



Monthly Economic and Financial Developments December 2011

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:

2012: February 27, April 2, April 30, June 4, July 2, July 30, September 3, October 1, October 29, December 3, December 24.

Monthly Economic and Financial Developments

December 2011

1. Domestic Economic Developments

Indications are that the domestic economy maintained a positive, although mild, growth momentum, during the month of December. More favourable foreign investment activity, alongside ongoing public sector infrastructure projects, buoyed construction output and the tourism sector benefitted from stronger seasonal hotel earnings. The central Government's overall deficit contracted over the first five months of FY2011/12, occasioned by an increase in revenues and a marginal decline in expenditures. In the monetary sector, liquidity and external reserves rose modestly, supported by net foreign currency inflows arising partly from foreign investment and Government's financing activities.

Preliminary evidence suggests that tourism sector output continued to strengthen in December. The 28.5% surge in sea passengers, alongside a more moderate 7.7% advance in air arrivals, led to higher growth of 23.8% in overall tourists, relative to 1.7% in 2010. The Family Island market showed the largest increase in visitors (34.1%), buoyed by gains in the sea (38.3%) and air (4.3%) segments. Visitors to New Providence firmed by 21.4%, with a greater rise of 27.4% in the sea component; compared with the 7.5% hike in air visitors. Grand Bahama recorded a more modest 9.8% improvement in arrivals, reflecting gains in air passengers and sea tourists, of 15.9%, and 8.6%, respectively.

For 2011, growth in total visitor arrivals slackened to 6.3% from a 13.1% hike in 2010, with the 9.1% expansion in the larger sea segment outweighing the 2.1% reduction in air visitors. In terms of the major markets, tourists to New Providence—which accounted for the bulk (53.8%) of total arrivals—rose by 2.8%, due entirely to a 5.0% gain in sea traffic, as air passengers fell by 1.6%. Similar conditions prevailed in Grand Bahama (14.6% of the market), as the 7.7% expansion in sea arrivals offset a 12.2% falloff in the air component, for a 4.8% upturn in the total. Visitors to the Family Islands—at 31.6% of overall arrivals—strengthened by 13.7%, extending the 11.7% increase of the prior year, as sea passengers advanced by 15.5% and air arrivals rose by 1.2%.

Consistent with the gains in stopovers, hotel performance data from a sample of properties in Nassau and Paradise Island showed room revenues for December advancing by 6.5% over the comparable period a year earlier. Underpinning this outturn was a 3.3 percentage point gain in the occupancy rate to 58.3%, accompanied by a \$3.55 increase in the average daily room rate to \$270.65. Similar gains were reported for the entire year, with the 3.1% hike in room revenues linked to a 1.3 percentage point advance in average occupancy rates to 63.9%, and a 1.9% firming in the average daily room rate to \$236.26. However, the growth was not broad-based, as only half of the properties recorded improvements in earnings, and total room revenues were still 8.9% lower than the comparative 2008 level.

Data on the central Government's fiscal operations for the first five months of FY2011/12 showed a \$38.8 million (20.1%) reduction in the deficit to \$154.0 million, relative to the comparable period a year earlier. Total revenue grew by \$18.6 million (4.0%) to \$485.0 million, the bulk of which was attributed to tax revenue. In particular, higher excise tax receipts supported an \$8.7 million (3.6%) upturn in taxes on international trade; business & professional fees firmed by almost two-thirds to \$17.6 million, owing to an increase in "general" business fees; and tax receipts from property sales elevated other "miscellaneous" taxes, by \$2.3 million (1.7%). Non-tax revenue rose marginally by \$0.2 million (0.4%) to \$58.8 million.

Total expenditure contracted by \$20.2 million (3.1%) to \$693.0 million, as a public corporation's partial repayment of outstanding debt lowered the Government's net lending to public bodies, by \$24.8 million in contrast to a year earlier increase of \$19.8 million. Capital spending decreased by \$7.2 million (10.6%) to \$60.5 million. Outlays for asset acquisitions, which fell by \$8.6 million (56.5%), reverted to trend levels, following a one-off land-related increase a year earlier. In contrast, current expenditure grew by \$31.5 million (5.5%) to \$603.3 million, buoyed by a \$29.3 million (28.4%) advance in purchases of goods & services—driven by higher outlays for insurance-related payments—and more modest increases in wages & salaries, by \$3.4 million (1.5%). Transfer payments were lower by \$1.2 million (0.5%).

2. International Developments

On the international front, economic conditions were mixed during the review month. In the United States, the recovery remained relatively subdued, while the euro area continued to be adversely affected by the ongoing fallout from the region's sovereign debt crisis, and growth in China showed signs of a modest slowdown from previous robust levels. Against this backdrop, the IMF, in January 2012, revised downwards its 2012 forecasts for global growth, by 0.7 of a percentage point to 3.3%. The expectation is that the euro area would fall into recession, with a 0.5% decline in overall output; while growth in China is expected to slow by 0.8 of a percentage point to 8.2%. In a positive development, the forecast for the expansion in United States' real GDP remained unchanged at 1.8%.

Indications are that output growth in the United States strengthened to an annual rate of 2.8% in the fourth quarter of 2011, from 1.8% in the prior three-month period, buoyed by an uptick in personal spending and a build-up in inventories. Manufacturing output firmed by 0.4% in December, compared to a 0.3% falloff in the prior month. Similarly, retail sales edged up by 0.1%, after a 0.4% expansion in November. Despite the general improvements, the housing sector remained weak, with housing starts and building permits falling by 4.1% and 0.1%, respectively, over the prior month. The employment situation improved in December, as nonfarm payrolls increased by 200,000, resulting in a 0.1 percentage point reduction in the unemployment rate to 8.5%. Prices were stable for the second consecutive month during December, but rose by 3.0% on an annualized basis. In a bid to further encouraging economic growth, the Federal Reserve maintained its accommodative monetary policy stance, with key interest rate kept within the 0-0.25% range.

In Europe, concerns over the potential spread of the Greece debt crisis to other economies in the euro zone, along with the continuation of fiscal austerity measures in several nations, led to a broad-based weakening in European economic activity. In the United Kingdom, decreased output in the mining and quarrying sector contributed to a 0.6% fall in industrial production in November, following a decline of 1.0% in the prior month. On the trade side, the external deficit widened to £2.6 billion from £1.9 billion in October, as the £0.7 billion deterioration in the goods deficit to £8.6 billion outweighed the marginal £0.1 billion gain in the services account surplus to £6.1 billion. However, in December, retail sales rose by 0.6% in contrast to a 0.4% reduction a month earlier. As a consequence, labour market conditions remained challenging, with 118,000 jobs being lost during the three months to November, resulting in a 10 basis point increase in the unemployment rate to 8.4%. With regard to prices, the inflation rate slowed on a monthly basis, by 0.6 of a percentage point, to 4.2% in November, due mainly to lower costs for petrol, gas and clothing. In monetary policy developments, the Bank of England decided to maintain the size of its asset purchase programme at £275 billion, and kept the official bank rate at 0.5%.

Industrial production in the euro area fell for the third consecutive month in November, by 0.1%, due to declines in both durable and non-durable consumer goods' production. Similarly, retail sales contracted by 0.8%, in contrast to a marginal increase of 0.1% in the previous month. Buoyed by a €7.7 billion strengthening in exports relative to a €2.1 billion gain in imports, the trade surplus grew by €5.9 billion to €6.9 billion over the month. With no improvement in the economy, the unemployment rate was unchanged in November at 10.3%, while the growth in average consumer prices softened to an annualized 2.7% in December from 3.0% a month earlier. Although inflation remained above the 2.0% target, concerns over the state of the region's economy led the European Central Bank to lower the key interest rate by 25 basis points to 1.0%.

Over the review period, the rate of economic expansion within the major Asian countries slowed, but remained considerably more robust than other regions. In China, preliminary data showed real GDP growth easing to 8.9% in the December quarter, from 9.1% in the prior three-month period. The trade surplus widened, on a monthly basis, by \$2.0 billion to \$16.5 billion in December, as exports grew marginally by 0.1% to US\$174.7 billion, while imports fell by 1.1% to US\$158.2 billion. Retail sales also increased by 1.4% over the month, following a 1.3% gain in November. Led by higher costs for food, consumer prices edged up by 0.3% in December, in contrast to a 0.2% falloff a month earlier.

Indications are that economic conditions weakened in Japan over the review period. In particular, industrial output declined by 2.6% in the penultimate month, reflecting decreased output in machinery production and steel, after a 2.2% expansion in October. In trade developments, the deficit widened by ¥687.6 billion, occasioned by a 5.6% narrowing in exports to ¥5,196.6 billion and a 1.6% gain in imports to ¥5,884.2 billion. In this environment, the unemployment rate steadied at 4.5% on a monthly basis. The consumer price index declined by 0.6% from October's level, due mainly to lower food costs. Given the underlying weakness in the economy, the Bank of Japan decided to keep the uncollateralized overnight call rate at the range of 0.0 to 0.1%.

Crude oil prices contracted by 2.5% to \$107.62 per barrel in December, as OPEC's oil production advanced by an estimated 170,000 barrels per day (bpd), to average 30.8 million bpd. Similarly, the price for gold narrowed by 10.5% to \$1,563.70 per troy ounce over the month; however, silver prices advanced by 15.1% to \$27.84 per troy ounce.

During December, most of the major stock markets rallied, buoyed by signs of continued growth in the United States' economy, where the Dow Jones Industrial Average (DJIA) and the S&P 500 index rose by 1.4% and 0.5%, respectively. European bourses also registered gains, with the United Kingdom's FTSE 100 and France's CAC 40 growing by 1.2% and 0.2%, while Germany's DAX fell by 3.1%. In Asia, Japan's Nikkei 225 index advanced by 0.3%; however, China's SE Composite declined by 5.7%.

Amid the heightened uncertainty in Europe, investors increased their holdings of relatively "safe" US Dollar denominated assets. In particular, the Dollar strengthened against the euro, by 3.8% to €0.7717. It also firmed vis-à-vis the Swiss Franc, by 2.7% to CHF0.9376, the British pound by 1.0% to £0.6431, and the Canadian dollar, by 0.4% to CND \$1.0212. In contrast, the Dollar depreciated against both the Chinese Yuan and the Japanese Yen, by 1.2% and 0.9%, to CNY6.3026 and ¥76.90, respectively.

3. Domestic Monetary Trends

December 2011 vs. 2010

Money and credit trends for the month of December featured a build-up in liquidity and external reserves, owing primarily to foreign currency loan receipts and other scheduled inflows, and in an environment of subdued credit activity. Accretions to excess reserves more than tripled to \$44.4 million from \$13.8 million a year ago, while gains in excess liquid assets accelerated by more than two-fold to \$25.9 million.

External reserves firmed by \$33.1 million to \$892.0 million during the review month, a turnaround from a \$10.0 million contraction a year earlier. Underpinning this development, the Bank's net foreign currency transaction with the public sector was reversed from a \$10.6 million net sale in 2010 to a \$20.8 million net purchase during the review period, reflecting the receipt of proceeds from a multilateral loan and external lease payments. Similarly, the Bank purchased a net of \$12.4 million from commercial banks, a turnaround from a \$0.8 million net sale in the prior period. Banks, in turn, purchased a net of \$15.0 million from their customers, partly related to net foreign investment inflows, in contrast to an \$8.4 million net sale a year ago.

Growth in Bahamian dollar credit narrowed to \$10.2 million from the previous period's \$41.8 million, as accretions to credit to the private sector slackened to \$6.6 million from \$29.8 million in 2010. This outturn, reflected a \$5.9 million reduction in commercial loans, in contrast to a \$28.3 million expansion in the prior year, and a \$4.4 million slowdown in consumer credit growth to \$5.8 million. In contrast, mortgages firmed by \$6.7 million, a reversal from an \$8.7 million reduction a year ago. Net claims on the Government fell marginally by \$0.4 million, relative to 2010's \$8.2 million accumulation; however, accretions to credit to the rest of the public sector edged up by \$0.3 million to \$4.0 million.

Banks' credit quality indicators remained elevated over the review month, although total private sector loan arrears contracted by \$34.4 million (2.8%) to \$1,208.1 million, lowering the corresponding ratio of arrears to total loans by 59 basis points to 19.3%. A disaggregation of delinquencies by age showed most of the retrenchment in the short-term 31-90 day segment, which declined by \$21.3 million (5.1%) to \$392.0 million, alongside a 35 basis point softening in the attendant ratio to 6.3%. Similarly, non-performing loans—those exceeding 90 days and on which banks have ceased accruing interest—fell by \$13.2 million (1.6%) to \$816.1 million, with the corresponding ratio narrowing by 23 basis points to 13.0%.

The reduction in aggregate arrears was broad-based, led by mortgage delinquencies which fell by \$13.2 million (2.0%) to \$650.0 million, and with decreases in both the short-term (\$10.7 million or 5.1%) and non-performing segments (\$2.6 million or 0.6%), respectively. Similarly, commercial arrears moved lower by \$10.9 million (3.7%) to \$286.7 million; delinquencies in the 31-90 day component declined by \$4.7 million (5.1%), while non-performing loans decreased by \$6.2 million (3.0%). Consumer loan delinquencies fell by \$10.3 million (3.6%) to \$271.4 million, with both the short-term segment and the non-accrual component down by \$5.9 million (5.3%) and \$4.4 million (2.6%), respectively.

Amid the slight decline in delinquencies, banks lowered their total provisions for loan losses, by \$3.5 million (1.1%) to \$299.6 million. As a consequence, the ratio of provisions to total arrears and non-performing loans grew by 41 and 17 basis points, to 24.8% and 36.7%, respectively. During the month, banks wrote off an estimated \$8.4 million in loans and recovered \$1.5 million in outstanding balances.

Foreign currency credit expanded by \$44.8 million in December, a reversal from a \$32.8 million reduction a year earlier. This outturn reflected a \$49.8 million increase in claims on public corporations, mainly related to a local utility company, a turnaround from the prior year's \$19.3 million contraction. In contrast, the decline in net credit to the Government and claims on the private sector narrowed, by \$0.9 million and \$4.1 million, from \$1.7 million and \$12.4 million, respectively, a year earlier.

Growth in Bahamian dollar deposits accelerated by \$17.3 million to \$26.3 million, buoyed by a \$16.8 million firming in demand deposits, compared to a \$4.8 million accumulation in 2010. Savings balances grew by \$12.5 million, up from \$3.3 million in the previous year, while fixed deposits declined by \$3.0 million, following the prior period's \$0.8 million contraction.

In terms of interest rates, banks' weighted average deposit rate softened by 6 basis points to 2.10%, with the highest rate of 5.25% offered on balances of over 12 months. In contrast, the weighted average loan rate firmed by 4 basis points to 10.72%.

January – December 2011

During 2011, both liquidity and external reserves expanded modestly, although intra-year levels attained new peaks benefitting from several one-off public sector and foreign direct investment related transactions—including the Government's divestment of 51.0% of its holdings in BTC. Given the subdued pace of the domestic recovery and the persistently high rate of unemployment, credit to the private sector rose modestly, and banks' loan delinquencies remained at elevated levels. In this context, excess reserves grew by \$45.4 million to \$434.9 million, a slowdown from the \$127.4 million expansion a year ago. Similarly, accretions to excess liquid assets moderated by \$226.0 million to \$83.6 million.

External reserve gains slowed marginally in 2011 by \$4.7 million to \$30.9 million. The Bank's net purchase from commercial banks contracted by over 50% to \$91.2 million, as they in turn, recorded a fall in net purchases by \$123.6 million to \$115.6 million. The Bank's net sale to the public sector tapered by \$125.9 million to \$83.5 million, reflecting receipts from divestment activities and other modest one-off inflows.

Growth in Bahamian dollar credit fell sharply by \$164.2 million to \$222.4 million. This was largely explained by an almost two-thirds reduction in gains to net claims on the Government, to \$118.8 million, as budgetary requirements were supplemented by extraordinary inflows. Given the modest improvement in economic conditions, credit to the private sector strengthened by \$114.3 million (1.9%), outpacing the 0.4% and 1.1% increase for 2010 and 2009, respectively—although significantly below 2008's 6.8% expansion. This outturn, reflected gains in the commercial and consumer components—which accounted for 34.3% and 16.4% of total loans—by \$78.9 million and \$9.6 million, respectively, following declines of \$3.0 million and \$35.7 million in 2010. In a modest offset, growth in the largest component mortgages—which accounted for 49.3% of the total—was more than halved to \$25.8 million from \$64.7 million in 2010. Further, claims on public corporations declined by \$10.5 million, a turnaround from a \$32.6 million upturn a year earlier.

Despite the ongoing recovery in the real sector, borrowers' continued to face challenges in meeting their debt obligations. As a result, banks' credit quality indicators remained at relatively high levels over the year. Total private sector arrears, although staying within the \$1.1 billion to \$1.2 billion range, rose by \$69.1 million (6.1%) to \$1,208.1 million compared to a 4.5% rise in 2010; however, the rate of growth was much slower than the 42.3% and 44.5% gains for 2009 and 2008, respectively, during the height of the economic recession. As a percentage of total loans, arrears rose by 71 basis points to 18.3% and were

above the 12.7% and 9.5% registered in the prior two years. A breakdown of total arrears showed that the average age continued to lengthen. The increase in delinquencies was due solely to a \$70.2 million (9.4%) expansion in the non-performing component to \$816.1 million, resulting in an 86 basis point uptick in the corresponding ratio to 13.0%. In contrast, the 31-90 day component fell by \$1.1 million (0.3%) to \$392.0 million, with the attendant ratio declining by 16 basis points to 6.3%.

The increase in aggregate arrears was mainly attributed to the worsening in the mortgage and commercial components. Mortgage delinquencies rose by \$36.4 million (5.9%) to \$650.0 million, as the \$21.7 million (9.8%) reduction in short-term arrears was overshadowed by a \$58.1 million (14.8%) rise in non-accrual loans. In addition, commercial arrears firmed by \$34.2 million (13.5%) to \$286.7 million, with both 31-90 day delinquencies and non-performing loans expanding by \$28.3 million (47.9%) and \$5.9 million (3.0%), respectively. In contrast, consumer loan delinquencies declined by \$1.5 million to \$271.4 million, as a \$7.7 million (6.9%) reduction in the short-term segment outpaced the \$6.2 million (3.9%) uptick in arrears in excess of 90 days.

Given the worsening in credit quality indicators over the year, banks increased their total provisions for loan losses by \$26.9 million (9.9%) to \$299.6 million. Resultantly, the ratio of provisions to arrears rose by 86 basis points to 24.8%, while the non-performing loan ratio increased by 15 basis points to 36.7%. For 2011, loan write-offs totalled \$176.5 million and recoveries amounted to \$33.8 million.

During 2011, total domestic foreign currency credit contracted by \$92.0 million, a turnaround from a \$39.9 million increase in 2010. This outturn reflected a \$68.3 million net reduction in claims on the Government, a reversal from a similar increase a year earlier, as foreign currency receipts were utilised to repay outstanding short-term debt. Claims on the private sector contracted by \$40.6 million, following a \$30.9 million weakening in the previous year. Buoyed by foreign currency borrowings by a local utility in the latter half of the year, credit to the rest of the public sector grew by \$17.0 million, following a \$2.4 million rise in the prior period.

Accretions to Bahamian dollar deposits advanced by \$19.7 million to \$144.3 million, bolstered by a \$95.6 million build-up in demand balances, almost double the \$49.3 million firming recorded in 2010. Similarly, savings balances grew by \$49.9 million, following a \$21.3 million expansion a year ago. In contrast, fixed deposits decreased by \$1.3 million, after a \$54.0 million gain in the prior year.

4. Outlook and Policy Implications

The pace of the domestic recovery in 2012 will depend heavily on global economic developments, in particular the sustainability of the rebound in the United States economy, where recent economic indicators have a favourable bias. It is expected that output and employment within the construction and related industries will continue to benefit from Baha Mar and other large-scale foreign investment projects, which are less sensitive to global developments, along with ongoing stimulus provided by Government's infrastructure improvement programmes. Tourism activity is poised to remain on an upward trajectory in the near-term, supported by the sustained recovery in the key group segment of the market, along with signs of an increase in overall hotel bookings during the important winter tourist season. In terms of prices, domestic inflation is anticipated to remain moderate; however, geopolitical risks could adversely affect fuel prices in 2012.

On the fiscal sector side, improvements in the deficit and corresponding debt indicators will continue to depend on the strength of the domestic recovery and the public sector's ability to increase revenue and curb expenditure growth.

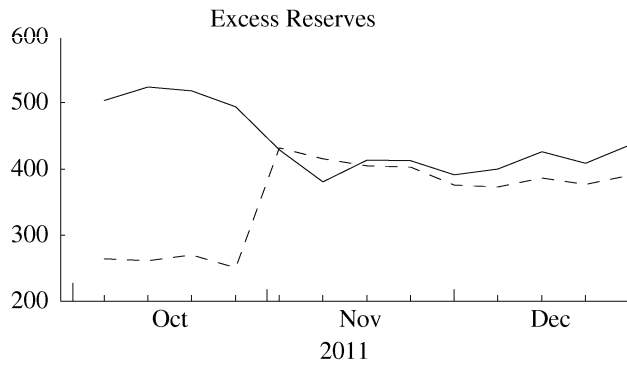
On the monetary front, near term opportunities to support growth in both liquidity and external reserves are expected to accrue from the ongoing gains in tourism and residual flows from various real sector activities, in an environment of relatively mild consumer demand conditions. However, banks' credit quality indicators are projected to stay elevated for an extended period, until the recovery becomes more broad-based.

Recent Monetary and Credit Statistics

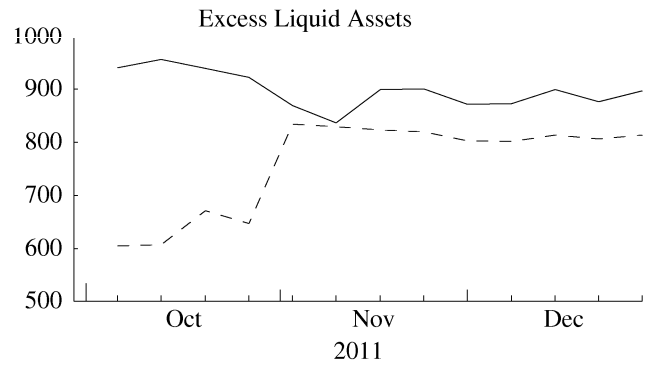
(B\$ Millions)

	DECEMBER					
	Value		Change		Change YTD	
	2010	2011	2010	2011	2010	2011
1.0 LIQUIDITY & FOREIGN ASSETS						
1.1 Excess Reserves	389.50	434.86	13.82	44.39	127.40	45.36
1.2 Excess Liquid Assets	813.52	897.16	10.87	25.94	309.66	83.64
1.3 External Reserves	861.05	891.99	-10.00	33.12	35.67	30.94
1.4 Bank's Net Foreign Assets	-689.77	-609.05	40.73	-54.97	-23.55	80.72
1.5 Usable Reserves	434.41	439.98	-20.53	10.19	-24.46	5.57
2.0 DOMESTIC CREDIT						
2.1 Private Sector	6,540.65	6,614.37	17.42	2.47	-4.79	73.72
a. B\$ Credit	6,145.81	6,260.14	29.77	6.60	26.08	114.33
of which: Consumer Credit	2,137.05	2,146.66	10.18	5.78	-35.66	9.61
Mortgages	3,060.80	3,086.60	-8.74	6.72	64.73	25.80
Commercial and Other Loans B\$	947.96	1,026.89	28.32	-5.90	-2.99	78.92
b. F/C Credit	394.84	354.23	-12.35	-4.13	-30.87	-40.61
of which: Mortgages	128.61	129.15	1.30	-0.89	32.67	0.53
Commercial and Other Loans F/C	266.23	225.08	-13.65	-3.23	-63.54	-41.15
2.2 Central Government (net)	1,386.50	1,436.99	7.10	-1.34	396.19	50.49
a. B\$ Loans & Securities	1,459.31	1,564.35	15.65	-4.25	292.46	105.04
Less Deposits	139.40	125.63	7.48	-3.84	-35.43	-13.77
b. F/C Loans & Securities	70.00	0.00	0.00	0.00	66.29	-70.00
Less Deposits	3.41	1.72	1.07	0.93	-2.01	-1.69
2.3 Rest of Public Sector	401.12	407.55	-15.66	53.76	35.01	6.43
a. B\$ Credit	113.94	103.43	3.67	3.95	32.58	-10.51
b. F/C Credit	287.18	304.13	-19.33	49.81	2.43	16.95
2.4 Total Domestic Credit	8,328.46	8,458.92	9.00	54.91	426.54	130.46
a. B\$ Domestic Credit	7,579.85	7,802.29	41.75	10.16	386.68	222.44
b. F/C Domestic Credit	748.61	656.63	-32.75	44.75	39.86	-91.98
3.0 DEPOSIT BASE						
3.1 Demand Deposits	1,139.67	1,235.31	4.84	16.81	49.29	95.64
a. Central Bank	8.00	8.22	1.05	-1.78	-4.61	0.22
b. Banks	1,131.68	1,227.10	3.79	18.59	53.90	95.42
3.2 Savings Deposits	1,016.07	1,066.01	3.32	12.47	21.27	49.94
3.3 Fixed Deposits	3,608.09	3,606.80	0.77	-3.03	54.01	-1.29
3.4 Total B\$ Deposits	5,763.84	5,908.12	8.93	26.25	124.56	144.28
3.5 F/C Deposits of Residents	252.66	192.87	22.69	-14.06	35.83	-59.79
3.6 M2	5,957.87	6,106.42	13.04	32.26	120.25	148.55
3.7 External Reserves/M2 (%)	14.45	14.61	-0.20	0.47	0.31	0.16
3.8 Reserves/Base Money (%)	103.62	100.89	-3.64	-1.86	-14.51	-2.73
3.9 External Reserves/Demand Liabilities (%)	100.23	98.39	-3.26	-1.36	-12.00	-1.84
	Value		Year to Date		Change	
	2010	2011	2010	2011	Month	YTD
4.0 FOREIGN EXCHANGE TRANSACTIONS						
4.1 Central Bank Net Purchase/(Sale)	-11.39	33.12	26.42	7.68	44.51	-18.74
a. Net Purchase/(Sale) from/to Banks	-0.78	12.35	235.82	91.20	13.12	-144.62
i. Sales to Banks	21.75	27.03	351.85	353.17	5.28	1.32
ii. Purchases from Banks	20.97	39.38	587.67	444.37	18.40	-143.30
b. Net Purchase/(Sale) from/to Others	-10.61	20.77	-209.40	-83.52	31.38	125.88
i. Sales to Others	32.85	32.72	529.70	729.02	-0.12	199.32
ii. Purchases from Others	22.24	53.50	320.30	645.50	31.26	325.20
4.2 Banks Net Purchase/(Sale)	-8.94	14.96	239.24	115.63	23.89	-123.61
a. Sales to Customers	301.42	294.21	3,513.17	3,562.42	-7.21	49.25
b. Purchases from Customers	292.48	309.17	3,752.40	3,678.05	16.68	-74.36
4.3 B\$ Position (change)	-8.84	-2.65				
5.0 EXCHANGE CONTROL SALES						
5.1 Current Items	0.00	0.00	0.00	0.00	0.00	0.00
of which Public Sector	0.00	0.00	0.00	0.00	0.00	0.00
a. Nonoil Imports	0.00	0.00	0.00	0.00	0.00	0.00
b. Oil Imports	0.00	0.00	0.00	0.00	0.00	0.00
c. Travel	0.00	0.00	0.00	0.00	0.00	0.00
d. Factor Income	0.00	0.00	0.00	0.00	0.00	0.00
e. Transfers	0.00	0.00	0.00	0.00	0.00	0.00
f. Other Current Items	0.00	0.00	0.00	0.00	0.00	0.00
5.2 Capital Items	0.00	0.00	0.00	0.00	0.00	0.00
of which Public Sector	0.00	0.00	0.00	0.00	0.00	0.00
5.3 Bank Remittances	0.00	0.00	0.00	0.00	0.00	0.00

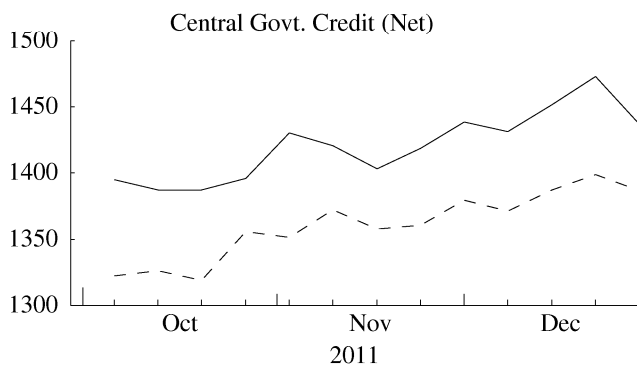
SELECTED MONEY AND CREDIT INDICATORS (B\$ Millions)



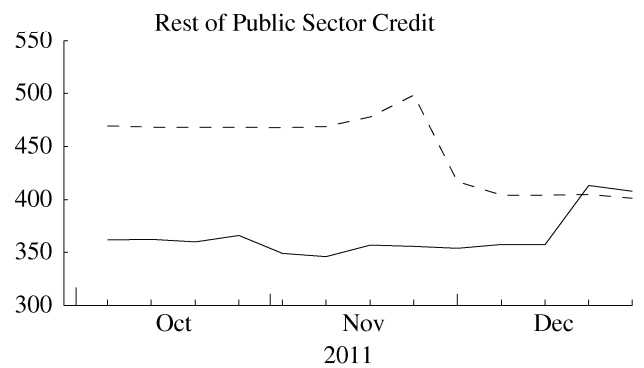
— 2011
- - - 2010



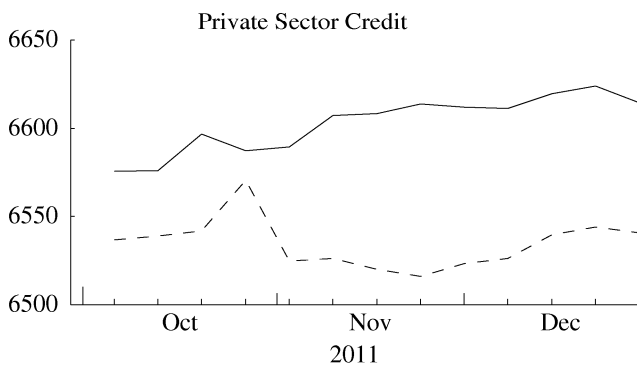
— 2011
- - - 2010



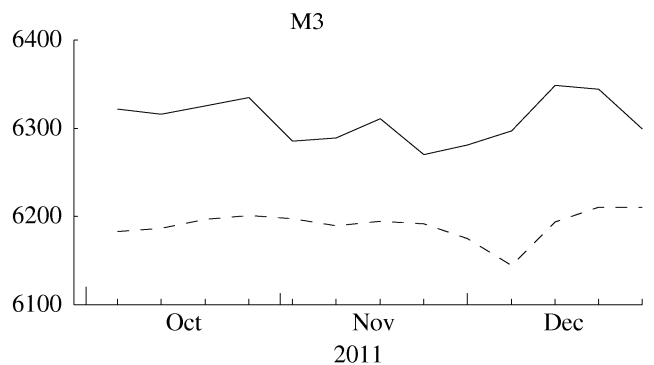
— 2011
- - - 2010



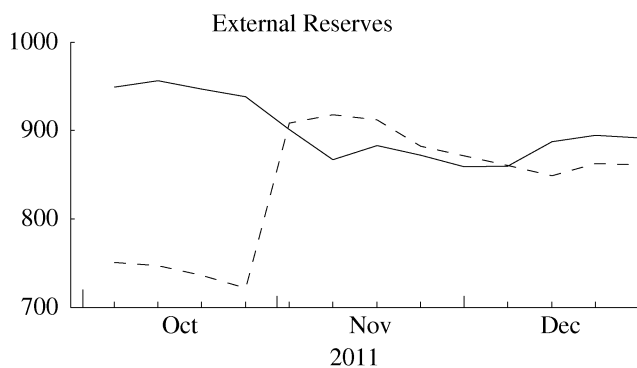
— 2011
- - - 2010



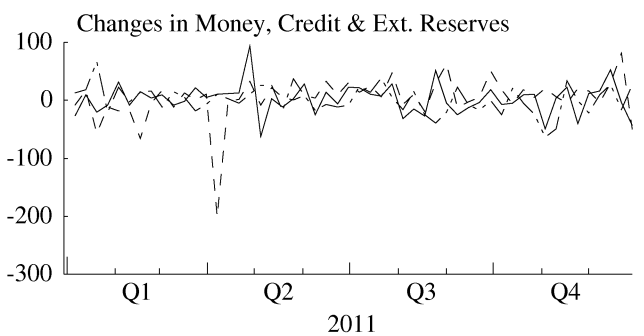
— 2011
- - - 2010



— 2011
- - - 2010



— 2011
- - - 2010



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

Selected International Statistics

A: Selected Macroeconomic Projections (Annual % Change and % of labor force)						
	Real GDP		Inflation Rate		Unemployment	
	2010	2011	2010	2011	2010	2011
Bahamas	1.0	2.0	1.0	2.5	n/a	13.7
United States	3.0	1.5	1.6	3.0	9.6	9.1
Euro-Area	1.8	1.6	1.6	2.5	10.1	9.9
<i>Germany</i>	<i>3.6</i>	<i>2.7</i>	<i>1.2</i>	<i>2.2</i>	<i>7.1</i>	<i>6.0</i>
Japan	4.0	-0.5	-0.7	-0.4	5.1	4.9
China	10.3	9.5	3.3	5.0	4.1	4.0
United Kingdom	1.4	1.1	3.3	4.5	7.9	7.8
Canada	3.2	2.1	1.8	2.9	8.0	7.6
<i>Source: IMF World Economic Outlook, September 2011</i>						

B: Official Interest Rates – Selected Countries (%)					
<i>With effect</i>	CBOB	ECB (EU)	Federal Reserve (US)		Bank of England
	<i>from</i>	Bank Rate	Refinancing Rate	Primary Credit Rate	Target Funds Rate
January 2010	5.25	1.00	0.50	0.00-0.25	0.50
February 2010	5.25	1.00	0.75	0.00-0.25	0.50
March 2010	5.25	1.00	0.75	0.00-0.25	0.50
April 2010	5.25	1.00	0.75	0.00-0.25	0.50
May 2010	5.25	1.00	0.75	0.00-0.25	0.50
June 2010	5.25	1.00	0.75	0.00-0.25	0.50
July 2010	5.25	1.00	0.75	0.00-0.25	0.50
August 2010	5.25	1.00	0.75	0.00-0.25	0.50
September 2010	5.25	1.00	0.75	0.00-0.25	0.50
October 2010	5.25	1.00	0.75	0-0.25	0.50
November 2010	5.25	1.00	0.75	0-0.25	0.50
December 2010	5.25	1.00	0.75	0-0.25	0.50
January 2011	5.25	1.00	0.75	0-0.25	0.50
February 2011	5.25	1.00	0.75	0-0.25	0.50
March 2011	5.25	1.00	0.75	0-0.25	0.50
April 2011	5.25	1.25	0.75	0-0.25	0.50
May 2011	5.25	1.25	0.75	0-0.25	0.50
June 2011	4.50	1.25	0.75	0-0.25	0.50
July 2011	4.50	1.50	0.75	0-0.25	0.50
August 2011	4.50	1.50	0.75	0-0.25	0.50
September 2011	4.50	1.50	0.75	0-0.25	0.50
October 2011	4.50	1.50	0.75	0-0.25	0.50
November 2011	4.50	1.25	0.75	0-0.25	0.50
December 2011	4.50	1.00	0.75	0-0.25	0.50

Selected International Statistics

C. Selected Currencies (Per United States Dollars)						
Currency	Dec-10	Nov-11	Dec-11	Mthly % Change	YTD % Change	12-Mth % Change
Euro	0.7470	0.7437	0.7717	3.76	3.30	3.30
Yen	81.16	77.62	76.90	-0.93	-5.25	-5.25
Pound	0.6405	0.6368	0.6431	1.00	0.41	0.41
Canadian \$	0.9983	1.0175	1.0212	0.36	2.29	2.29
Swiss Franc	0.9346	0.9132	0.9376	2.67	0.32	0.32
Renminbi	6.5897	6.3798	6.3026	-1.21	-4.36	-4.36

Source: Bloomberg as of December 31, 2011

D. Selected Commodity Prices (\$)					
Commodity	December 2010	November 2011	December 2011	Mthly % Change	YTD % Change
Gold / Ounce	1420.78	1746.38	1563.7	-10.46	10.06
Silver / Ounce	30.92	32.79	27.8	-15.09	-9.94
Oil / Barrel	93.49	110.41	107.6	-2.53	15.11

Source: Bloomberg as of December 31, 2011

E. Equity Market Valuations – December 31, 2011 (%chg)								
	BISX	DJIA	S&P 500	FTSE 100	CAC 40	DAX	Nikkei 225	SE
1 month	1.66	1.43	0.45	1.21	0.16	-3.13	0.25	-5.74
3 month	-0.81	11.95	10.71	8.65	5.96	7.20	-2.82	-6.77
YTD	-8.97	5.53	-0.40	-5.55	-16.95	-14.69	-17.34	-21.68
12-month	-8.97	5.53	-0.40	-5.55	-16.95	-14.69	-17.34	-21.68

Sources: Bloomberg and BISX

F: Short Term Deposit Rates in Selected Currencies (%)			
	USD	GBP	EUR
o/n	0.06	0.50	0.10
1 Month	0.22	0.68	0.69
3 Month	0.54	1.06	1.22
6 Month	0.79	1.36	1.50
9 Month	0.95	1.62	1.69
1 year	1.11	1.85	1.88

Source: Bloomberg as of December 31, 2011

SUMMARY ACCOUNTS OF THE CENTRAL BANK

(B\$ Millions)

	VALUE												CHANGE											
	Nov. 02	Nov. 09	Nov. 16	Nov. 23	Nov. 30	Dec. 07	Dec. 14	Dec. 21	Dec. 28	Nov. 02	Nov. 09	Nov. 16	Nov. 23	Nov. 30	Dec. 07	Dec. 14	Dec. 21	Dec. 28						
I. External Reserves	901.33	866.76	883.13	871.77	858.87	859.77	887.33	894.85	891.99	-36.70	-34.57	16.37	-11.36	-12.90	0.91	27.55	7.52	-2.86						
II. Net Domestic Assets (A + B + C + D)	-36.16	-57.41	-36.99	-26.13	-23.00	-20.39	-20.86	-21.31	-7.87	-19.89	-21.25	20.42	10.86	3.13	2.61	-0.47	-0.45	13.44						
A. Net Credit to Gov't (i + ii + iii - iv)	269.68	247.14	270.08	269.80	276.90	276.71	277.47	278.32	289.47	-9.92	-22.54	22.94	-0.28	7.10	-0.19	0.76	0.84	11.15						
i) Advances	110.59	110.59	110.59	110.59	110.59	110.59	110.59	110.59	110.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
ii) Registered Stock	160.90	160.91	164.24	164.29	164.13	164.21	164.22	164.15	164.11	0.03	0.01	3.32	0.05	-0.16	0.08	0.01	-0.07	-0.04						
iii) Treasury Bills	19.86	6.20	6.20	6.20	14.19	14.19	14.19	14.19	26.18	0.00	-13.66	0.00	0.00	7.99	0.00	0.00	0.00	11.99						
iv) Deposits	21.67	30.57	10.94	11.27	12.01	12.27	11.52	10.61	11.41	9.96	8.90	-19.62	0.33	0.73	0.27	-0.75	-0.91	0.80						
B. Rest of Public Sector (Net) (i + ii - iii)	-9.42	-5.07	-8.79	1.41	-4.85	-3.32	-3.05	-5.18	-3.07	-7.73	4.35	-3.72	10.20	-6.26	1.53	0.27	-2.13	2.11						
i) BDB Loans	5.35	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15	0.00	-0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
ii) BMC Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
iii) Deposits	14.77	10.22	13.94	3.74	10.00	8.47	8.20	10.33	8.22	7.73	-4.55	3.72	-10.20	6.26	-1.53	-0.27	2.13	-2.11						
C. Loans to/Deposits with Banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
D. Other Items (Net)*	-296.42	-299.48	-298.28	-297.34	-295.04	-293.78	-295.28	-294.45	-294.27	-2.24	-3.06	1.20	0.94	2.29	1.26	-1.50	0.83	0.18						
III. Monetary Base	865.17	809.34	846.14	845.65	835.87	839.38	866.47	873.54	884.12	-56.59	-55.83	36.79	-0.49	-9.77	3.51	27.09	7.07	10.58						
A. Currency in Circulation	288.72	285.52	281.75	284.67	303.02	297.45	298.89	315.70	321.87	12.35	-3.20	-3.77	2.92	18.35	-5.57	1.44	16.81	6.17						
B. Bank Balances with CBOB	576.45	523.83	564.39	560.98	532.85	541.93	567.58	557.84	562.25	-68.95	-52.62	40.56	-3.41	-28.13	9.08	25.65	-9.74	4.41						

* Includes capital, provisions and surplus account, fixed and other assets, and other demand liabilities of Bank

FISCAL/REAL SECTOR INDICATORS

(\$5 MILLIONS)

(% change represents current month from previous month)

	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	
Fiscal Operations:																									
1. Government Revenue & Grants	90.2	94.9	93.0	93.4	88.0	82.0	113.3	118.5																	
% change	-25.40%	0.59%	-3.20%	-1.64%	-5.44%	-14.87%	38.20%	44.56%																	
2. Import/Excise Duties	41.3	44.0	49.3	44.9	45.7	43.3	49.2	53.7																	
% change	-22.50%	24.37%	19.37%	2.06%	-7.36%	-20.87%	8.48%	23.95%																	
3. Recurrent Expenditure	110.2	111.7	103.1	110.3	117.5	124.9	123.6	132.6																	
% change	-33.75%	-12.86%	-6.46%	-1.27%	14.01%	0.87%	5.00%	6.14%																	
4. Capital Expenditure	9.7	3.7	18.5	12.2	8.6	18.3	12.6	16.5																	
% change	-66.25%	-86.84%	90.38%	224.53%	-53.67%	87.57%	-31.17%	-9.83%																	
5. Deficit/Supplus*	-32.2	-21.1	-31.3	-33.8	-41.1	-68.9	-25.6	10.1																	
% change	-77.61%	70.239%	-2.63%	60.31%	31.43%	71.06%	-59.20%	-114.66%																	
Debt, etc																									
6. Total Debt	3,320.4	3,724.9	3,304.4	3,725.3	3,303.5	3,349.6	3,608.2	3,400.9	3,552.9	3,495.9	3,618.2	3,664.2	3,694.0	3,582.7	3,712.5	3,678.9	3,715.9	3,679.0	3,775.9	3,720.4	3,790.9				
% change	0.00%	0.59%	-0.48%	0.01%	-0.03%	1.40%	-3.54%	0.10%	-0.14%	2.79%	1.84%	1.95%	2.10%	0.52%	0.50%	2.69%	0.09%	0.00%	1.61%	1.13%	0.40%				
7. External Debt	703.1	732.4	703.1	732.8	702.2	699.5	748.7	707.3	766.5	707.5	763.8	710.8	768.0	714.3	766.4	721.4	769.8	721.5	769.8	727.9	784.8				
% change	0.00%	3.06%	0.00%	0.05%	-0.13%	-0.38%	0.05%	0.03%	0.00%	0.00%	0.96%	0.47%	0.55%	0.49%	-0.20%	0.45%	0.00%	0.01%	0.00%	0.89%					
8. Internal F/C Debt	1.8	70.0	1.8	70.0	1.8	0.9	-	0.9	-	0.9	-	50.9	-	39.29%	-	70.0	-	70.0	-	70.0	-				
% change	0.00%	0.00%	0.00%	0.00%	0.00%	-50.00%	-100.00%	0.00%	0.00%	0.00%	0.00%	5537.10%	-	-	-1.27%	0.00%	0.00%	0.00%	0.00%	0.00%					
9. Bahamian Dollar Debt	2,615.5	2,922.5	2,599.5	2,922.5	2,599.5	2,649.2	2,869.5	2,892.5	2,796.5	2,787.5	2,854.5	2,802.5	2,926.1	2,797.5	2,946.1	2,887.5	2,946.1	2,887.5	3,006.1	2,922.5	3,006.1				
% change	0.00%	0.00%	-0.61%	0.00%	0.00%	1.91%	-2.16%	0.12%	-0.18%	3.35%	2.07%	0.54%	2.57%	-0.18%	0.68%	3.22%	0.00%	0.00%	2.04%	1.21%	0.00%				
10. Total Amortization	0.1	0.2	16.0	-	0.9	13.6	136.2	14.01	15.0	25.23	10.3	5.00	55.0	5.91	1.6	22.7	3.2	-	-	0.01	0.01				
% change	847.27%	2312.77%	14931.23%	-100.00%	-94.30%	1391.71%	14843.89%	-74.12%	-74.12%	801.33%	-31.61%	-801.9%	435.74%	18.21%	-97.16%	283.88%	108.28%	-100.00%	-100.00%	0.01	0.01				
11. Total Public Sector F/C Debt	1,186.5	1,404.7	1,184.7	1,403.3	1,208.4	1,201.7	1,314.2	1,204.7	1,329.5	1,202.6	1,334.5	1,285.9	1,338.7	1,371.9	1,358.5	1,375.0	1,361.1	1,406.8	1,361.1	1,407.7	1,386.4				
% change	-0.26%	0.82%	-15.66%	18.45%	-13.89%	-15.26%	9.36%	-8.87%	10.38%	-9.55%	10.97%	-5.89%	6.60%	2.48%	-0.97%	0.23%	-1.01%	3.35%	-3.25%	3.42%	-0.80%				
Real Sector Indicators																									
12. Retail Price Index	100.0	102.1	100.0	102.4	100.1	103.6	100.5	100.4	104.4	100.3	104.2	100.9	104.5	100.9	104.6	101.3	104.5	104.5	104.5	104.5	103.7				
% change; over previous month	-19.47%	2.94%	0.01%	0.31%	0.12%	0.35%	0.46%	-0.1%	0.3%	-0.1%	-0.2%	0.6%	0.3%	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	3.24%					
13. Tourist arrivals (000s)	424.0	487.4	419.2	484.8	539.7	469.2	539.3	428.9	421.8	461.4	488.7	430.6	390.0	304.1	321.5	410.5	409.6	409.6	409.6	451.2					
% change; over previous year	13.76%	14.95%	-13.96%	15.65%	15.80%	13.14%	14.94%	3.7%	-1.6%	9.4%	5.9%	-11.9%	-9.4%	-22.0%	5.7%	27.7%	-0.2%	0.0%	0.0%	4.61%					
14. Air arrivals (000s)	91.7	81.3	103.0	99.1	149.4	125.0	129.1	129.5	124.8	139.4	140.3	108.9	99.0	55.7	57.9	76.4	71.0	76.4	76.4	1,051					
% change; over previous year	-17.21%	-11.30%	26.63%	-3.86%	11.97%	-4.96%	3.26%	19.7%	-3.7%	11.7%	0.6%	-22.4%	-9.1%	-43.7%	4.0%	31.9%	-7.1%	0.0%	0.0%	-3.77%					
15. Occupied Room Nights																									
% change; over previous year																									
16. Res. Mortgage Commitments-New Const.					31.4			36.7	25.2					27.1	31.4										
% change; over previous year					-6.23%		16.7%	16.7%	3.4%					-34.5%	24.6%										

* includes Net Lending to Public Corporations
 ** Data figures pertain to central government only unless otherwise indicated
 P - Provisional
 Annual/3-T-D Retail Price data are averages.