



Press Release

Review of Barbados' Economic Performance

January to March 2020

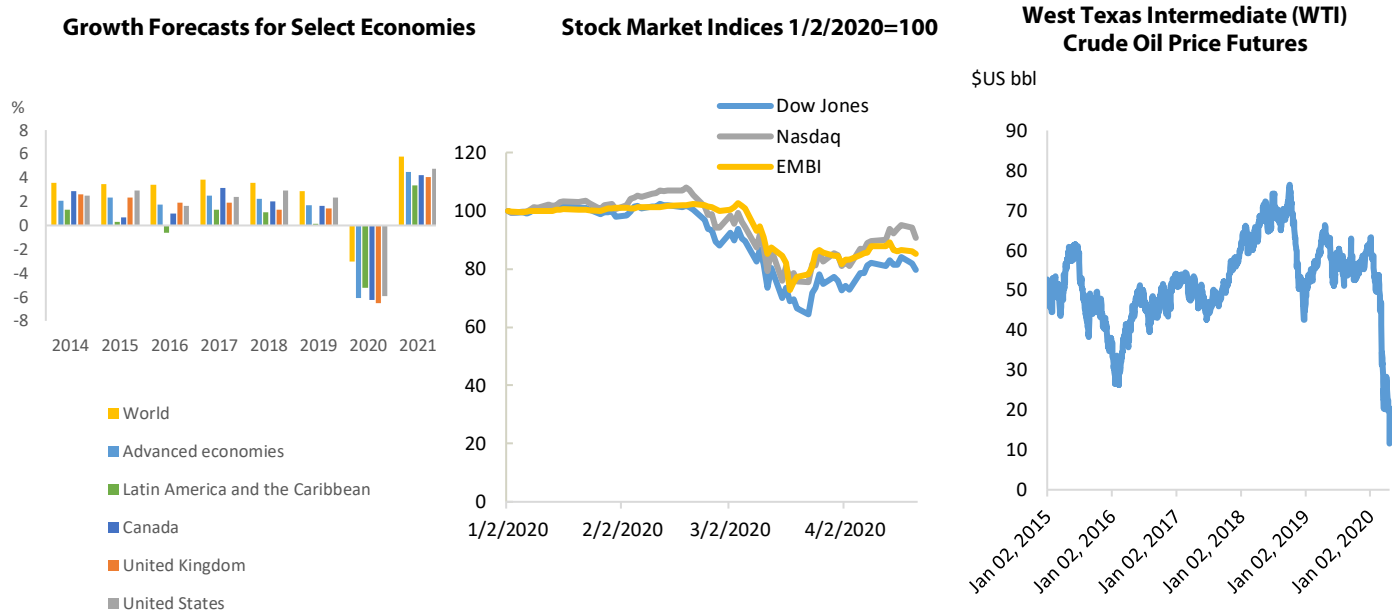


Overview

During the past three months we have witnessed a dramatic change in the local and global economic and financial landscape. The deadly coronavirus pandemic has spread rapidly, forcing countries to adopt various restrictive measures, including closing their borders temporarily to international travel, enforcing public orders to shutdown businesses and for persons to remain indoors.

The pace of global economic activity has slowed considerably, with the sharp decline in international travel, depressed business activity and disruption to global supply chains. An uncertain international economic environment has emerged, leading to declining oil prices and volatile financial markets.

Figure 1: International Economic Indicators



Source: International Monetary Fund, World Economic Outlook Database

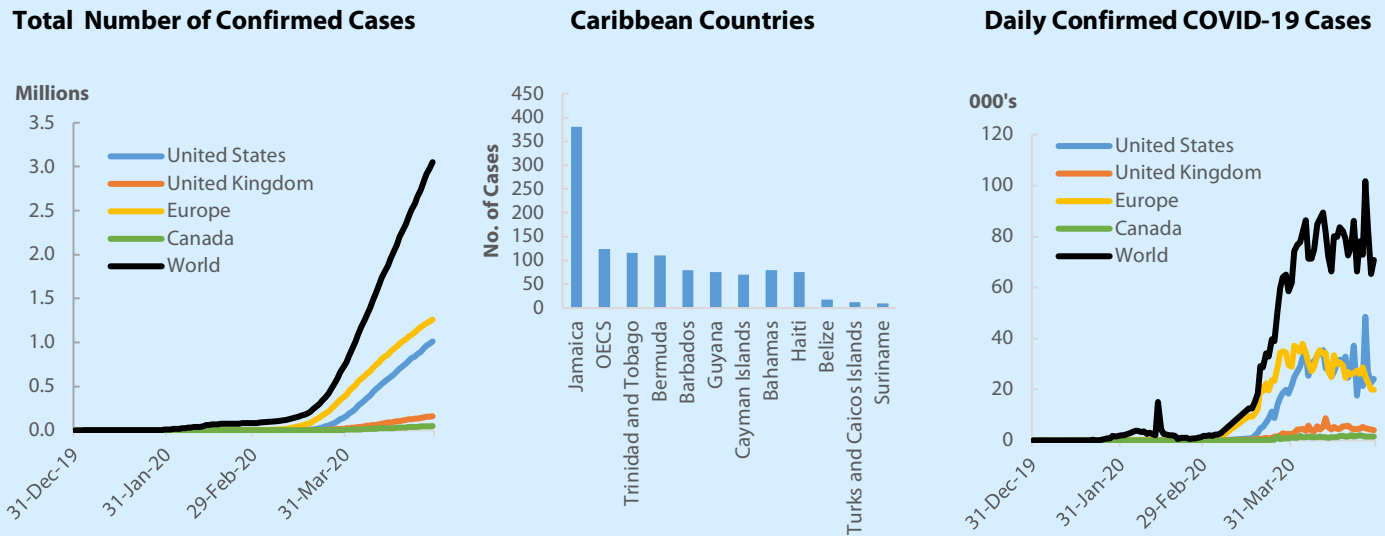
Source: Yahoo Finance

Source: U.S. Energy Information Administration & Oilprice.com

The Economic Impact of COVID-19 – Caribbean Economies

COVID-19 is one of the deadliest pandemics experienced over the last 50 years. Almost two months since the World Health Organisation (WHO) defined the virus as a pandemic, the rate of infection has exploded with approximately 3.1 million cases and 217 thousand deaths recorded across 196 countries/regions, as at April 28, 2020.

Figure 1: Synopsis on the Prevalence of COVID-19 in Select Countries



Source: European Centre for Disease Prevention and Control (ECDC), <https://ourworldindata.org>

The virus has strained the global healthcare system, taking advantage of the vulnerable and overwhelming underprepared medical care facilities that lacked the equipment to cope with a virulent infectious disease. Reduced economic activity, increased unemployment, threats to food security and rising poverty are some of the costs of this virus.

The effects of this crisis are far reaching. The International Monetary Fund (IMF) forecasts that global economic activity will contract by at least 3 percent this year, given the disruption in production and distribution chains, the weakening of consumer and investor confidence and volatility in international markets. At its nadir, the Dow Jones Index fell 36.4 percent, relative to its mid-February performance, while the Emerging Market Bond Index fell by 23.4 percent. Commodity prices, including for crude oil have also plummeted. Indeed, three-month oil futures reached \$US 19 in the second half of April, levels not seen since November 2001.

The disruption of supply chains manifests itself in stark declines in international trade and commerce. The World Trade Organization (WTO) has noted that the outcome is largely dependent on the duration of the outbreak and the effectiveness of policy responses. However, the decline will likely exceed that experienced in the 2008/09 global financial crisis. Estimates for world trade in 2020 range between 13 percent and 32 percent.

Table 1: Caribbean Debt and Growth Outlook

Country	General Government Gross Debt ¹				Real Gross Domestic Product, Percent Change ²			
	2017	2018	2019	2020	2017	2018	2019	2020
Antigua and Barbuda	90.6	89.5	90.0	90.1	3.1	7.4	5.3	-10.0
The Bahamas	54.4	63.3	61.5	68.2	0.1	1.6	1.8	-8.3
Barbados	158.3	125.7	115.4	109.3	0.5	-0.6	-0.1	-7.6
Grenada	70.1	63.5	59.1	54.4	4.4	4.1	3.1	-8.0
Guyana	51.4	52.9	55.5	24.6	2.1	4.1	4.7	52.8
Jamaica	101.1	94.4	93.5	88.3	0.7	1.9	1.0	-5.6
St. Kitts and Nevis	64.3	60.5	57.4	58.2	-2.0	2.9	2.9	-8.1
St. Lucia	65.5	64.3	65.9	68.8	3.5	2.6	1.7	-8.5
St. Vincent and the Grenadines	73.5	74.5	72.0	70.5	1.0	2.2	0.4	-4.5
Trinidad and Tobago	42.9	45.1	49.7	52.5	-2.3	-0.2	0.0	-4.5

¹ - Source: International Monetary Fund, World Economic Outlook Database, October 2019

² - Source: International Monetary Fund, World Economic Outlook Database, April 2020

Forecast highlighted in grey

The effects of this crisis are potentially devastating for Caribbean economies many of which suffer from low growth and high indebtedness and which are extremely vulnerable to climatic events such as hurricanes. Many islands rely on tourism which contributes directly on average 13.9 percent of GDP. The World Tourism Organisation (UNWTO) estimates that the industry could witness a 20 to 30 percent decline in global international tourist arrivals in 2020¹. The World Travel and Tourism Council (WTTC)² warns of the potential loss of 50 million jobs worldwide and that it could take 10 months for the sector to return to normalcy.

The crisis has also affected intra-regional travel. The direct and indirect lost contribution of the tourism sector will impact government revenues and foreign exchange earnings, creating domestic and external financing gaps. The crisis spreads beyond tourism, however, and, with the exception of Guyana, all CARICOM economies are expected to contract this year and register worsened external current account balances. Already, several countries and financial institutions have had their credit ratings and/or their outlook downgraded by the rating agencies.

These economies are providing varying levels of support through supplementary income for displaced households and enhanced social safety nets but they do not have the fiscal space to engage in some of the counter-cyclical measures adopted by more advanced economies. Indeed, some countries are already facing severe cash-flow difficulties. The magnitude of the impact will therefore depend on the ultimate severity of the pandemic and the degree of support provided by the multilateral institutions as regional economies navigate this crisis.

¹ <https://www.unwto.org/tourism-covid-19>

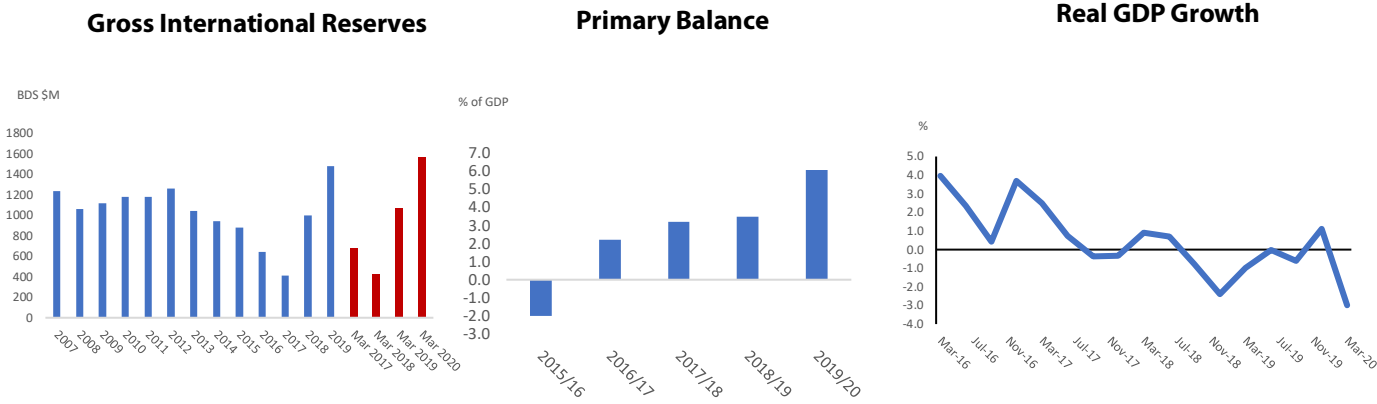
² World Travel and Tourism Council: <https://wtcc.org/en-us/Research/Economic-Impact>

These developments have adversely impacted the Barbados economy, which was previously expected to build on the gains of 2019, recording modest economic growth, continued fiscal consolidation and further accumulation of international reserves.

Instead, while the gross international reserves grew by \$ 94 million and the Government achieved the targeted primary balance surplus equivalent to 6 percent of GDP for fiscal year 2019/20, real economic activity contracted by 3 percent during the first quarter of the year as the sharp decline in tourism negatively impacted other key economic sectors.

Furthermore, the forecast of a global economic recession during 2020 has now materially changed the economic outlook and the domestic policy stance for the remainder of the year.

Figure 2: Key Macroeconomic Indicators



Source: Central Bank of Barbados

Source: Ministry of Finance

Source: Barbados Statistical Service and Central Bank of Barbados

Outlook

First, the impact of the virus on the domestic economy threatens to be severe. The cancellation of global business and personal travel with the attendant effects on airlift and cruise visits to Barbados has already curtailed tourism activity and it is having negative spill-over effects on ancillary sectors.

The hotel and restaurant sectors have been hard-hit, as closures have resulted in the loss of jobs and earnings. However, there has also been a compression of incomes elsewhere, including in the tourism-related transportation and leisure sectors and in sectors affected by Government-imposed restrictions on business activity in an effort to quell the spread of the virus locally.

Over the past five weeks, unemployment claims have reached unprecedented levels, partly because of temporary layoffs associated with the restrictions on business activity. The extension of unemployment insurance will temper the impact of these lost jobs on spending in the short run, but individuals may also have to rely on domestic savings to compensate for lost earnings.

"Given the deepening of the global health crisis, there is now increased likelihood of a double digit decline in economic activity in 2020."

The full measure of these developments on economic activity is uncertain as the timing of the resumption of international travel and speed of recovery cannot be predicted with certainty. Preliminary forecasts of negative growth of approximately 8 percent for 2020 were based on a relatively swift recovery of the tourism sector, but given the deepening of the global health crisis, there is now increased likelihood of a double digit decline in economic activity in 2020.

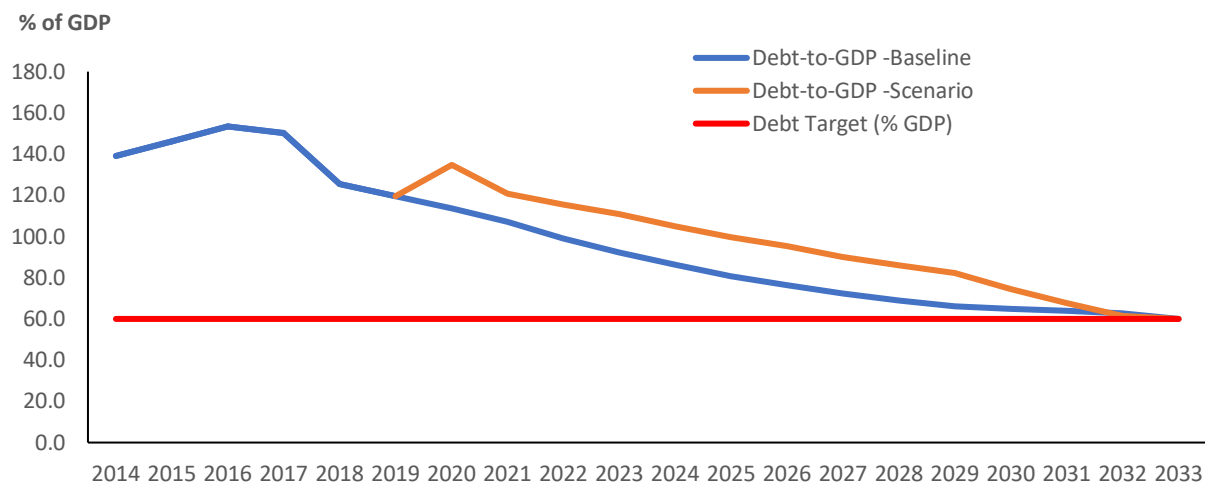
However, investment projects currently under way and those expected to come on stream once the economy reopens, together with a moderate increase in public sector infrastructure spending, can help to cushion the effects of the broader downturn this year and strengthen growth prospects for 2021.

Secondly, the reduced economic activity will depress Government's revenue in FY 2020/21, result in increased spending by Government and temporarily shift the public finances away from the previously targeted 6 percent primary balance.

This policy adjustment is unavoidable, given the size of the external shock and the need to dampen the adverse effects of the crisis through increased health related expenditures and countercyclical measures in the form of income support, compensatory transfers for state-owned enterprises impacted by lower revenues and higher capital spending.

The deterioration of the primary balance will cause a deviation away from the plan to reduce debt in the short term. Government, however, remains committed to achieving its 60 percent debt-GDP ratio by 2033 and a resumption of fiscal consolidation efforts is anticipated over the medium term as the economy rebounds from the shock.

Figure 3: Debt to GDP Trajectory – Baseline vs Scenario



Source: Ministry of Finance

In this regard, Government is in on-going discussions with the International Monetary Fund (IMF) to modify current year programme targets and to augment resources under the Extended Fund Facility. Unlike, earlier IMF resources that were used solely to help build international reserves, these additional borrowings will be used as budgetary support to help reduce the financing gap created by a smaller primary balance in FY 2020/21.

Third, the loss in foreign exchange earnings from tourism will weaken the external current account. However, the buffer of international reserves of 19.4 weeks of reserve cover, accumulated over the past 18 months, remain more than adequate to meet external obligations including for external debt. In addition, Government has engaged the international financial institutions to provide additional budgetary support. These resources will also buttress the international reserves during this period.

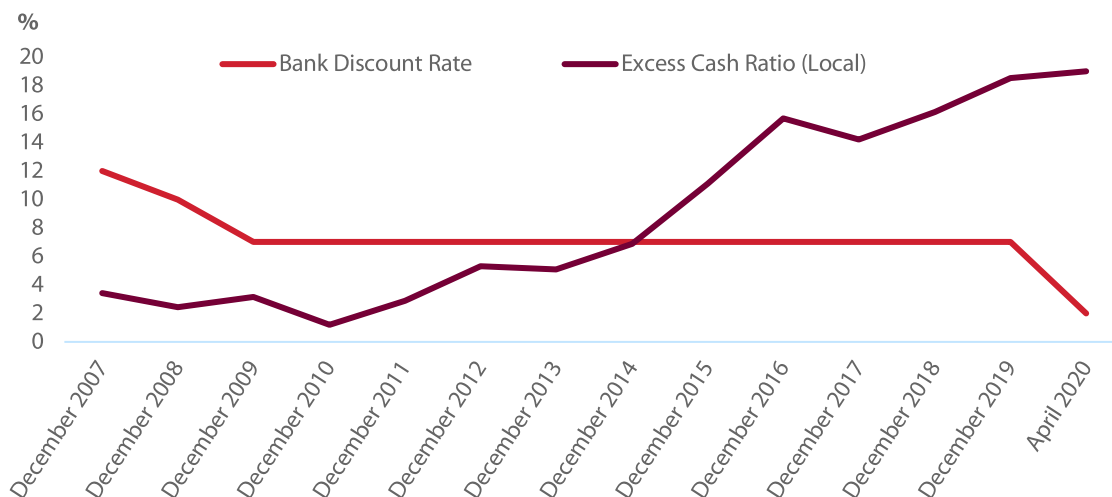
“What was initially a health issue has evolved into a major economic challenge.”

Fourth, the contraction in economic activity will impact the financial sector. As businesses and individuals adapt to the slowdown, non-performing loans are expected to increase and financial institutions will need to work with their clients on a case-by-case basis to restructure existing loans and provide new credit, where applicable, to ensure that firms ride through the storm and are capable of growing in the future.

Monetary policy had remained unchanged since late 2018, in an environment of excess liquidity and low interest rates. However, to assist financial institutions that may encounter

periodic liquidity shortages, the Bank has signalled a more accommodative stance, lowering its discount rate to 2 percent, while freeing up liquidity for these institutions.

Figure 4: Discount Rate and Liquidity



Source: Central Bank of Barbados

Way Forward

This is an inordinately large economic shock that is ravaging economies large and small. What was initially a health issue has evolved into a major economic challenge. Some countries have introduced extraordinary measures to attempt to minimize the adverse effects of the crisis. Initially, our response has been perhaps more measured but, as outlined by the Prime Minister yesterday evening, more aggressive action is now needed to address this crisis.

The commitment to fiscal discipline and the reserve build-up over the past 18 months will certainly better enable Barbados to continue to meet the challenge. This situation, however, underscores the need for larger buffers to safeguard the economy against its vulnerability to large shocks that may be caused by climatic events, pandemics such as this or crises that undermine global financial stability.

"We need to take advantage of the opportunity provided by the crisis to refocus and to accelerate our efforts at economic diversification."

The IMF, the World Bank and other international financial institutions have begun to take decisive measures to help countries cope. We look forward to further changes in the global financial architecture that address the issue of vulnerability and very small middle- income open economies which are often marginalized.

Our efforts so far have been focused on addressing health care issues and on trying to stabilize a very difficult situation. Our economic focus has been to provide directly or indirectly, support to individuals and corporates and to safeguard our financial institutions through regulatory policies.

As we seek to rebound from this crisis, we have to facilitate increased public and private sector investment that enables persons to return to the world of work while allowing the key tourism sector to recover from this shock.

We have to examine how we can strengthen our small business sector, through business development support and improved access to credit and technology, where necessary.

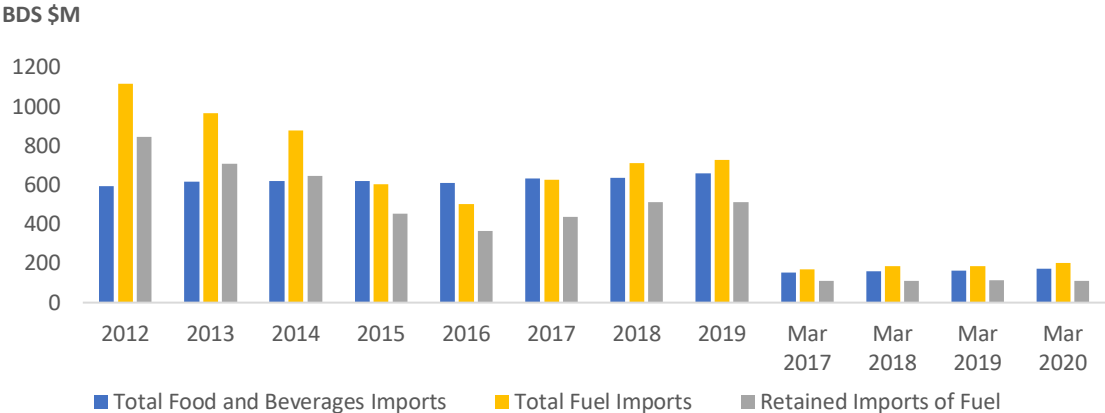
We have to enhance productivity so as to improve the competitiveness of the economy, create jobs and earn foreign exchange.

Our measure of success cannot simply be how quickly we get the economy growing again, for the world is likely to be different place. Rather, we need to take advantage of the opportunity provided by the crisis to refocus and to accelerate our efforts at economic diversification. This is absolutely necessary if we are to make our economy truly more resilient to external shocks.

First, we have to address the issue of food security frontally. Food imports in 2019 accounted for \$658 million in foreign exchange flows. Reducing this leakage through increased consumption of domestically produced food saves foreign exchange, creates opportunities for agro processing industries, strengthens inter-industry linkages and, equally importantly, creates a platform for enhanced food security.

Our challenge will be to incentivize farmers to produce quality crops in a secure environment on a reliable basis at competitive prices, but it is a challenge from which we cannot resile.

Figure 5: Imports of Goods



Source: Barbados Statistical Service

Second, we have to accelerate our implementation of alternative energy. Government's 2030 goal of a fossil free economy appears ambitious, but it is necessary from both environmental and economic perspectives. The up-front costs may appear significant but the payback is worth it at the individual and the national level. We therefore have to ensure that any hurdles to implementation are urgently addressed.

Third, we need to capitalize on the potential of the digital economy. The shutdown of the domestic economy has forced several persons to operate from home. Businesses and individuals have demonstrated immense adaptability in a relatively short period of time.

We have witnessed the emergence of new businesses in the area of food delivery services and the re-purposing of existing businesses.

This is encouraging and augurs well for economic transformation, including through enhanced digitalization of economic activity. We must now leverage these gains by taking advantage of our human resources to build e-commerce platforms, webpages etc., thus creating greater domestic value added.

In the financial services sector, the disruption in economic activity has led to a sharp increase in direct payments by public and private sector entities, through the Automated Clearing House (ACH). We are working to make these payments real time and anticipate the imminent membership of two credit unions to the ACH.

This is part of a broader initiative to make the payments system faster, more accessible and more competitive. The transition from paper-based payments to electronic payments will ultimately enhance efficiency and productivity which will be required in a more modern economy.

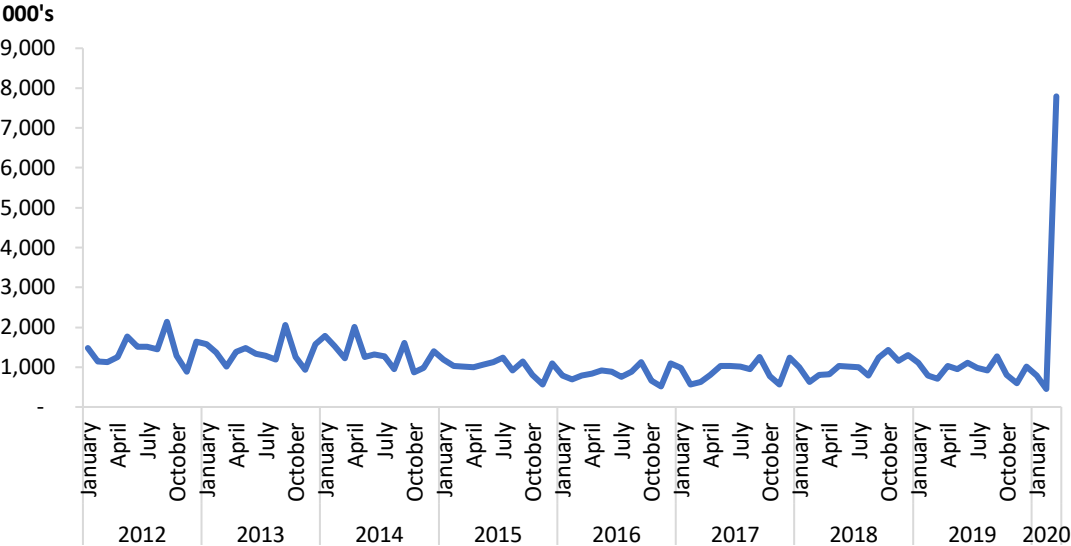
Fourth, we need to ensure, through our educational and training systems, that our labour force is adaptable. Some jobs lost may never return. We need to ensure therefore that the labour market is characterized by a balance between the demand and supply of skills.

Economic Activity

The economy contracted by 3.0 percent during the first quarter of 2020, driven largely by the sharp decline in tourism and related activities during the second half of March. The manufacturing sectors and agricultural sectors remained weak and commodity exports also registered a modest decline. The wholesale and retail and construction sectors achieved mild growth when compared to the contractions recorded a year ago but the demand for most other services softened. The impact of the imposition of a curfew late in the quarter was particularly acute for small businesses offering personal services (e.g. hair-dressers, spas, gyms, leisure), but this was cushioned by the ability of several firms to provide on-line services to their customers.

Unemployment trended upwards in the aftermath of the closure of hotels and restaurants during the second half of March. Some employers delayed layoffs by maintaining their staff complement, bringing forward vacation leave and implementing rotation schedules. However, unemployment claims for March rose to 7,793 compared to an average of 624 in January and February. During the first four weeks of April, over 20,000 new claims were registered as the curfew took effect. These developments have significantly reversed the gains reported at December 2019 when the unemployment rate fell to 8.9 percent.

Figure 6: Unemployment Claims



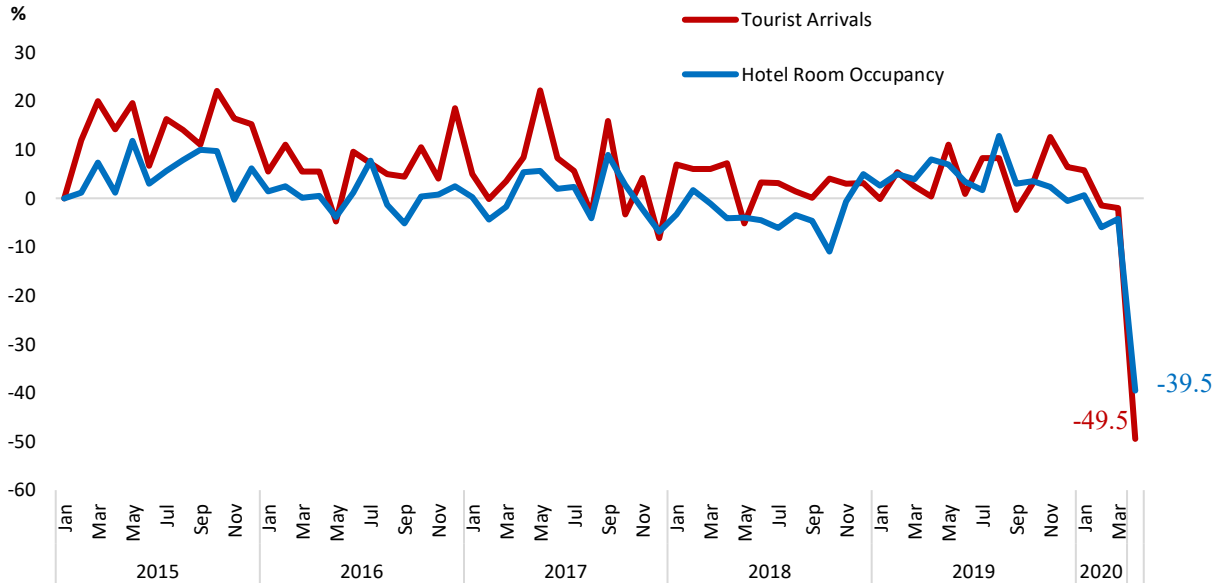
Source: National Insurance Scheme

Tourism

The tourism sector contracted by 16.2 percent, the result of declines in long-stay visitors (17.9 percent) and cruise passengers (11.5 percent). Rising fears surrounding COVID-19 led several potential visitors to cancel their travel plans and, as the pandemic spread, flights into the island from the main source markets ceased in the second half of March. Effectively, the last month of the winter tourism season was lost, resulting in the closure of most hotels and restaurants, with adverse effects on real estate rentals, car rentals, transportation services, duty free sales, visitor attractions and personal services.

“Effectively, the last month of the winter tourism season was lost, resulting in the closure of most hotels and restaurants.”

Figure 7: Tourist Arrivals and Occupancy



Source: Barbados Statistical Service, Central Bank of Barbados and Smith Travel Report

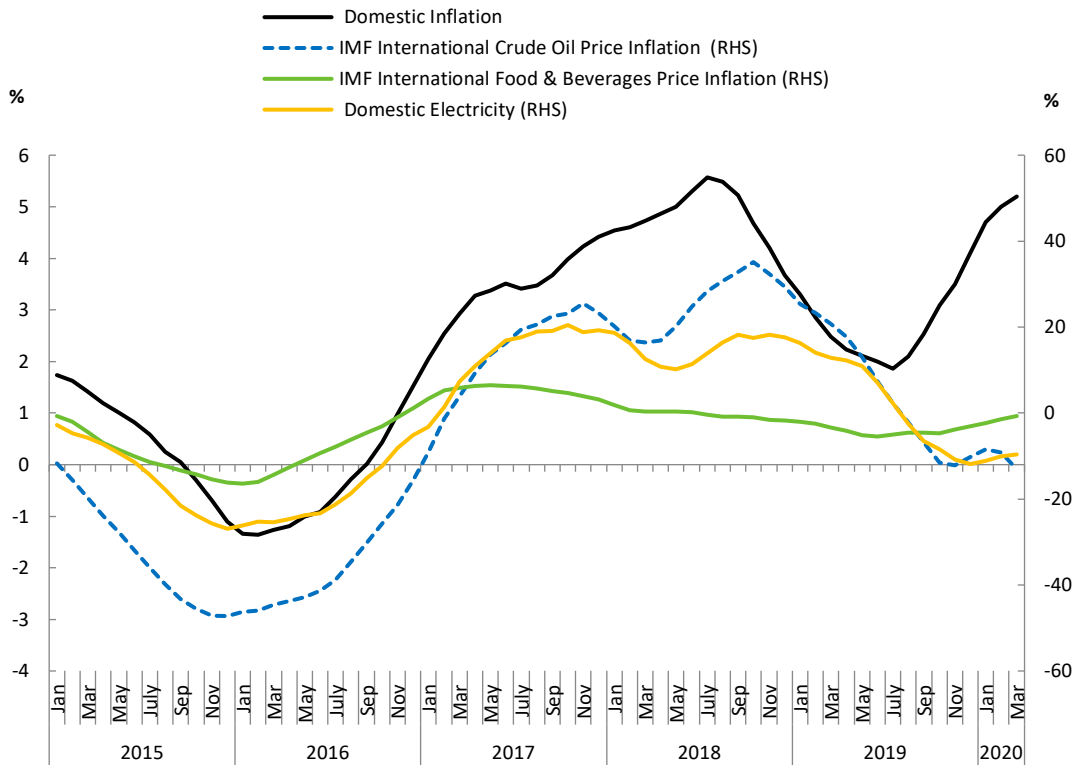
Agriculture

Total agricultural output declined by 1.8 percent since improvements in vegetable crop and chicken production, as well as gains associated with an early start to the sugar harvest, were eroded by declines in root crop and production of other meats. Additionally, persistent drought conditions hampered milk production.

Prices

Domestic inflation increased to 5.2 percent on a 12-month moving average basis, principally the result of higher prices for select vegetables in the second half of 2019 and the impact on transportation costs of the one-time 2019 hike in bus fares. International energy prices declined during the first quarter in response to reduced global demand, but the sharp downward trend in prices have not yet been reflected in domestic electricity prices.

Figure 8: Twelve-month Moving Average Inflation



Sources: Barbados Statistical Service and International Monetary Fund Primary Commodity Prices

Fiscal Operations

For fiscal year 2019/2020, Government achieved its targeted primary surplus of \$634 million or 6 percent of GDP, under the IMF supported BERT programme. Revenues were weaker than initially projected but Government adapted its spending across all expenditure categories to attain its target. The overall fiscal surplus was 3.7 percent of GDP compared to the small deficit of 0.3 percent recorded in FY 2018/19.

Revenue

Total Revenue for the financial year was \$2.98 billion, or 29 percent of GDP. This outturn was \$9 million below the previous fiscal year and \$75 million below the initial 2019/20 target. The impact of a number of revenue reforms and the shift of revenue off-budget to finance statutory bodies resulted in reduced inflows when compared to the previous year's outturn. In addition, the decline in corporation tax and a shortfall in new tourism related taxes because of continued administrative issues impacted revenues. There were also lower collections of excises relative to 2018/19 and the initial revenue targets.

Table 1: Revenue Outturn Compared to Budget Estimates 2019/20

FY2019/20	FY2018/19 % GDP	Original Target % GDP	Revised Target % GDP	Actuals % GDP	Actuals vs Original
Tax Revenue	27.6	27.2	26.2	26.4	(0.8)
Direct Taxes	11.0	10.9	10.3	10.3	(0.6)
Personal	4.7	4.2	4.2	4.3	0.2
Corporate	3.5	3.6	3.0	2.9	(0.7)
Property	1.6	2.0	2.1	2.0	0.1
Bank & Other Fin. Ins. Asset Tax	0.4	0.4	0.4	0.5	0.0
Other Direct Taxes	0.8	0.7	0.6	0.6	(0.2)
Indirect Taxes	16.5	16.3	15.9	16.1	(0.2)
VAT	9.2	9.3	9.3	9.2	0.0
Excises	2.7	2.7	2.5	2.4	(0.3)
Import Duties	2.1	2.1	2.1	2.2	0.1
Other Indirect Taxes	2.0	2.2	2.0	2.2	0.0
Non-Tax Revenue & Grants	1.8	1.9	1.9	2.0	0.1

Source: Treasury Department, Customs, Barbados Revenue Authority

Direct Taxes

Revenue from property tax totalled \$215 million, \$53 million above 2018/19's outturn and \$9 million above the forecast, reflecting increased land tax rates. However, these gains could not offset the declines in restructured Personal Income Tax (PIT) and Corporation Taxes which together fell by 0.7 percent of GDP.

The decline in PIT, indicative of the new PIT tax structure, was less severe than initial expectations. However, the new sliding scale structure in tandem with the grandfathering of a number of offshore entities contributed to lower tax collections and a deviation from original forecasts. Concurrently, lower interest income associated with the restructured bonds as well as the elimination of taxes on royalties and management fees to non-residents reduced withholding tax receipts by \$10 million. The reclassification of the Health Service Levy in FY2019/20 also contributed to a \$15 million decline in other direct taxes.

Indirect Taxes

Indirect Tax revenues were largely on par with 2018/19's performance. VAT receipts increased by \$26 million but these gains were partly offset by lower excise revenues. The loss in revenue associated with the repeal of the NSRL, as well as the reclassification of the Garbage and Sanitation Contribution as off-budget revenue, contributed to a \$81 million loss for this fiscal year. However, these declines were tempered by higher import duties and the contributions arising from a full year receipt associated with the Fuel Tax and the Room Rate/Shared Accommodation and Product Development Levy. In addition, as anticipated the Airline Travel and Tourism Development Fee yielded more revenue than needed for BTMI's activities and the surplus boosted revenues.

Non -Tax Revenue

Non-Tax Revenue was in line with expectations, \$39 million higher than the last FY. This outturn was largely due to increased investment income, the proceeds of an oil signature bonus and receipts from the Foreign Exchange Fee.

Expenditure

Total expenditure declined by 14 percent relative to the 2018/19's performance. Non-interest spending was down 11 percent on the basis of reduced transfers while interest declined by 35 percent, the result of the debt restructuring.

Table 2: Expenditure Outturn Compared to Budget Estimates 2019/20

FY2019/20	FY2018/19 % GDP	Original Target % GDP	Revised Target % GDP	Actuals % GDP	Actuals vs Original
Current Expenditure	27.7	24.3	22.9	23.0	(1.4)
Wages & Salaries	8.0	7.8	7.7	7.7	(0.1)
Goods & Services	3.5	4.0	3.5	3.6	(0.4)
Interest	3.8	3.2	2.4	2.4	(0.8)
Transfers & Subsidies	12.5	9.3	9.2	9.3	0.0
Grants to Individuals	3.6	3.8	3.8	3.7	(0.1)
Grants to Public Institutions	8.0	4.8	4.7	4.9	0.1
Capital Expenditure	1.8	2.0	1.6	1.8	(0.2)

Source: Ministry of Finance, Treasury Department

The reduction in transfers was driven by the decision to finance the Queen Elizabeth Hospital (QEH), BTMI and SSA with off-budget revenues, resulting in \$159 million in savings. Additional savings were gleaned through the restructuring of the SOEs, as well as through efficiency gains which culminated in lower transfers to most entities. Despite additional Covid-19 related transfers to the QEH towards year-end, there was a \$297 million reduction in outlays to public institutions.

Table 3: Expenditure Savings: Grants to Public Institutions

Grants to Public Institutions	Actual Transfers April-Mar 2019	Actual Transfers April-Mar 2020	April-Mar 2018/19 vs 2019/20
Barbados Agricultural Mgt. Corporation (BAMC)	42.4	10.0	(32.4)
Barbados Investment & Development Corporation	11.5	10.2	(1.4)
Barbados Tourism Marketing Inc.	86.9	0.0	(86.9)
Barbados Tourism Product Inc.	8.4	0.0	(8.4)
Barbados Water Authority	2.0	0.0	(2.0)
Invest Barbados	11.3	8.4	(2.9)
National Conservation Commission	27.5	22.2	(5.3)
National Housing Corporation	3.1	4.0	0.9
Queen Elizabeth Hospital	162.4	134.5	(27.9)
Sanitation Service Authority	44.0	0.0	(44.0)
University of the West Indies	109.5	111.1	1.5
Other	305.7	217.3	(88.5)
Total	814.8	517.6	(297.2)

Source: Treasury Department

Grants to individuals increased but spending remained below initial expectations given efficiency savings during the financial year. Subsidies declined by \$20 million relative to 2018/19, owing in part to reduced outlays to the Transport Board, but was slightly above the parliamentary estimates because of unexpected maintenance costs for a number of buses.

Wages and salaries were lower by approximately \$5 million relative to outlays in 2018/19 mainly due to attrition within the public service. Additionally, unfilled civil servant positions during the year contributed to this decline relative to initial budget estimates. However, spending on goods and services exceeded that of the previous year by \$34 million due in part to the preparation of the health service for the Covid-19 pandemic, particularly the acquisition of medical supplies for the drug service program.

Capital expenditure was largely on par with last year's performance as capital works related to the preparation of the health service in response to the Covid-19 outbreak boosted this category in the final quarter of the fiscal year. This included Capital Transfers to the QEH for equipment as well as funds to refurbish Harrison Point.

Debt and Financing

For the FY2019/20 Government's financing requirement was supplemented by its deposit holdings as well as a modest expansion in the overdraft facility at the Central Bank. Amortization during the fiscal year was approximately 3.6 percent of GDP exclusive of short-term requirements which are automatically rolled over.

Figure 9: Debt Stock

	BDS\$Millions	% of GDP
Gross Public Sector Debt @ end March, 2019	12,845.50	125.5
<i>Less Amortisation</i>	377.3	3.6
Domestic	264.8	2.5
External	112.5	1.1
<i>Less Arrears</i>	521.7	5.0
Domestic	155.7	1.5
External including write-offs	366.0	3.5
<i>Plus Change in Domestic Debt-Issuances & capitalisation</i>	45.1	0.4
<i>Plus Increased Financing</i>	373.3	3.6
Policy Loans	150.0	1.4
Project Funds	72.0	0.7
Bilateral funding	52.7	0.5
Overdraft facility at CBB	98.6	0.9
Gross Public Sector Debt @ end March, 2020	12,364.90	118.0

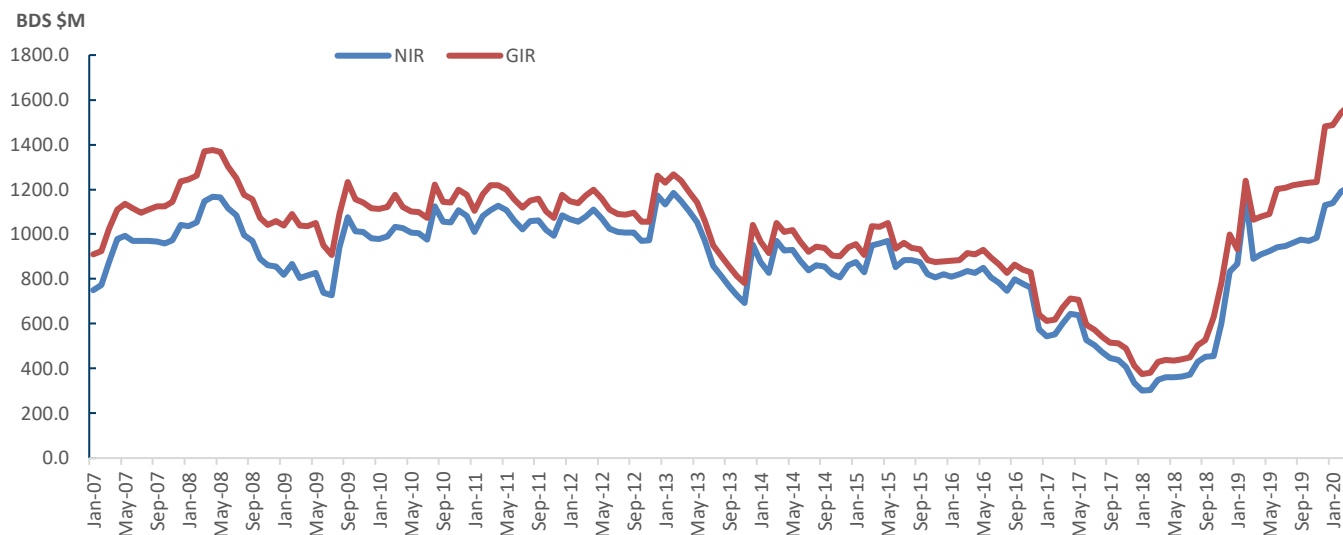
Source: Accountant General, Ministry of Finance and Central Bank of Barbados

Domestic arrears payments inclusive of tax refund arrears and outstanding liabilities to the private sector equalled 1.5 percent of GDP. At the end of March 2020, the gross public sector debt stock was approximately 118.0 percent of GDP compared to 125.5 percent of GDP at the end of March, 2019. The majority of the decline in debt was attributed to the reduction in amortization and arrears as Government continues to pursue its strategy to reduce gross public sector debt outstanding to 60 percent of GDP by FY2033/34.

External Sector Developments

The gross international reserves continued on an upward trend during the first quarter of 2020, reaching \$1,575 million or 19.4 weeks of import cover. The increase in reserves of \$94 million was stronger than the previous year, despite the first interest payment on the external restructured bond and increased foreign exchange demand by the private sector. Commercial banks were able to satisfy demand without recourse to purchases from the Central Bank.

Figure 10: GIR and NIR Monthly (January, 2007 to March, 2020)



Source: Central Bank of Barbados

The external current account balance deteriorated by an estimated \$108 million compared to the previous year. This was primarily attributed to a significant slowdown in the growth of travel credits linked to the decline in tourist arrivals in March and an increase in the imports of goods.

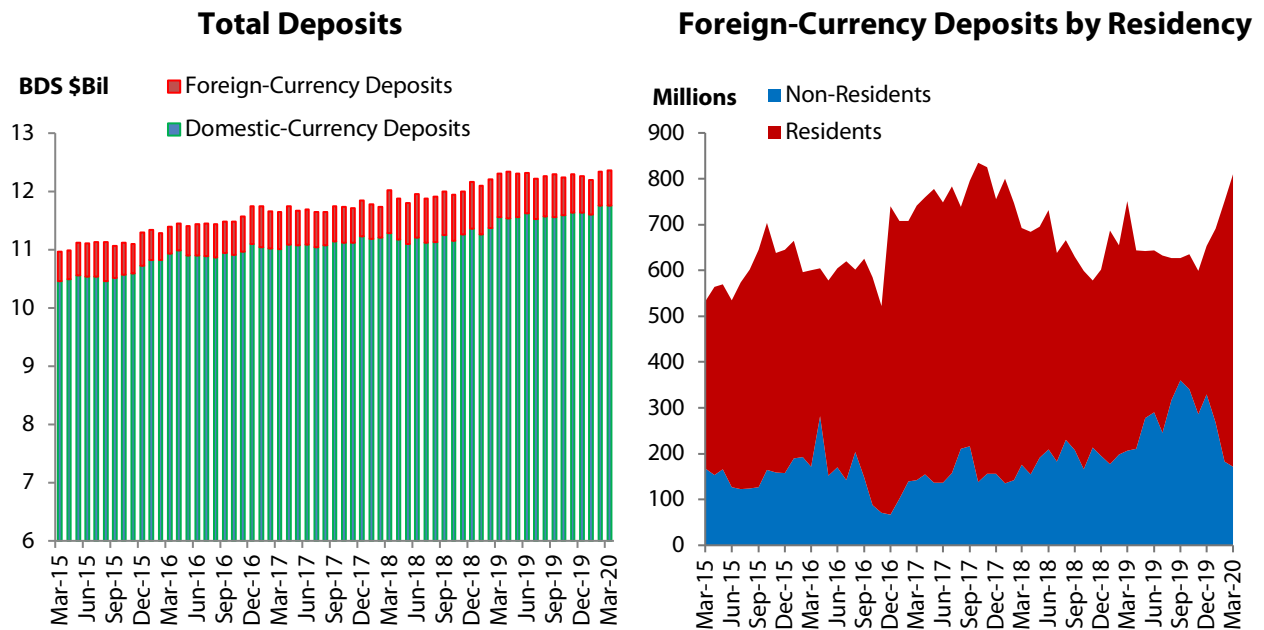
Import growth was influenced by an expansion in intermediate goods, including fuels for resale to airlines, feeds, fats and crude materials, construction materials, chemicals and other manufactures such as facial tissues and bottles for soft drinks. Consumer goods expanded slightly as increased demand for food and beverages and motor vehicles was outweighed by the decline in imports of jewellery.

The financial account recorded a higher surplus than in 2019 as a decline in public sector inflows, resulting from lower disbursements, was offset by increased private sector inflows.

Financial System

Activity in the financial system remained subdued, resulting in a rise in the excess cash ratio to 18.7 percent at the end of March 2020. Deposit-taking institutions¹ registered a modest uptick of 1.1 percent in domestic deposits, driven mainly by increased holdings of individuals and non-financial corporations. In addition, the foreign currency denominated deposits of the resident business sector rose, leading to an increased contribution of 6.4 percent of total deposits, compared to 5.3 percent at year-end 2019.

Figure 11: Deposits of the Financial System

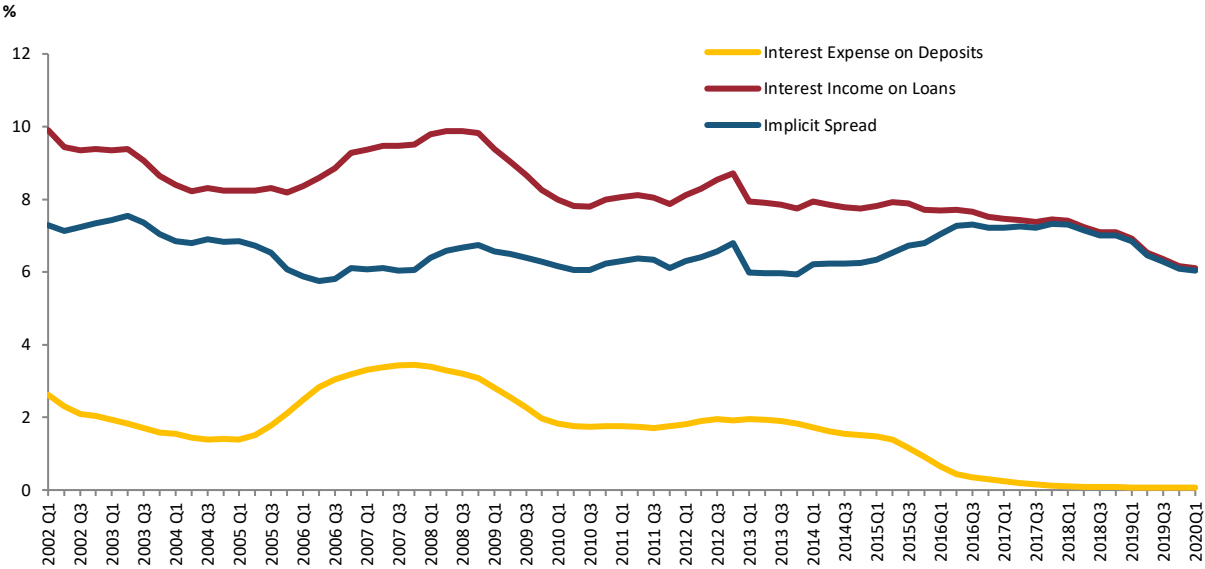


Source: Central Bank of Barbados

The interest rate environment remained benign but credit to the non-financial private sector declined by 1.3 percent, principally due to early repayments of some tourism-related loans. The average implicit deposit rate persisted at 0.1 percent for the first quarter of 2020, while estimated loan rates continue to gradually decline. These effects resulted in a small narrowing of the spread between deposit and lending rates.

¹ These include commercial banks, finance and trust companies and credit unions.

Figure 12: Banking Sector Implicit Interest Rates



Source: Central Bank of Barbados

Profitability in the banking sector continued to improve, with a twelve-month return on asset ratio of 1.8 percent and banks remained adequately capitalised. However, non-performing loans edged up slightly during the quarter.

Table 1 – Economic Indicators

	2015	2016	2017	2018 ^(p)	2019 ^(e)	Mar 2017	Mar 2018	Mar 2019 ^(p)	Mar 2020 ^(e)
Nominal GDP (\$ Million) ¹	9,430.0	9,660.0	9,956.3	10,173.4	10,409.2	2,757.3	2,665.0	2,694.9	2,764.9
Real Growth (%)	2.4	2.6	0.6	(0.4)	(0.1)	2.5	0.9	(1.0)	(3.0)
Inflation (%) ²	(1.1)	1.5	4.5	3.7	4.1	2.9	4.7	2.5	5.2
Avg. Unemployment (%) ³	11.3	9.7	10.0	10.1	10.1	9.7	10.0	10.6	n.a.
Gross International Reserves (\$ Million)	878.0	639.8	411.3	999.6	1481.0	674.0	428.9	1065.2	1574.6
Gross International Reserves Cover, Weeks	11.2	8.2	5.3	12.8	18.6	8.6	5.5	13.6	19.4
BoP Current Account (% of GDP)	(6.1)	(4.3)	(3.8)	(4.0)	(2.8)	0.3	1.7	3.2	(0.7)
Total Imports of Goods (% of GDP)	32.6	31.9	30.5	29.5	28.9	27.3	27.3	27.2	29.0
Travel Credits (% of GDP)	20.1	21.5	21.7	22.4	24.4	26.6	28.9	33.2	28.9
Financial Account (\$ Millions)	442.3	84.2	86.4	887.6	792.7	74.1	(15.7)	40.6	56.8
Gross Public Sector Debt ⁴ (% of GDP)	144.2	151.2	148.4	126.3	120.0	151.5	149.0	125.5	118.0
External Debt Service to Curr. Acct. Cred.	9.5	8.0	8.3	4.9	3.6	4.1	10.1	2.6	3.0
Treasury-Bill Rate	1.8	3.1	3.2	0.5	0.5	3.1	3.1	0.5	0.5
Implicit Deposit Rate	0.9	0.3	0.1	0.1	0.1	0.2	0.1	0.1	0.1
Implicit Loan Rate	6.7	6.5	6.5	6.4	6.2	6.4	6.4	6.5	6.1
Excess Cash Ratio	10.6	14.5	14.0	15.2	18.4	16.8	13.9	15.5	18.7
Private Sector Credit Growth (%) ⁵	1.6	1.5	3.2	0.4	0.7	(0.0)	(0.2)	(0.7)	(1.0)
Private Sector Credit (% of GDP) ⁵	82.5	81.7	81.9	80.4	79.1	79.6	82.5	79.6	78.2
Domestic Currency Deposits (% of GDP) ⁵	113.8	114.9	112.7	111.7	111.7	111.0	114.4	113.2	112.8
Fiscal Year	2015/16	2016/17	2017/18	2018/19^(p)	2019/20^(e)	Jan-Mar 2017	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2020
Fiscal Deficit (% of GDP)	(9.0)	(5.3)	(4.6)	(0.3)	3.7	2.6	(3.2)	(3.9)	2.3
Primary Balance (% of GDP)	(2.0)	2.2	3.2	3.5	6.1	8.2	2.7	(1.3)	4.5
Interest (% of GDP)	7.0	7.5	7.8	3.8	2.4	5.5	5.9	2.5	2.2
Fiscal Current Account (% of GDP)	(6.6)	(3.0)	(2.8)	1.6	5.5	5.1	(1.0)	0.7	5.9
Revenue (% of GDP)	25.7	27.8	28.8	29.3	28.5	37.1	32.2	34.6	30.6
Expenditure (% of GDP)	34.7	33.1	33.4	29.6	24.8	34.5	35.4	38.5	28.3
<i>Non-interest Expenditure (% of GDP)</i>	27.7	25.6	25.7	25.9	22.4	29.0	29.6	36.0	26.1
<i>Capital Expenditure (% of GDP)</i>	2.5	2.3	1.7	1.9	1.8	2.5	2.3	4.6	3.6
Gov't Interest Payments (% of Revenue)	27.4	26.9	26.9	12.9	8.4	14.9	18.3	7.4	7.0

^(p) – Provisional

^(e) - Estimate

¹ - Central Bank of Barbados and Barbados Statistical Service

² - Twelve Month Moving Average

³ - Four Quarter Moving Average

⁴ - Gross Public Sector Debt = Gross Central Government Debt + Other Public Sector Debt

⁵ - Based on consolidated data for deposit-taking institutions (Commercial Banks, Finance & Trust Companies and Credit Unions)

n.a.- Not Available

Source: Barbados Statistical Service and Central Bank of Barbados

Table 2 – GDP by Sector and Activity
(BDS \$Millions, Constant Prices¹)

	2015	2016	2017	2018 ^(p)	2019 ^(e)	Mar-17	Mar-18	Mar-19 ^(p)	Mar-20 ^(e)
Tradeables	1,746.3	1,850.9	1,913.2	1,986.9	1,999.2	534.6	575.9	567.5	495.1
Tourism	1,144.8	1,256.7	1,314.9	1,370.4	1,416.1	383.1	419.7	421.2	352.9
Agriculture	110.2	109.0	105.5	121.1	113.9	27.4	29.3	25.9	25.5
Sugar	4.7	3.4	5.4	6.0	4.1	3.3	0.0	3.8	4.3
Non-Sugar Agriculture	105.4	105.7	100.1	115.1	109.8	24.1	29.3	22.1	21.2
Manufacturing	491.3	485.2	492.8	495.4	469.2	124.1	127.0	120.4	116.7
of which:									
<i>Rum & Other Beverages</i>	95.4	94.2	95.7	96.2	91.1	24.1	24.6	23.4	22.7
<i>Food</i>	124.9	123.3	125.3	125.9	119.3	31.5	32.3	30.6	29.7
<i>Furniture</i>	13.5	13.4	13.6	13.6	12.9	3.4	3.5	3.3	3.2
<i>Chemicals</i>	29.6	29.2	29.7	29.8	28.2	7.5	7.6	7.2	7.0
<i>Electronics</i>	37.2	36.7	37.3	37.5	35.5	9.4	9.6	9.1	8.8
<i>Other Manufacturing</i>	143.5	141.7	143.9	144.7	137.0	36.2	37.1	35.2	34.1
Non-tradeables	6,100.1	6,201.2	6,190.2	6,083.7	6,061.1	1,554.1	1,531.6	1,519.2	1,528.6
Mining & Quarrying	37.4	32.4	40.7	41.7	41.6	9.5	11.5	11.2	11.3
Electricity, Gas & Water	217.4	219.0	214.8	214.1	211.8	53.4	52.7	51.7	52.4
Construction	495.7	482.8	492.9	461.6	443.3	120.2	112.0	106.3	111.6
Distribution	793.8	785.9	756.9	728.2	728.6	192.1	186.6	185.1	186.0
Transport, etc	972.6	1,065.3	1,045.6	1,018.0	1,023.6	269.1	268.9	269.8	270.4
Finance and Other Services	2,718.5	2,761.1	2,783.6	2,778.3	2,778.6	691.0	685.9	681.1	685.2
Government	864.7	854.7	855.6	841.8	833.6	218.8	213.9	214.0	211.7
Total	7,846.3	8,052.1	8,103.4	8,070.6	8,060.3	2,088.7	2,107.5	2,086.8	2,023.7
Nominal GDP	9,430.0	9,660.0	9,956.3	10,173.4	10,409.2	2,757.3	2,665.0	2,694.9	2,764.9
Real Growth Rates	2.4	2.6	0.6	(0.4)	(0.1)	2.5	0.9	(1.0)	(3.0)
Tradeables	6.5	6.0	3.4	3.9	0.6	7.7	7.7	(1.5)	(12.8)
Non-tradeables	1.3	1.7	(0.2)	(1.7)	(0.4)	0.8	(1.4)	(0.8)	0.6

^(p) – Provisional

^(e) – Estimate

¹ - BSS' 2010 Base Year Series

Source: Central Bank of Barbados and Barbados Statistical Service

Table 3 – Balance of Payments
(BDS \$Millions)

	2015	2016	2017	2018 ^(p)	2019 ^(e)	Mar 2017	Mar 2018	Mar 2019 ^(p)	Mar 2020 ^(e)
Current Account	(578.4)	(414.8)	(380.6)	(403.0)	(286.6)	8.7	45.2	87.5	(20.4)
Inflows	4,599.1	4,795.5	4,832.0	4,905.2	5,197.2	1,330.8	1,361.8	1,491.0	1,396.9
Travel	1,894.9	2,079.1	2,161.4	2,280.9	2,537.3	734.6	771.3	895.0	799.8
Other Services	412.2	418.4	429.9	444.7	458.5	63.9	66.2	68.3	70.5
Domestic Exports	486.3	504.6	509.7	510.2	507.4	113.9	122.8	135.2	117.2
Rum	76.3	77.6	83.9	79.8	76.8	20.2	20.2	20.9	18.5
Food	65.1	62.7	64.6	65.3	66.4	15.3	15.3	15.6	16.4
Sugar	7.2	7.1	13.5	0.4	0.6	0.1	-	0.1	0.1
Chemicals	73.9	72.2	72.5	80.3	77.8	17.0	20.5	20.6	17.5
Printed Paper Labels	22.0	23.1	22.7	26.6	15.3	4.7	6.6	5.4	5.2
Construction Materials	42.1	45.3	42.1	51.7	59.1	9.0	12.8	17.2	9.7
Other	199.7	216.6	210.3	206.1	211.4	47.6	47.5	55.3	49.9
Re-exported Goods	479.5	529.1	461.1	385.7	380.8	146.2	128.0	113.3	109.4
Net Export of Goods under Merchanting	633.9	632.2	635.4	633.8	637.6	158.9	158.5	159.4	163.3
Income	512.0	515.4	529.8	543.0	565.4	97.7	100.1	104.8	121.7
Transfers	180.3	116.7	104.7	107.0	110.1	15.8	15.0	15.0	15.0
Outflows	5,177.5	5,210.3	5,212.6	5,308.2	5,483.8	1,322.2	1,316.6	1,403.5	1,417.3
Total Imports of Goods	3,074.4	3,080.9	3,040.3	2,997.7	3,003.7	751.9	728.3	732.2	802.4
Fuel Imports	603.6	502.9	626.2	712.2	728.0	171.1	184.6	187.3	202.1
Other Merchandise Imports	2,470.8	2,578.0	2,414.1	2,285.5	2,275.7	580.8	543.7	544.8	600.3
Services	988.8	989.3	1,014.0	1,073.9	1,148.9	293.2	301.4	312.3	308.3
Income	937.9	958.3	977.6	1,042.6	1,129.5	221.0	228.7	298.5	243.6
General Government	164.8	166.8	167.4	183.2	150.3	44.5	45.1	69.1	13.3
Other Sectors	773.1	791.4	810.2	859.5	979.1	176.5	183.6	229.4	230.3
Transfers	176.4	181.8	180.6	194.0	201.7	56.1	58.3	60.6	63.1
Capital Account	(16.4)	(5.7)	(2.4)	50.9	(5.3)	(2.6)	56.3	(1.8)	(4.1)
Financial Account	442.3	84.2	86.4	887.6	792.7	74.1	(15.7)	40.6	56.8
Net Foreign Direct Investment	160.1	376.7	468.2	464.8	375.3	117.1	90.9	108.8	110.8
All Other Investment Flows	282.2	(292.5)	(381.8)	422.8	417.3	(43.0)	(106.6)	(68.2)	(54.0)
Net Long-term Public	(71.1)	(171.1)	(134.9)	451.0	387.8	(3.7)	(59.7)	41.0	(11.5)
Net Long-term Private	361.9	(44.6)	(156.8)	(3.8)	113.0	(59.3)	(50.0)	(87.8)	(31.3)
Net Short-term	(8.6)	(76.8)	(90.1)	(24.4)	(83.5)	20.0	3.1	(21.4)	(11.2)
Net Errors & Omissions	88.0	97.9	68.0	52.7	(19.5)	(46.9)	(68.3)	(60.8)	61.3
Overall Balance	(64.5)	(238.2)	(228.5)	588.3	481.4	34.2	17.5	65.6	93.7
Change in GIR: - increase/+ decrease	64.5	238.2	228.5	(588.3)	(481.4)	(34.2)	(17.5)	(65.6)	(93.7)

^(p) – Provisional

^(e) – Estimate

Source: Central Bank of Barbados

Table 4 – Summary of Government Operations
(BDS \$Millions)

	2015/16	2016/17	2017/18	2018/19	2019/20 ^(p)	Jan-Mar 2017	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2020 ^(p)
Total Revenue	2,458.4	2,754.0	2,845.4	2,993.6	2,984.2	1,024.2	858.9	933.1	845.6
Tax Revenue	2,266.3	2,494.5	2,656.3	2,812.4	2,771.2	851.8	769.7	870.6	757.2
i) Direct Taxes	875.6	970.5	968.9	1,126.9	1,084.7	330.8	291.4	372.7	289.3
Personal	396.8	488.3	462.6	482.1	454.7	162.9	130.1	168.4	120.2
Corporate	215.2	248.2	275.1	355.5	309.0	127.8	122.1	152.2	113.8
Property	132.8	135.4	137.6	161.3	214.7	14.7	15.9	17.9	21.9
Financial Institutions Asset Tax	29.0	32.6	48.7	44.6	47.4	9.9	11.4	7.2	16.3
Other	65.5	62.7	44.9	83.4	58.9	15.6	11.9	27.0	17.1
ii) Indirect Taxes	1,390.7	1,524.0	1,687.4	1,685.6	1,686.5	116.4	118.1	132.5	113.1
Stamp	10.1	9.4	10.5	10.9	11.4	2.8	3.6	3.0	2.8
VAT	861.4	890.3	887.3	940.9	966.9	274.0	229.6	272.8	262.6
Excises	169.0	225.6	303.1	271.2	250.9	117.3	119.8	86.5	64.8
Import Duties	231.6	245.2	218.6	213.8	231.6	76.6	50.2	55.5	57.5
Social Responsibility Levy	0.0	29.3	152.0	49.4	0.1	17.4	45.8	0.1	0.0
Other of which:	118.6	124.3	115.9	199.4	225.6	32.9	29.3	80.0	80.2
Fuel Tax				68.6	82.1			42.1	20.8
Room Rate/Shared Accommodation				10.1	28.1			5.2	10.1
Non-Tax Revenue & Grants	192.1	259.5	189.1	181.2	213.0	172.4	89.2	62.5	88.4
Non-Tax Revenue	147.5	228.4	149.0	161.5	201.3	164.3	59.8	49.9	86.8
Grants	18.1	9.8	22.0	0.1	11.8	0.8	22.0	0.1	1.6
Post Office - Revenue	26.4	21.3	18.1	19.6	0.0	7.3	7.4	12.5	0.0
Current Expenditure	3,085.5	3,053.0	3,123.8	2,826.4	2,407.9	884.5	884.3	913.7	683.0
Wages & Salaries	787.2	784.4	782.3	811.9	807.4	200.7	198.8	206.6	205.2
Goods & Services	441.3	385.4	364.3	356.3	375.5	143.1	119.1	139.9	137.0
Interest	672.5	741.7	764.7	384.9	249.7	152.7	157.0	68.6	59.6
External	163.7	168.0	168.0	48.0	62.7	44.5	45.1	13.3	11.2
Domestic	508.8	573.7	596.7	336.9	187.0	108.2	111.9	55.3	48.4
Transfers & Subsidies	1,184.5	1,141.5	1,212.5	1,273.3	975.3	388.0	409.4	498.5	281.2
Grants to Individuals	342.1	327.3	358.3	362.8	389.2	116.4	118.1	132.5	113.1
Grants to Public Institutions	729.6	714.4	761.2	814.8	517.6	237.8	245.3	318.0	151.1
Subsidies	60.5	47.8	51.9	51.8	31.8	19.2	30.6	26.3	6.9
Subscriptions & Contributions	19.9	19.4	22.1	25.7	20.3	5.9	9.3	13.8	5.8
Non-Profit Agencies	32.3	32.7	19.0	18.3	16.4	8.7	6.1	7.9	4.2
Capital Expenditure & Net Lending	236.3	225.1	171.8	197.8	191.8	67.6	60.2	124.2	99.0
Capital Expenditure	216.6	205.4	149.1	184.9	185.1	65.9	55.5	122.5	97.8
Net Lending	19.7	19.7	22.7	12.9	6.7	1.7	4.7	1.7	1.3
Fiscal Balance	(863.4)	(524.1)	(450.2)	(30.5)	384.5	72.1	(85.6)	(104.8)	63.6
Primary Balance	(190.8)	217.6	314.5	354.3	634.2	224.8	71.4	(36.1)	123.2
Fiscal Balance to GDP (%)	(9.0)	(5.3)	(4.6)	(0.3)	6.1	2.6	(3.2)	(3.9)	2.3

^(p)-Provisional

^(e) Estimate

Sources: Accountant General, Ministry of Finance and Central Bank of Barbados

Table 5 – Government Financing
(BDS \$Millions)

	2015/16	2016/17	2017/18(p)	2018/19 ^(e)	2019/20 ^(e)	Jan-Mar 2017	Jan-Mar 2018	Jan-Mar 2019 ^(e)	Jan-Mar 2020 ^(e)
Total Financing	863.4	524.1	450.2	30.6	(384.5)	(72.1)	85.6	104.8	(63.6)
Domestic Financing	837.7	685.7	629.3	(315.5)	(494.0)	(63.3)	148.9	108.3	(49.2)
Central Bank	426.2	783.2	92.8	(166.4)	164.7	73.0	(4.0)	66.1	42.5
Commercial Banks	182.4	(433.5)	257.9	82.8	(86.3)	(192.6)	(20.8)	24.4	28.9
National Insurance Board	71.2	180.2	3.1	8.9	(85.2)	57.3	5.9	0.0	(21.3)
Private Non-Bank	108.5	94.6	(57.2)	(119.6)	(217.7)	37.2	25.1	(36.1)	(85.1)
Other	49.4	61.3	332.8	(111.2)	(61.2)	(38.3)	142.7	63.9	0.0
Arrears Payments	n.a	n.a	n.a	(10.0)	(208.3)	0.0	0.0	(10.0)	0.0
Foreign Financing (Net)	25.7	(161.7)	(179.1)	346.2	109.5	(8.7)	(63.3)	(13.5)	(14.3)
Capital Markets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Funds	204.1	57.2	113.8	87.9	72.0	26.2	28.6	10.6	1.5
Policy Loans	99.3	0.0	0.0	350.0	150.0	0.0	0.0	0.0	0.0
Amortisation	(277.8)	(218.8)	(292.8)	(91.7)	(112.5)	(34.9)	(91.9)	(24.1)	(15.8)

^(p) - Provisional

^(e) - Estimate

Source: Central Bank of Barbados

Table 6 – Public Debt Outstanding
(BDS \$Millions)

	2015	2016	2017	2018	2019 ^(p)	Mar-17	Mar-18	Mar-19	Mar-20 ^(p)
Gross Central Government Debt¹	12,243.0	13,397.3	13,665.9	12,755.8	12,426.6	13,619.0	13,960.9	12,752.6	12,307.0
Domestic Debt	9,319.8	10,511.2	10,840.1	9,247.4	9,169.6	10,521.5	11,067.4	9,219.5	9,073.5
Central Bank ²	1,303.6	2,012.4	2,227.7	703.8	814.1	2,120.8	2,230.9	724.9	823.5
Commercial Banks	2,070.0	2,030.9	2,144.9	2,340.2	2,355.2	1,838.6	2,098.9	2,337.6	2,350.9
National Insurance	3,152.7	3,481.0	3,518.9	2,938.4	2,880.0	3,508.0	3,524.8	2,943.8	2,858.7
Insurance Companies	514.6	522.3	527.2	1,114.6	807.5	794.2	741.6	1,149.3	821.5
PPP	272.9	256.8	241.8	-	-	255.6	240.6	-	-
Other	2,006.1	2,207.8	2,179.7	2,150.3	2,312.9	2,004.1	2,230.7	2,063.8	2,218.9
Domestic Arrears	n.a	n.a	n.a	309.5	167.0	n.a	n.a	293.0	137.3
External Debt	2,923.2	2,886.2	2,825.8	2,970.8	3,023.1	3,097.5	2,893.5	2,935.7	3,031.7
International Financial Institutions	1,012.4	1,062.5	1,043.7	1,379.5	1,445.5	1,049.1	1,031.6	1,366.7	1,441.7
Bonds	1,619.3	1,548.3	1,452.8	1,142.8	1,126.2	1,542.5	1,362.5	1,135.7	1,127.3
PPP	256.0	249.9	243.1	237.0	228.8	243.1	235.7	228.9	219.8
Bilateral	35.5	25.5	86.1	211.5	222.6	79.3	86.1	204.4	242.9
External Arrears	-	-	-	228.1	67.0	-	-	304.4	64.5
Other Public Sector Debt	1,385.8	1,238.2	1,144.0	94.3	66.4	1,158.8	976.8	92.9	57.9
Domestic Debt	1,116.9	965.8	884.6	-	-	920.0	765.7	-	-
Foreign Debt	268.9	272.4	259.4	94.3	66.4	238.8	211.1	92.9	57.9
Other Public Sector Arrears	-	-	-	-	6.0	-	-	-	-
Gross Public Sector Debt³	13,628.8	14,635.5	14,809.9	12,850.1	12,499.0	14,777.8	14,937.7	12,845.5	12,364.9
Central Government Financial Assets	744.8	752.0	715.2	795.0	739.6	736.9	733.0	684.8	573.3
Central Bank	16.7	20.1	20.3	389.4	311.4	14.7	34.0	344.4	278.3
Commercial Banks	95.1	99.4	96.0	174.6	248.4	95.7	118.8	150.2	215.3
Sinking Funds	633.0	632.6	598.8	231.0	179.7	626.5	580.2	190.2	79.7
Other Public Sector Financial Assets	207.9	239.8	189.0	465.8	374.3	195.9	199.0	246.4	378.4
Public Corporations' Deposits	207.9	239.8	189.0	465.8	374.3	195.9	199.0	246.4	378.4
Gross Public Sector Debt/GDP (%)	144.2	151.2	148.4	126.3	120.0	151.5	149.0	125.5	118.0
Gross Central Government Debt/GDP (%)	129.5	138.4	136.9	125.4	119.3	139.6	139.2	124.6	117.4
External Debt/GDP (%)	30.9	29.8	28.3	31.4	29.7	31.8	28.9	31.7	29.5
Net Central Government ⁴ /GDP (%)	121.7	130.6	129.8	117.6	112.2	132.0	131.9	117.9	112.0

^(p) – Provisional

n.a.- Not Available

¹ Gross Central Government Debt = Domestic Debt + External Debt+ Domestic and External Arrears

² Comprises Treasury Bills, Debentures and Ways & Means Account Balance

³ Gross Public Sector Debt = Gross Central Government Debt + Other Public Sector Debt +Arrears

⁴ Net Central Government Debt = Gross Central Government Debt - Central Government Financial Assets

Source: Accountant General, Ministry of Finance and Central Bank of Barbados

Table 7 – Select Monetary Aggregates and Financial Stability Indicators for the Banking System
(BDS \$Millions)

	2015	2016	2017	2018	2019	Mar 2017	Mar 2018	Mar 2019	Mar 2020 ^(p)
Monetary Authorities									
Net International Reserves	821.4	574.9	334.7	832.5	1130.8	600.6	348.6	890.8	1203.6
Monetary Base	1989.8	2481.5	2375.9	2659.0	2938.8	2559.8	2435.1	2765.1	3037.2
Net Domestic Assets	1137.6	1869.3	1996.9	1788.8	1761.6	1921.0	2039.5	1831.4	1777.6
Deposit-taking Institutions¹									
Credit to Public Sector ²									
Central Government (net)	4314.8	4072.3	4286.3	3982.0	3991.6	3687.6	4228.2	4023.6	4073.8
Rest of the Public Sector	535.7	464.4	450.4	126.9	82.6	481.1	436.7	117.5	91.6
Credit to Rest of Financial System	291.3	274.7	248.7	274.5	255.7	261.8	271.3	267.5	269.4
Credit to the Non-Financial Private Sector ³	7781.1	7895.2	8151.3	8179.1	8233.5	7894.9	8135.6	8125.7	8147.1
Total Deposits	11372.5	11837.7	11978.7	11967.1	12284.8	11747.7	11974.8	12304.3	12567.8
Transferable Deposits ⁴	8946.4	9589.1	9667.6	9844.5	10387.2	9510.9	9776.0	10161.5	10694.1
Non-Transferable Deposits	2426.0	2248.5	2311.1	2122.6	1897.6	2236.8	2198.9	2142.8	1873.7
Memo Items									
Domestic Currency Deposits	10727.3	11097.5	11223.9	11365.1	11631.2	11005.7	11282.8	11553.6	11758.5
Foreign Currency Deposits	645.1	740.2	754.8	602.0	653.6	742.0	692.0	750.7	809.3
Banking System Financial Stability Indicators⁵									
Capital Adequacy Ratio (CAR)	15.8	17.0	17.0	13.9	13.4	17.0	16.8	16.0	13.6
Loan to Deposit Ratio	66.7	63.7	64.4	63.0	61.7	64.1	63.6	66.1	59.1
Liquid Assets to Total Assets	29.9	32.5	32.6	21.2	23.1	31.6	32.5	32.9	24.5
Non-Performing Loans Ratio	10.2	8.6	7.7	7.4	6.6	7.2	6.8	7.7	6.9
Provisions to Non-Performing Loans	55.5	62.7	80.4	67.3	59.4	66.0	76.8	67.5	57.9
Return on Average Assets (12-month)	1.4	1.5	1.3	(0.2)	0.6	1.4	1.3	(1.3)	1.8

^(p) - Provisional

¹ Comprises Commercial Banks, deposit taking Finance & Trust Companies and Credit Unions

² Reflects both security holdings and loans.

³ Does not include credit to the non-resident sector

⁴ These comprise of call deposits, demand deposits and savings deposits with unrestricted withdrawal privileges

⁵ Data on commercial banking sector

Source: Central Bank of Barbados