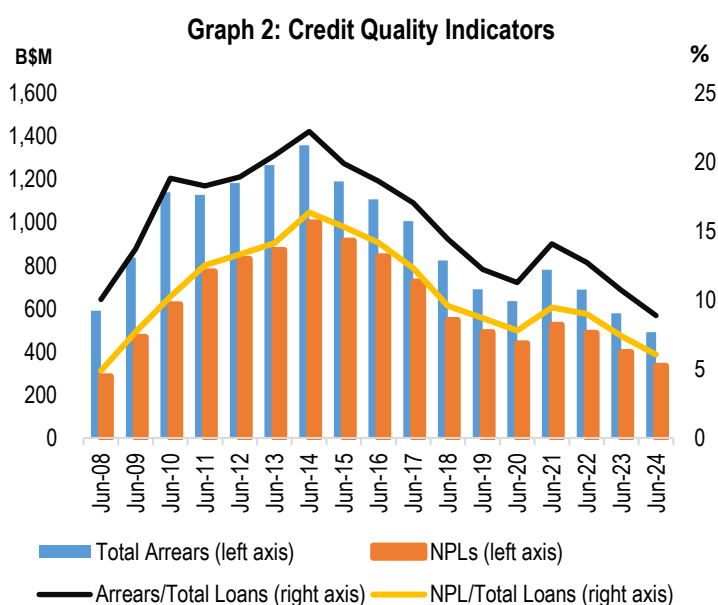
Commercial banks credit quality indicators improved during the month of June, amid declines in both short and long-term arrears. Specifically, total private sector arrears decreased by \$19.8 million (3.9%) to \$491.8 million, with the associated ratio narrowing by 36 basis points to 8.9% of total private sector loans.

A breakdown by average age of delinquency showed that short-term arrears (31-90 days) reduced by \$15.8 million (9.2%) to \$156.1 million, lowering the accompanying ratio by 29 basis points to 2.8%. Similarly, non-performing loans (NPL)—arrears in excess of 90 days and on which banks have stopped

accruing interest—fell by \$4.0 million (1.2%) to \$335.7 million, with the associated ratio declining by 8 basis points to 6.1%. The NPL rate decreased for consumer loans, by 12 basis points to 4.3% and for mortgages, by 9 basis points to 8.5%. In contrast, the NPL rate for commercial loans edged up by 2 basis points to 3.7%.

An analysis by loan type revealed that the reduction in total delinquencies was explained by a \$17.0 million (28.0%) decline in commercial arrears to \$43.7 million, with both the short-term and non-accrual components decreasing by \$16.6 million (76.2%) and by \$0.4 million (0.9%), respectively. In addition, consumer delinquencies fell by \$2.9 million (2.2%) to \$129.6 million, due to a \$1.7 million (2.0%) falloff in the long-term category and \$1.2 million (2.6%) in the short-term segment. Conversely, mortgage delinquencies edged up by \$0.1 million to \$318.6 million, owing to a \$2.0 million (1.9%) uptick in short-term arrears, which overshadowed the \$1.9 million (0.9%) decline in the long-term category.

Against this backdrop, banks reduced their total provisions for loan losses by \$4.2 million (1.3%) to \$315.1 million in June. Accordingly, the ratio of total provisions to non-performing loans fell by 15 basis points to 93.9%. However, the ratio of total provisions to total arrears increased by 1.7 percentage points to 64.1%.



Source: Central Bank of The Bahamas



During the review month, banks wrote-off approximately \$7.0 million in overdue loans, and recovered an estimated \$4.9 million.

In comparison to June 2023, the total private sector arrears rate decreased by 1.9 percentage points. In particular, the NPL rate fell by 1.3 percentage points, and the short-term segment by 0.5 percentage points. By loan type, delinquency rates declined for commercial loans, by 2.2 percentage points; consumer loans, by 1.9 percentage points; and mortgages by 1.5 percentage points.

On a year-to-date basis, total private sector arrears contracted by \$69.9 million (12.4%), resulting in a 1.4 percentage point narrowing in the corresponding ratio. Underlying this outturn, short-term arrears reduced by \$44.1 million (22.0%), with the accompanying ratio decreasing by 86 basis points. Likewise, NPLs declined by \$25.8 million (7.1%), leading to a 58 basis point falloff in the attendant ratio.

A disaggregation by loan type showed that mortgage arrears fell by \$31.5 million (9.0%), as short-term delinquencies and non-accruals declined by \$23.4 million (18.0%) and by \$8.1 million (3.7%), respectively. Likewise, consumer delinquencies contracted by \$19.5 million (13.1%), underpinned by decreases in the non-accruals segment, by \$10.4 million (10.8%) and the short-term component, by \$9.1 million (17.1%). In addition, commercial arrears reduced by \$18.9 million (30.2%), corresponding with an \$11.6 million (69.1%) falloff in short-term balances, and \$7.3 million (15.9%) in the long-term category.

During the six-month period, commercial banks' total provisions for losses contracted by \$14.9 million (4.5%). However, the ratio of total provisions to NPLs rose by 2.6 percentage points; while the ratio of total provisions to arrears increased by 5.3 percentage points. For the half-year period, banks wrote-off approximately \$32.2 million in overdue loans and recovered an estimated \$26.5 million.

## **Deposits**

Total Bahamian dollar deposits reduced by \$60.0 million in June, a turnaround from the \$84.6 million accumulation in the same period of the previous year. Contributing, demand deposits contracted by \$56.7 million, a switch from a \$58.9 million growth in the preceding year. Further, the buildup in savings deposits slowed to \$6.1 million from \$36.2 million a year earlier. However, the retrenchment in fixed deposits moderated to \$9.4 million, from \$10.6 million last year. Meanwhile, foreign currency deposits of residents declined by \$23.3 million, a reversal from a \$0.6 million gain in 2023.

On a year-to-date basis, the expansion in total Bahamian dollar deposits tapered to \$96.8 million from \$124.7 million in the prior year. By component, the growth in savings deposits slowed to \$105.4 million, from \$130.6 million in the previous year. Further, the reduction in fixed deposits extended to \$65.0 million, from \$18.9 million in the preceding year. In contrast, demand balances grew by \$56.5 million, exceeding the \$13.0 million buildup a year earlier. Meanwhile, foreign currency deposits of residents rose by \$8.9 million, albeit lower than the \$91.8 million increase in the same period last year.

## **Interest Rates**

In interest rate developments, banks' weighted average loan rate firmed by 51 basis points to 10.95% in June. In contrast, the weighted average deposit rate fell by 14 basis points to 0.51%, with the highest rate of 3.75% offered on fixed balances of over 12 months.

### **3. Domestic Outlook**

As the domestic economy continues to approach its medium-term growth potential, the pace of economic expansion is anticipated to further moderate in the remaining months of the year, undergirded by ongoing gains in the tourism industry and other real sector activities. New and ongoing foreign investment projects are expected to provide sustained impetus to the construction industry and promote economic growth. However, downside risks to tourism remain affiliated with exogenous factors, such as geopolitical tensions and heightened oil prices, which could limit travel sector activity. Furthermore, if major central banks resume their counter-inflation policies, key source market consumers could experience a contraction in their travel spending capacity.

In the labour market, further improvement in employment conditions is expected, with additional job gains concentrated in the construction and tourism sectors. In terms of prices, inflation is anticipated to maintain its downward trend, on account of a curtailment in global oil prices. Nevertheless, downside risks to inflation primarily depend upon global oil price uncertainty and supply chain shortages linked to geopolitical tensions in Eastern Europe and the Middle East.

In terms of fiscal performance, the Government's net financing gap should sustain its downward trajectory, as heightened tourism arrivals continue to boost tax revenue receipts. On a net basis, financing of the estimated budgetary gap is projected to reflect a more pronounced net reliance on domestic sources, although external borrowing should continue to support gross refinancing operations.

Monetary sector developments are anticipated to continue to feature high levels of banking sector liquidity, as commercial banks sustain their conservative lending stance, albeit with some expansion in private sector lending. In addition, external reserves are forecasted to remain buoyant in 2024, although a modest reduction is expected, attributed to the anticipated growth in domestic credit. Nonetheless, external balances should remain more than sufficient to maintain the Bahamian dollar currency peg. Moreover, foreign exchange market conditions are projected to remain at healthy levels, driven by inflows from tourism and other private sector activities.

### **4. Monetary Policy and Financial Stability Implications**

Given the current outlook, the Central Bank will sustain its accommodative policy stance for private sector credit and pursue policies that ensure a favourable outcome for external reserves and financial stability. Moreover, 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 deemed appropriate.

## APPENDIX

### **International Developments**

While the pace of growth varied, major economies sustained their positive trajectories during the review month, albeit economic developments continued to be influenced by geopolitical tension in Eastern Europe and the Middle East, and slowly subsiding inflation rates. Against this backdrop, most of the major central banks retained their monetary policy tightening stance, in an attempt to further reduce inflation and support more sustained medium-term growth prospects.

In the United States, expansionary trends were marked by non-farm payroll employment growth of 206,000 in June, reflective of job gains in government, healthcare, social assistance, and construction; however, the unemployment rate rose to 4.1% from 4.0% in the prior month. Similarly, retail sales held steady in June, following a 0.3% uptick in the previous month, as the decline in motor vehicle and parts offset the increase in building material and garden supplies. The consumer price index decreased by 0.1%, after registering a flat outturn in the previous month, as the reduction in the cost of gasoline counterbalanced the price rise in the shelter index. In external developments, the trade deficit rose to \$75.1 billion in May, from \$74.5 billion in April, as the 0.7% reduction in exports overshadowed the 0.3% decrease in imports. Against this backdrop, the Federal Reserve's target range for the federal fund's rate remained unchanged at 5.25%-5.50%.

Among the European economies, real GDP in the UK rose slightly by 0.4% during the month of May, following a flat outturn in the prior month, supported by growth in the output of services, production, and construction. For the UK, retail sales grew, while a boost in manufacturing, water & sewerage, and mining & quarrying supported the 0.2% strengthening in industrial production in May, a turnaround from the 0.9% reduction recorded in April. On the external front, the trade deficit decreased to £4.9 billion, from £6.4 billion in the previous month, as the 2.8% decrease in imports outpaced the 0.9% falloff in exports. Given these developments, the Bank of England's key policy rate remained at 5.25%. In the euro area, retail sales edged up by 0.1% in May, a turnaround from the 0.2% falloff in April. Industrial production fell by 0.6% in May, following a flat outturn in April, owing mostly to a decline in the production of non-durable consumer goods. In addition, the unemployment rate remained unchanged at 6.4%. Moreover, euro area inflation moved lower by 10 basis points to 2.5% in June, as compared to the prior month, supported by a tapering in prices for food, alcohol & tobacco. The euro area also recorded a trade surplus of €13.9 billion in June, a reversal from the €0.4 billion deficit registered in the same period a year ago, as imports declined by 6.4%, outpacing the 0.5% falloff in exports. Against this backdrop, the European Central Bank decreased all three key interest rates by 25 basis points to 4.25% for main refinancing operations; 4.50% for the marginal lending facility; and 3.75% for the deposit facility, as of June 12, 2024.

Economic expansion continued across Asia. In China, real GDP advanced by an annualized 4.7% in the second quarter of 2024, a slowdown from the 5.3% recorded in the first quarter. Industrial production grew marginally by 0.4% in June, in line with the 0.3% uptick registered in the previous month, while retail sales narrowed by 0.1%, a reversal from the 0.5% growth in May. Further, the consumer price index lowered by 0.2% in June, after steadying in the prior month, reflective of reductions in food, non-food, and consumer goods prices. Meanwhile, the unemployment rate remained unchanged at 5.0% in June. In external developments, China's trade surplus widened to \$99.1 billion in May 2024, from \$69.8 billion a year earlier, as exports expanded by 3.6%, while imports strengthened by 2.0%. In Japan, industrial production advanced by 2.8% during the month of May, a reversal from a 0.1% falloff in April, buoyed by output growth in the motor vehicles industry. Likewise, retail sales grew by 50 basis points to 1.7% in May, vis-a-vis April. Further, consumer prices rose by 2.8% during the review month, while unemployment held steady at 2.6% for the fourth consecutive month. On the external front, Japan's trade deficit widened to ¥1.2 billion in May, as compared to the ¥1.4 billion registered in the same period of last year, as exports rose by 13.5%, outstripping the 9.5% increase in imports. Given these developments, the Bank of Japan left its key policy rate unchanged at 0.0%, while the People's Bank of China kept its reverse repo rate at 1.8%.

During the review month, movements varied for most of the major equity markets. In the United States, the Dow Jones Industrial Average (DJIA) and the S&P 500 increased by 6.6% and 3.5%, respectively. However, in Europe, the French CAC 40 decreased by 6.4%, while the German DAX and the United Kingdom's FTSE 100 lowered by 1.4% and 1.3%, respectively. In Asia, Japan's Nikkei Index moved higher by 2.9%, while China's SE Composite Index decreased by 3.9%.

In the foreign exchange markets, the US dollar appreciated against most major currencies during the review period. Of note, the US dollar strengthened against the Japanese Yen by 2.3% to ¥160.88; the Euro by 1.3% to €0.9334; and the British Pound by 0.8% to £0.7908. Similarly, the US Dollar strengthened against the Canadian dollar by 0.4% to CAD\$1.3679, and by 0.4% against the Chinese Renminbi to CNY 7.2673. However, the US dollar decreased by 0.4% vis-à-vis the Swiss Franc to CHF0.8988.

In the commodity markets, prices trended downward during the month of June. Notably, the price of oil decreased by 7.1% to \$81.61, as OPEC's crude oil production fell by 125,000 barrels per day, to average 40.8 million barrels per day. Likewise, the cost of silver declined by 4.2% to \$29.14 per troy ounce, while the cost of edged down by 0.02% to \$2,326.75, per troy ounce.

# Recent Monetary and Credit Statistics

## (B\$ Millions)

June					
Value		Change		Change YTD	
2023	2024	2023	2024	2023	2024

### 1.0 LIQUIDITY & FOREIGN ASSETS

1.1 Excess Reserves	2,000.43	2,209.29	7.46	-21.98	72.31	342.21
1.2 Excess Liquid Assets	2,905.89	3,154.68	6.08	-47.76	133.06	270.45
1.3 External Reserves	2,697.55	2,931.99	-177.54	-19.38	102.88	580.79
1.4 Bank's Net Foreign Assets	-39.44	-81.31	-4.95	-34.86	58.34	9.03
1.5 Usable Reserves	1,240.41	1,374.90	-109.21	6.41	89.41	506.97

### 2.0 DOMESTIC CREDIT

<b>2.1 Private Sector</b>	5,650.74	5,745.33	8.56	37.44	36.65	74.16
a. B\$ Credit	5,359.08	5,447.53	5.71	15.98	26.09	64.23
of which: Consumer Credit	1,901.38	1,941.69	-6.37	6.62	-2.23	18.94
Mortgages	2,682.18	2,670.65	-2.78	1.22	-25.21	8.52
Commercial and Other Loans B\$	775.53	835.20	14.85	8.14	53.54	36.77
b. F/C Credit	291.66	297.80	2.85	21.46	10.56	9.94
of which: Mortgages	157.13	164.62	0.45	13.92	5.86	10.44
Commercial and Other Loans F/C	134.53	133.18	2.41	7.54	4.69	-0.50
<b>2.2 Central Government (net)</b>	3,228.14	3,135.61	174.94	-31.23	22.44	-211.92
a. B\$ Loans & Securities	3,232.61	3,186.72	44.28	-53.63	48.69	-361.60
Less Deposits	305.69	334.44	-129.10	-13.17	-0.71	-160.83
b. F/C Loans & Securities	308.53	288.22	0.00	0.00	-24.83	-10.51
Less Deposits	7.31	4.88	-1.56	-9.24	2.12	0.64
<b>2.3 Rest of Public Sector</b>	340.36	362.36	-4.70	-6.29	-8.29	22.86
a. B\$ Credit	313.36	341.36	-3.20	-4.79	-6.04	25.86
b. F/C Credit	27.00	21.00	-1.50	-1.50	-2.25	-3.00
<b>2.4 Total Domestic Credit</b>	9,219.25	9,243.30	178.80	-0.08	50.80	-114.89
a. B\$ Domestic Credit	8,599.36	8,641.17	175.89	-29.28	69.44	-110.68
b. F/C Domestic Credit	619.89	602.13	2.91	29.20	-18.64	-4.21

### 3.0 DEPOSIT BASE

<b>3.1 Demand Deposits</b>	3,887.34	3,956.48	58.94	-56.73	13.00	56.50
a. Central Bank	71.09	12.63	10.71	-13.12	-22.09	-15.37
b. Banks	3,816.25	3,943.86	48.23	-43.61	35.09	71.88
<b>3.2 Savings Deposits</b>	2,233.62	2,373.20	36.21	6.09	130.56	105.35
<b>3.3 Fixed Deposits</b>	2,055.30	1,957.78	-10.57	-9.35	-18.86	-65.01
<b>3.4 Total B\$ Deposits</b>	8,176.27	8,287.46	84.57	-59.99	124.70	96.84
<b>3.5 F/C Deposits of Residents</b>	559.91	513.83	0.61	-23.28	91.80	8.90
<b>3.6 M2</b>	8,602.16	8,734.62	63.51	-63.24	110.98	71.05
<b>3.7 External Reserves/M2 (%)</b>	31.36	33.57	-2.31	0.02	0.80	6.43
<b>3.8 External Reserves/Base Money (%)</b>	97.77	97.57	-5.89	0.12	1.84	9.44
<b>3.9 External Reserves/Demand Liabilities (%)</b>	92.56	94.15	-1.67	0.92	2.70	14.89
	<b>Value</b>		<b>Year To Date</b>		<b>Change</b>	
	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>Month</b>	<b>YTD</b>

### 4.0 FOREIGN EXCHANGE TRANSACTIONS

<b>4.1 Central Bank Net Purchase/(Sale)</b>	-175.79	-3.89	58.53	568.24	171.90	509.71
a. Net Purchase/(Sale) from/to Banks	17.81	-39.78	265.66	405.07	-57.59	139.41
i. Sales to Banks	34.00	68.20	268.72	199.44	34.20	-69.27
ii. Purchase from Banks	51.81	28.42	534.38	604.51	-23.39	70.14
b. Net Purchase/(Sale) from/to Others	-193.60	35.89	-207.13	163.17	229.49	370.30
i. Sales to Others	220.96	146.61	871.72	1,233.89	-74.35	362.17
ii. Purchase from Others	27.36	182.50	664.59	1,397.05	155.13	732.47
<b>4.2 Banks Net Purchase/(Sale)</b>	-1.62	18.70	220.77	399.01	20.32	178.25
a. Sales to Customers	506.09	489.76	3,567.06	3,473.09	-16.33	-93.97
b. Purchase from Customers	504.47	508.46	3,787.83	3,872.10	3.98	84.28

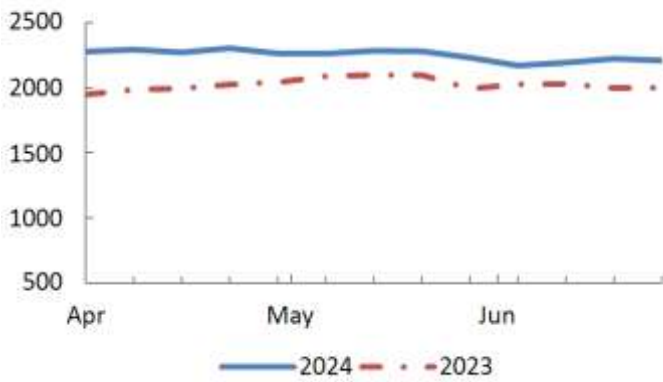
### 5.0 EXCHANGE CONTROL SALES

<b>5.1 Current Items</b>	511.44	503.27	3,759.29	3,944.77	-8.17	185.48
of which Public Sector	46.54	63.49	556.62	747.67	16.94	191.05
<b>a. Nonoil Imports</b>	111.06	127.72	950.02	1,028.84	16.67	78.82
<b>b. Oil Imports</b>	26.05	55.13	414.06	368.77	29.08	-45.28
<b>c. Travel</b>	13.89	17.14	90.61	119.50	3.25	28.89
<b>d. Factor Income</b>	37.03	29.95	266.23	463.12	-7.08	196.89
<b>e. Transfers</b>	15.12	15.25	112.52	103.51	0.13	-9.02
<b>f. Other Current Items</b>	308.29	258.08	1,925.84	1,861.03	-50.21	-64.82
<b>5.2 Capital Items</b>	205.86	66.16	613.77	614.34	-139.69	0.57
of which Public Sector	184.49	50.85	427.51	494.58	-133.63	67.07

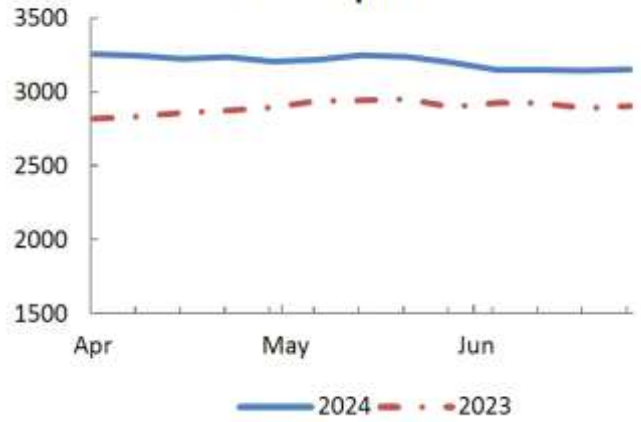
## SELECTED MONEY AND CREDIT INDICATORS

(B\$ Millions)

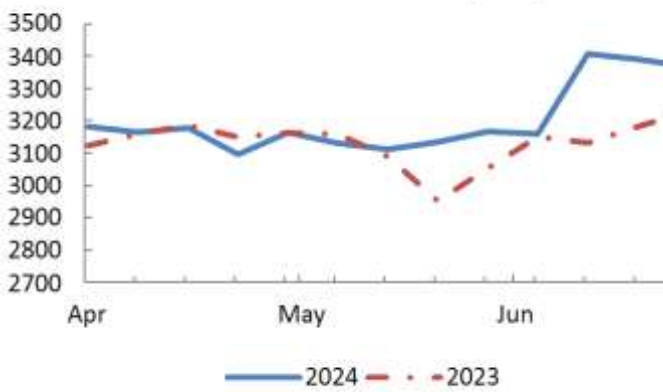
### Excess Reserves



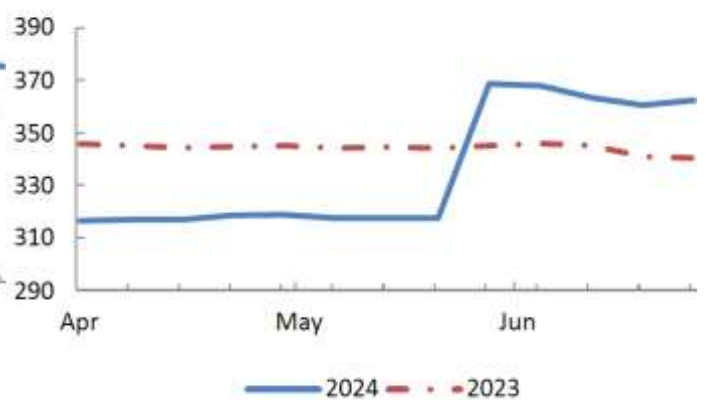
### Excess Liquid Assets



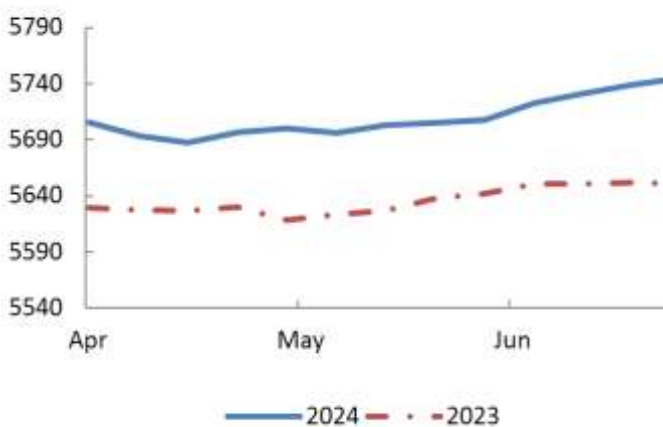
### Central Govt. Credit (Net)



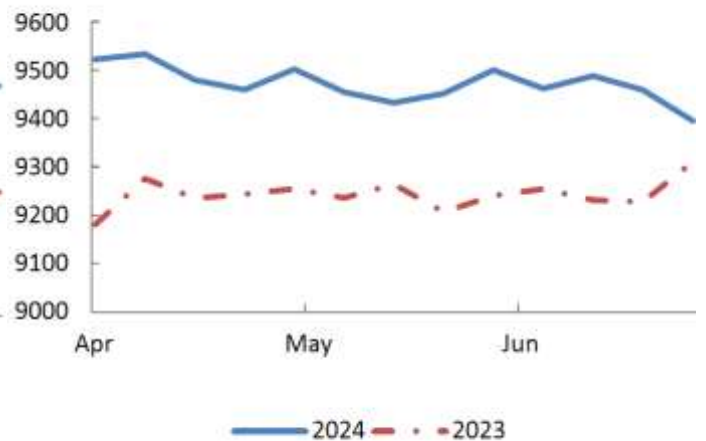
### Rest of Public Sector Credit



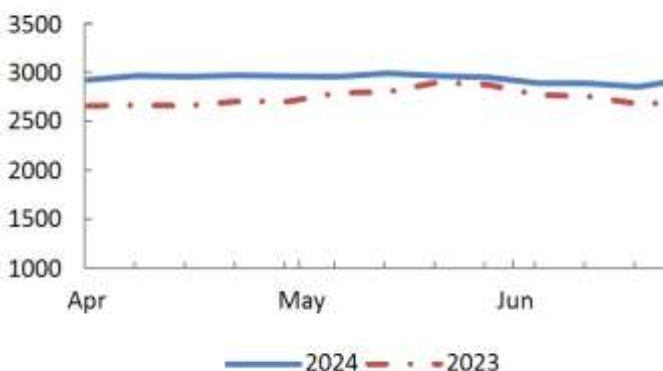
### Private Sector Credit



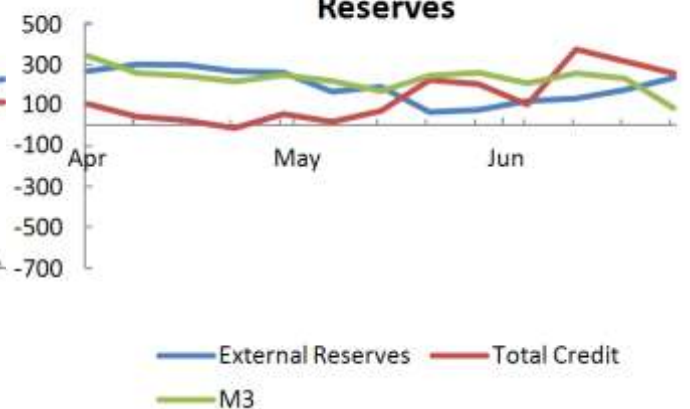
### M3



### External Reserves



### Changes in Money, Credit & Ext. Reserves



## Selected International Statistics

<b>A: Selected Macroeconomic Projections (Annual % Change and % of labor force)</b>						
	<b>Real GDP</b>		<b>Inflation Rate</b>		<b>Unemployment</b>	
	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>
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
<i>Source: IMF World Economic Outlook April 2024</i>						

<b>B: Official Interest Rates – Selected Countries (%)</b>					
<i>With effect from</i>	<b>CBOB</b>	<b>ECB (EU)</b>	<b>Federal Reserve (US)</b>		<b>Bank of England</b>
	<b>Bank Rate</b>	<b>Refinancing Rate</b>	<b>Primary Credit</b>	<b>Target Funds</b>	<b>Repo Rate</b>
June 2022	4.00	0.00	1.75	1.50-1.75	1.25
July 2022	4.00	0.50	2.50	2.25-2.50	1.25
August 2022	4.00	1.25	2.50	2.25-2.50	1.75
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

## Selected International Statistics

<b>C. Selected Currencies (Per United States Dollars)</b>						
<b>Currency</b>	<b>June-23</b>	<b>May-24</b>	<b>June-24</b>	<b>Mthly % Change</b>	<b>YTD % Change</b>	<b>12-Mth% Change</b>
Euro	0.9167	0.9218	0.9334	1.26	3.04	1.83
Yen	144.31	157.31	160.88	2.27	14.07	11.48
Pound	0.7872	0.7848	0.7908	0.77	0.68	0.46
Canadian \$	1.3242	1.3628	1.3679	0.37	3.29	3.30
Swiss Franc	0.8956	0.9023	0.8988	-0.39	6.82	0.36
Renminbi	7.2537	7.2418	7.2673	0.35	2.36	0.19

*Source: Bloomberg as of 28<sup>th</sup> June, 2024*

<b>D. Selected Commodity Prices (\$)</b>					
<b>Commodity</b>	<b>June-23</b>	<b>May-24</b>	<b>June-24</b>	<b>Mthly % Change</b>	<b>YTD % Change</b>
Gold / Ounce	1919.35	2327.33	2326.75	-0.02	12.79
Silver / Ounce	22.7747	30.4083	29.1429	-4.16	22.47
Oil / Barrel	72.68	87.89	81.61	-7.15	4.07

*Source: Bloomberg as of 28<sup>th</sup> June, 2024*

<b>E. Equity Market Valuations – June 28th, 2024 (% change)</b>								
	<b>BISX</b>	<b>DJIA</b>	<b>S&amp;P 500</b>	<b>FTSE 100</b>	<b>CAC 40</b>	<b>DAX</b>	<b>Nikkei 225</b>	<b>SE</b>
1 month	0.27	6.63	3.47	-1.34	-6.42	-1.42	2.85	-3.87
3 month	0.92	3.45	8.44	0.25	-6.33	1.69	3.07	-4.43
YTD	3.22	3.79	14.48	5.57	13.77	8.86	18.28	-0.25
12-month	15.10	13.69	22.70	8.40	1.07	12.93	19.27	-7.33

*Sources: Bloomberg and BISX*

<b>F: Short Term Deposit Rates in Selected Currencies (%)</b>			
	<b>USD</b>	<b>GBP</b>	<b>EUR</b>
<b>o/n</b>	5.3650	5.2750	3.6500
<b>1 Month</b>	5.4301	5.2475	3.7200
<b>3 Month</b>	5.4625	5.2650	3.7450
<b>6 Month</b>	5.5200	5.3000	3.7050
<b>9 Month</b>	5.4675	5.2850	3.6475
<b>1 year</b>	5.4150	5.2700	3.5975

*Source: Bloomberg as of 28<sup>th</sup> June, 2024*

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

	VALUE									CHANGE								
	May. 01	May. 08	May. 15	May. 22	May. 29	Jun. 05	Jun. 12	Jun. 19	Jun. 26	May. 01	May. 08	May. 15	May. 22	May. 29	Jun. 05	Jun. 12	Jun. 19	Jun. 26
<b>I. External Reserves</b>	<b>2,963.05</b>	<b>2,958.13</b>	<b>2,992.44</b>	<b>2,965.98</b>	<b>2,951.38</b>	<b>2,892.01</b>	<b>2,888.92</b>	<b>2,854.73</b>	<b>2,931.99</b>	<b>(8.47)</b>	<b>(4.93)</b>	<b>34.31</b>	<b>(26.45)</b>	<b>(14.61)</b>	<b>(59.37)</b>	<b>(3.09)</b>	<b>(34.19)</b>	<b>77.26</b>
<b>II. Net Domestic Assets (A + B + C + D)</b>	<b>102.06</b>	<b>83.67</b>	<b>67.99</b>	<b>103.02</b>	<b>77.33</b>	<b>74.21</b>	<b>89.34</b>	<b>155.41</b>	<b>73.10</b>	<b>(5.73)</b>	<b>(18.39)</b>	<b>(15.68)</b>	<b>35.03</b>	<b>(25.69)</b>	<b>(3.12)</b>	<b>15.13</b>	<b>66.07</b>	<b>(82.31)</b>
<b>A. Net Credit to Gov't (I + ii + iii -iv)</b>	<b>801.97</b>	<b>778.97</b>	<b>772.13</b>	<b>782.20</b>	<b>772.39</b>	<b>766.92</b>	<b>798.77</b>	<b>828.22</b>	<b>767.41</b>	<b>15.31</b>	<b>(22.99)</b>	<b>(6.84)</b>	<b>10.07</b>	<b>(9.80)</b>	<b>(5.47)</b>	<b>31.85</b>	<b>29.45</b>	<b>(60.81)</b>
i) Advances	426.81	426.81	426.81	426.81	426.81	426.81	446.81	446.81	396.81	-	-	-	-	-	-	20.00	-	(50.00)
ii) Registered Stock	471.48	471.57	476.42	476.67	461.42	461.33	480.50	471.09	471.14	0.29	0.08	4.85	0.25	(15.26)	(0.09)	19.17	(9.41)	0.05
iii) Treasury Bills	18.53	11.65	11.65	11.65	0.24	0.24	0.24	0.67	0.67	0.00	(6.88)	-	(0.00)	(11.41)	(0.00)	(0.00)	0.42	-
iv) Deposits	114.86	131.05	142.75	132.93	116.07	121.45	128.77	90.34	101.20	(15.03)	16.20	11.69	(9.81)	(16.86)	5.38	7.32	(38.43)	10.86
<b>B. Rest of Public sector (Net) (i+ii-iii)</b>	<b>(26.02)</b>	<b>(21.70)</b>	<b>(30.23)</b>	<b>(6.89)</b>	<b>(19.51)</b>	<b>(18.08)</b>	<b>(32.45)</b>	<b>(4.81)</b>	<b>(6.39)</b>	<b>(17.72)</b>	<b>4.32</b>	<b>(8.53)</b>	<b>23.34</b>	<b>(12.62)</b>	<b>1.43</b>	<b>(14.37)</b>	<b>27.64</b>	<b>(1.58)</b>
i) Loans	1.50	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	4.74	0.00	-	-	-	-	-	-	-	-
iii) Deposits	32.26	27.94	36.47	13.13	25.75	24.32	38.69	11.05	12.63	17.72	(4.32)	8.53	(23.34)	12.62	(1.43)	14.37	(27.64)	1.58
<b>C. Loans to/Deposits with Banks</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>D. Other Items (Net)*</b>	<b>(673.89)</b>	<b>(673.60)</b>	<b>(673.91)</b>	<b>(672.29)</b>	<b>(675.56)</b>	<b>(674.63)</b>	<b>(676.99)</b>	<b>(668.00)</b>	<b>(687.92)</b>	<b>(3.32)</b>	<b>0.29</b>	<b>(0.31)</b>	<b>1.63</b>	<b>(3.27)</b>	<b>0.92</b>	<b>(2.36)</b>	<b>8.99</b>	<b>(19.92)</b>
<b>III. Monetary Base</b>	<b>3,065.11</b>	<b>3,041.80</b>	<b>3,060.43</b>	<b>3,069.01</b>	<b>3,028.71</b>	<b>2,966.22</b>	<b>2,978.26</b>	<b>3,010.14</b>	<b>3,005.10</b>	<b>(14.20)</b>	<b>(23.31)</b>	<b>18.63</b>	<b>8.58</b>	<b>(40.30)</b>	<b>(62.49)</b>	<b>12.04</b>	<b>31.88</b>	<b>(5.05)</b>
A. Currency in Circulation	593.62	597.55	587.71	584.81	601.45	602.41	592.70	588.40	589.20	10.59	3.93	(9.84)	(2.90)	16.64	0.96	(9.71)	(4.30)	0.81
B. Bank Balances with CBOB	2,471.50	2,444.25	2,472.72	2,484.19	2,427.26	2,363.82	2,385.56	2,421.75	2,415.89	(24.79)	(27.24)	28.47	11.47	(56.94)	(63.44)	21.75	36.18	(5.85)



