

The Central Bank of The Bahamas



Quarterly Economic Review

December, 2009

Vol. 18, No.4



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QUARTERLY ECONOMIC REVIEW

Volume 18, No. 4
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REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

DOMESTIC ECONOMIC DEVELOPMENTS

Preliminary data suggests ongoing weakness in domestic economic activity during the fourth quarter of 2009, led by a contraction in tourism output, alongside sluggish private sector demand. Consumer price inflation remained relatively benign over the review period, despite a marked increase in international oil prices. The weakness in economic activity continued to impact negatively on Government's revenues; although the boost to non-tax receipts, provided by a one-off asset sale, mitigated any further deterioration in the overall fiscal deficit.

Monetary developments supported a further build-up in bank liquidity, stemming from the receipt of proceeds from Government's US \$300 million bond issue and the slowed pace of private sector credit growth. Amid the relatively high unemployment rate and lacklustre business sector activity, banks' asset quality indicators continued to deteriorate, resulting in increased levels of provisions which negatively affected their profitability.

In the external sector, the expansion in the current account deficit was primarily associated with a decline in the services surplus and a rise in net income outflows, linked to higher dividend and interest payments. Similarly, the capital and financial account surplus narrowed, owing to a sharp reduction in net inward foreign direct investments, which overshadowed the external borrowing led expansion in other "miscellaneous" investment inflows.

FISCAL OPERATIONS

OVERVIEW

Provisional estimates of Government's operations for the second quarter of FY2009/10 revealed that the overall deficit virtually stabilized at \$75.5 million when compared to the same quarter of FY2008/09. The outcome was led by a turnaround in revenue performance, to a 17.6% gain, following a 2.9% contraction a year-earlier; while aggregate expenditure—including net lending to public

corporations—advanced by 14.4%, exceeding the comparative 4.7% growth.

REVENUE

Reflecting the reduction in domestic activity, tax receipts, which constituted 70.5% of total collections, declined by 8.5% to \$254.7 million. International trade & transaction taxes fell by 19.3% to \$130.0 million, based on contractions in both import (16.2%) and excise (30.4%) taxes. Although hotel occupancy taxes recovered, selective services fees receded by 28.8% to \$6.2 million, given the decrease in gaming receipts. Similarly, collections from business and professional licence fees fell by 21.7% to \$8.1 million; other "unclassified" taxes, by 14.2% to \$11.4 million and departure taxes, by 3.0% to \$11.5 million.

Receipts from non-tax sources—at 29.5% of total revenue—expanded strongly by \$77.9 million to \$106.4 million. The outturn reflected a one-time inflow of proceeds relating to the sale of a significant business entity, which boosted income receipts to \$85.4 million. In contrast, collections from fines, forfeits & administrative fees narrowed by \$5.4 million to \$20.9 million, and proceeds from the sale of Government property fell slightly to \$0.05 million.

EXPENDITURE

Total expenditure advanced by 14.4% to \$436.6 million during the quarter, based on a 3.3% increase in current spending to \$345.4 million, and a 40.7% rise in capital outlays to \$42.9 million. Budgetary assistance to public corporations elevated net lending by \$31.5 million to \$48.3 million. On a proportional basis, recurrent expenditure accounted for 79.1% of aggregate spending, capital outlays, 9.8%, and net lending to public corporations, 11.1%.

By economic classification, growth in current expenditure included a 15.2% boost in purchases of goods & services, and a marginal hike in the dominant personal emolument (1.1%) component. Transfer payments edged up by 0.4% to \$133.2 million, led by a 2.6% rise in interest payments on debt, as subsidies and other transfers declined by 0.6% to \$91.4 million.

Approximately 21.9% of recurrent spending was earmarked for general public services, which expanded by 4.9% to \$93.1 million. In addition, outlays for education, health and other community & social services rose by 3.7%, 6.3% and 62.3%, respectively. Conversely, reduced spending was registered for defense (3.6%); social benefits & services, (5.0%); housing (23.6%) and economic services (3.4%).

Capital outlays increased by 40.7% to \$42.9 million, largely explained by a near doubling in capital formation to \$39.9 million. Specifically, spending for public works & water supply projects rose more than two-fold to \$32.7 million, offsetting a near 50% reduction in educational outlays to \$4.9 million.

Government Revenue By Source

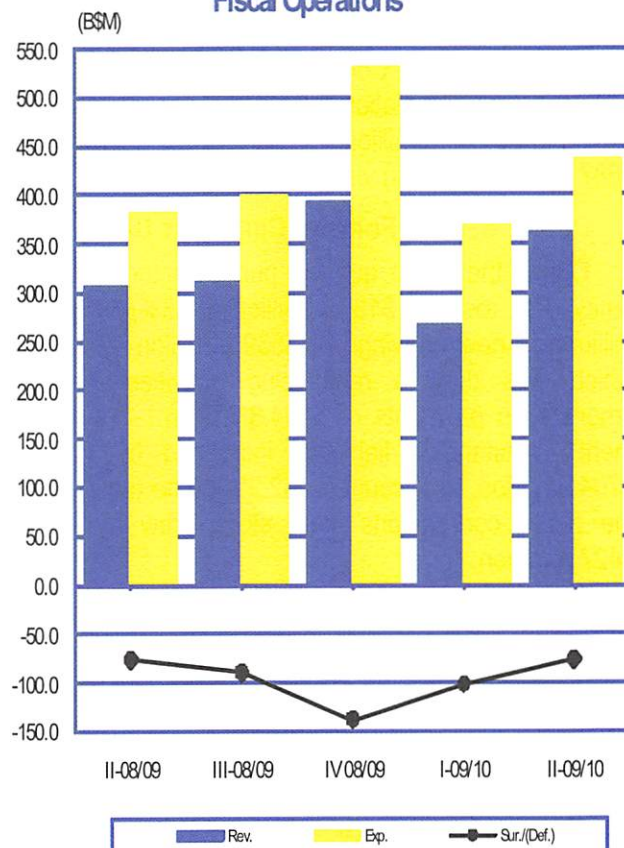
(Oct - Dec)

	FY08/09		FY09/10	
	B\$M	%	B\$M	%
Property Tax	28.7	9.3	36.4	10.1
Selective Services Tax	8.7	2.8	6.2	1.7
Busines. & Prof Lic. Fees	10.3	3.4	8.1	2.2
Motor Vehicle Tax	4.2	1.4	4.5	1.2
Departure Tax	11.9	3.9	11.5	3.2
Import Duties	100.2	32.6	83.9	23.2
Stamp Tax from Imports	3.6	1.2	3.6	1.0
Excise Tax	55.4	18.0	38.5	10.7
Export Tax	1.9	0.6	3.9	1.1
Stamp Tax from Exports	--	--	--	--
Other Stamp Tax	40.7	13.3	47.0	13.0
Other Tax Revenue	13.3	4.3	11.4	3.2
Fines, Forfeits, etc.	26.4	8.6	20.9	5.8
Sales of Govt. Property	0.2	0.1	0.1	0.0
Income	1.9	0.6	85.4	23.6
Other Non-Tax Rev.	--	--	--	--
Capital Revenue	0.1	--	0.1	--
Grants	--	--	--	--
Less:Refunds	0.4	0.1	0.4	0.1
Total	306.9	100.0	361.1	100.0

FINANCING AND THE NATIONAL DEBT

Budgetary financing for the quarter was provided solely by external sources, and included a US\$300.0 million bond issue and a \$4.4 million drawdown on external loans.

Fiscal Operations



Of the \$223.6 million in debt repayment, \$195.9 million went towards reducing internal obligations—including the utilisation of bond proceeds to repay a net of \$160.9 million in short-term foreign currency advances from the domestic banking system.

The Direct Charge on Government expanded over the three-month period, by 2.5% (\$80.7 million) to \$3,320.3 million at end-December, approximately 20.0% higher than the year earlier level. Bahamian dollar denominated debt represented 78.8% of the total, and was held by commercial banks (33.9%), private & institutional investors (30.6%), public corporations (27.6%), the Central Bank (7.7%) and other local financial institutions (0.2%). At end-December, Government securities accounted for the largest share of local currency debt, at 86.8%, with an average maturity of 13.1 years; followed by Treasury bills (9.3%) and bank loans & advances (3.9%).

The Government's contingent liabilities also increased during the quarter, by 32.5% to \$581.0 million, explained mainly by the refinancing activities of the Bahamas Electricity Corporation. As a result of these developments, the National Debt grew by \$223.3 million (6.1%) to \$3,901.3 million over the review quarter and by \$687.7 million (21.4%) vis-à-vis the previous year.

PUBLIC SECTOR FOREIGN CURRENCY DEBT

During the fourth quarter, public sector foreign currency debt rose by \$132.7 million (13.3%) to \$1,132.4 million, as new drawings of \$539.7 million—the bulk of which was due to refinancing activities—surpassed amortization payments of \$404.8 million. The Government's outstanding liabilities increased by 19.6% to \$704.9 million, to account for 62.2% of the total; whereas the public corporations' debt stock grew by 4.1% to \$427.5 million.

In comparison to the same period last year, total debt service payments firmed by \$391.3 million to \$419.5 million, as amortization payments—inclusive of \$396.0 million in refinancing—increased by \$393.5 million to \$404.7 million. Conversely, interest payments fell by \$9.3 million to \$14.9 million. When the refinancing activities are abstracted from the analysis, the debt service stabilized at approximately \$23.5 million, and as a percentage of exports of goods and services, the debt service rose by 0.2 percentage points to 3.6%, while the ratio of Government debt service to revenue was relatively stable at 4.7%.

By creditor profile, the majority of foreign currency debt was held by private capital markets (53.0%), followed by commercial banks (31.0%), multilateral institutions (11.1%), other entities (3.0%) and bilateral institutions (1.9%). Approximately 98.6% of the debt was denominated in United States dollars, with an average maturity of 14.9 years.

REAL SECTOR

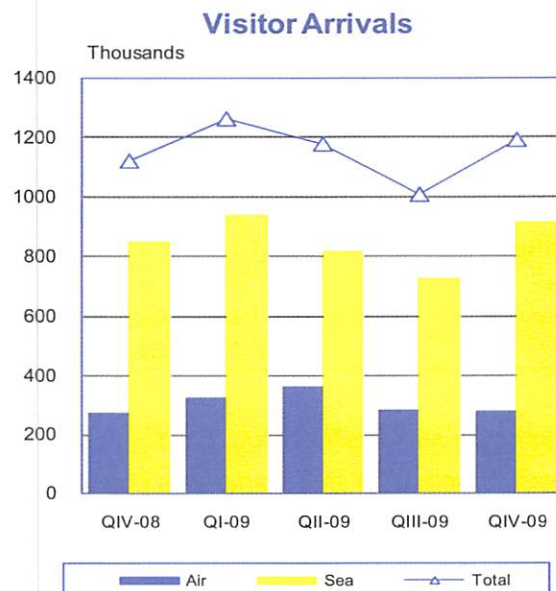
TOURISM

Weakness in the tourism industry persisted during the fourth quarter, reflected in declines in both average visitor spending and occupancy rates, which overshadowed the modest recovery in stopover arrivals and further improvements in the cruise sector.

Total visitor arrivals gained 6.4% to 1.2 million, extending the 0.5% increase in the corresponding quarter of 2008. Sea passengers—which comprised 76.8% of total visitors—advanced by 8.0% to 0.9 million, following an 8.7% growth last year. After declining by 18.6% in 2008, air traffic recovered by 1.2% to 0.3 million.

On a destination basis, arrivals to New Providence rebounded by 6.8%, in contrast to last year's 3.4% contraction, as both air and sea passengers firmed by 2.6% and 8.9%, respectively. Similarly, Grand Bahama experienced a 17.0% gain in visitors, extending last year's 11.4% upturn, benefitting from a robust 22.7% rise in sea passengers which negated the 2.9% falloff in air traffic. Growth in visitors to the Family Islands was halved to 1.9%, as a 2.5% gain in sea arrivals overshadowed a 3.6% reduction in air passengers.

Preliminary data for the hotel sector showed total revenues down by approximately 7.2% to \$81.5 million, due to an estimated 4.9% decline in the average daily room rate, along with a 2.4% falloff in occupancy levels. In terms of the main markets, revenues for Nassau properties contracted by 2.7%, occasioned by a similar fall in the average daily rate, although the average occupancy rate was unchanged. Decreased average daily rates, alongside lower levels of occupancy also explained the respective 16.0% and 47.5% declines in revenues for Grand Bahama and the Family Islands.



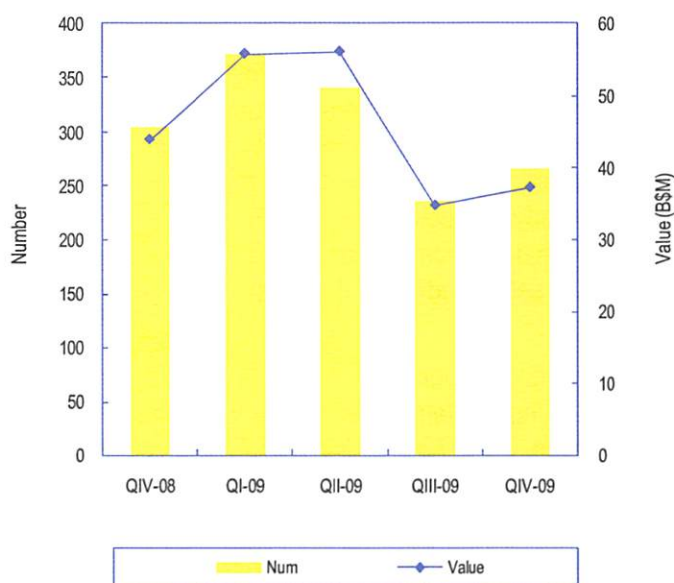
CONSTRUCTION

Partial indicators signaled contracted levels of construction output for the fourth quarter, amid weakened foreign investment activity and a ratcheting down of domestic private sector projects. Mortgage disbursements for new construction and building repairs—as reported by banks, insurance companies and the Bahamas Mortgage Corporation—fell by 13.9% to \$61.1 million, compared to the same period in 2008.

Mortgage commitments for new construction and repairs—a more forward looking indicator—contracted in number by 12.5% to 266 and in value, by 15.2% to \$37.4 million. This outturn reflected reductions in residential approvals for both volume and value, by 12.3% and 15.3%, to 257 and \$35.2 million, respectively. Similarly, the commercial component declined in number by 18.2% to 9, with a corresponding 13.4% drop in value to \$2.1 million.

In terms of mortgage financing, the average cost for residential mortgages fell by 10 basis points to 8.4%. The commercial rate also softened by 20 basis points to 8.9%.

**Mortgage Commitments:
New Construction and Repairs**



PRICES

Despite the uptick in global fuel prices, domestic inflation for the fourth quarter remained subdued, although the rate of increase in average prices advanced to 0.4% from 0.2% a year earlier. Average price gains firmed for “other” goods & services and medical care & health, by 1.32 and 0.56 percentage points, to 1.33% and 1.04%, respectively. Similarly, average costs for housing—the largest component of the index—furniture and household operation, as well as transport and communication, which posted respective contractions of 0.7%, 0.15% and 1.1% a year earlier, reversed to increases of 0.22%, 0.07% and 1.23%. Clothing and footwear inflation stabilized at 0.35%; while food and beverage costs moderated by 0.5%, a reversal from a 2.18% increase in 2008. The decline in average prices for recreation and entertainment services slackened further by 0.48%, vis-à-vis 0.99% in 2008.

Average Retail Price Index

(Annual % Changes)
December

Items	Weight	2008		2009	
		Index	%	Index	%
Food & Beverages	138.3	139.4	6.7	146.1	4.8
Clothing & Footwear	58.9	109.3	1.5	111.4	1.9
Housing	328.2	112.5	3.5	112.4	-0.1
Furn. & Household	88.7	138.4	6.8	142.8	3.2
Med. Care & Health	44.1	149.7	5.0	153.1	2.3
Trans. & Comm.	148.4	116.2	3.0	118.3	1.8
Rec., Enter. & Svcs.	48.7	130.3	2.5	131.3	0.7
Education	53.1	178.3	2.6	183.7	3.0
Other Goods & Svcs.	91.6	147.1	7.5	152.2	3.5
ALL ITEMS	1000	128.0	4.5	130.7	2.1

Domestic fuel prices registered some firming during the review period. The average cost per gallon of gasoline rose marginally by 0.5% to \$4.14, in contrast to a decline of 25.2% to \$4.18 per gallon in the comparable period of 2008; and the per gallon cost of diesel advanced by 7.4% to \$3.48, following last year's 30.7%

drop. The Bahamas Electricity Corporation's fuel surcharge for energy consumption also increased by 11.0% to 11.38¢ per kilowatt hour (kWh), erasing the 11.0% fall-off to 20.57¢ a year earlier.

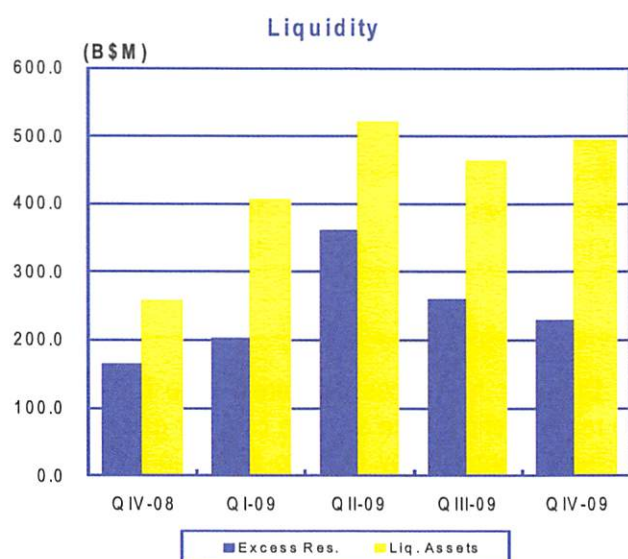
MONEY, CREDIT AND INTEREST RATES

OVERVIEW

Monetary developments during the fourth quarter featured a modest increase in overall liquidity, supported by a slowdown in private sector credit growth alongside proceeds from the Government's external bond issue. The resultant boost to external reserves secured a significant decline in the banking system's foreign liabilities. However, amid continued worsening in credit quality, which prompted increased provisions, banks profitability weakened.

LIQUIDITY

As banks shifted excess funds into Government securities, net free cash reserves contracted by \$29.1 million (11.2%) to \$229.5 million, compared with last year's \$57.3 million (25.8%) decline to \$164.8 million. At end-December, banks' free cash balances represented 4.0% of Bahamian dollar deposits, up from 2.9% a year earlier. Correspondingly, the broader surplus liquid assets advanced by \$30.6 million (6.6%) to \$494.1 million, exceeding the statutory minimum by an elevated 53.2% in comparison to 28.3% in 2008.



DEPOSITS & MONEY

Overall money (M3) supply contracted marginally during the quarter, compared to a relatively flat position in the previous period. Narrow money (M1) grew by 0.4% (\$5.7 million), in contrast to a 3.5% decline in 2008, as a 12.8% seasonal boost in currency in active circulation, eclipsed a 1.6% decrease in demand deposits.

Accretions to broad money (M2) slowed further to 0.2% (\$8.7 million) from 0.3% (\$14.4 million) a year ago. A falloff in private individual placements moderated the accumulation in fixed deposits, by 1.0 percentage point to 0.4% (\$14.6 million); and saving deposits decreased by 1.2% (\$11.6 million) vis-à-vis a 1.4% rise in 2008. The contraction in residents' foreign currency deposits was slightly lower at 5.2%, as a 6.8% decline in private balances outstripped the 26.5% advance in public corporations' accounts. As a consequence, overall money (M3) fell by 0.1% (\$4.0 million) on a quarterly basis, for an end-December stock of \$6,032.3 million, compared to \$5,924.0 million at end 2008.

Bahamian dollar fixed deposits represented the largest component (58.4%) of the money stock, followed by demand (17.8%) and savings (16.5%). Smaller shares were accounted for by residents' foreign currency deposits (3.8%) and currency in active circulation (3.5%).

DOMESTIC CREDIT

Following a \$223.6 million (2.9%) build-up last year, domestic credit contracted by \$134.7 million (1.6%). As the Government repaid foreign currency advances, the decline in banks' foreign currency claims was extended to \$148.2 million (17.2%) from \$10.3 million (1.3%) in 2008. Anemic private sector demand limited accretions to the Bahamian dollar component, to \$13.5 million (0.2%), from a public sector led \$233.8 million (3.4%) expansion in 2008.

Mirroring movements in net claims on Government, the banking system's net credit to the public sector decreased by \$172.9 million (10.7%), in contrast to a \$141.4 million (11.5%) expansion a year ago.

Amid depressed consumer demand and the adoption of more conservative lending practices by banks, private sector credit growth was more than halved to \$38.2 million (0.6%) from \$82.2 million (1.3%). The outcome was dominated by an almost 75% slowing in growth of

the Bahamian dollar component to \$23.9 million (0.4%), whereas foreign currency credit firmed by 3.4% relative to a downturn of 2.9% in 2008. The rise in personal loans—which accounted for the bulk (76.8%) of outstanding claims—slackened to \$1.9 million (0.04%) from \$108.3 million (2.2%), as accretions to consumer credit narrowed by \$13.8 million (0.6%), and residential mortgage gains were lower at \$31.1 million (1.2%). Conversely, personal overdraft balances increased by \$7.8 million (8.0%), compared to a \$1.5 million (1.4%) decline in 2008.



A dis-aggregation of consumer loans revealed broad-based reductions for almost all categories. Notable decreases in lending were recorded for private cars (\$8.5 million), miscellaneous (\$8.3 million) and travel (\$3.3 million) loans; and declines of under \$3.0 million were posted for the remaining categories. Reflecting consumers' difficulties in servicing existing obligations, debt consolidation loans advanced by \$9.8 million; and credit card debt grew by \$1.3 million.

The remaining private sector credit categories featured expanded net lending for construction (\$36.2 million), professional & other services (\$20.2 million), tourism (\$17.6 million), manufacturing (\$5.4 million), entertainment & catering (\$8.9 million), agriculture (\$1.0 million) and transport (\$2.3 million). Conversely, net repay-

ments were posted for distribution (\$6.1 million), miscellaneous (\$43.0 million) and fisheries (\$2.9 million).

Distribution of Bank Credit By Sector				
End-December				
	2008		2009	
	B\$M	%	B\$M	%
Agriculture	15.0	0.2	15.6	0.2
Fisheries	9.9	0.1	7.7	0.1
Mining & Quarry	1.5	0.0	0.8	0.0
Manufacturing	41.1	0.6	37.1	0.5
Distribution	178.6	2.6	147.9	2.1
Tourism	212.5	3.0	198.9	2.9
Enter. & Catering	36.4	0.5	44.1	0.6
Transport	28.2	0.4	28.0	0.4
Construction	446.0	6.4	450.6	6.5
Government	145.8	2.1	76.5	1.1
Public Corps.	343.5	4.9	305.9	4.4
Private Financial	20.2	0.3	21.5	0.3
Prof. & Other Ser.	168.0	2.4	160.4	2.3
Personal	4,989.1	71.3	5,044.8	72.6
Miscellaneous	361.5	5.2	411.3	5.9
TOTAL	6,997.3	100.0	6,951.1	100.0

MORTGAGES

An analysis of mortgage lending, as reported by domestic banks, insurance companies and the Bahamas Mortgage Corporation, revealed that total disbursements for new construction and building repairs fell by 13.9% (\$9.9 million) to \$61.1 million, explained by retrenchments in both residential and commercial components of 10.4% and 37.7%, respectively. Total mortgages outstanding firmed by \$37.9 million (1.2%) to \$3,184.2 million, below the \$44.0 million (1.5%) increase in the comparative period last year. Residential loans—which comprised 93.2% of the total—advanced by \$37.7 million (1.3%) to \$2,966.7 million, marginally lower than the 1.6% rise in 2008. Further, the commercial segment rose by a modest \$0.2 million (0.1%) to \$217.5 million, compared to a relatively stable outcome a year earlier.

At end-2009, commercial banks held the majority of outstanding mortgages (89.0%), followed by insurance

companies (6.1%) and the Bahamas Mortgage Corporation (4.9%).

THE CENTRAL BANK

Following an expansion of \$13.5 million (7.3%) in 2008, the Central Bank's net claim on Government contracted by \$65.0 million (26.4%); however, net deposit liabilities to the rest of the public sector widened by \$5.7 million (1.8%), due to a firming in a public corporation's deposits. The former was primarily explained by a reduction in the Bank's holdings of Government paper which were taken up by commercial banks, with a corresponding reduction in their balances held at the Central Bank, by \$28.5 million (5.5%).

Supported by proceeds from the Government's US\$300 million bond issue and a falloff in domestic demand, external reserves strengthened by \$61.0 million (8.1%) to \$815.9 million at end-December, a turnaround from an \$87.3 million (13.4%) drawdown to \$562.9 million in 2008. In particular, the Central Bank's foreign currency transactions recorded a net purchase of \$57.4 million vis-à-vis a net sale of \$92.3 million in 2008. The net purchase from Government was boosted by \$111.6 million to \$132.0 million; while transactions with commercial banks were reversed to a net purchase of \$8.0 million from a net sale of \$10.7 million. In addition, the net sale to public corporations fell to \$82.7 million from \$102.0 million a year ago.

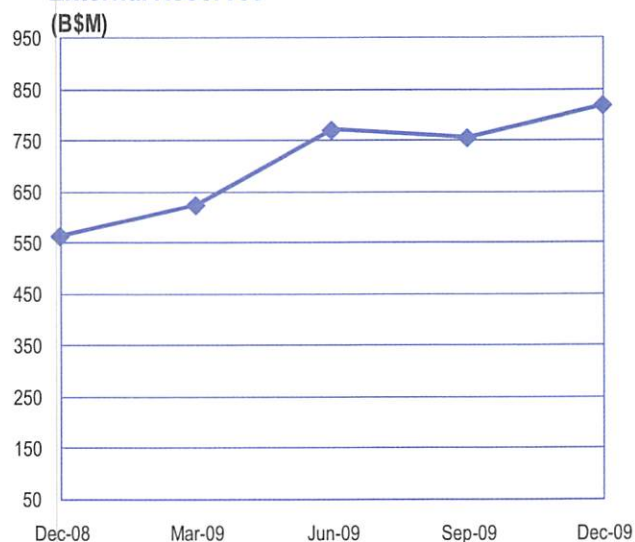
At end-December, the stock of external reserves was equivalent to approximately 20.8 weeks of non-oil merchandise imports, compared to 13.1 weeks for the previous year. When adjusted for the statutory required 50% of the Bank's Bahamian dollar liabilities, which has to be supported by the external balances, "useable" reserves stood higher at \$450.3 million, almost double the end-2008 level.

DOMESTIC BANKS

Developments in the domestic banking sector featured a decline in deposit liabilities to the private sector, of \$13.8 million (0.3%), which contrasted with the \$38.2 million (0.6%) advance in credit to the private sector. Influenced by the Government's external foreign currency borrowings and a reduction in short-term advances, the net claim on Government contracted by \$116.3 million

(12.1%), reversing the \$115.5 million (18.9%) build-up in 2008.

External Reserves



Net liabilities to public corporations receded by \$27.9 million (52.1%), as a 3.0% tapering in deposits offset the 2.0% increase in credit. Claims on the Central Bank weakened by \$28.5 million (5.5%), explained by banks' utilization of deposits to increase Treasury bill holdings. Banks' accumulation of capital and surplus resources, associated with profits and retained earnings, grew by \$54.7 million (2.8%); while their net foreign liabilities declined by \$114.9 million (14.4%), amid significant Government debt repayments.

At end-December, the aggregate value of domestic banks' deposit liabilities—inclusive of public and private sector balances—stood at \$5,960.7 million, with the majority (96.0%) denominated in Bahamian dollars. Of the latter, the largest share was held by private individuals (58.2%), followed by business firms (24.6%), the public sector (10.0%), other depositors (3.8%) and private financial institutions (3.4%). By contractual obligations, nearly two-thirds of the deposits was in the fixed segment, (62.9%), followed by demand (19.7%) and savings (17.4%) balances.

Analysed by range of value and number of accounts, Bahamian dollar deposits with balances of up to \$10,000 comprised only 6.5% of the total value, but 90.7% of the

accounts. Deposits with balances between \$10,000 and \$50,000 represented 11.6% of aggregate value and 6.2% of total accounts. Meanwhile, individual balances exceeding \$50,000 constituted 81.9% of total value and 3.1% of the accounts.

CREDIT QUALITY

During the review period, commercial banks continued to experience a steady deterioration in credit quality, amid weak economic conditions and elevated unemployment levels. Compared to the previous quarter, the value of private sector loans with payments 30 days past due rose by \$100.9 million (10.2%) to \$1,090.1 million, which represented 17.6% of total loans at end-December 2009.

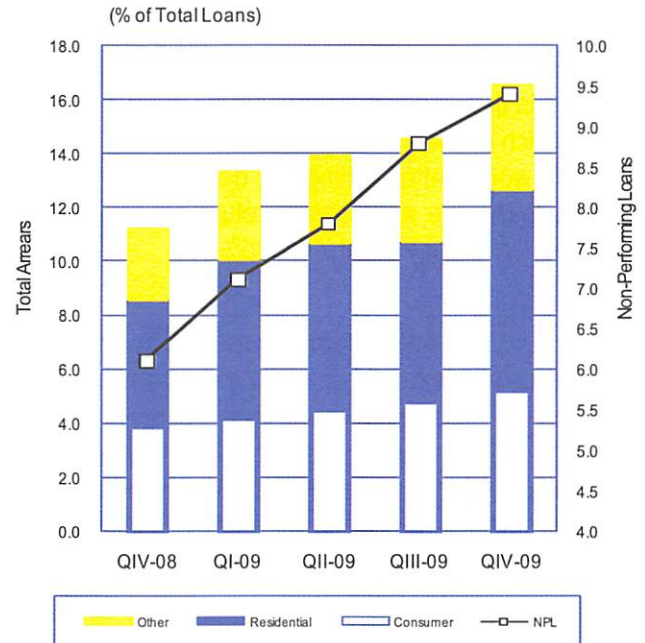
In terms of the major components, the most significant increase occurred in residential mortgage delinquencies, which firmed by \$67.1 million (14.4%) to \$531.5 million, with the corresponding ratio extended to 18.5% from 16.3% in the third quarter and 13.2% a year earlier. Similarly, consumer loan arrears advanced by \$29.5 million (10.1%) to \$323.0 million, and by 1.3 and 3.9 percentage points over the previous quarter and year to 14.7% of total loans. Commercial arrears expanded modestly by \$4.3 million (1.9%) to \$235.6 million, to represent a higher arrears rate of 22.8% compared to 15.5% at end-2008.

With regard to average age, the gains in arrears were broad-based, as delinquencies in the 31–90 days segment firmed by \$57.7 million (12.7%) to \$513.7 million, for a modest 0.9 percentage point increase in the average ratio over the quarter, to 8.41% of total loans. Similarly, non performing loans—arrears in excess of 90 days and on which banks ceased accruing interest—advanced by \$43.2 million (8.1%) to \$576.4 million. At end-December, the ratio of non-accrual loans to total bank claims rose to 9.4% from 8.8% at end-September and 6.1% a year earlier.

In light of these trends, banks sustained their adoption of more conservative lending practices against loan losses, expanding provisions for bad debt by \$2.8 million (1.4%) to \$213.6 million, which resulted in a marginal uptick in the ratio of provisions, to total loans by 0.03 of a percentage point to 3.44% over the quarter. However, given that the pace of growth in non-performing loans outpaced the expansion in provisions the ratio of provi-

sions to non-performing loans narrowed by 2.47 percentage points to 37.05%.

Loan Arrears & Non-Performing Balances



BANK PROFITABILITY

Data for the third quarter of 2009 showed that in comparison to the same period of 2008, net income contracted by \$7.5 million (12.8%) to \$51.5 million, reflecting mainly a significant increase in provisions for bad debt. The estimated net interest margin rose modestly by 0.1% to \$117.7 million, as the 10.3% reduction in interest expense outweighed the 3.8% falloff in interest income. Lower foreign exchange transaction volumes influenced a 13.9% contraction in commission and foreign exchange fee income and caused the gross earnings margin to narrow by 0.6% to \$123.0 million.

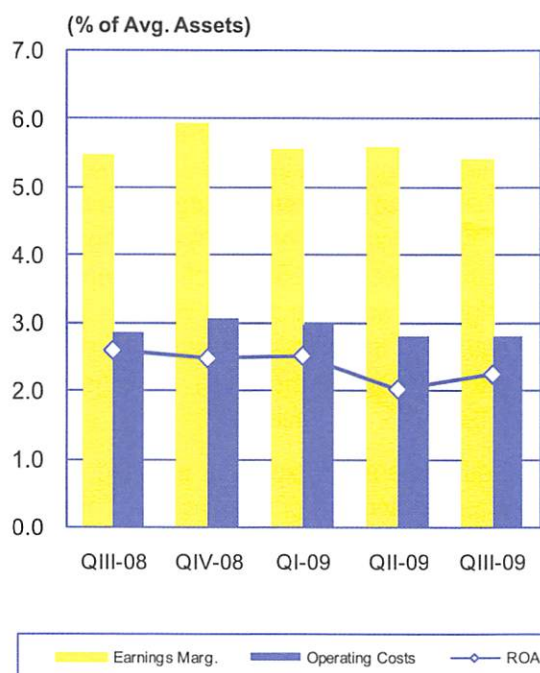
Aggregate operating expenses declined by 1.6% to \$64.3 million, on account of decreased outlays for “miscellaneous” operating and occupancy costs, which offset a modest gain in staff compensation. Banks recorded a loss of \$7.2 million on non-core activities, a reversal from the previous period’s \$0.6 million profit, owing to a significant firming in bad debt provisions, by 18.2% to \$27.7 million; while earnings from “miscellaneous” activities fell by 13.2%.

In line with these trends, profitability ratios relative to average domestic assets softened over the review period. The net interest margin ratio fell by 3 basis points to 5.17%, and for commission and foreign exchange income, by 4 basis points at 0.23%, with a resultant falloff in the gross earnings margin by 7 basis points to 5.40% of average assets. Some offset was provided by the narrowing in the operating costs ratio, by 7 basis points to 2.82%, which caused the net earnings ratio to stabilize at 2.58%. However, after netting out depreciation and bad debt expenses, the net income (return on assets) ratio weakened by 35 basis points to 2.26%.

INTEREST RATES

Commercial banks' fourth quarter average interest rate spread on loans and deposits declined by 21 basis points to 6.78 percentage points over the previous quarter. This reflected a 24 basis point narrowing in the weighted average loan rate to 10.45%, which outstripped a 3 basis points reduction in the corresponding deposit rate to 3.67%.

Domestic Banks' Profitability



For deposits, the average savings rate rose by 10 basis points to 2.19%; while the interest rate spread on

fixed maturities widened to 3.46%-4.27% vis-à-vis 3.54%-4.21% in the previous quarter. In addition, the average rate offered on demand deposits fell by 24 basis points to 1.29%.

Broad-based declines were recorded for lending rates. Average interest rates on residential mortgages fell by 5 basis points to 8.21% and for consumer loans, by 7 basis points to 8.65%. Average rates on both consumer loans and overdrafts also moderated, by 63 basis points each, to 12.46% and 10.80%, respectively.

Among other key rates, the average 90-day Treasury bill rate advanced by 0.7 of a percentage point to 2.56% during the review quarter; however, the Central Bank's Discount Rate and Commercial Banks' Prime were unchanged at 5.25% and 5.50%, respectively.

Banking Sector Interest Rates

Period Average (%)

	Qtr. IV 2008	Qtr. III 2009	Qtr. IV 2009
Deposit Rates			
Demand Deposits	1.53	1.56	1.29
Savings Deposits	2.06	2.09	2.19
Fixed Deposits			3.46
Up to 3 months	3.63	3.54	3.72
Up to 6 months	4.04	3.93	4.02
Up to 12 months	4.35	3.96	4.27
Over 12 months	4.11	4.21	3.67
Weighted Avg Deposit Rate	3.86	3.70	3.70
Lending Rates			
Residential mortgages	8.25	8.26	8.21
Commercial mortgages	8.64	8.72	8.65
Consumer loans	12.55	13.09	12.46
Other Local Loans	8.22	7.57	8.76
Overdrafts	11.10	11.43	10.80
Weighted Avg Loan Rate	10.39	10.69	10.45

CAPITAL MARKETS DEVELOPMENTS

Despite the generally depressed domestic economic conditions, the Bahamas International Securities Exchange (BISX) All Share Price Index advanced modestly by 4.2% to 1,565.38 points, a turnaround from the 6.8%

decline recorded in the same quarter a year earlier—although, for 2009, the index fell by 8.6%. The total volume of shares traded on the exchange almost doubled to 2.32 million, valued at \$12.3 million, compared to 1.03 million, priced at \$6.9 million in 2008. Market capitalization rose by 4.5% to \$3.02 billion over the quarter, however, it fell by 8.5% vis-à-vis the previous year.

INTERNATIONAL TRADE AND PAYMENTS

Preliminary estimates for the fourth quarter of 2009 showed a \$58.0 million (23.9%) widening in the current account deficit, to \$300.8 million over the same period a year ago. The outcome reflected a downturn in the services account surplus and a doubling in net income outflows. Similarly, the capital and financial account surplus narrowed by \$79.1 million to \$221.5 million, owing to a sharp reduction in foreign direct investment inflows, which outweighed the advance in other “miscellaneous” investments.

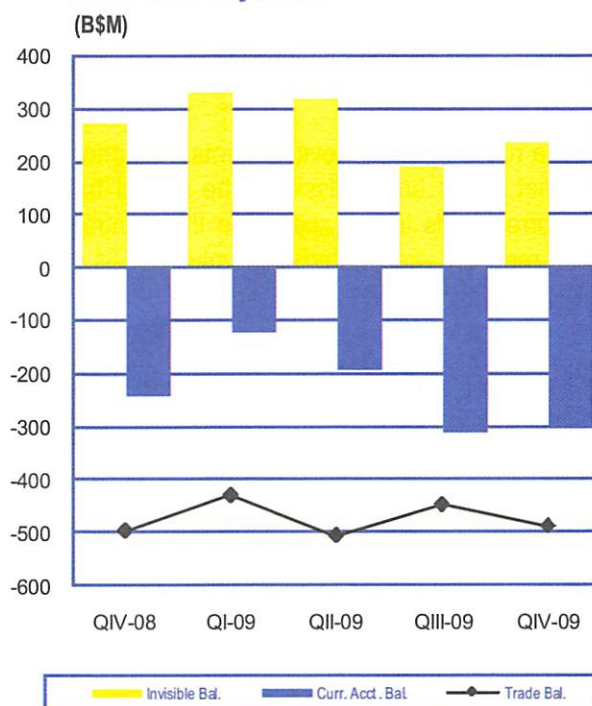
The estimated goods account deficit contracted by \$8.1 million (1.6%) to \$489.8 million, as the \$93.0 million (12.6%) decline in payments for imports outpaced the \$84.9 million (35.7%) falloff in export receipts. The contraction in imports was mainly attributed to lower fuel purchases, which fell by \$61.1 million (10.2%), as the significant reduction in import volumes outstripped the rise in average product costs. In this regard, the price per barrel of propane gas increased by 17.9% to \$46.07; motor gas, by 33.9% to \$64.19 and jet fuel, by 6.1% to \$84.93. Non-oil imports fell by an estimated \$9.3 million (2.4%) to \$397.5 million.

The services account surplus narrowed by approximately \$37.2 million (13.6%) to \$236.5 million, as the falloff in the high value-added stopover segment of the tourism market reduced net travel receipts, by \$39.8 million (9.8%) to \$365.5 million. Offshore companies’ local expenses also contracted by almost 50% to \$39.7 million. Net payments for Government services grew by \$1.9 million (14.0%) to \$15.2 million, whereas a decrease in payments for air and sea freight services brought the net outflow for transportation lower by \$4.8 million (6.3%) at \$71.6 million. In line with the slowdown in domestic activity, the net payment for other “miscellaneous” servic-

es decreased by \$19.1 million (24.6%) to \$58.5 million and construction-related service fees were reduced by \$11.1 million (89.3%) to \$1.3 million. More modest declines of \$1.2 million and \$0.3 million were recorded for net outflows for insurance services and royalty & license fees.

The deficit on the income account more than doubled to \$61.8 million, as a three-fold hike in private enterprises’ interest and dividend payments resulted in net investment payments growing by \$26.9 million to \$43.4 million. In addition, the net outflow for official transactions firmed by \$3.2 million (55.2%) to \$9.1 million, inclusive of a \$2.4 million (44.0%) falloff in the Central Bank’s foreign earnings, due to the low global interest rate environment.

Balance of Payments



Net current transfer inflows expanded by \$3.7 million (35.4%) to \$14.3 million, owing to a \$3.2 million (26.0%) advance in net Government inflows to \$15.5 million and a \$0.5 million (26.5%) decline in net workers’ remittances to \$1.5 million.

The estimated surplus on the capital and financial account was reduced by almost one-third to \$221.5

million, following on a \$227.2 million contraction in direct investments to \$72.6 million. This outturn reflected a slump in inflows from equity and land purchases, by \$170.2 million and \$57.0 million, to \$49.9 million and \$22.7 million, respectively. With a slight uptick in equity investments, the net portfolio outflow moved higher to \$6.6 million, while debt purchases remained steady. Conversely, net inflows from other "miscellaneous" investment activities advanced more than three-fold to \$160.8 million, boosted by proceeds from Government's \$300 million external bond issue, and resulted in a similar gain in net public sector capital inflows. As Government utilized its external borrowings to repay outstanding advances, domestic banks recorded a net repayment of \$114.9 million, vis-à-vis a net inflow of \$24.2 million in the previous year. Other private—mainly loan financing—investments were reversed, to a net repayment of \$7.5 million from a net borrowing of \$6.9 million in 2008; while the contraction in the capital account deficit, to \$5.3 million from \$35.5 million, reflected solely a falloff in migrants' transfers.

As a result of these developments, and after adjusting for net errors and omissions, the overall balance—which corresponds to the change in the Central Bank's external reserves—registered a surplus of \$61.0 million vis-à-vis last year's deficit of \$87.3 million.

INTERNATIONAL ECONOMIC DEVELOPMENTS

The global recovery gained momentum during the fourth quarter of 2009, bolstered by governments' fiscal stimulus measures and central banks' expansionary monetary policies. However, consumer spending remained anemic, and unemployment rates stayed at historic highs. Global inflation firmed modestly, as international oil and commodity prices trended upwards. In the currency markets, the US dollar appreciated against most major currencies, buoyed by signs of a sustained recovery in that economy; and major equity indices registered further gains, as the improving economic outlook provided a boost to investors' confidence.

The recovery in the US economy deepened, with real GDP growth expanding to 5.9% from 2.2% in the previous quarter, owing primarily to an upturn in private

inventory investment, exports and private consumption. However, economic activity in the United Kingdom remained tepid, as real output rose marginally by 0.1%, following a 0.2% contraction in the third quarter, reflecting growth in the services and industrial sectors. Conditions were also lackluster in the euro area, where lower output of intermediate and capital goods restrained the improvement of real GDP to 0.1% from 0.4% in the previous three months. Supported by Government's economic stimulus measures and an accommodative credit environment, China's quarterly real output expanded robustly, to 10.7% from 9.1% in the third quarter. The Japanese economy continued to recover, as GDP increased by 1.1%, owing to a firming in business investments, exports and domestic demand.

Indications are that labor market conditions stabilized during the review quarter. In the United States, the unemployment rate grew marginally by 0.4 of a percentage point to 10.0%, owing to a falloff in construction, manufacturing and wholesale trade jobs. The jobless rate in the United Kingdom was unchanged at 7.8% from the previous quarter, while the euro area's jobless rate rose by a mere 0.2 of a percentage point to 9.9%. Japan's unemployment rate narrowed by 0.4 of a percentage point to 5.0%; however, China's jobless rate held steady at 4.3%.

The quarterly firming in consumer price inflation was broadly based across all of the major economies, given the upward movement in international energy prices. In the United States, the inflation rate for the twelve months to December strengthened to 2.7% from 0.1% in 2008. Annual inflation in the United Kingdom advanced by 1.8 percentage points to 2.9%, primarily linked to an upward adjustment in value-added tax rates to "pre-crisis" levels. For the euro area, higher prices for alcohol & tobacco, transport and miscellaneous good & services, pushed the rise in annual inflation to 0.9%, following a decline of 0.3% in the same period last year. In China, higher food and housing costs elevated consumer prices by 1.9%, while deflationary pressures in Japan moderated the contraction in consumer prices by 0.5 of a percentage point to 1.7%.

Supported by an improving outlook for the US economy, the dollar strengthened against most of the major currencies. The dollar appreciated against the Yen and

euro, by 3.7% and 2.2%, respectively, and moved marginally higher relative to the Swiss Franc by 0.06%. It depreciated against the British pound by 1.2%, but was relatively stable against the Chinese currency.

As the upturn in the global economy gathered pace, the improvement in investor sentiment translated into increased valuations in the major equity markets. In the United States, the Dow Jones Industrial Average (DJIA) and the Standard & Poor's 500 Index recorded increases of 7.4% to 10,428 and 5.9% to 1,110.7 points, respectively. Similarly, in Europe, the United Kingdom's FTSE 100 rose by 5.4% to 5,879.80 points; Germany's DAX, by 5.0% to 6,851.75 points and France's CAC 40 index, by 3.7% to 4,869.79 points. China's market remained volatile, with the major Shanghai SE Composite index appreciating by 17.9% to 4,383.39 points, and a more modest gain of 4.1% to 13,592.47 was posted for Japan's Nikkei 225 index.

The combination of positive economic developments and severe cold weather in the Northern hemisphere largely explained the 19.3% surge in crude oil prices to \$77.85 per barrel in the final quarter of 2009. In terms of other commodities, gold prices increased by 8.9% to \$1,096.95 per ounce at end-December, as investors—including central banks—continued to boost holdings of relatively 'safe' assets. Silver rose by 1.4% to \$16.88 per ounce.

Most of the major central banks maintained their accommodative monetary policy stance in the final quarter of 2009, in an effort to support the economic recovery, although several signaled their intention to unwind these policies in the near future. The Federal Reserve kept the federal funds rate in the range of 0.0% to 0.25%, and announced its decision to allow the liquidity facilities to expire February 1, 2010. In contrast, the Bank of England extended the asset purchase program by an additional £25.0 billion to £200 billion. Based on the anemic level of economic activity, the European Central Bank (ECB) kept its key policy rates unchanged, as was also the case in both Japan and China.

In the external sector, trade balances of the major economies reflected the steady pace of global recovery. Consistent with the modest upturn in spending and corresponding increases in imports, the United States' current account deficit expanded by 13.0% to \$115.0

billion. The seasonally adjusted goods and services trade deficit for the United Kingdom rose to £9.5 billion from £8.1 billion in the third quarter, led by an expansion in the goods deficit. However, the euro zone's external trade surplus advanced by €5.2 billion to €18.0 billion, as the contraction in imports outweighed the falloff in exports. China's buoyant recovery in exports resulted in the trade surplus widening further, by 56.4% to 61 trillion Yuan, when compared with the previous three-month period. Supported by a robust recovery in exports, Japan's surplus on the goods and services balance firmed by 70.0%, on a quarterly basis, to ¥1,556.8 trillion.

STATISTICAL APPENDIX
(Tables 1-16)

STATISTICAL APPENDIX

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The following symbols and conventions are used throughout this report:

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

TABLE 1
FINANCIAL SURVEY

End of Period	2005	2006	2007	2008				2009			
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.
(B\$ Millions)											
Net foreign assets	(32.2)	(254.4)	(213.4)	(55.4)	61.9	(29.4)	(140.9)	(42.0)	(58.1)	(41.9)	134.0
Central Bank	578.8	499.7	454.2	539.6	674.8	650.2	562.9	623.8	770.4	754.9	815.9
Domestic Banks	(611.0)	(754.1)	(667.6)	(595.0)	(612.9)	(679.6)	(703.8)	(665.8)	(828.5)	(796.8)	(681.9)
Net domestic assets	4,862.4	5,399.5	5850.7	5,837.9	5,797.3	5,950.8	6,064.9	6,070.7	6,078.0	6,078.2	5,898.3
Domestic credit	5,899.5	6,742.9	7434.3	7,433.3	7,506.2	7,685.5	7,909.1	7,933.8	7,964.2	8,174.4	8,039.7
Public sector	945.8	1074.2	1215.9	1,180.4	1,166.7	1,230.9	1,372.3	1,450.0	1,447.4	1,616.7	1,443.8
Government (net)	642.5	677.0	866.8	840.1	763.8	795.0	924.0	1042.9	1041.8	1205.2	1023.9
Rest of public sector	303.3	397.2	349.1	340.3	402.9	435.9	448.3	407.1	405.6	411.5	419.9
Private sector	4,953.7	5,668.7	6218.4	6,252.9	6,339.5	6454.6	6536.8	6483.8	6516.8	6557.7	6595.9
Other items (net)	(1,037.1)	(1,343.4)	(1583.6)	(1,595.4)	(1,708.9)	(1,734.7)	(1,844.2)	(1863.1)	(1886.2)	(2096.2)	(2141.4)
Monetary liabilities	4,830.2	5,145.1	5637.3	5,782.5	5,859.2	5,921.4	5,924.0	6,028.7	6,019.9	6,036.3	6,032.3
Money	1,247.6	1,251.1	1300.3	1,308.4	1,305.7	1,320.2	1,274.5	1,336.4	1,285.2	1,277.8	1,283.6
Currency	195.3	202.1	223.7	214.2	204.2	199.6	205.8	197.0	194.3	184.2	207.8
Demand deposits	1,052.3	1,049.0	1076.6	1,094.2	1,101.5	1,120.6	1,068.7	1139.4	1090.9	1093.6	1075.8
Quasi-money	3,582.6	3,894.0	4337.0	4,474.1	4,553.5	4,601.2	4,649.5	4,692.3	4,734.7	4,758.5	4,748.7
Fixed deposits	2,556.6	2,781.5	3144.8	3,245.7	3,320.5	3,381.7	3,427.7	3451.8	3480.5	3506.7	3521.4
Savings deposits	881.8	953.3	992.1	1,009.3	1,018.9	1,006.3	1,020.4	1031.4	1040.5	1007.1	995.4
Foreign currency	144.2	159.2	200.1	219.1	214.1	213.2	201.4	209.1	213.7	244.7	231.9
(percentage changes)											
Total domestic credit	12.9	14.3	10.3	(0.0)	1.0	2.4	2.9	0.3	0.4	2.6	(1.6)
Public sector	6.5	13.6	13.2	(2.9)	(1.2)	5.5	11.5	5.7	(0.2)	11.7	(10.7)
Government (net)	17.4	5.4	28.0	(3.1)	(9.1)	4.1	16.2	12.9	(0.1)	15.7	(15.0)
Rest of public sector	(11.0)	31.0	(12.1)	(2.5)	18.4	8.2	2.8	(9.2)	(0.4)	1.5	2.0
Private sector	14.2	14.4	9.7	0.6	1.4	1.8	1.3	(0.8)	0.5	0.6	0.6
Monetary liabilities	9.2	6.5	9.6	2.6	1.3	1.1	0.0	1.8	(0.1)	0.3	(0.1)
Money	10.0	0.3	3.9	0.6	(0.2)	1.1	(3.5)	4.9	(3.8)	(0.6)	0.5
Currency	10.6	3.5	10.7	(4.2)	(4.7)	(2.3)	3.1	(4.3)	(1.4)	(5.2)	12.8
Demand deposits	9.9	(0.3)	2.6	1.6	0.7	1.7	(4.6)	6.6	(4.3)	0.2	(1.6)
Quasi-money	9.0	8.7	11.4	3.2	1.8	1.0	1.0	0.9	0.9	0.5	(0.2)

Source: The Central Bank of The Bahamas

TABLE 2
MONETARY SURVEY

End of Period	2005	2006	2007	2008				2009			
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.
(B\$ Millions)											
Net foreign assets	(65.9)	(235.0)	(197.2)	(35.5)	82.5	(11.8)	(123.6)	(28.0)	(27.1)	(0.5)	167.2
Central Bank	578.8	499.7	454.2	539.6	674.8	650.2	562.9	623.8	770.4	754.9	815.9
Commercial banks	(644.7)	(734.7)	(651.4)	(575.1)	(592.3)	(662.0)	(686.5)	(651.8)	(797.5)	(755.4)	(648.7)
Net domestic assets	4,786.9	5,299.4	5,800.3	5,785.8	5,743.2	5,906.0	6,018.5	6,028.5	6,015.5	6,010.2	5,833.0
Domestic credit	5,752.7	6,588.8	7,401.4	7,413.6	7,480.2	7,659.5	7,882.7	7,908.8	7,918.9	8,126.8	8,000.0
Public sector	945.8	1,068.9	1,212.8	1,177.3	1,163.7	1,227.9	1,369.3	1,445.8	1,422.7	1,588.6	1,428.3
Government (net)	642.5	671.7	863.8	837.0	760.9	792.0	921.0	1,038.7	1,017.1	1,177.2	1,008.4
Rest of public sector	303.3	397.2	349.0	340.3	402.8	435.9	448.3	407.1	405.6	411.4	419.9
Private sector	4,806.9	5,519.9	6,188.6	6,236.3	6,316.5	6,431.6	6,513.4	6,463.0	6,496.2	6,538.2	6,571.7
Other items (net)	(965.8)	(1,289.4)	(1,601.1)	(1,627.8)	(1,737.0)	(1,753.5)	(1,864.2)	(1,880.3)	(1,903.4)	(2,116.6)	(2,167.0)
Monetary liabilities	4,716.1	5,064.4	5,603.1	5,750.3	5,825.7	5,894.2	5,894.9	6,000.5	5,988.4	6,009.7	6,000.2
Money	1,223.0	1,238.1	1,278.9	1,290.7	1,284.8	1,305.0	1,257.6	1,319.7	1,265.0	1,261.1	1,261.9
Currency	195.3	202.1	223.7	214.2	204.2	199.6	205.8	197.0	194.3	184.2	207.8
Demand deposits	1,027.7	1,036.0	1,055.2	1,076.5	1,080.6	1,105.4	1,051.8	1,122.7	1,070.7	1,076.9	1,054.1
Quasi-money	3,493.1	3,826.3	4,324.2	4,459.6	4,540.9	4,589.2	4,637.3	4,680.8	4,723.4	4,748.6	4,738.3
Savings deposits	881.6	953.1	991.9	1,009.1	1,018.7	1,006.0	1,020.2	1,031.1	1,040.2	1,007.0	995.3
Fixed deposits	2,467.4	2,714.1	3,132.2	3,231.4	3,308.1	3,370.0	3,415.8	3,440.6	3,469.5	3,497.0	3,511.1
Foreign currency deposits	144.1	159.1	200.1	219.1	214.1	213.2	201.3	209.1	213.7	244.6	231.9
(percentage change)											
Total domestic credit	13.2	14.5	12.3	0.2	0.9	2.4	2.9	0.3	0.1	2.6	(1.6)
Public sector	7.1	13.0	13.5	(2.9)	(1.2)	5.5	11.5	5.6	(1.6)	11.7	(10.1)
Government (net)	18.4	4.5	28.6	(3.1)	(9.1)	4.1	16.3	12.8	(2.1)	15.7	(14.3)
Rest of public sector	(11.0)	31.0	(12.1)	(2.5)	18.4	8.2	2.8	(9.2)	(0.4)	1.4	2.1
Private sector	14.5	14.8	12.1	0.8	1.3	1.8	1.3	(0.8)	0.5	0.6	0.5
Monetary liabilities	9.2	7.4	10.6	2.6	1.3	1.2	0.0	1.8	(0.2)	0.4	(0.2)
Money	8.7	1.2	3.3	0.9	(0.5)	1.6	(3.6)	4.9	(4.1)	(0.3)	0.1
Currency	10.6	3.5	10.7	(4.2)	(4.7)	(2.3)	3.1	(4.3)	(1.4)	(5.2)	12.8
Demand deposits	8.4	0.8	1.9	2.0	0.4	2.3	(4.8)	6.7	(4.6)	0.6	(2.1)
Quasi-money	9.4	9.5	13.0	3.1	1.8	1.1	1.0	0.9	0.9	0.5	(0.2)

Source: The Central Bank of The Bahamas

TABLE 3
CENTRAL BANK BALANCE SHEET

(B\$ Millions)

End of Period	2005	2006	2007	2008				2009			
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.
Net foreign assets	578.8	499.7	454.2	539.6	674.8	650.2	562.9	623.8	770.4	754.9	815.9
Balances with banks abroad	145.4	90.5	59.5	149.8	285.1	261.7	205.8	268.5	354.2	177.5	270.9
Foreign securities	424.4	399.8	384.7	379.4	379.4	378.7	347.4	345.9	406.5	386.6	356.2
Reserve position in the Fund	9.0	9.4	9.9	10.3	10.2	9.7	9.6	9.4	9.7	9.9	9.8
SDR holdings	--	--	0.1	0.1	0.1	0.1	0.1	--	--	180.9	179.0
Net domestic assets	23.1	85.1	235.7	191.9	71.9	64.5	76.9	55.8	74.0	141.4	75.9
Net claims on Government	122.0	182.5	332.3	295.0	178.5	185.3	198.8	195.3	184.7	245.9	180.8
Claims	149.7	190.6	347.8	320.0	201.5	199.1	202.9	221.4	213.6	269.3	201.5
Treasury bills	--	52.2	143.5	117.6	--	--	6.3	28.7	--	52.2	--
Bahamas registered stock	72.7	76.4	132.4	130.4	129.5	127.1	124.6	120.7	116.6	120.1	104.5
Loans and advances	77.0	62.0	72.0	72.0	72.0	72.0	72.0	72.0	97.0	97.0	97.0
Deposits	(27.7)	(8.1)	(15.6)	(25.0)	(23.0)	(13.8)	(4.1)	(26.1)	(28.9)	(23.4)	(20.7)
In local currency	(27.7)	(8.1)	(15.6)	(25.0)	(23.0)	(13.8)	(4.1)	(26.1)	(28.9)	(23.4)	(20.7)
In foreign currency	--	--	--	--	--	--	--	--	--	--	--
Deposits of rest of public sector	(26.1)	(18.3)	(10.4)	(17.6)	(17.1)	(28.2)	(10.4)	(16.3)	(17.2)	(10.2)	(15.8)
Credit to commercial banks	--	--	--	--	--	--	--	--	--	--	--
Official capital and surplus	(105.5)	(107.3)	(111.6)	(121.3)	(123.3)	(128.4)	(125.9)	(127.6)	(129.2)	(130.7)	(126.9)
Net unclassified assets	24.4	20.1	17.9	28.3	26.4	28.4	7.1	(2.8)	28.7	29.4	30.8
Loans to rest of public sector	7.3	7.0	6.8	6.7	6.6	6.6	6.5	6.4	6.2	6.2	6.2
Public Corp Bonds/Securities	1.0	1.0	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Liabilities To Domestic Banks	(392.0)	(367.3)	(450.1)	(500.5)	(525.8)	(499.2)	(439.0)	(499.9)	(634.2)	(515.0)	(486.5)
Notes and coins	(105.8)	(116.2)	(110.1)	(79.7)	(81.8)	(79.1)	(117.6)	(78.2)	(85.6)	(87.3)	(111.8)
Deposits	(286.2)	(251.1)	(340.0)	(420.8)	(444.0)	(420.1)	(321.4)	(421.7)	(548.6)	(427.7)	(374.7)
SDR allocation	(14.6)	(15.4)	(16.2)	(16.8)	(16.7)	(15.9)	(15.8)	(15.3)	(15.9)	(197.1)	(197.5)
Currency held by the private sector	(195.3)	(202.1)	(223.7)	(214.2)	(204.2)	(199.6)	(205.8)	(197.0)	(194.3)	(184.2)	(207.8)

Source: The Central Bank of The Bahamas

TABLE 4
DOMESTIC BANKS BALANCE SHEET

(B\$ Millions)

End of Period	2005	2006	2007	2008				2009			
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.
Net foreign assets	(611.0)	(754.1)	(667.6)	(595.0)	(612.9)	(679.6)	(703.8)	(665.8)	(828.5)	(796.8)	(681.9)
Net claims on Central Bank	389.7	366.5	448.4	499.7	525.0	498.4	439.9	500.8	635.2	515.9	487.4
Notes and Coins	105.8	116.2	110.1	79.7	81.8	79.1	117.6	78.2	85.6	87.3	111.8
Balances	284.7	251.1	339.1	420.8	444.0	420.1	322.3	422.6	549.6	428.6	375.6
Less Central Bank credit	0.8	0.8	0.8	0.8	0.8	0.8	--	--	--	--	--
Net domestic assets	4518.2	4,935.4	5,199.7	5,215.9	5,271.0	5,405.5	5,534.1	5,490.6	5,555.8	5,664.7	5,564.4
Net claims on Government	528.9	494.5	534.5	545.1	585.3	609.7	725.2	847.6	857.1	959.3	843.0
Treasury bills	66.1	10.0	50.8	71.7	197.4	189.8	180.2	208.8	172.6	161.7	214.0
Other securities	400.5	437.1	468.5	466.3	460.7	520.5	533.5	602.6	619.7	707.3	704.6
Loans and advances	150.7	156.3	120.3	133.4	57.2	65.1	145.8	176.2	219.0	238.6	76.5
Less: deposits	88.4	108.9	105.0	126.3	130.0	165.7	134.3	140.0	154.2	148.3	152.1
Net claims on rest of public sector	(25.3)	12.3	(78.9)	(96.6)	(57.4)	(40.7)	3.4	(89.9)	(47.3)	(53.6)	(25.7)
Securities	20.6	121.1	97.7	97.2	95.2	89.3	97.5	99.5	99.5	99.5	107.0
Loans and advances	265.8	268.1	243.9	235.7	300.3	339.3	343.6	300.4	299.1	305.0	305.9
Less: deposits	311.7	376.8	420.5	429.5	452.9	469.3	437.7	489.8	445.9	458.1	438.6
Other net claims	(5.9)	(17.9)	(6.9)	(1.2)	(3.1)	(1.7)	(0.1)	(5.1)	(11.1)	(18.9)	-8.1
Credit to the private sector	4953.7	5,668.7	6,218.4	6,252.9	6,343.1	6,454.6	6,536.8	6,483.8	6,516.8	6,557.7	6,595.9
Securities	28.2	21.7	29.6	29.6	36.3	35.9	28.8	29.2	28.3	30.2	27.2
Mortgages	1919.1	2,258.1	2,580.4	2,617.4	2,702.6	2,766.3	2,819.7	2,848.4	2,881.4	2,918.3	2,949.6
Loans and advances	3006.4	3,388.9	3,608.4	3,605.9	3,604.2	3,652.4	3,688.3	3,606.2	3,607.1	3,609.2	3,619.1
Private capital and surplus	(1197.5)	(1,477.5)	(1,654.1)	(1,706.6)	(1,775.0)	(1,815.7)	(1,864.6)	(1,911.6)	(1,967.2)	(1,978.2)	(2,033.0)
Net unclassified assets	264.3	255.3	186.7	222.3	178.1	199.3	133.4	165.8	207.5	198.4	192.3
Liabilities to private sector	4297.1	4,547.8	4,982.7	5,120.6	5,183.1	5,224.2	5,270.2	5,325.6	5,362.5	5,383.8	5,370.0
Demand deposits	1092.2	1,112.9	1,174.8	1,182.5	1,164.9	1,164.4	1,150.2	1,177.8	1,174.6	1,196.6	1,204.2
Savings deposits	885.3	956.8	994.7	1,013.8	1,024.2	1,012.1	1,024.1	1,036.5	1,044.6	1,014.2	1,003.5
Fixed deposits	2319.6	2,478.1	2,813.2	2,924.3	2,994.0	3,047.7	3,095.9	3,111.3	3,143.3	3,173.0	3,162.3

Source: The Central Bank of The Bahamas

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

(B\$'000s)

Period	2006	2007	2008	2008				2009		
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III
1. Interest Income	646,269	744,537	760,159	184,145	189,882	187,818	198,314	182,363	182,990	180,720
2. Interest Expense	225,205	291,206	278,219	69,067	68,655	70,259	70,238	62,116	59,386	63,023
3. Interest Margin (1-2)	421,064	453,331	481,940	115,078	121,227	117,559	128,076	120,247	123,604	117,697
4. Commission & Forex Income	29,543	31,714	32,328	9,544	9,322	6,154	7,308	8,185	3,617	5,300
5. Gross Earnings Margin (3+4)	450,607	485,045	514,268	124,622	130,549	123,713	135,384	128,432	127,221	122,997
6. Staff Costs	138,087	133,309	148,364	35,281	36,908	37,410	38,765	36,444	37,450	38,016
7. Occupancy Costs	20,669	20,612	23,409	5,111	5,971	5,879	6,448	5,251	6,319	5,727
8. Other Operating Costs	63,002	79,480	91,867	22,073	22,710	22,033	25,051	27,460	20,671	20,559
9. Operating Costs (6+7+8)	221,758	233,401	263,640	62,465	65,589	65,322	70,264	69,155	64,440	64,302
10. Net Earnings Margin (5-9)	228,849	251,644	250,628	62,157	64,960	58,391	65,120	59,277	62,781	58,695
11. Depreciation Costs	11,088	11,673	13,412	3,101	3,347	3,363	3,601	3,377	3,233	3,320
12. Provisions for Bad Debt	43,129	39,817	82,204	16,227	11,304	23,418	31,255	22,916	36,273	27,680
13. Other Income	101,633	107,271	120,334	37,831	28,299	27,385	26,819	25,559	23,213	23,763
14. Other Income (Net) (13-11-12)	47,416	55,781	24,718	18,503	13,648	604	(8,037)	(734)	(16,293)	(7,237)
15. Net Income (10+14)	276,265	307,425	275,346	80,660	78,608	58,995	57,083	58,543	46,488	51,458
16. Effective Interest Rate Spread (%)	6.15	6.25	6.51	6.36	6.60	6.40	6.68	6.24	6.52	6.20
(Ratios To Average Assets)										
Interest Margin	5.63	5.50	5.39	5.33	5.41	5.20	5.60	5.20	5.41	5.17
Commission & Forex Income	0.39	0.38	0.36	0.44	0.42	0.27	0.32	0.35	0.16	0.23
Gross Earnings Margin	6.02	5.89	5.75	5.78	5.83	5.47	5.92	5.55	5.57	5.40
Operating Costs	2.96	2.83	2.95	2.90	2.93	2.89	3.07	2.99	2.82	2.82
Net Earnings Margin	3.06	3.05	2.80	2.88	2.90	2.58	2.85	2.56	2.75	2.58
Net Income	3.69	3.73	3.09	3.74	3.51	2.61	2.49	2.53	2.04	2.26

*Commercial Banks and OLFIs with domestic operations

Source: The Central Bank of The Bahamas

TABLE 6
MONEY SUPPLY

End of Period	(B\$ Millions)										
	2004	2005	2006	2008				2009			
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.
Money supply (M1)	1,134.4	1,247.6	1,251.1	1,308.4	1,305.7	1,320.2	1,274.5	1,336.4	1,285.2	1,277.8	1,283.6
1) Currency in active circulation	176.6	195.3	202.1	214.2	204.2	199.6	205.8	197.0	194.3	184.2	207.8
2) Demand deposits	957.8	1,052.3	1,049.0	1,094.2	1,101.5	1,120.6	1,068.7	1,139.4	1,090.9	1,093.6	1,075.8
Central Bank	87.7	26.1	18.3	18.2	17.1	28.3	10.4	16.3	17.2	10.2	15.9
Domestic Banks	870.1	1,026.2	1,030.7	1,076.0	1,084.4	1,092.3	1,058.3	1,123.1	1,073.7	1,083.4	1,059.9
Factors affecting money (M1)											
1) Net credit to Government	547.1	642.5	677.0	840.1	763.8	795.0	924.0	1,042.9	1,041.8	1,205.2	1,023.9
Central Bank	141.9	122.0	182.5	295.0	178.5	185.3	198.8	195.3	184.7	245.9	180.9
Domestic Banks	405.2	520.5	494.5	545.1	585.3	609.7	725.2	847.6	857.1	959.3	843.0
2) Other credit	4,680.1	5,257.0	6,065.9	6,593.2	6,742.4	6,890.5	6,985.1	6,890.9	6,922.4	6,969.2	7,015.8
Rest of public sector	340.7	303.3	397.2	340.3	402.9	435.9	448.3	407.1	405.6	411.5	419.9
Private sector	4,339.4	4,953.7	5,668.7	6,252.9	6,339.5	6,454.6	6,536.8	6,483.8	6,516.8	6,557.7	6,595.9
3) External reserves	667.8	578.8	499.7	539.6	674.8	650.2	562.9	623.8	770.4	754.9	815.9
4) Other external liabilities (net)	(563.5)	(611.0)	(754.1)	(595.0)	(612.9)	(679.6)	(703.8)	(665.8)	(828.5)	796.8	(681.9)
5) Quasi money	3,287.1	3,582.6	3,894.0	4,474.1	4,553.5	4,601.2	4,649.5	4,692.3	4,734.7	4,758.5	4,748.7
6) Other items (net)	(910.0)	(1,037.1)	(1,343.4)	(1,595.4)	(1,708.9)	(1,734.7)	(1,844.2)	(1,863.1)	(1,886.2)	(2,096.2)	(2,141.4)

Source: The Central Bank of The Bahamas

TABLE 7
CONSUMER INSTALMENT CREDIT*

(B\$' 000)

End of Period	2005	2006	2007	2008				2009			
				Mar.	Jun.	Sept.	Dec.	Mar	Jun.	Sept.	Dec.
CREDIT OUTSTANDING											
Private cars	209,879	228,421	248,152	247,418	251,167	245,023	238,775	227,757	223,349	215,164	206,689
Taxis & rented cars	2,317	2,568	1,908	1,925	2,033	2,020	1,909	1,817	1,780	1,785	1,832
Commercial vehicles	6,038	6,829	6,956	6,966	6,876	6,350	6,111	5,656	5,305	5,165	4,955
Furnishings & domestic appliances	17,309	19,658	22,394	22,435	22,818	22,043	21,173	20,284	19,632	19,759	19,134
Travel	41,435	45,944	50,970	48,520	51,036	54,412	49,602	43,966	40,488	39,702	36,369
Education	47,737	52,858	54,725	53,938	54,012	59,306	57,255	55,199	53,283	57,520	55,227
Medical	14,446	17,320	20,520	21,014	22,034	22,001	21,435	21,159	20,427	19,894	19,697
Home Improvements	134,334	152,851	163,070	164,973	167,272	171,886	171,454	170,162	166,364	163,942	163,991
Land Purchases	174,645	201,318	227,236	232,912	234,282	237,334	246,168	246,754	245,876	245,209	243,696
Consolidation of debt	413,193	459,791	496,296	505,038	531,296	563,738	594,565	605,784	632,422	638,244	648,024
Miscellaneous	412,162	489,122	559,119	562,536	556,726	552,197	541,585	529,609	529,975	523,307	515,002
Credit Cards	188,058	226,401	256,995	258,291	264,375	281,198	294,377	283,615	278,614	277,479	278,749
TOTAL	1,661,553	1,903,081	2,108,341	2,125,966	2,163,927	2,217,508	2,244,409	2,211,762	2,217,515	2,207,170	2,193,365
NET CREDIT EXTENDED											
Private cars	-2,800	18,542	19,731	-734	3,749	-6,144	-6,248	-11,018	-4,408	-8,185	-8,475
Taxis & rented cars	-32	251	-660	17	108	-13	-111	-92	-37	5	47
Commercial vehicles	826	791	127	10	-90	-526	-239	-455	-351	-140	-210
Furnishings & domestic appliances	3,337	2,349	2,736	41	383	-775	-870	-889	-652	127	-625
Travel	621	4,509	5,026	-2,450	2,516	3,376	-4,810	-5,636	-3,478	-786	-3,333
Education	811	5,121	1,867	-787	74	5,294	-2,051	-2,056	-1,916	4,237	-2,293
Medical	635	2,874	3,200	494	1,020	-33	-566	-276	-732	-533	-197
Home Improvements	20,135	18,517	10,219	1,903	2,299	4,614	-432	-1,292	-3,798	-2,422	49
Land Purchases	24,549	26,673	25,918	5,676	1,370	3,052	8,834	586	-878	-667	-1,513
Consolidation of debt	66,398	46,598	36,505	8,742	26,258	32,442	30,827	11,219	26,638	5,822	9,780
Miscellaneous	38,154	76,960	69,997	3,417	-5,810	-4,529	-10,612	-11,976	366	-6,668	-8,305
Credit Cards	21,985	38,343	30,594	1,296	6,084	16,823	13,179	-10,762	-5,001	-1,135	1,270
TOTAL	174,619	241,528	205,260	17,625	37,961	53,581	26,901	-32,647	5,753	-10,345	-13,805

Source: The Central Bank of The Bahamas

* Includes both demand and add-on loans

TABLE 8
SELECTED AVERAGE INTEREST RATES

Period	2007	2008	2009	2007				2008				2009				(%)
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	
DOMESTIC BANKS																
Deposit rates																
Savings deposits	2.05	2.20	2.15	2.01	1.96	2.00	2.24	2.30	2.25	2.17	2.06	2.19	2.11	2.09	2.19	
Fixed deposits																
Up to 3 months	3.51	3.70	3.55	3.44	3.50	3.52	3.58	3.74	3.71	3.71	3.63	3.64	3.57	3.54	3.46	
Up to 6 months	3.89	4.08	3.94	3.88	3.86	3.85	3.98	4.18	4.09	4.00	4.04	4.23	3.88	3.93	3.72	
Up to 12 months	4.28	4.56	4.26	4.32	4.19	4.12	4.47	4.83	4.57	4.48	4.35	4.67	4.38	3.96	4.02	
Over 12 months	4.52	4.44	4.37	4.84	4.05	4.48	4.71	5.05	4.28	4.31	4.11	4.66	4.33	4.21	4.27	
Weighted average rate	3.69	3.92	3.79	3.66	3.63	3.68	3.80	4.02	3.91	3.90	3.86	4.00	3.79	3.70	3.67	
Lending rates																
Residential mortgages	8.16	8.36	8.25	7.93	8.13	8.28	8.29	8.36	8.58	8.25	8.25	8.29	8.23	8.26	8.21	
Commercial mortgages	8.75	8.72	8.60	8.56	8.26	8.93	9.23	8.62	9.24	8.37	8.64	8.58	8.46	8.72	8.65	
Consumer loans	12.70	13.03	12.69	12.15	12.82	12.76	13.05	13.00	13.49	13.07	12.55	12.49	12.72	13.09	12.46	
Overdrafts	11.44	11.45	11.67	11.47	12.39	11.04	10.87	11.34	11.79	11.57	11.10	12.84	11.60	11.43	10.80	
Weighted average rate	10.63	10.95	10.58	10.35	10.82	10.63	10.72	11.00	11.42	11.00	10.39	10.49	10.67	10.69	10.45	
Other rates																
Prime rate	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	
Treasury bill (90 days)	2.66	2.73	2.62	2.55	2.64	2.63	2.83	2.69	2.83	2.69	2.73	2.64	2.77	2.49	2.56	
Treasury bill re-discount rate	3.16	3.23	3.12	3.05	3.14	3.13	3.33	3.19	3.33	3.19	3.23	3.14	3.27	2.99	3.06	
Bank rate (discount rate)	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	

Source: The Central Bank of The Bahamas

TABLE 9
SELECTED CREDIT QUALITY INDICATORS OF DOMESTIC BANKS

Period	2005	2006	2007	2008				2009			
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
Loan Portfolio											
Current Loans (as a % of total loans)	92.0	92.5	90.6	90.9	89.9	89.5	87.5	86.3	86.2	83.9	82.3
Arrears (% by loan type)											
Consumer	2.8	2.8	3.0	3.1	3.2	3.3	3.9	4.2	4.5	4.8	5.2
Mortgage	3.6	3.1	4.6	4.4	4.5	4.7	5.9	6.2	6.0	7.5	8.6
Commercial	1.6	1.6	1.7	1.5	2.3	2.4	2.6	3.2	3.2	3.7	3.8
Public	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Arrears	8.0	7.5	9.4	9.1	10.1	10.5	12.5	13.7	13.8	16.1	17.7
Total B\$ Loan Portfolio	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Loan Portfolio											
Current Loans (as a % of total loans)	92.0	92.5	90.6	90.9	89.9	89.5	87.5	86.3	86.2	83.9	82.3
Arrears (% by days outstanding)											
30 - 60 days	2.7	2.5	3.6	3.2	3.4	3.3	4.5	4.3	4.1	4.9	5.6
61 - 90 days	1.0	0.9	1.3	1.2	1.7	1.6	1.9	2.3	1.9	2.5	2.7
90 - 179 days	0.9	0.9	1.2	1.4	1.2	1.5	1.6	2.1	1.9	2.8	3.1
over 180 days	3.4	3.2	3.3	3.3	3.8	4.1	4.5	5.0	5.9	5.9	6.3
Total Arrears	8.0	7.5	9.4	9.1	10.1	10.5	12.5	13.7	13.8	16.1	17.7
Total B\$ Loan Portfolio	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Non Accrual Loans (% by loan type)											
Consumer	33.9	35.0	29.4	32.8	31.4	31.6	30.2	30.0	31.0	27.1	29.8
Mortgage	42.9	40.9	45.6	46.4	45.3	45.2	44.4	43.4	43.0	45.4	41.4
Other Private	23.1	24.0	23.2	19.0	21.5	22.2	23.9	25.2	24.7	26.4	27.8
Public	0.1	0.1	1.8	1.8	1.8	1.0	1.5	1.4	1.3	1.1	1.0
Total Non Accrual Loans	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Provisions to Loan Portfolio											
Consumer	3.0	3.4	2.8	3.0	3.1	2.2	3.3	3.6	3.8	4.2	4.2
Mortgage	1.3	1.3	1.2	1.2	1.3	1.2	1.4	1.6	1.6	1.7	1.8
Other Private	1.6	2.5	3.2	3.3	3.7	4.9	5.4	5.6	7.3	6.7	6.9
Public	0.3	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Total Provisions to Total Loans	2.0	2.3	2.1	2.3	2.4	2.6	2.7	3.0	3.3	3.4	3.4
Total Provisions to Non-performing Loans	44.9	54.7	47.9	47.9	47.9	46.7	46.0	42.4	42.9	39.5	37.1
Total Non-performing Loans to Total Loans	4.5	4.2	4.5	4.7	4.9	5.6	6.1	7.1	7.8	8.8	9.4

Source: The Central Bank of The Bahamas

Figures may not sum to total due to rounding.

TABLE 10
SUMMARY OF BANK LIQUIDITY

(B\$ Millions)											
End of Period	2005	2006	2007	2008				2009			
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.
I. Statutory Reserves											
Required reserves	226.3	244.7	265.0	269.3	277.4	281.9	283.3	285.2	288.1	293.7	290.3
Average Till Cash	86.5	96.9	92.8	74.9	77.2	76.1	95.4	74.0	81.4	83.7	94.8
Average balance with central bank	332.2	265.7	363.1	419.7	453.0	428.7	352.7	413.2	567.1	468.6	425.1
Free cash reserves (period ended)	191.5	117.2	190.1	224.5	252.0	222.1	164.0	201.2	360.4	258.6	229.5
II. Liquid Assets (period)											
A. Minimum required Liquid assets	752.2	802.5	860.0	883.7	894.0	909.3	911.2	930.3	925.9	927.0	929.6
B. Net Eligible Liquid Assets	895.6	865.6	1011.9	1075.3	1213.6	1240.7	1168.5	1334.5	1446.8	1390.6	1423.7
i) Balance with Central Bank	284.7	251.1	341.2	420.8	444.0	420.1	322.2	422.6	549.6	428.6	375.6
ii) Notes and Coins	106.3	116.7	110.6	80.2	82.0	79.6	118.1	78.7	86.1	87.8	112.3
iii) Treasury Bills	66.1	10.0	50.8	71.7	197.4	189.8	180.2	208.8	172.7	161.7	214.0
iv) Government registered stocks	400.4	437.1	468.5	466.3	460.7	520.5	513.3	590.6	599.1	680.1	671.4
v) Specified assets	26.0	39.9	36.6	36.5	34.3	26.5	36.8	38.7	38.5	38.3	45.7
vi) Net Inter-bank dem/call deposits	12.9	11.7	5.0	0.6	(4.0)	5.0	(1.3)	(4.1)	0.8	(5.9)	4.7
vii) Less: borrowings from central bank	(0.8)	(0.8)	-0.8	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	--	--	--
C. Surplus/(Deficit)	143.4	63.1	151.9	191.6	319.6	331.4	257.3	404.2	520.8	463.6	494.1

Source: The Central Bank of The Bahamas

TABLE 11
GOVERNMENT OPERATIONS AND FINANCING

(B\$ Millions)

Period	2006/07p	2007/08p	2008/09p	Budget		2008/09p				2009/10p	
				2008/09	2009/10	QTR. I	QTR. II	QTR. III	QTR. IV	QTR. I	QTR. II
Total Revenue & Grants	1338.2	1,424.1	1,324.2	1569.3	1400.0	314.3	306.9	310.9	392.1	267.7	361.1
Current expenditure	1285.7	1,344.0	1,422.7	1484.2	1430.5	331.5	334.5	358.5	398.2	319.8	345.4
Capital expenditure	166.2	176.7	139.8	188.7	208.9	28.5	30.5	28.9	51.9	37.5	42.9
Net lending	69.1	54.1	123.1	62.2	49.3	14.8	16.7	11.7	79.9	11.3	48.3
Overall balance	(182.8)	(150.8)	(361.3)	(165.7)	(288.6)	(60.4)	(74.8)	(88.2)	(137.9)	(100.8)	(75.5)
FINANCING (I+II-III+IV+V)	182.8	150.8	361.3	165.7	288.6	60.4	74.8	88.2	137.9	100.8	75.5
I. Foreign currency borrowing	18.1	127.8	267.7	27.9	63.8	3.6	12.6	60.7	190.9	5.8	304.4
External	14.7	106.7	56.6	27.9	63.8	3.6	11.5	10.7	30.9	5.8	304.4
Domestic	3.4	22.3	211.1	--	--	--	1.1	50.0	160.0	--	--
II. Bahamian dollar borrowing	230.3	194.5	246.1	207.2	309.7	100.0	--	121.1	25.0	165.0	--
i) Treasury bills	10.0	28.0	13.8	--	--	--	--	13.8	--	--	--
Central Bank	10.0	28.0	13.8	--	--	--	--	13.8	--	--	--
Commercial banks & OLFIs	--	--	0.0	--	--	--	--	--	--	--	--
Public corporations	--	--	0.0	--	--	--	--	--	--	--	--
Other	--	--	0.0	--	--	--	--	--	--	--	--
ii) Long-term securities	195.3	166.5	207.2	--	--	100.0	--	107.2	0.0	150.0	--
Central Bank	70.3	41.5	0.0	--	--	--	--	--	--	15.1	--
Commercial banks & OLFIs	34.9	25.2	114.7	--	--	47.0	--	67.7	--	84.0	--
Public corporations	49.1	55.8	21.7	--	--	13.7	--	8.0	--	30.0	--
Other	41.0	44.0	70.9	--	--	39.3	--	31.6	--	20.9	--
iii) Loans and Advances	25.0	--	25.0	--	--	--	--	--	25.0	15.0	--
Central Bank	25.0	--	25.0	--	--	--	--	--	25.0	--	--
Commercial banks	--	--	0.0	--	--	--	--	--	--	15.0	--
III Debt repayment	123.0	83.7	108.2	60.1	80.8	15.9	12.9	1.0	78.5	16.0	223.6
Domestic	93.3	78.4	101.8	55.0	75.0	15.0	10.9	0.0	75.9	15.0	195.9
Bahamian dollars	91.5	56.6	50.0	55.0	75.0	15.0	10.0	--	25.0	15.0	35.0
Internal foreign currency	1.8	21.8	51.8	--	--	--	0.9	--	50.9	--	160.9
External	29.7	5.3	6.4	5.1	5.8	0.9	1.9	1.0	2.6	1.0	27.7
IV. Cash balance change	(7.6)	(32.5)	(30.2)	--	--	(26.5)	41.1	(27.7)	(17.0)	11.5	(1.1)
V. Other Financing	65.0	(55.4)	(14.1)	(9.3)	(4.1)	(0.7)	34.0	(64.9)	17.5	(65.6)	(4.1)

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

TABLE 12
NATIONAL DEBT

(B\$' 000s)

End of Period	2007p	2008p	2009p	2008p	2009p			
				Dec.	Mar.	Jun.	Sept.	Dec.
TOTAL EXTERNAL DEBT	272,973	383,593	703,066	383,593	393,334	421,600	426,419	703,066
By Instrument								
Government Securities	200,000	300,000	600,000	300,000	300,000	300,000	300,000	600,000
Loans	72,973	83,593	103,066	83,593	93,334	121,600	126,419	103,066
By Holder								
Commercial Banks	--	--	--	--	--	25,000	25,000	--
Offshore Financial Institutions	--	--	--	--	--	--	--	--
Multilateral Institutions	68,789	79,409	98,882	79,409	89,150	92,416	97,235	98,882
Bilateral Institutions	4,184	4,184	4,184	4,184	4,184	4,184	4,184	4,184
Private Capital Markets	200,000	300,000	600,000	300,000	300,000	300,000	300,000	600,000
TOTAL INTERNAL DEBT	2,363,056	2,383,008	2,617,268	2,383,008	2,554,074	2,663,171	2,813,171	2,617,268
By Instrument								
Foreign Currency	23,160	3,612	1,806	3,612	53,612	162,709	162,709	1,806
Government Securities	--	--	--	--	--	--	--	--
Loans	23,160	3,612	1,806	3,612	53,612	162,709	162,709	1,806
Bahamian Dollars	2,339,896	2,379,396	2,615,462	2,379,396	2,500,462	2,500,462	2,650,462	2,615,462
Advances	71,988	71,988	96,988	71,988	71,988	96,988	96,988	96,988
Treasury Bills	230,469	230,469	244,309	230,469	244,309	244,309	244,309	244,309
Government Securities	2,031,693	2,071,693	2,268,919	2,071,693	2,178,919	2,153,919	2,288,919	2,268,919
Loans	5,746	5,246	5,246	5,246	5,246	5,246	20,246	5,246
By Holder								
Foreign Currency	23,160	3,612	1,806	3,612	53,612	162,709	162,709	1,806
Commercial Banks	23,160	3,612	1,806	3,612	53,612	142,709	142,709	1,806
Other Local Financial Institutions	--	--	--	--	--	20,000	20,000	--
Bahamian Dollars	2,339,896	2,379,396	2,615,462	2,379,396	2,500,462	2,500,462	2,650,462	2,615,462
The Central Bank	348,842	202,993	201,509	202,993	221,554	213,541	269,598	201,509
Commercial Banks	520,904	691,739	886,358	691,739	782,787	768,723	854,207	886,358
Other Local Financial Institutions	3,032	2,932	4,167	2,932	4,133	4,633	4,318	4,167
Public Corporations	729,259	720,783	722,999	720,783	706,320	745,928	733,144	722,999
Other	737,859	760,949	800,429	760,949	785,668	767,637	789,195	800,429
TOTAL FOREIGN CURRENCY DEBT	296,132	387,205	704,872	387,205	446,946	584,309	589,128	704,872
TOTAL DIRECT CHARGE	2,636,029	2,766,601	3,320,334	2,766,601	2,947,408	3,084,771	3,239,590	3,320,334
TOTAL CONTINGENT LIABILITIES	434,507	446,492	580,997	446,492	444,573	440,013	438,485	580,997
TOTAL NATIONAL DEBT	3,070,536	3,213,093	3,901,331	3,213,093	3,391,981	3,524,784	3,678,075	3,901,331

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

TABLE 13
PUBLIC SECTOR FOREIGN CURRENCY DEBT OPERATIONS¹

(B\$' 000s)

	2007p	2008p	2009p	2008p Dec.	2009p			
					Mar.*	Jun.*	Sep.	Dec.**
Outstanding debt at beginning of period	636,225	654,368	859,878	843,193	859,878	868,179	995,657	999,676
Government	294,152	296,133	387,205	377,460	387,205	446,946	584,309	589,128
Public Corporations	342,073	358,235	472,673	465,733	472,673	421,233	411,348	410,548
Plus new drawings	194,483	273,746	848,832	27,874	107,140	190,853	13,481	537,357
Government	33,731	118,467	561,700	12,595	60,695	190,853	5,794	304,357
Public corporations	160,752	155,279	287,132	15,279	46,445	--	7,687	233,000
Less Amortization	176,340	68,236	576,330	11,189	98,839	63,375	9,462	404,653
Government	31,750	27,395	244,033	2,850	954	53,490	975	188,613
Public corporations	144,590	40,841	332,297	8,339	97,885	9,885	8,487	216,040
Outstanding debt at end of period	654,368	859,878	1,132,380	859,878	868,179	995,657	999,676	1,132,380
Government	296,133	387,205	704,872	387,205	446,946	584,309	589,128	704,872
Public corporations	358,235	472,673	427,508	472,673	421,233	411,348	410,548	427,508
Interest Charges	40,189	40,767	41,356	17,057	4,077	16,846	5,562	14,872
Government	18,000	20,959	27,581	11,444	504	12,069	1,791	13,218
Public corporations	22,189	19,808	13,775	5,613	3,573	4,777	3,771	1,654
Debt Service	216,529	109,003	617,686	28,246	102,916	80,221	15,024	419,525
Government	49,750	48,354	271,614	14,294	1,458	65,559	2,766	201,831
Public corporations	166,779	60,649	346,072	13,952	101,458	14,662	12,258	217,694
Debt Service ratio (%)	6.4	3.1	21.0	3.4	13.2	9.9	2.1	65.1
Government debt Service/ Government revenue (%)	3.7	3.4	20.4	4.7	0.5	16.7	1.0	55.9
MEMORANDUM								
Holder distribution (B\$ Mil):								
Commercial banks	324.2	411.3	351.1	411.3	397.9	505.5	502.2	351.1
Offshore Financial Institutions	--	--	--	--	--	--	--	--
Multilateral Institutions	107.5	112.3	126.3	112.3	121.0	122.8	126.8	126.3
Bilateral Institutions	7.2	19.0	21.4	19.0	11.0	11.0	15.4	21.4
Other	15.5	17.4	33.6	17.4	38.3	56.4	55.3	33.6
Private Capital Markets	200.0	300.0	600.0	300.0	300.0	300.0	300.0	600.0

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

¹ See notes to table

Note: *Debt servicing during the 1st & 2nd quarters of 2009 includes the refinancing of \$86 million and \$50 million in Public Corporations' and Government's debt. Net of these transactions, the respective adjusted debt service ratios were 2.2% & 3.7% and the Government's 2nd quarter service/revenue ratio was 4.0%.

**Debt servicing during the 4th quarter of 2009 includes the refinancing of \$211 million and \$185 million in Public Corporations' and Government's debt. Net of these transactions, the Government's service/revenue ratio was 4.7% and the debt service ratio was 3.6%.

TABLE 14
BALANCE OF PAYMENTS SUMMARY*

	(B\$ Millions)										
	2007p	2008p	2009p	2008				2009			
				Qtr.Ip	Qtr.IIp	Qtr.IIIp	Qtr.IVp	Qtr.Ip	Qtr.IIp	Qtr.IIIp	Qtr.IVp
A. Current Account Balance (I+II+III+IV)	(1,314.2)	(1,164.8)	(927.0)	(265.6)	(236.6)	(419.8)	(242.8)	(123.2)	(191.4)	(311.6)	(300.8)
I. Merchandise (Net)	(2,154.4)	(2,243.2)	(1,874.3)	(589.1)	(559.6)	(596.7)	(497.8)	(429.3)	(508.0)	(447.2)	(489.8)
Exports	801.8	955.8	665.8	238.8	231.6	247.5	238.0	164.7	178.1	169.9	153.1
Imports	2,956.2	3,199.0	2,540.1	827.9	791.1	844.1	735.8	594.0	686.1	617.1	642.9
II. Services (Net)	1,019.7	1,140.4	1,074.4	343.9	335.3	187.5	273.7	328.8	318.1	191.0	236.5
Transportation	(315.7)	(308.0)	(267.9)	(82.3)	(79.6)	(69.6)	(76.4)	(79.0)	(59.8)	(57.5)	(71.6)
Travel	1,809.7	1,848.6	1,697.4	520.2	528.4	394.8	405.3	485.4	482.3	364.2	365.5
Insurance Services	(107.0)	(106.6)	(92.6)	(28.7)	(26.0)	(33.0)	(18.9)	(11.0)	(34.8)	(29.0)	(17.8)
Offshore Companies Local Expenses	210.2	233.8	179.6	63.5	44.2	54.8	71.2	46.4	46.1	48.0	39.1
Other Government	(44.8)	(56.3)	(87.0)	(6.4)	(18.6)	(18.0)	(13.3)	(5.7)	(27.5)	(38.6)	(15.2)
Other Services	(532.7)	(471.1)	(355.2)	(122.4)	(113.1)	(141.5)	(94.1)	(107.3)	(88.1)	(96.1)	(63.6)
III. Income (Net)	(231.4)	(118.0)	(209.5)	(35.1)	(29.8)	(24.0)	(29.2)	(42.6)	(27.9)	(77.1)	(61.8)
1. Compensation of Employees	(84.7)	(58.7)	(57.4)	(15.4)	(16.9)	(13.6)	(12.7)	(14.3)	(14.0)	(10.6)	(18.4)
2. Investment Income	(146.7)	(59.3)	(152.1)	(19.7)	(12.8)	(10.4)	(16.5)	(28.3)	(13.9)	(66.5)	(43.4)
IV. Current Transfers (Net)	51.8	56.0	82.3	14.7	17.5	13.3	10.6	19.9	26.4	21.7	14.3
1. General Government	60.9	62.9	88.3	17.3	18.0	15.3	12.3	21.5	28.2	23.1	15.5
2. Private Sector	(9.1)	(6.9)	(6.0)	(2.6)	(0.5)	(2.1)	(1.7)	(1.6)	(1.7)	(1.4)	(1.2)
B. Capital and Financial Account (I+II) (excl. Reserves)	999.5	1,116.7	1,072.9	229.8	360.9	235.0	306.9	181.3	376.6	293.4	221.5
I. Capital Account (Net Transfers)	(75.7)	(76.3)	(31.7)	(11.6)	(10.7)	(18.4)	(35.5)	(10.4)	(7.6)	(8.4)	(5.3)
II. Financial Account (Net)	1,075.2	1,193.0	1,104.6	241.4	371.6	253.4	342.4	191.8	384.3	301.8	226.8
1. Direct Investment	746.2	838.9	653.6	159.0	219.4	160.7	299.7	187.3	181.3	212.5	72.6
2. Portfolio Investment	(8.4)	(25.0)	(16.8)	(2.0)	(3.6)	(3.6)	--	(3.1)	(3.9)	(3.2)	(6.6)
3. Other Investments	337.4	379.1	467.8	84.4	155.8	96.3	42.7	7.6	206.9	92.5	160.8
Central Gov't Long Term Capital	(15.4)	110.6	316.6	(0.5)	98.9	2.7	9.5	9.7	28.3	1.9	276.6
Other Public Sector Capital	21.9	(4.3)	184.0	(1.1)	(3.0)	(2.3)	2.1	(4.9)	(3.4)	185.8	6.5
Banks	(86.5)	36.2	(21.9)	(72.5)	17.9	66.6	24.2	(38.0)	162.7	(31.7)	(114.9)
Other	417.4	236.5	(10.9)	158.5	41.9	29.2	6.9	40.8	19.3	(63.5)	(7.5)
C. Net Errors and Omissions	268.9	156.8	107.2	121.4	10.9	160.2	(151.2)	2.7	(38.6)	2.7	140.4
D. Overall Balance (A+B+C)	(45.9)	108.7	253.1	85.6	135.2	(24.6)	(87.1)	60.9	146.6	(15.5)	61.0
E. Financing (Net)	45.9	(108.7)	(253.1)	(85.6)	(135.2)	24.6	87.1	(60.9)	(146.6)	15.5	(61.0)
Change in SDR holdings	0.1	--	(179.0)	--	--	--	--	--	--	(180.9)	1.9
Change in Reserve Position with the IMF	(0.5)	0.3	(0.2)	(0.4)	0.1	0.5	0.1	0.3	(0.4)	(0.2)	0.1
Change in Ext. Foreign Assets () = Increase	46.3	(109.0)	(73.9)	(85.2)	(135.3)	24.1	87.0	(61.2)	(146.3)	196.6	(63.0)

Source: The Central Bank of the Bahamas

* Figures may not sum to total due to rounding

TABLE 15
EXTERNAL TRADE

(B\$ '000)

	2007	2008	2007	2008				2009		
			Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III
I. OIL TRADE										
i) Exports	167,600	141,524	60,466	51,401	23,465	33,039	33,619	25,729	20,200	33,722
ii) Imports	615,782	847,041	165,721	211,264	252,625	189,661	193,491	97,501	124,873	169,336
II. OTHER MERCHANDISE										
Domestic Exports										
Crawfish	81,370	n.a.	35,194	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Fish & other Crustacea	1,864	n.a.	237	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Fruits & Veggies.	1,198	n.a.	465	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Aragonite	35,577	n.a.	8,154	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Rum	20,282	n.a.	3,638	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other Cordials & Liqueurs	--	n.a.	--	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crude Salt	6,599	n.a.	1,401	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Hormones	--	n.a.	--	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Chemicals	84,562	n.a.	19,404	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other Pharmaceuticals	347	n.a.	74	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Fragrances	--	n.a.	--	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other	147,290	n.a.	33,569	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
i) Total Domestic Exports	379,089	409,635	102,136	98,510	95,056	111,713	104,356	72,025	76,962	72,435
ii) Re-Exports	123,398	150,373	36,323	28,310	55,578	35,608	30,877	59,876	31,534	39,027
iii) Total Exports (i+ii)	502,487	560,008	138,459	126,820	150,634	147,321	135,233	131,901	108,496	111,462
iv) Imports	2,488,023	2,354,064	557,690	596,808	570,663	580,752	605,841	613,080	532,342	520,925
v) Retained Imports (iv-ii)	2,364,625	2,203,691	521,367	568,498	515,085	545,144	574,964	553,204	500,808	481,898
vi) Trade Balance (i-v)	-1,985,536	-1,794,056	(419,231)	(469,988)	(420,029)	(433,431)	(470,608)	(481,179)	(423,845)	(409,463)

Source: Department of Statistics Quarterly Statistical Summaries

TABLE 16
SELECTED TOURISM STATISTICS

Period	2006p	2007p	2008p	2009p	2008p				2009p			
					Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
Visitor Arrivals	4,730,607	4,600,572	4,390,583	4,645,115	1,303,601	1,069,611	896,057	1,121,314	1,266,110	1,178,396	1,008,081	1,192,528
Air	1,491,633	1,485,633	1,392,284	1,252,393	403,333	405,135	309,873	273,943	326,569	364,613	283,998	277,213
Sea	3,238,974	3,114,939	2,998,299	3,392,722	900,268	664,476	586,184	847,371	939,541	813,783	724,083	915,315
Visitor Type												
Stopover	1,600,112	1,521,691	1,462,403	n.a	414,185	440,465	331,269	276,484	n.a	n.a	n.a	n.a
Cruise	3,076,397	2,970,659	2,937,854	3,255,780	868,745	696,715	549,047	823,347	904,278	773,041	685,430	893,031
Day/Transit	68,085	n.a.	n.a.	n.a.	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Tourist Expenditure(B\$ 000's)	2,056,428	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Stopover	1,880,300	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Cruise	172,043	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Day	4,085	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Number of Hotel Nights	3,266,878	3,249,959	4,398,370	n.a	1,125,481	1,118,239	1,104,533	1,050,117	n.a	n.a	n.a	n.a
Average Length of Stay	6.4	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Average Hotel Occupancy Rates (%)												
New Providence	76.9	73.7	61.1	56.6	69.4	66.8	59.9	48.3	58.7	61.5	56.9	49.3
Grand Bahama	52.0	46.6	41.1	39.9	46.8	46.7	37.5	33.4	40.4	40.6	40.6	37.9
Other Family Islands	36.3	38.5	35.1	27.5	39.6	41.8	32.7	26.4	28.4	30.7	26.7	24.2
Average Nightly Room Rates (\$)												
New Providence	172.0	202.1	231.2	214.9	266.1	239.8	208.6	210.1	247.1	220.6	187.3	204.6
Grand Bahama	122.3	120.0	103.3	90.7	127.4	105.9	84.1	96.0	109.3	92.8	78.5	82.1
Other Family Islands	205.1	221.4	246.2	193.6	329.3	243.7	203.0	209.1	276.4	201.3	143.7	153.1

Source: The Ministry of Tourism



