

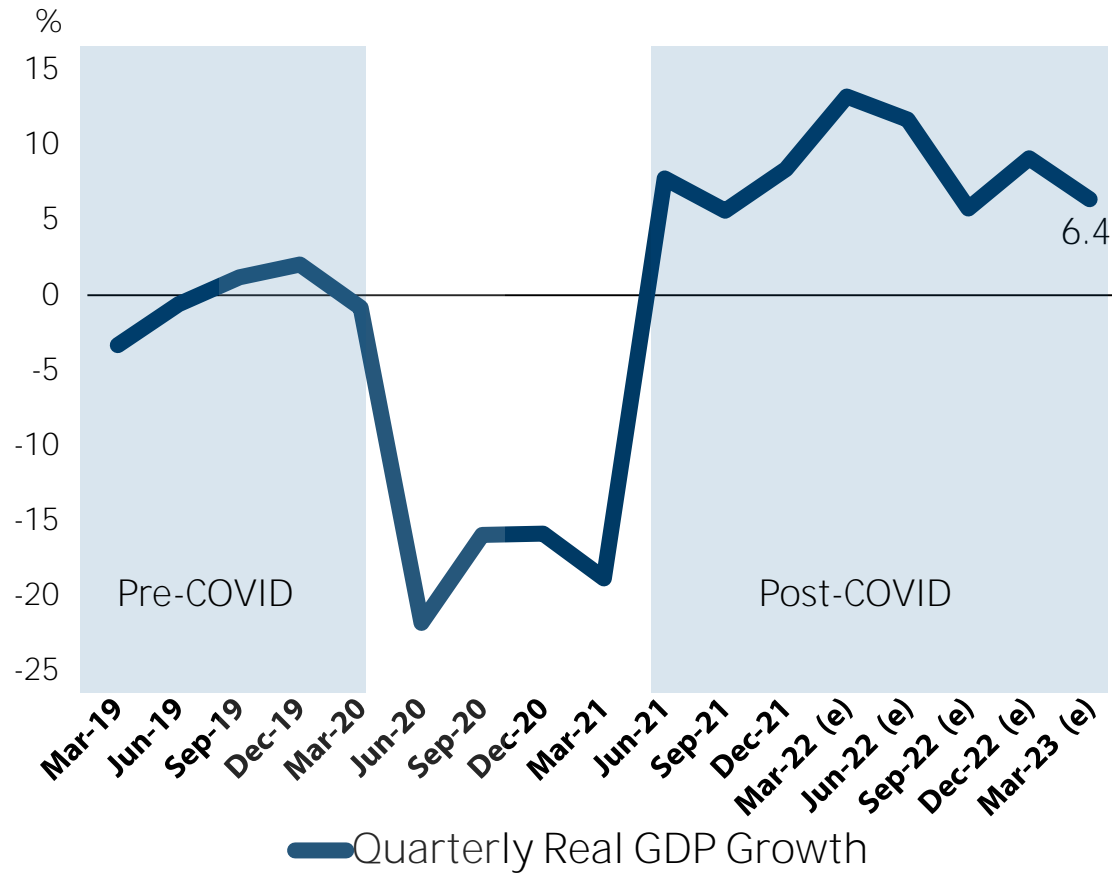


BARBADOS' ECONOMIC REVIEW

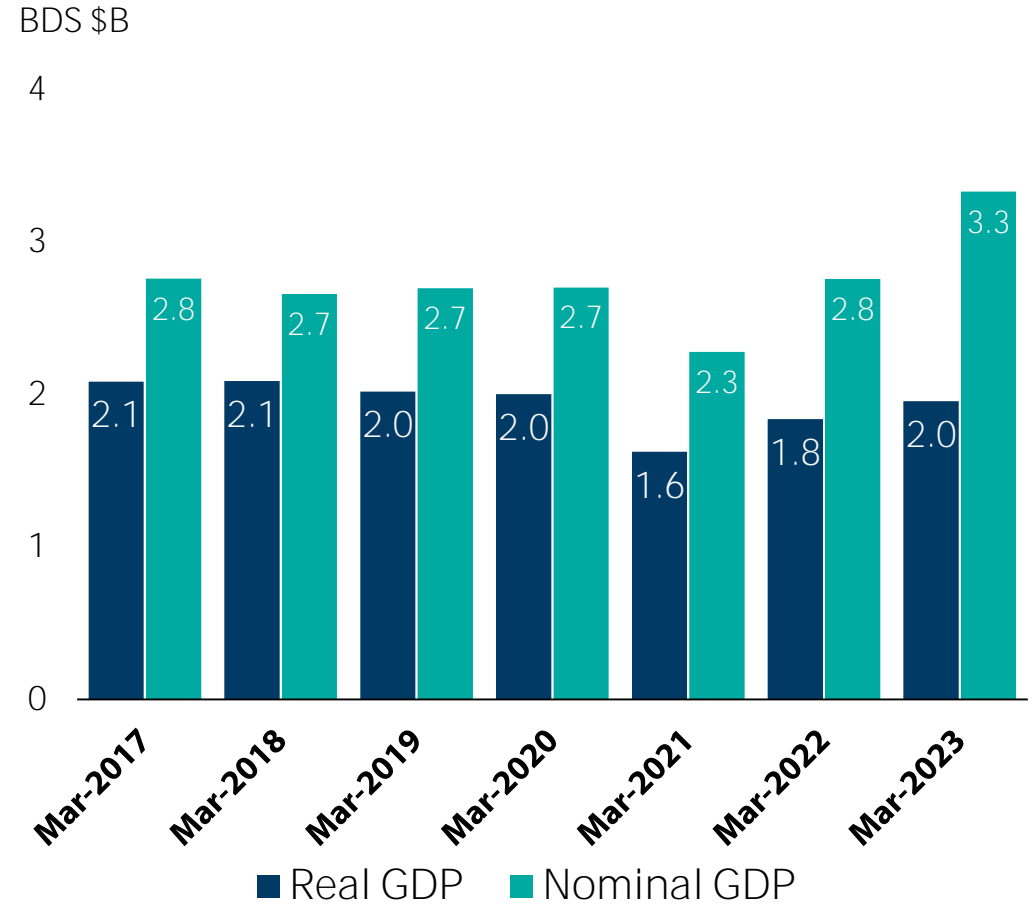
January - March, 2023

The Barbados economy has recovered

First quarter growth of 6.4% represents eight consecutive quarters of growth...

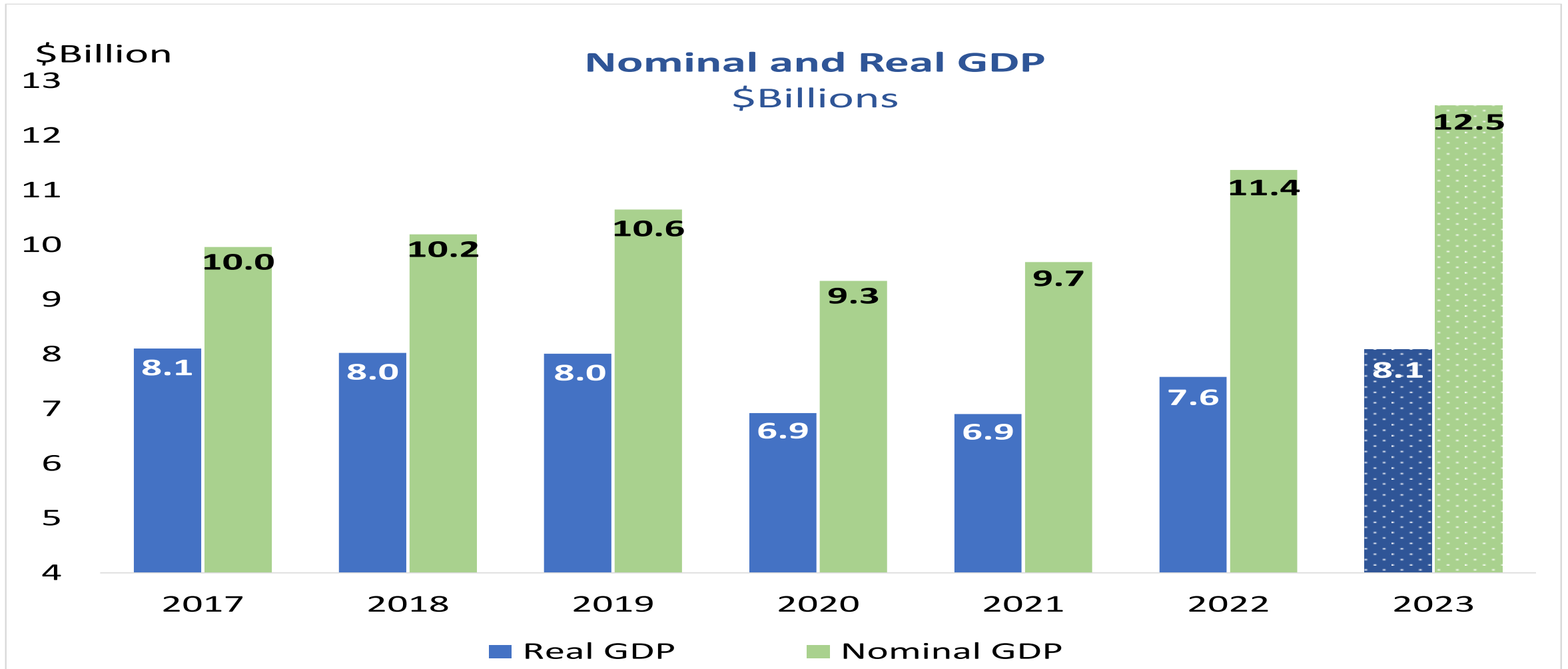


...which in real terms brings the economy on par with its 2019 size and in nominal terms, exceeds it.



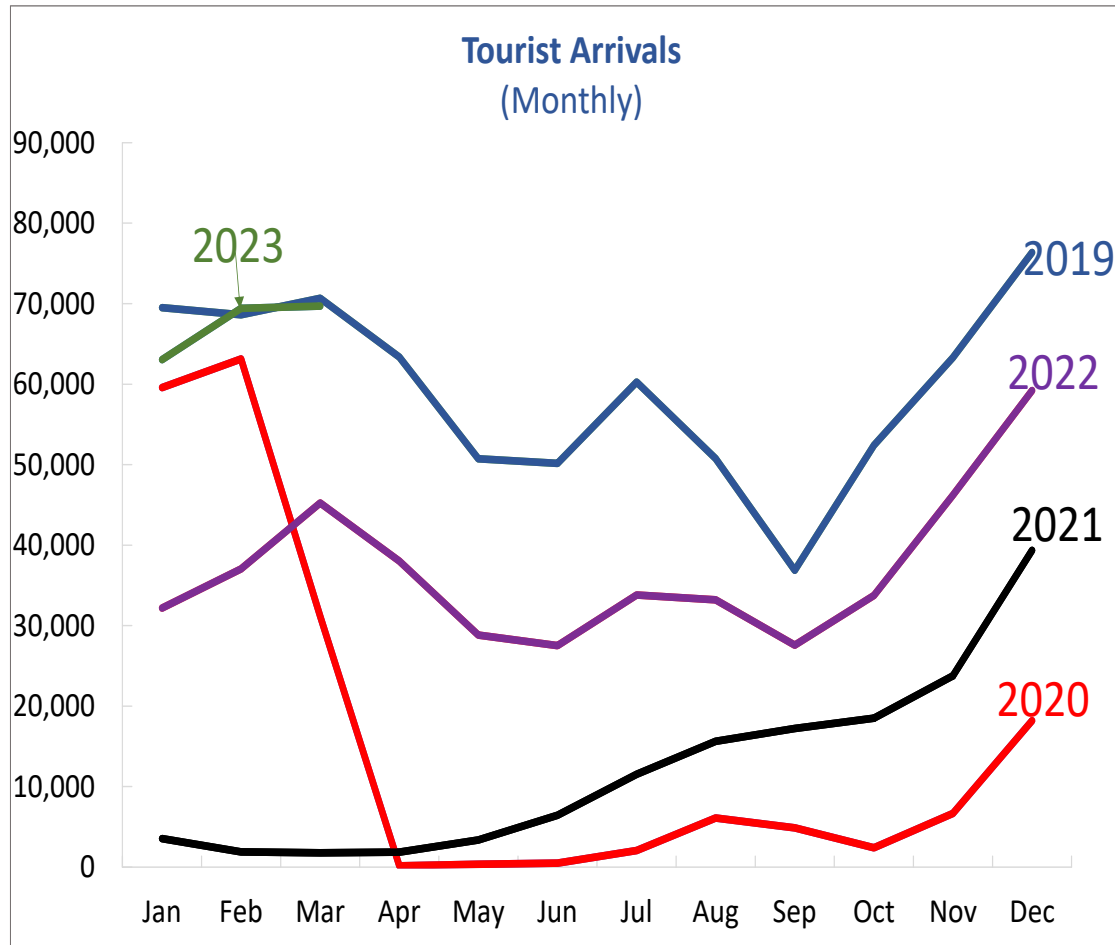
The Barbados economy has recovered

... and the story is the same on an annual basis.

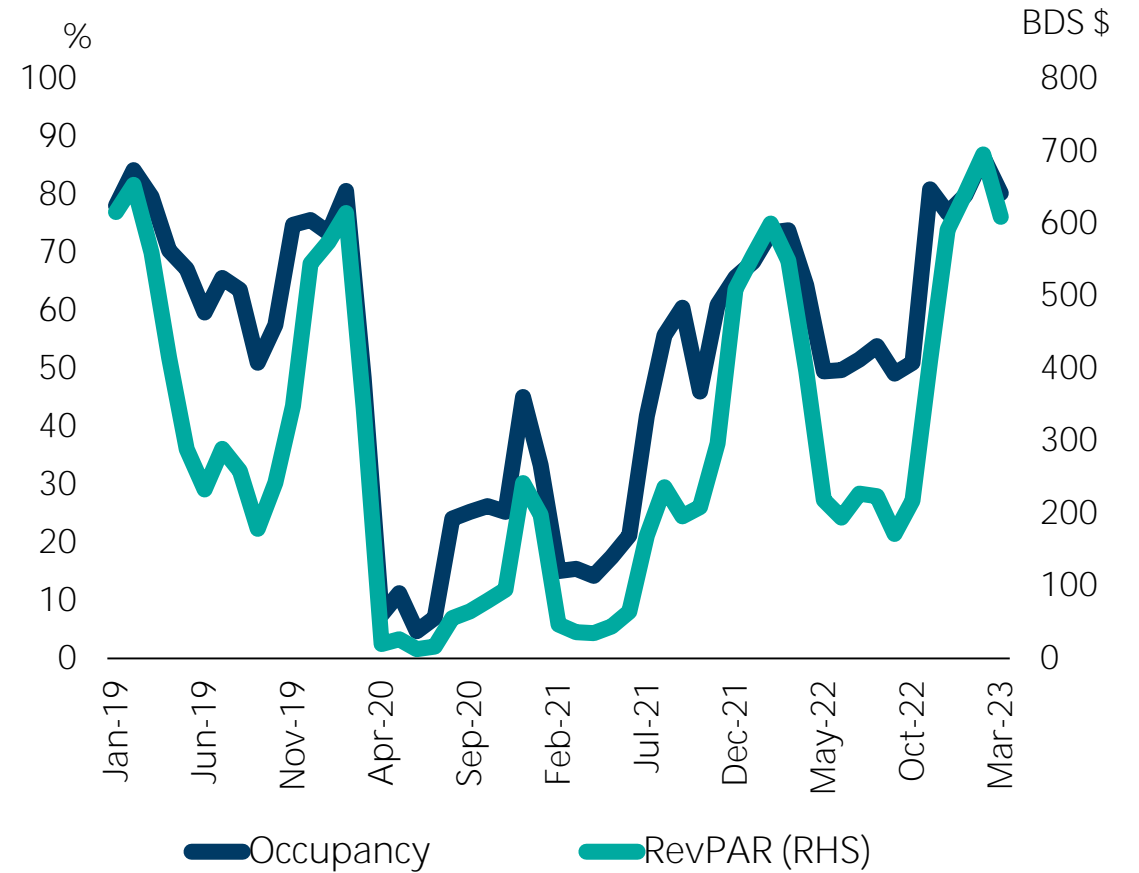


The recovery was driven by strong growth in tourism

Arrivals are virtually back to pre-**COVID** levels...



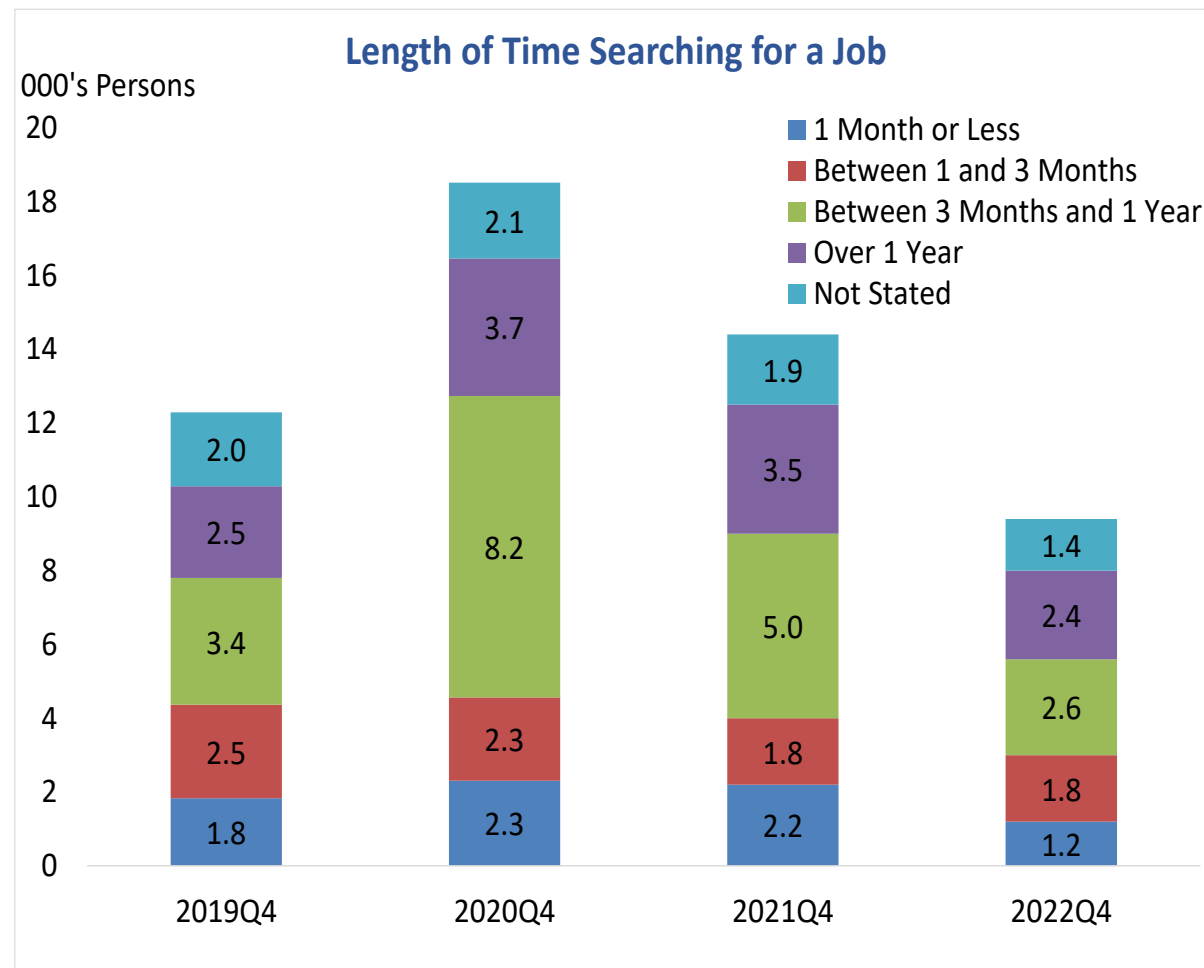
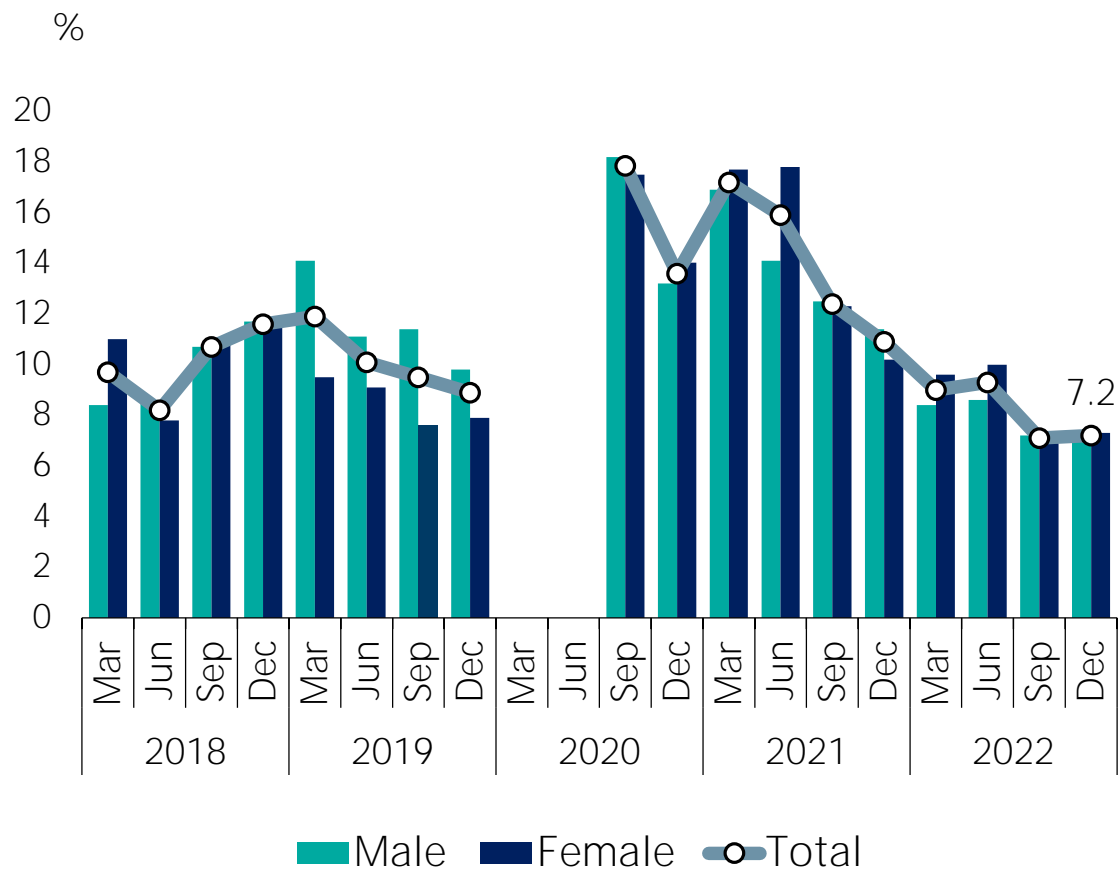
...with hotel occupancy and revenues surpassing 2019 levels.



There is a renewed buoyancy in the labour market

Unemployment rates are the lowest since 2007...

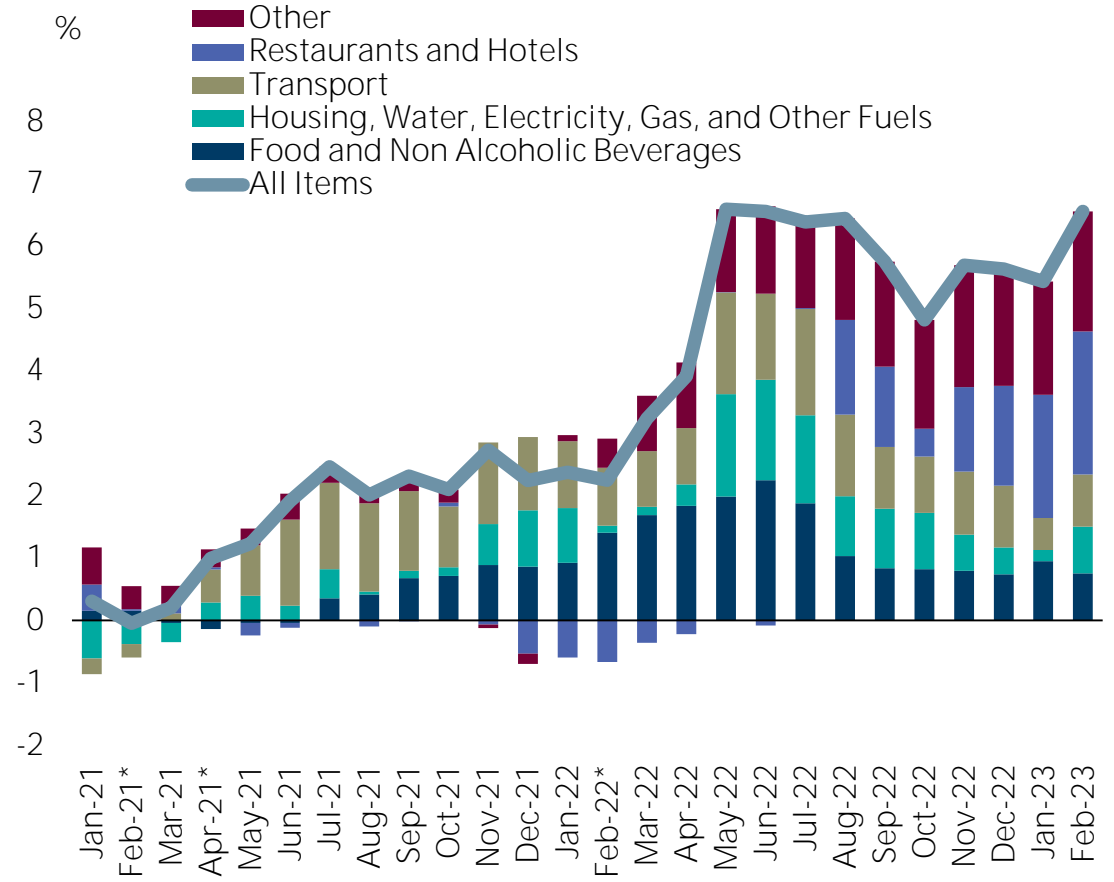
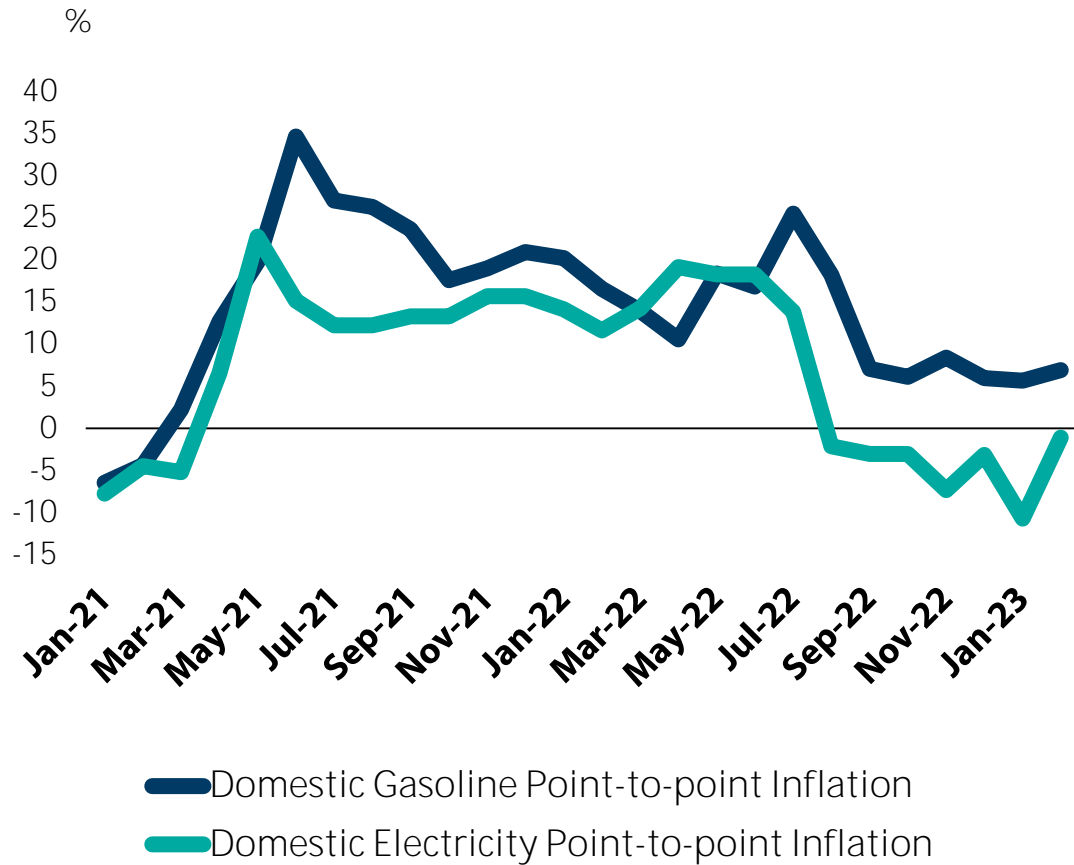
...And time taken to find a job has reduced significantly



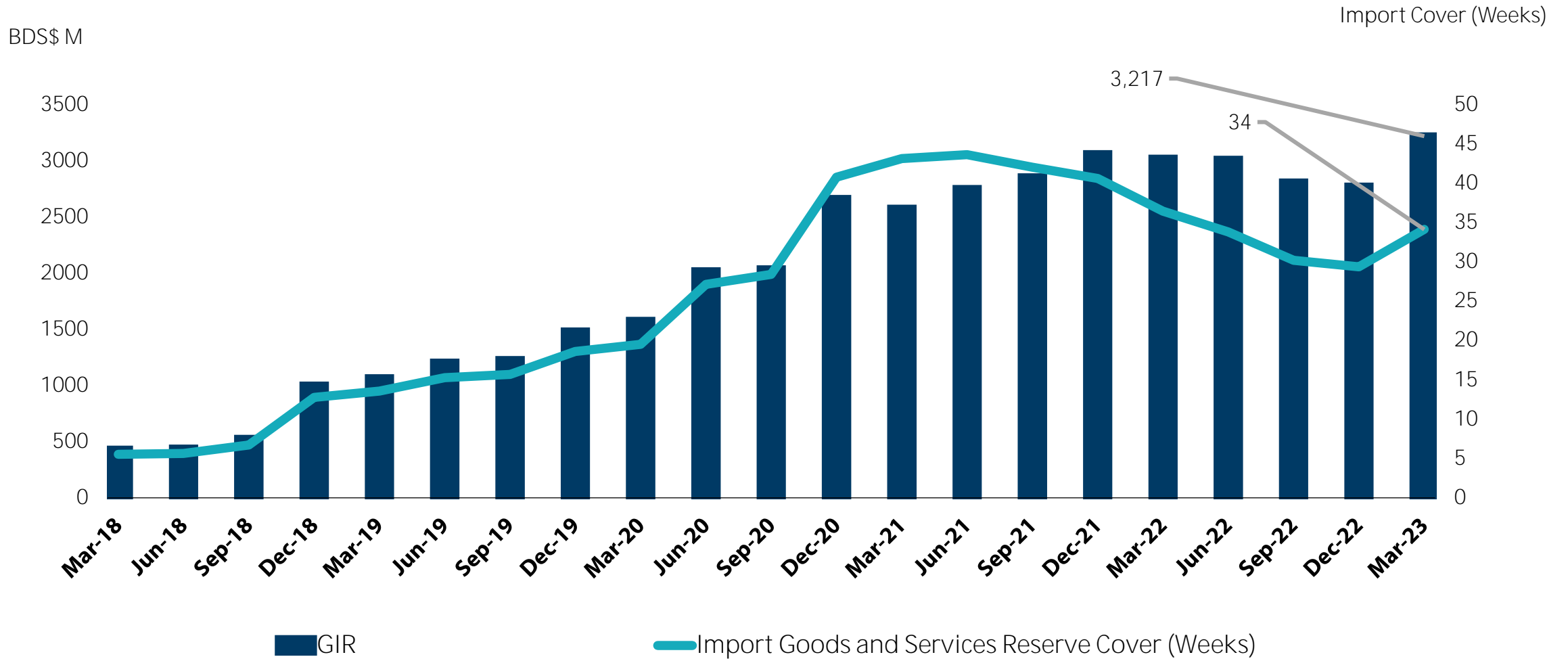
Inflation has started to ease

Domestic energy inflation has abated, reflecting **falling int'l prices and budgetary measures...**

...But increasing demand for dining & recreational and cultural services are generating upward pressures.

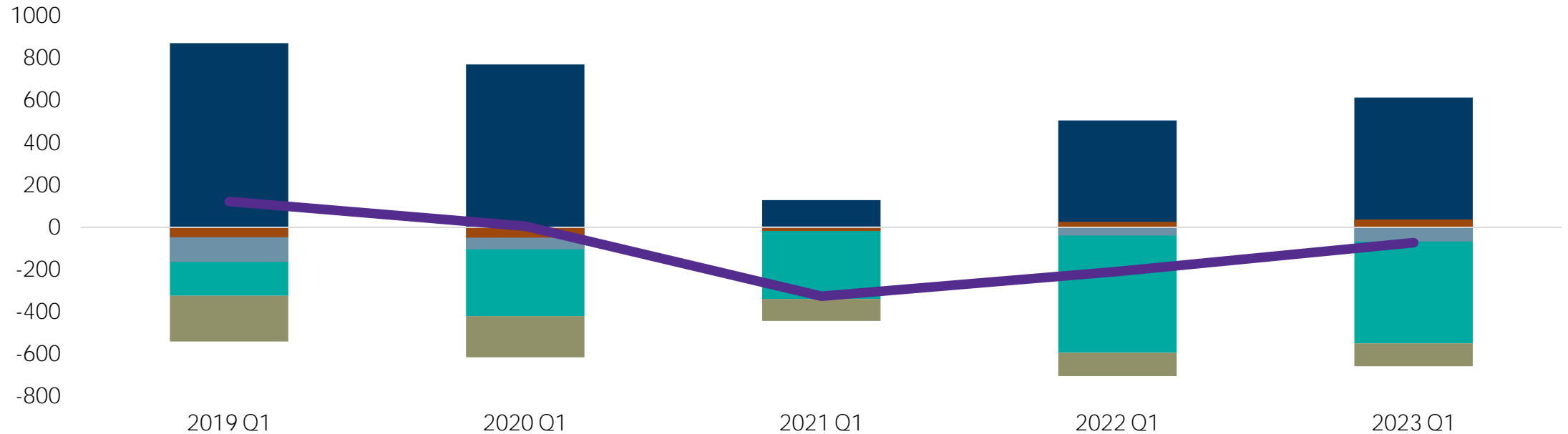


The reserves are at a record high!



Explanation of Reserve Movements

BDS\$ M



Merchandise Trade Balance

Net Travel Receipts

Non-Travel Services Balance

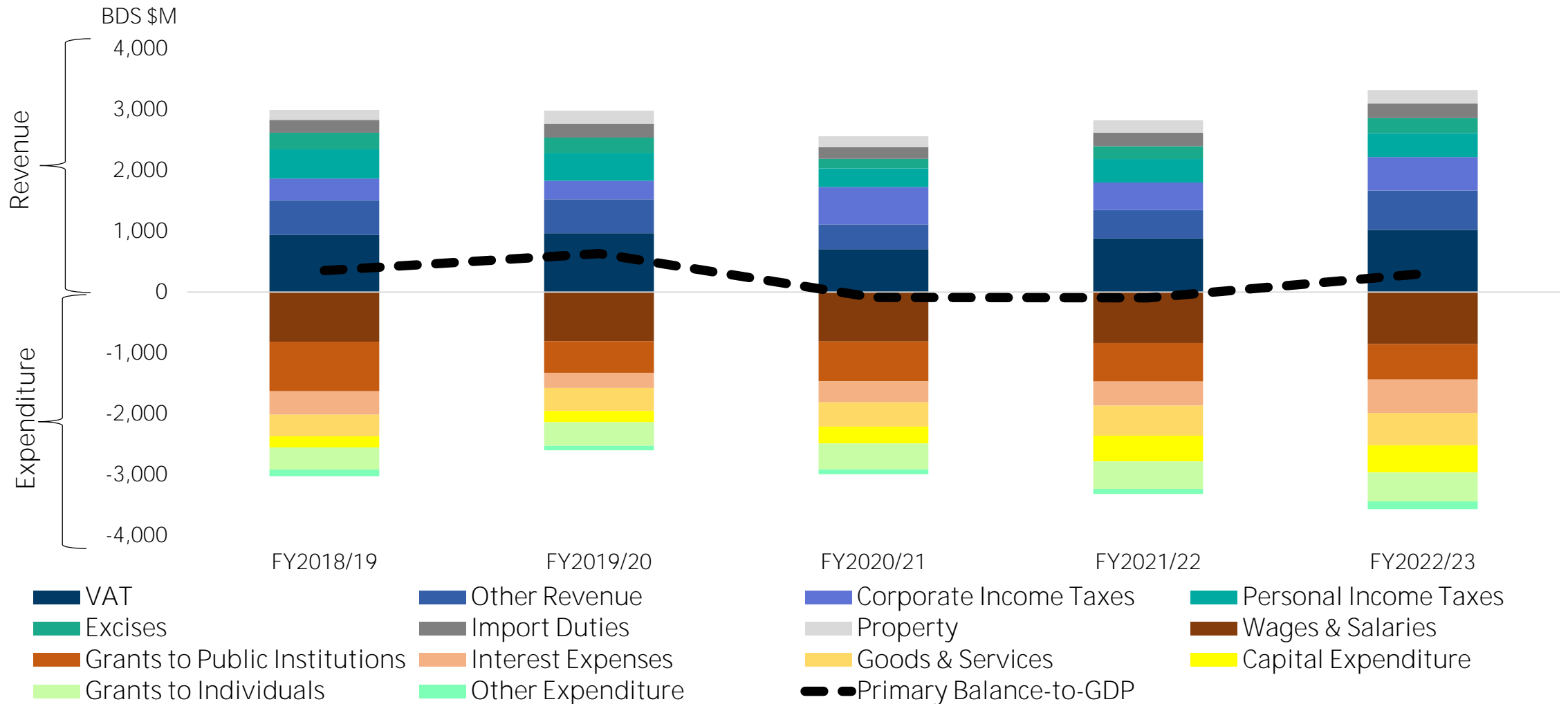
Net Income

Net Current Transfers

Current Account Balance



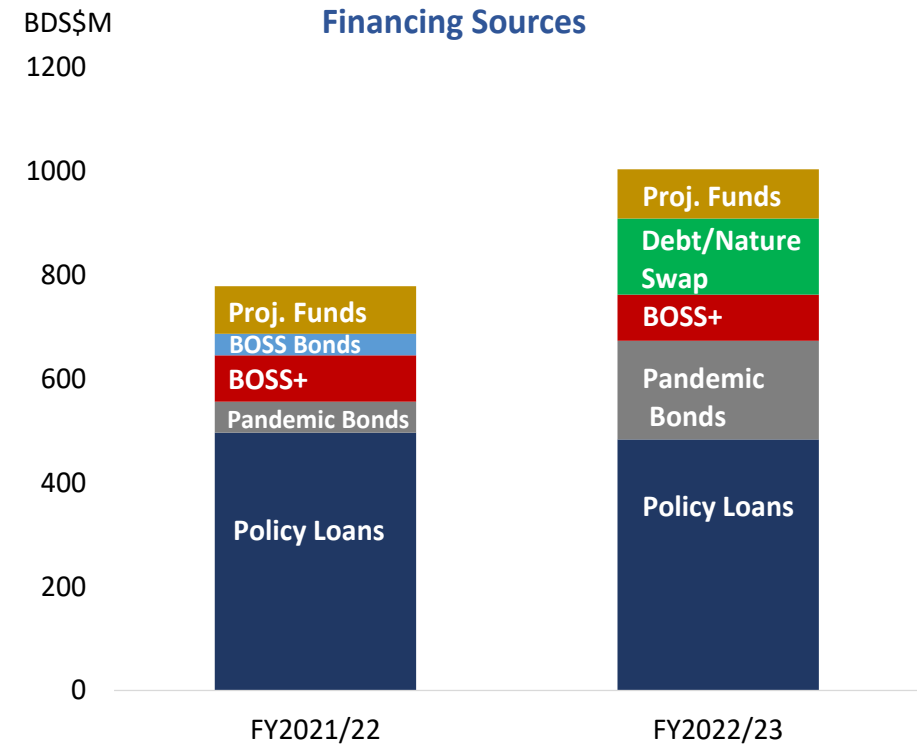
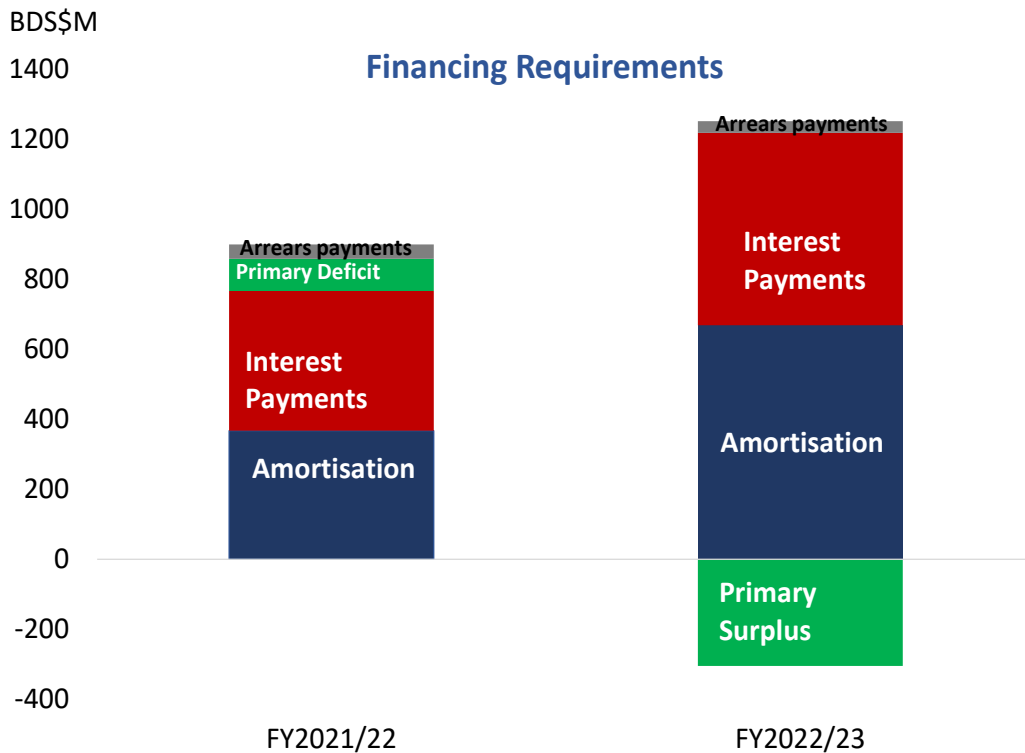
The fiscal operations resulted in a primary surplus



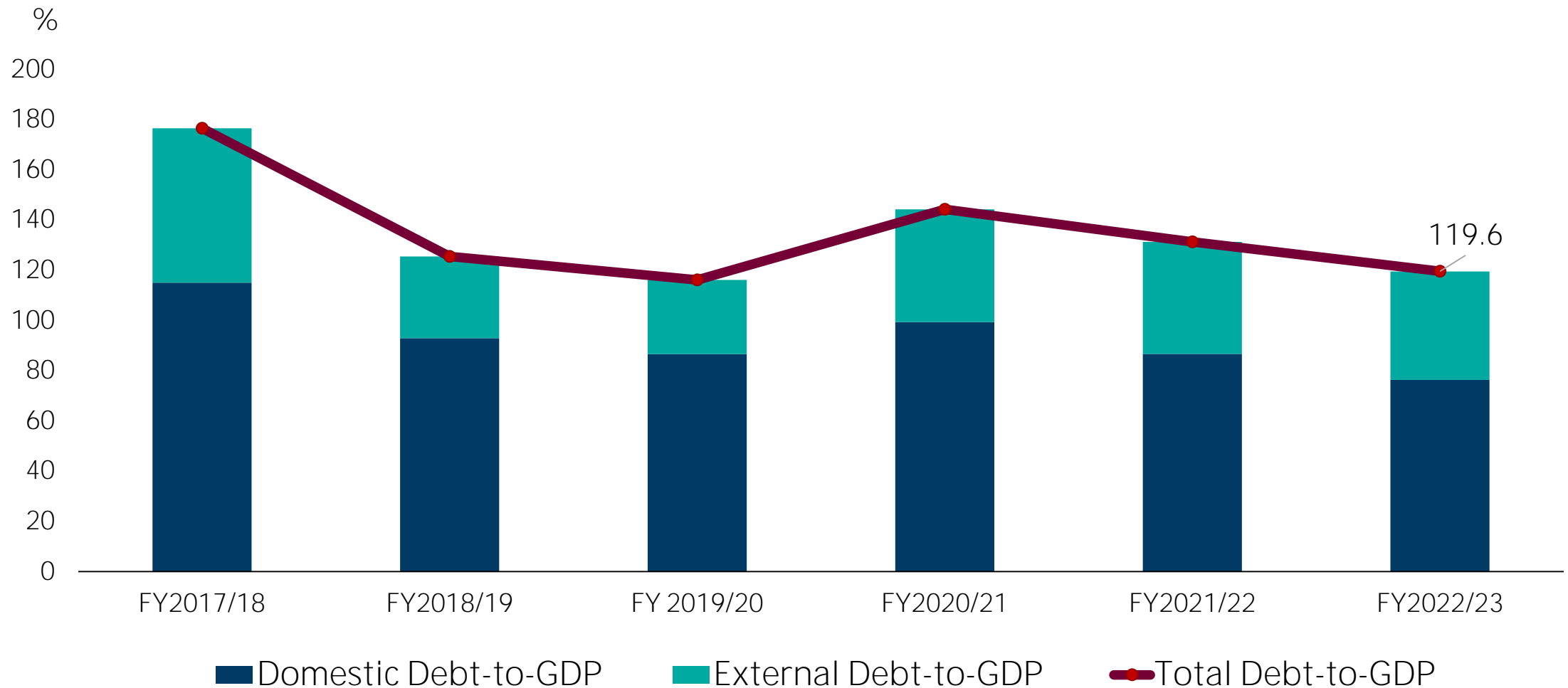
Government's financing needs were fully covered

Early debt repayments and rising interest rates increased financing needs

Inflows from the pandemic bonds and the debt-for-nature swap were the main additional sources of financing

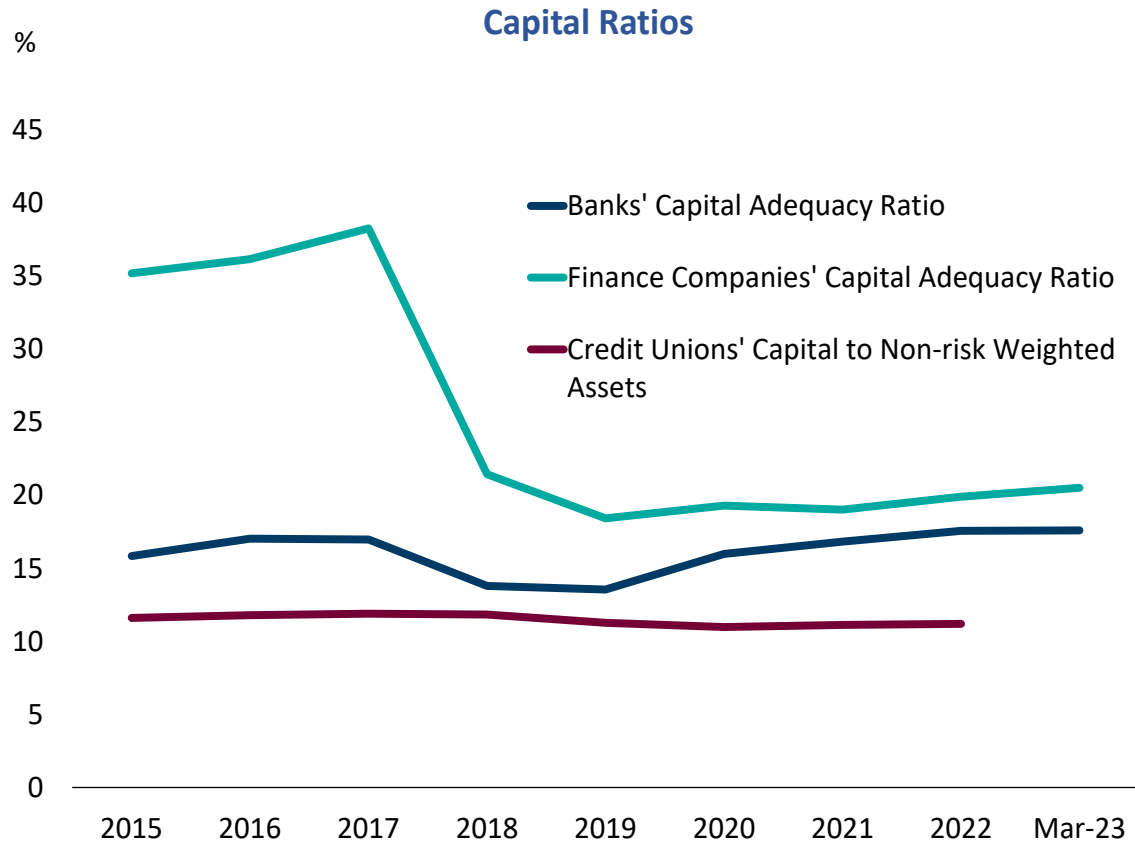


Debt-to-GDP ratio fell for the second consecutive year

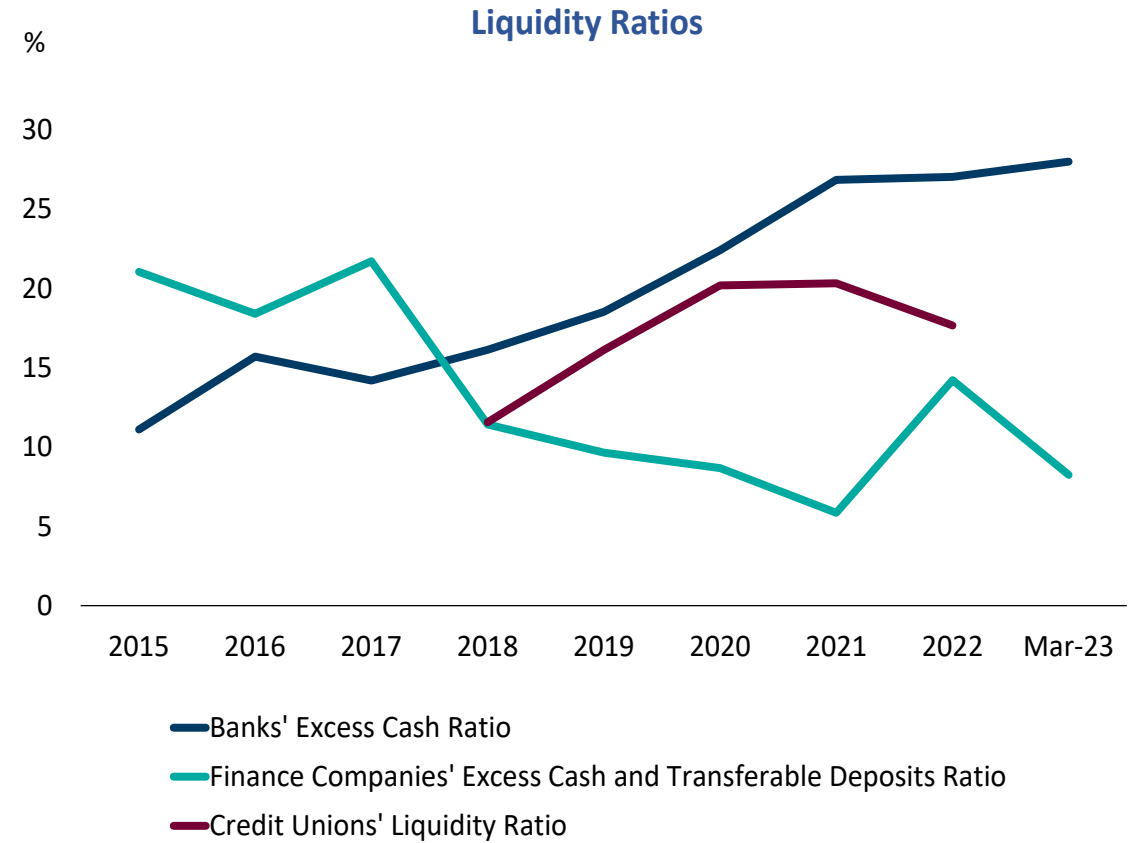


The financial system remains stable and healthy

Financial institutions are well capitalised...

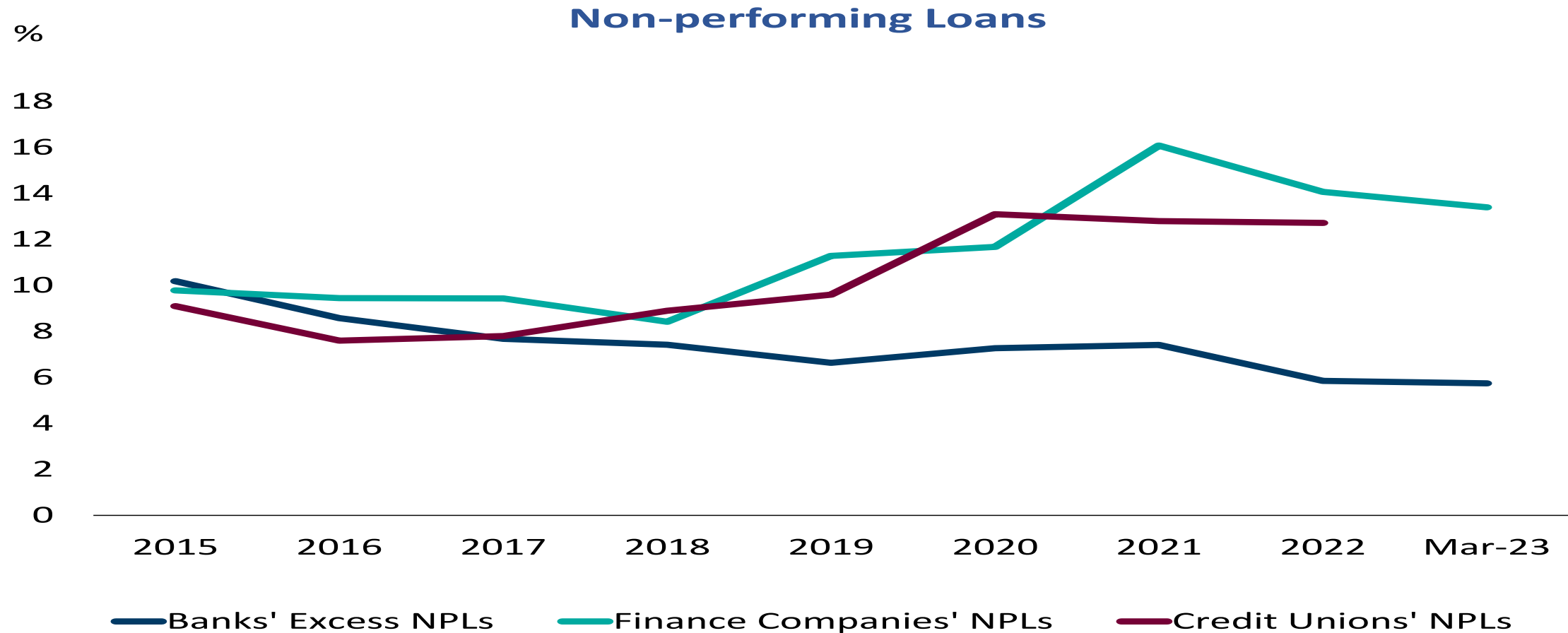


...And liquidity is high and remains above statutory requirements



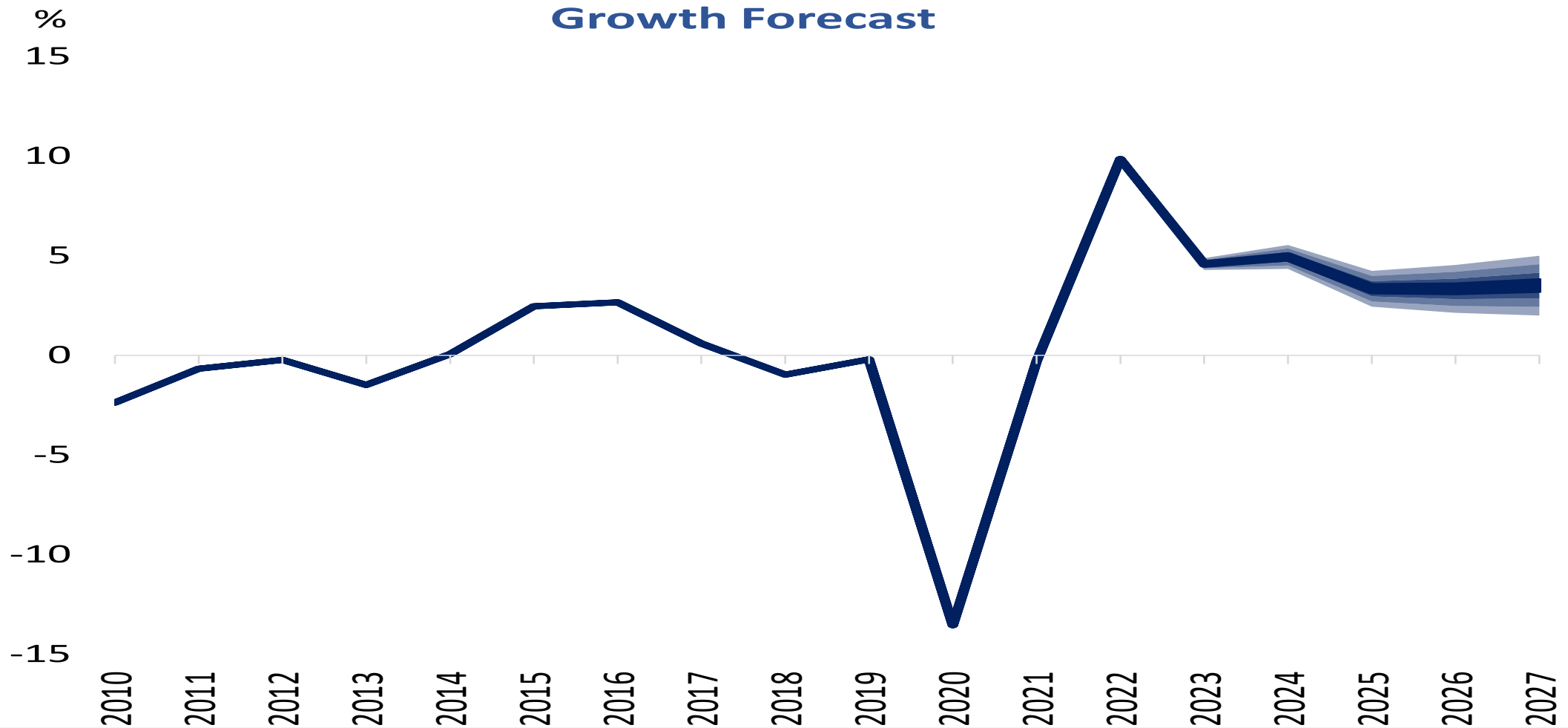
The financial system remains stable and healthy

Loan delinquency improved particularly in the household, hospitality, and real estate sectors.



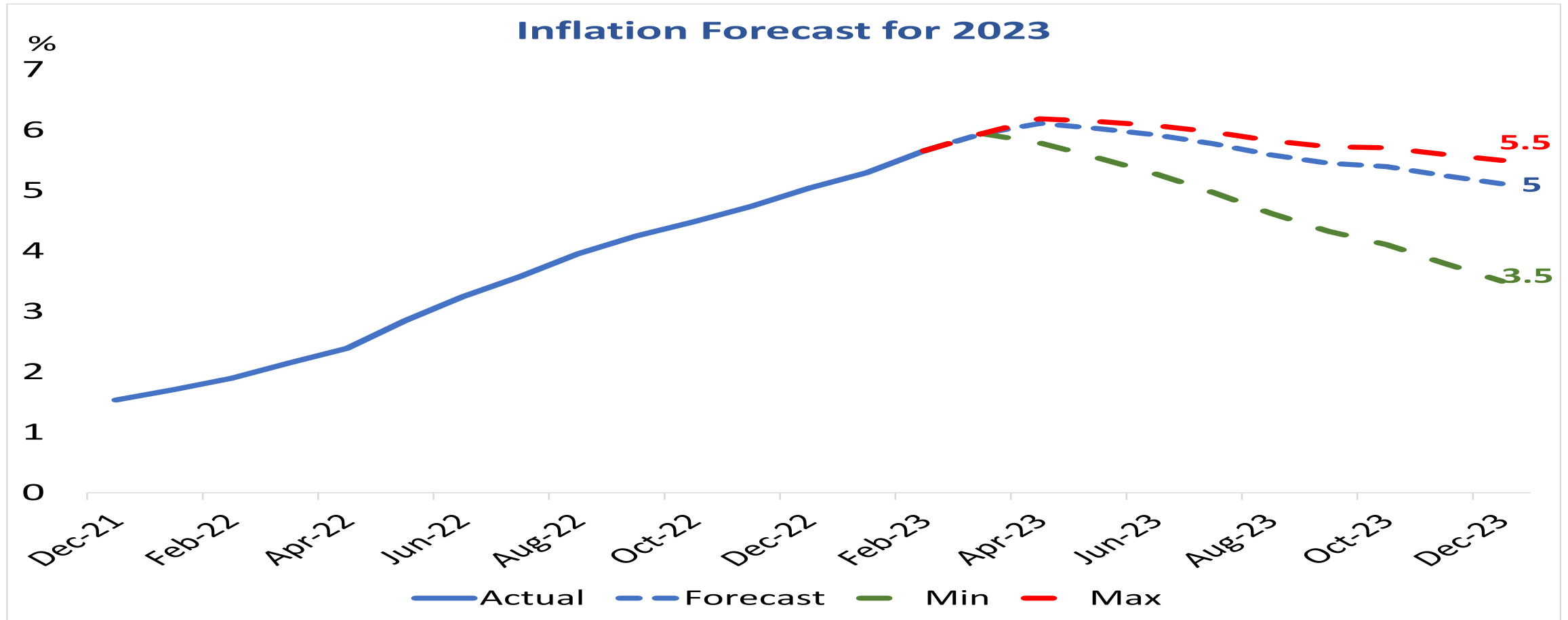
Growth should remain robust

Real GDP should continue to expand, within the range of 4 to 5 percent.



Inflation should ease further

inflation should temper further, premised on favourable international market conditions and the continued social compact, but headwinds persist.



The fiscal position is sustainable with positive primary balances

The primary balance path is consistent with achieving the long-term debt anchor of 60 percent of GDP.

