



Press Release

# Review of Barbados' Economic Performance:

January to June 2023



## Overview

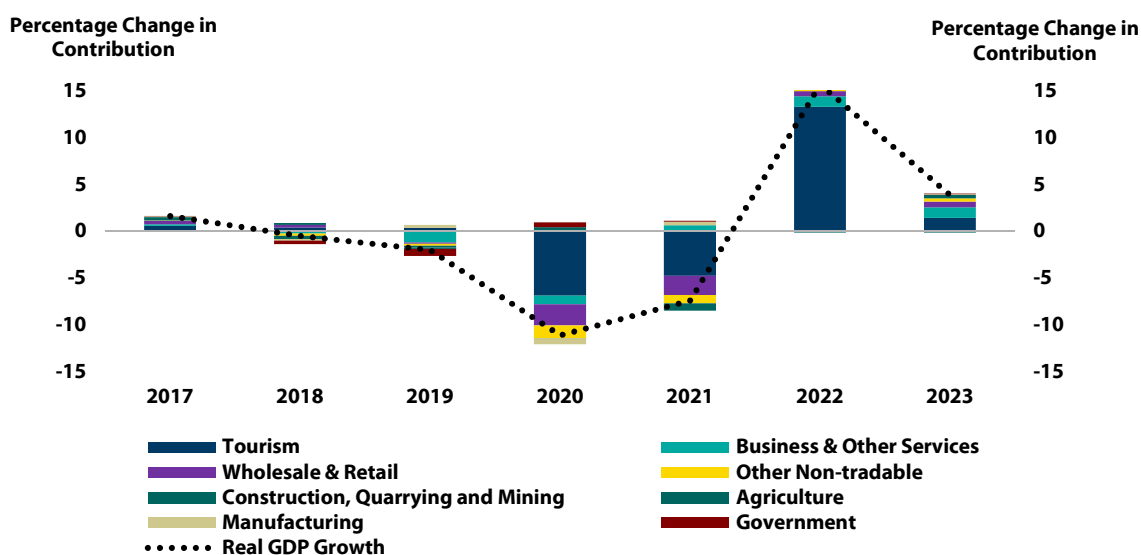
### KEY INDICATORS: January to June 2023

<b>GDP Growth</b> 3.9 percent	<b>Inflation</b> 5.9 percent	<b>Unemployment</b> 8.9 percent	<b>International Reserves</b> \$3.1 billion
<b>Current Account</b> -\$478.9 million	<b>Primary Balance (FY)</b> \$157.2 million	<b>Fiscal Balance (FY)</b> \$13.9 million	<b>Gross Public Sector Debt</b> 117.5 percent of GDP

**Higher output of goods and services in the first six months of 2023 permeated the economy, bolstering other related economic fundamentals.** Economic activity expanded by 3.9 percent, representing the ninth consecutive quarter of economic expansion. This growth resulted in fiscal surpluses, improved employment, reduced debt-to-GDP ratio, a narrowing gap between the value of exports and imports, and record foreign reserve levels. The increased economic activity also fed into the financial services sector, improving credit quality, as well as boosting assets and profits.

**Figure 1: Real GDP Growth and Sectoral Contribution**

January- June



Sources: Barbados Statistical Service & Central Bank of Barbados Estimates (2022-2023)

**Barbados' economy continued to grow during the first half of 2023.** Real GDP increased by 3.9 percent between January and June 2023 when compared to the corresponding period of 2022. A strong winter tourist season and broad-based increases in the non-traded economic sectors fuelled the growth. The spill-overs from tourism and robust construction activity enabled the non-traded sectors to contribute two-thirds of overall real GDP growth.

**Long-stay tourist arrivals outpaced 2022's performance.** A number of factors drove tourism growth, including persistent demand for travel, especially from the island's main source markets, improvements

in airlift, and increased cruise activity. The United Kingdom (UK) market has recovered beyond pre-pandemic levels, while the other markets are close to pre-pandemic levels and continue to exhibit strong growth.

**Gross international reserves remained high mainly due to the tourism rebound.** In addition, borrowing from multilateral institutions and a decrease in the value of imports aided in reserve accumulation. As international commodity and fuel prices continued to ease, the rise in import prices during the first six months of the year moderated, leading to an overall improvement in the merchandise trade balance.

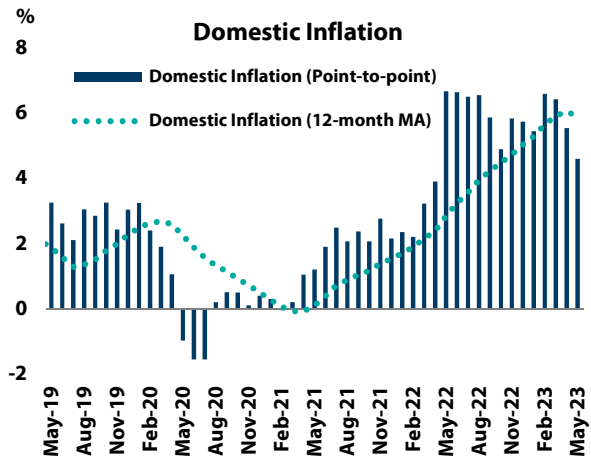
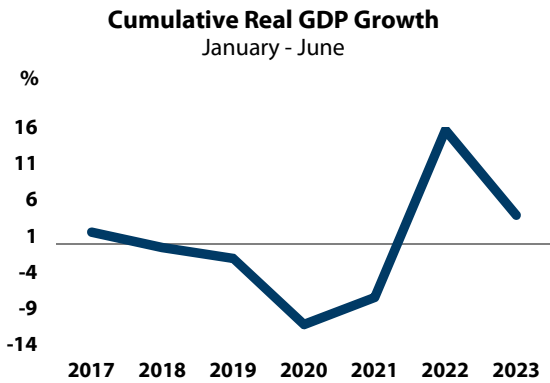
**Domestic factors kept inflation elevated despite falling international prices for fuel and other commodities.** Improved economic conditions pushed up domestic demand for restaurants and recreational services leading to price increases in those categories. In addition, heavy rains followed by drought hampered agricultural production, increasing some domestic food crop prices. These factors outweighed the relief from falling import prices.

**Government recorded a primary surplus for the first quarter of FY 2023/24 (April-June).** Government revenues benefitted from the buoyant economy, and higher excise and fuel tax receipts from imported fuels. However, a rise in Government interest expenses, public sector labour costs and transfers to state-owned enterprises (SOEs) partially offset revenue collections.

**The debt-to-GDP ratio, at 117.5 percent, is now back to its pre-pandemic level.** This ratio has continually declined since July 2021, in line with the expanding economy. Though the debt stock was higher at end-June 2023 than at end-December 2022, primarily due to policy loans from international financial institutions, the continuous expansion in economic activity drove down the ratio.

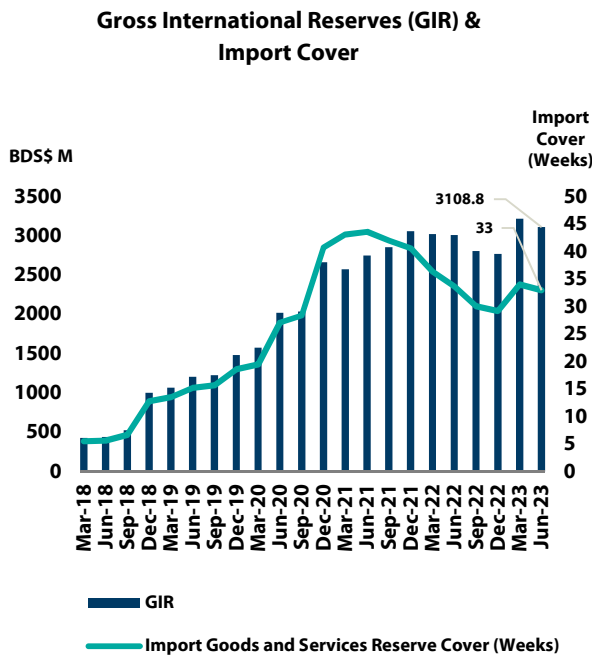
**Capital, credit quality and liquidity levels increased at deposit-taking institutions (DTIs), but credit growth remained weak.** The sector's capital levels increased during the first half of the year, with capital adequacy ratios above their respective prudential requirements. Non-performing loans declined, reflecting increased clearance of arrears consistent with the improved labour market conditions and an expanding economy. The liquid asset ratio increased on the strength of deposit growth, leading to a slight decline in interest rates.

**Figure 2: Selected Economic Indicators**

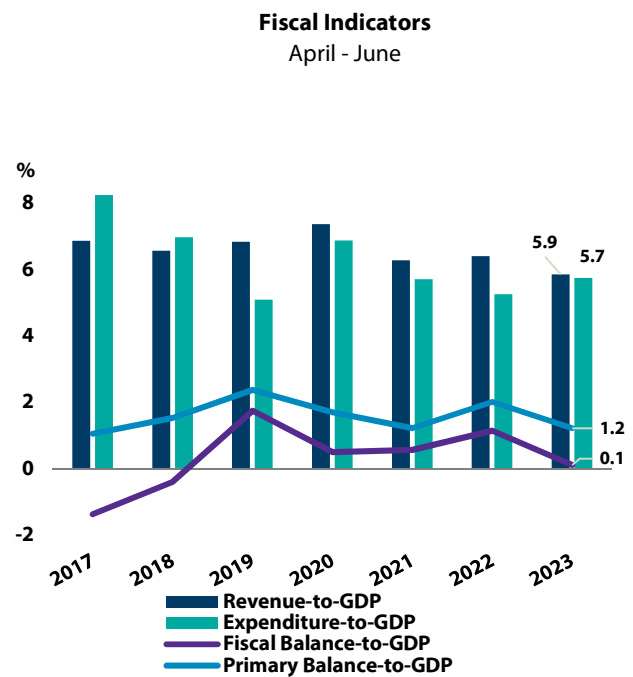


Sources: Barbados Statistical Service and Central Bank of Barbados

Sources: Barbados Statistical Service and Central Bank of Barbados



Source: Central Bank of Barbados



Source: Ministry of Finance

## Economic Activity

The Barbados economy grew by almost 4 percent during the first half of 2023, as momentum from a strong winter tourist season persisted into the second quarter. Tourism led the 6.6 percent growth within the traded sectors, while the spill-over effects contributed to a 3.2 percent increase in non-traded activity.

## Tourism

**A vibrant winter tourist season was evident from the pickup in long-stay tourist arrivals.** By the end of June, total visitor arrivals were 12 percent higher than in the same period of 2022, reaching 86.9 percent of the 2017-2019 pre-pandemic average. The industry continues to benefit from pent-up demand for travel following the cessation of pandemic restrictions, improved airlift from the UK, and “air-to-sea” arrangements with cruise lines. Arrivals from the UK exceeded 2019’s high levels, supported by continued high seating capacity over the course of the first six months of 2023. The United States, Canadian, and Caribbean markets also exhibited strong growth, but arrivals remained below pre-pandemic levels, because of insufficient airline seats.

**Table 1: Tourism Arrivals by Source Market**

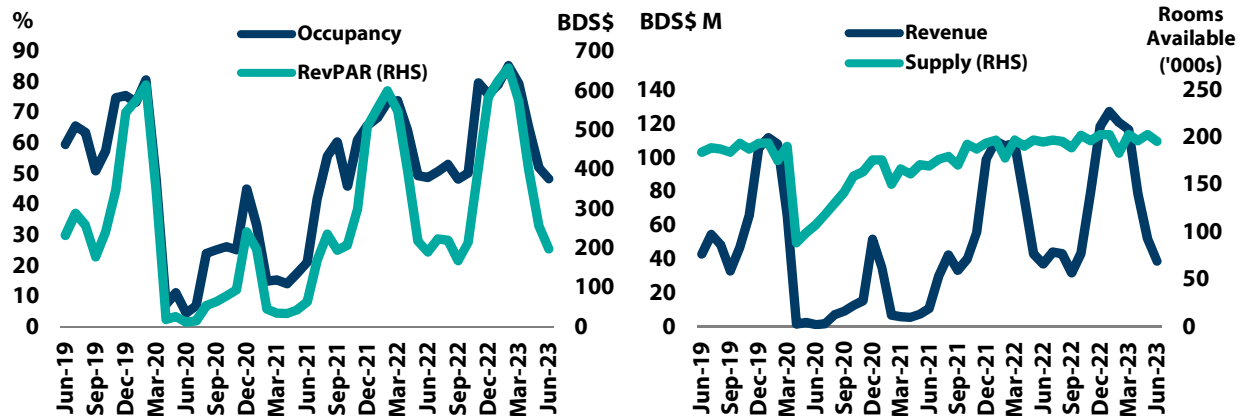
January to June

MAJOR MARKETS	2019	2020	2021	2022	2023	Absolute Change (2022/23)	2023 as % 2017-19 Arrivals
UNITED STATES	116,497	43,199	7,664	72,522	80,712	8,190	75.3
CANADA	51,112	26,793	1,888	28,918	42,588	13,670	81.9
UNITED KINGDOM	127,298	58,007	3,033	131,202	127,708	(3,494)	107.2
EUROPE	19,607	11,467	1,152	14,300	15,711	1,411	76.3
CARIBBEAN	45,927	14,477	3,639	23,369	35,181	11,812	75.9
OTHER	12,574	5,201	1,495	7,643	9,479	1,836	72.8
<b>TOTAL ARRIVALS</b>	<b>373,015</b>	<b>159,144</b>	<b>18,871</b>	<b>277,954</b>	<b>311,379</b>	<b>33,425</b>	<b>86.9</b>

Source: Barbados Statistical Service

**Consistent with the robust tourist arrivals, the demand for hotel accommodation surged.** Average hotel occupancy rates grew by 8 percent compared to the same period a year ago, and are now only slightly below the pre-pandemic average of 72 percent. This significant increase improved revenue per available room (RevPAR) by 9.3 percent. Towards the end of the winter season, total revenues and bookings trended downward, but remained above 2022 levels.

**Figure 3: Tourist Accommodation Indicators**

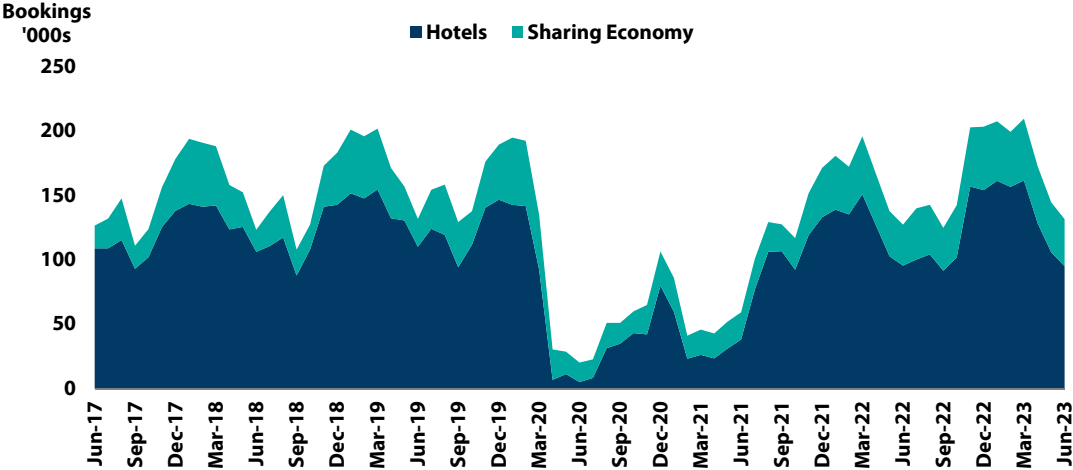


Source: Smith Travel Research

Source: Smith Travel Research

**Average occupancy rates also rose in the sharing economy,<sup>1</sup> reflecting rising demand.** RevPAR increased by 10.2 percent relative to last year, eclipsing the 2019 levels. Booked room nights increased by 41.8 percent on average when compared to the pre-pandemic period (2017-2019). The consistent popularity of the sharing economy emphasises the rising demand for alternative accommodation among travellers.

**Figure 4: Hotel and Sharing Economy Relative Market Share of Bookings**



Sources: Smith Travel Research and AirDNA

**In transit cruise arrivals more than doubled last year’s number.<sup>2</sup>** These arrivals totalled 290,267, primarily due to an increase in cruise ship calls from 203 in the previous year to 242 this year. Challenges remain, however, as cruise ship calls once again declined significantly within the second quarter, following a pattern observed at the onset of the pandemic. The virtual halt to cruise activity during the summer months is mainly a result of lower demand for the Southern and Eastern Caribbean countries in the off-peak season, as well as the decommissioning of the Carnival Fascination cruise ship that serviced the region year-round prior to the pandemic.

<sup>1</sup>The sharing economy relates to activities generated by agents who buy or rent commodities and services through a digital platform. In the context of tourism accommodation, the term refers to agents who use platforms such as Airbnb and Vrbo to advertise availability of rooms for short-term accommodation.

<sup>2</sup> In transit cruise passengers are visitors who leave the cruise ship for the day.

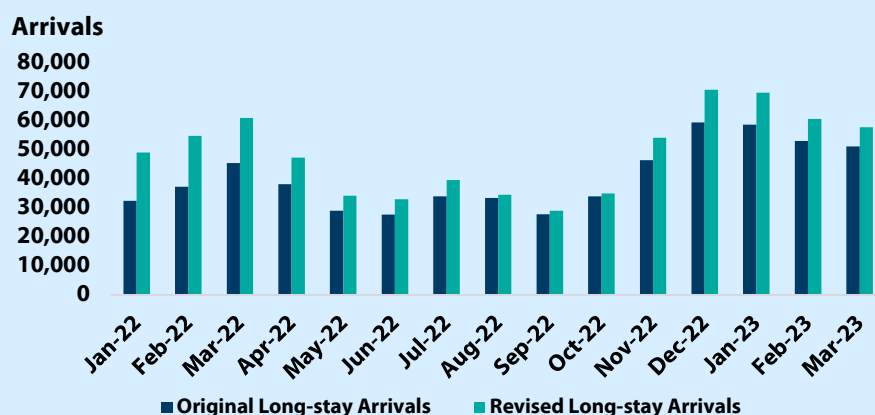
## Overview of Barbados' Tourism Reconciliation Process and Results

### The Reconciliation of the Arrivals Data

The abolition of the physical Embarkation Disembarkation (ED) card in favour of the automated tracking of visitor arrivals resulted in the understatement of long-stay tourist arrivals since end-2019. In 2022 and the first quarter of 2023 alone, the country undercounted arrivals by more than 8,000 per month. These revised estimates mean that tourism activity grew by 238.1 percent in 2022, in contrast to the 180.3 percent reported before the revision exercise.

The manual confirmation process of online ED card arrivals caused the problem. Local regulatory and statistical agencies have therefore collaborated to reconcile the arrivals for 2022 and 2023 and to come up with a sound tracking process. They cleansed the data and consolidated the kiosk and ED online system files into a single file for use by all key stakeholders.

**Figure 1: Original Long-Stay Arrival Estimates vs Revised Long-Stay Arrival Estimates**



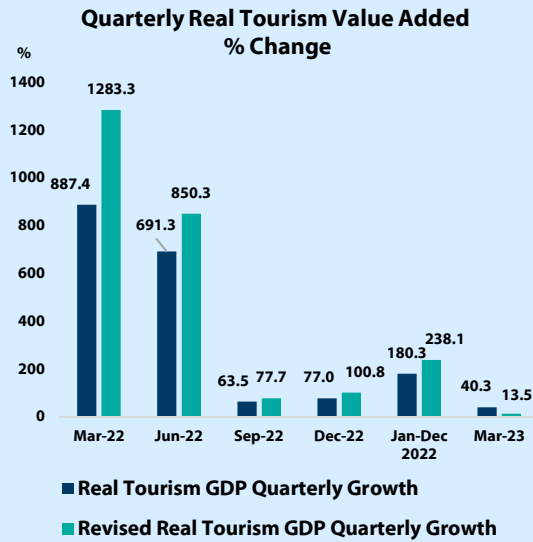
Source: Barbados Statistical Service

**Table 1: Impact of Reconciliation Process on Real and Nominal GDP**

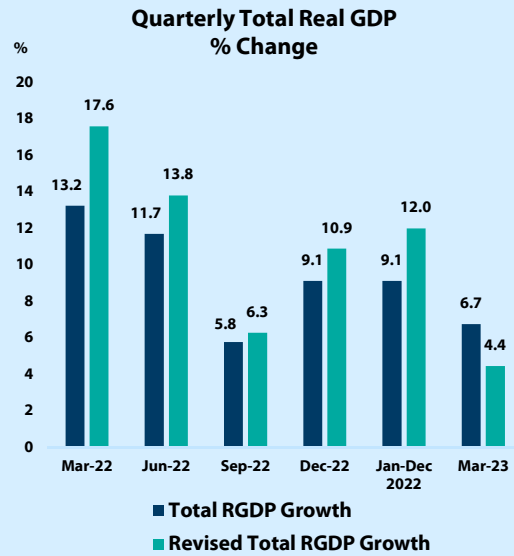
BDS \$M	2022		
	Current Estimate	Revised Estimate	Difference
Annual Real GDP	\$7,584	\$7,732	\$148
Annual Nominal GDP	\$11,371	\$11,534	\$163

Source: Central Bank of Barbados Estimates

**Figure 2: Impact of Reconciliation Process on Economic Activity Estimates**



Source: Central Bank of Barbados Estimates



Source: Central Bank of Barbados Estimates

### The Way Forward

The statistical and regulatory agencies have agreed to integrate the kiosks and the online travel form to create a single data set for everyone to use<sup>1</sup>. Once integrated, authorities will validate all passenger arrivals through the kiosk system, and they will use a single processing system to determine visitor arrival statistics, to eliminate variances across agencies.

Software development for the kiosks and Border Management System integration is in progress and should be completed before the start of the upcoming winter season.

<sup>1</sup>Barbados Statistical Service, Barbados Tourism Marketing Incorporated, Ministry of Tourism and International Transport, Barbados Immigration Department and Central Bank of Barbados



## Global Business Sector

**Activity in the global business sector continues to recover.** During the first six months of the year 1,345 foreign currency permits were issued, some 626 higher than for the corresponding 2022 period.<sup>3</sup> The increased activity reflected positively on foreign exchange earnings. The sector's indirect contribution to economic activity also grew, as gross income accruing to employees increased by 2.7 percent during the first five months of the year, mirroring higher employment and average earnings.

## Other Traded Activity

**Agriculture production, although challenged by adverse weather conditions, increased during the first six months of 2023.** Vegetable and fruit crop output increased by 15 percent led by chives, thymes, cantaloupes, and okras. The increased output was offset by declines in tomatoes, lettuce, eggplants, watermelons, and hot peppers. Increased root crops production was led by sweet potatoes, countering a decline in yam production. Milk production increased by 2.7 percent assisted by increased herd sizes. Fish landings declined due to scarcity brought on by the influx of sargassum seaweed and historical overfishing. Chicken production benefitted from heightened economic activity, growing by an estimated 3.5 percent by the end of May 2023. Overall meat production, not including eggs and fish, increased by 2.9 percent during the first five months of the year.

**Above average rainfall was good for sugar production.** Sugar cane output expanded by 9 percent during the January to June period of 2023 relative to the same period a year prior. Excess rainfall late last year improved cane quality which, when coupled with an early start to the harvest, facilitated higher crop yields and an expansion in sugar production. New mechanical harvesters also led to shorter downtimes in the fields and at the factory, resulting in a crop of approximately 7,230 tonnes of sugar produced for the season.

**The buoyant tourism sector and increased construction activity bolstered manufacturing output.** Higher tourist arrivals increased the consumption of locally produced food and beverages, contributing to a 1.2 percent expansion in the manufacturing industry. Additionally, the production of most building materials increased in line with the heightened construction activity.

---

<sup>3</sup>A company, firm or society which earns one hundred percent of its income in foreign currency and can apply for a foreign currency permit.

## Non-Traded Activity

**There was broad-based growth in the non-traded sectors.** Business & other services, wholesale & retail, and construction drove a 3.2 percent expansion in non-traded activity. The resurgence of entertainment events, nightlife, and a vibrant tourist season propelled the positive outcome in the non-traded sectors. Additionally, construction activity continued to expand, fuelled primarily by tourism projects (inclusive of Indigo Hotel and Apes Hill Villas), as well as the Government's roadworks programme and other public sector infrastructural projects. Increased demand for energy in the commercial sectors led to growth in the electricity, gas & water category during the first half of the year. Additionally, renewable energy generation increased by 27.9 percent, mainly on account of increased capacity of distributed producers.<sup>4</sup>

## Labour Market

**The recovery in economic activity resulted in higher employment.** Favourable labour market conditions resulted in higher labour force participation, and employment increased by approximately 1,700 persons in the first quarter of 2023, relative to the comparable period in 2022.<sup>5</sup> The labour force expanded, driven largely by an increase in male participation, while the number of females in the labour market contracted marginally. The unemployment rate stood at 8.9 percent, slightly below the rate recorded a year earlier and 3 percentage points below 2019's first quarter rate. The inactive population<sup>6</sup> decreased by approximately 2,700 persons, driven largely by a 2,100 contraction in the number of retired individuals and 500 fewer persons who "kept house," relative to the first quarter of 2022. Conversely, the number of persons pursuing education, while not actively participating in the labour force increased by 500.

**Unemployment claims have reverted to pre-pandemic levels.** As economic activity picked up, unemployment claims normalised, down from the record highs experienced during the pandemic. Unemployment claims spiked temporarily in April 2023, following the winding-down of the COVID-19 Management and National Clean-Up programmes. However, by end-May 2023, claims returned to normal levels.

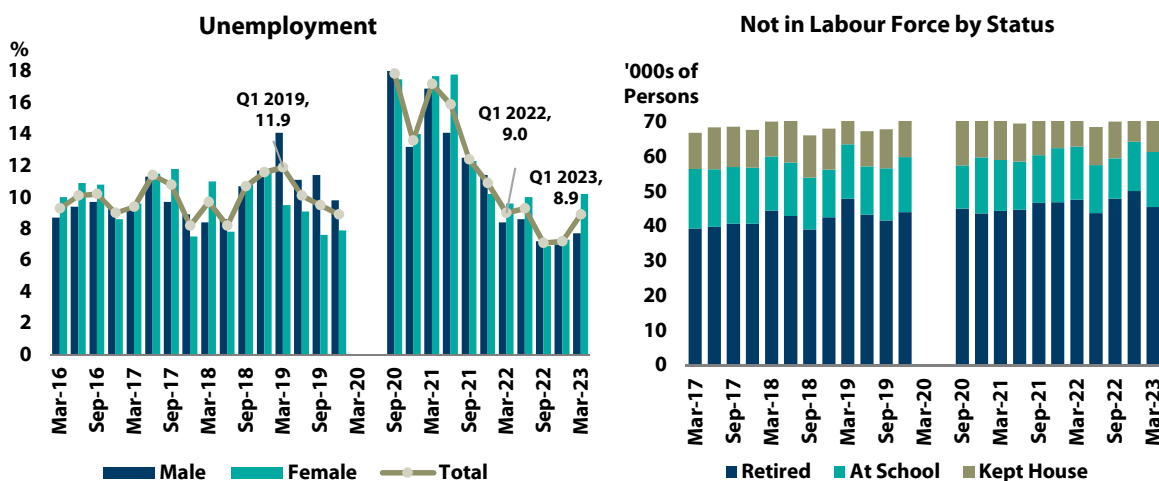
---

<sup>4</sup> Distributed producers are those whose energy generation capacity is below one megawatt.

<sup>5</sup> Labour market conditions are subject to seasonal shifts. While employment is seasonal in all economies, seasonality is especially high in tourism-dependent economies. In addition to tourism, construction activity and the entry of school-leavers into the labour force contribute to seasonal shifts.

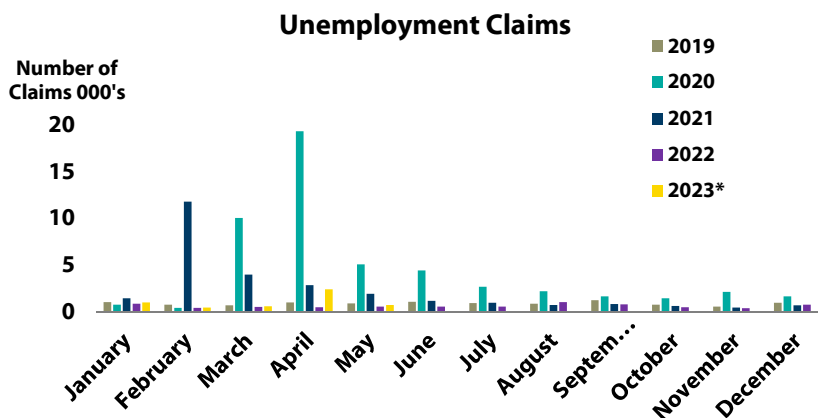
<sup>6</sup> Inactive persons are those who may be at school, retired, incapacitated or "keeping house," and do not want work though they can do so.

**Figure 5: Selected Labour Indicators**



Source: Barbados Statistical Service

Source: Barbados Statistical Service



\*Data as at May, 2023.

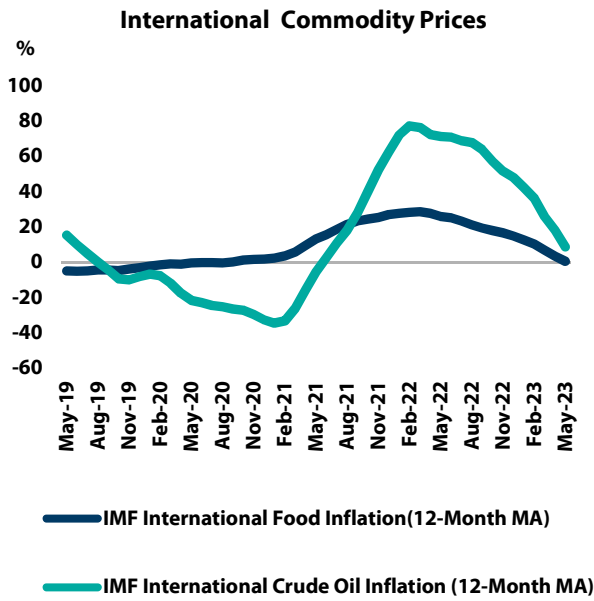
Source: National Insurance Scheme

## Prices

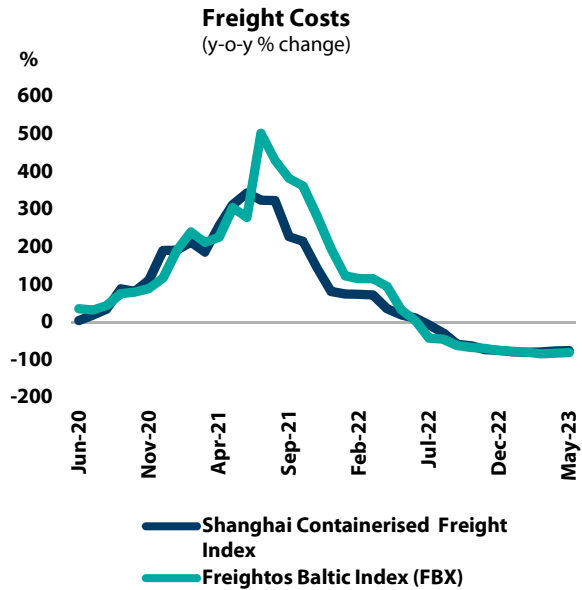
**Domestic inflation is beginning to slow, but remains elevated.** The point-to-point inflation rate slowed to 4.6 percent in May 2023, from 6.6 percent one year prior. The gasoline and electricity sub-indices continued to decline, reflecting the downward trend in international energy prices. Additionally, lower energy costs and the resolution of supply chain challenges from the pandemic era, helped to reduce freighting and distribution costs in the first half of the year.

**Inflation would have slowed even further had it not been for upward pressures from domestic factors.** Prolonged drought conditions negatively impacted key agricultural products, driving up local prices for vegetables. International shortages of some staple food items, seeds, and other grains, combined with higher local prices for meats and fish, also placed upward pressure on domestic inflation. Similarly, a demand for dining, recreational and cultural activities, and general economic growth helped to sustain domestic inflation.

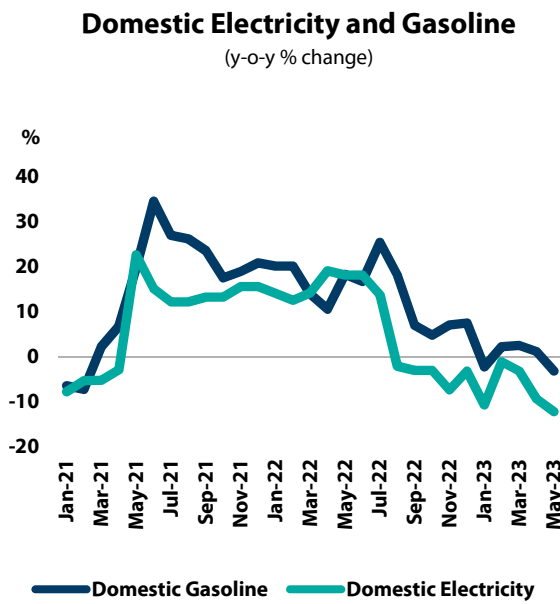
**Figure 6: Domestic and International Price Developments**



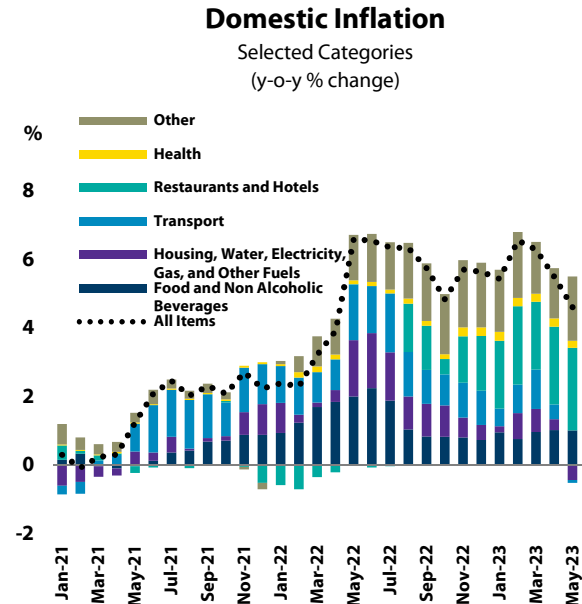
Source: International Monetary Fund



Sources: MacroMicro and Freightos



Source: Barbados Statistical Service

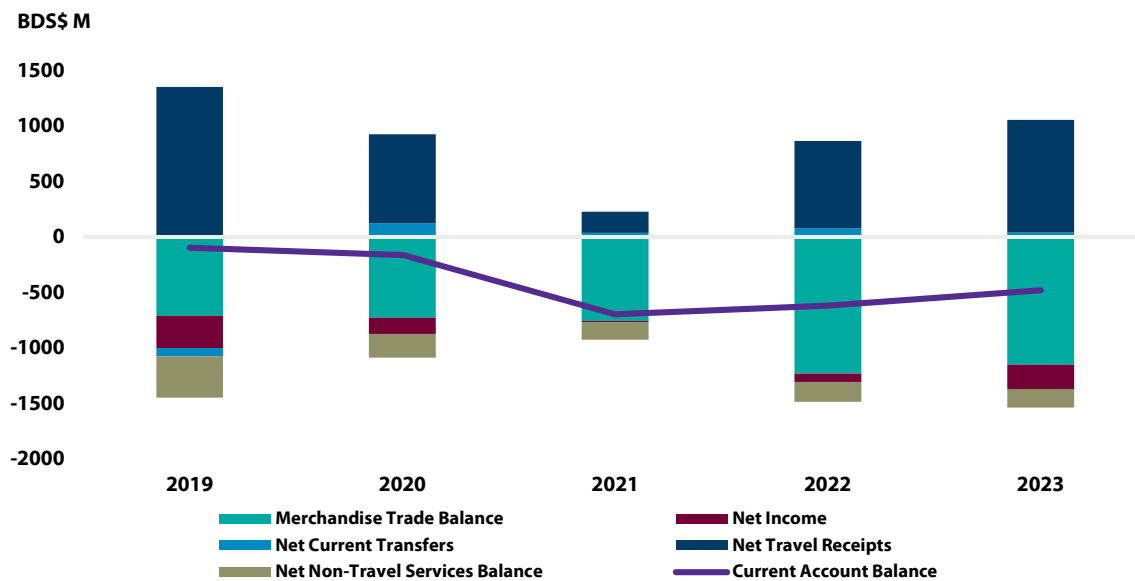


Source: Barbados Statistical Service

## External Position

**Barbados' external position continued to improve during the first half of 2023.** The external current account deficit narrowed by \$137.2 million during the first six months of 2023, compared to the corresponding period a year earlier, to stand at \$478.9 million. This improvement was primarily attributed to an upsurge in receipts from the tourism sector and a notable decrease in the total value of imports. In addition, Barbados received increased inflows from policy-based loans geared primarily towards sustainability and resilience.

**Figure 7: Current Account Balances**  
January-June

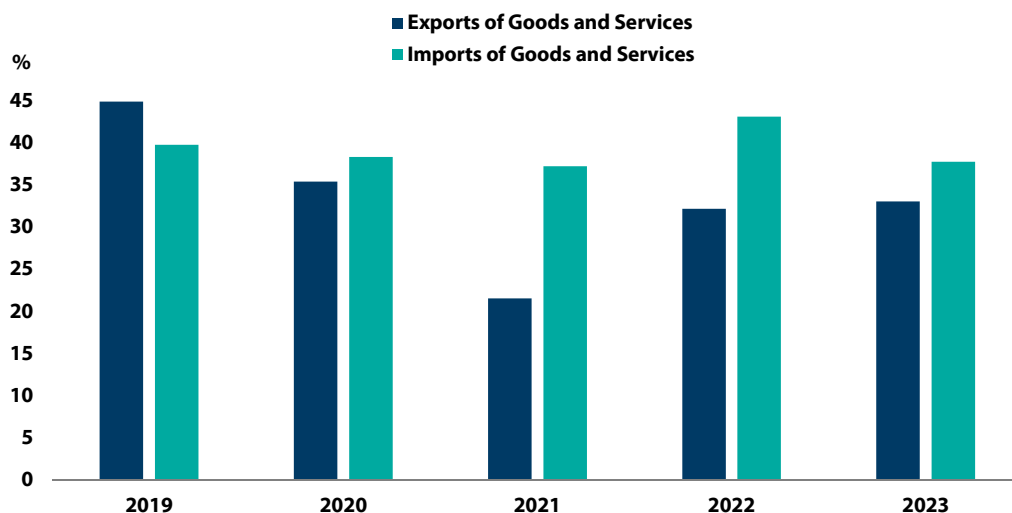


Source: Central Bank of Barbados

## Merchandise Trade Developments

**Falling global prices for crude oil and food improved the merchandise trade deficit by \$80 million.** The value of imports contracted by 4 percent, influenced by the decline in international commodity prices. Lower prices for fuel, construction materials, pharmaceuticals, and toiletries more than offset the increases observed in the costs of motor vehicles, food and beverages, and machinery. Domestically-produced exports grew by 1 percent, mainly because an increase in exports of rum and food, more than offset a decline in exports of construction materials. Re-exports of goods also fell in the first six months of the year due to lower exports of aviation fuel.

**Figure 8: Exports and Imports of Goods and Services (Percent of GDP)**  
January-June



Source: Central Bank of Barbados

### Travel and Other Services

**Tourism receipts were the mainstay of the surplus on the services account.** Increased visitor spending, particularly in accommodation, dining, and recreational services, boosted travel receipts by an estimated \$226.3 million (28 percent) compared to the same period last year. Provision of management services to non-residents also contributed to higher foreign-currency earnings. At the same time, the improved economic activity resulted in a greater reliance on management and transportation services from non-residents, while efforts to mitigate climate risks led to an increase in outflows for reinsurance services.

### Income and Current Transfers

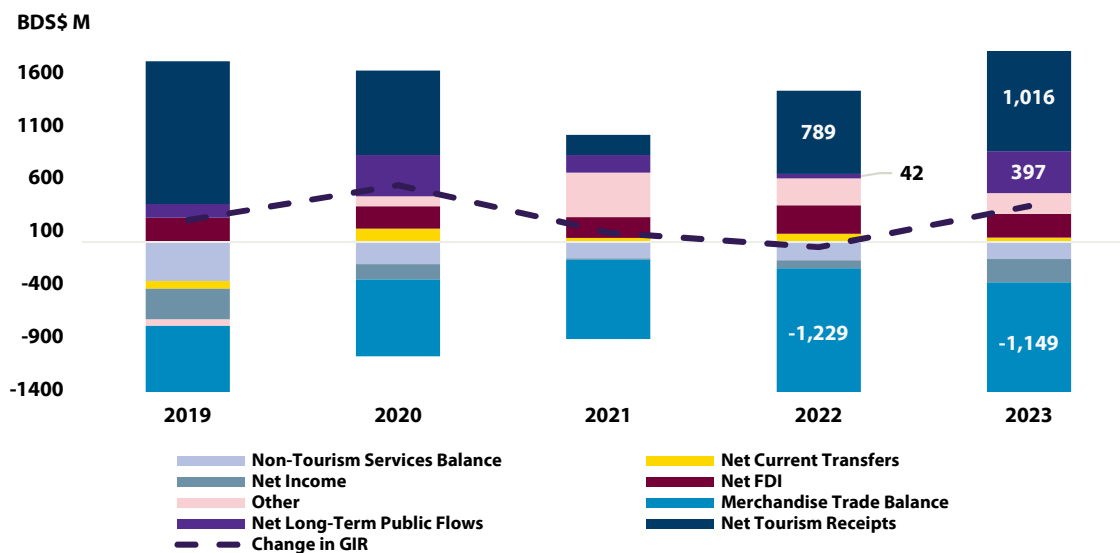
**Outflows for dividends and interest payments to non-residents rose.** Improved profitability resulted in higher foreign exchange outflows for dividend payments from the local corporate sector. Higher global interest rates contributed to greater interest payments on foreign debt by both public and private sectors. Conversely, commercial banks and other entities benefitted from the jump in interest rates, increasing their foreign income. Current transfers declined due to a contraction in corporation tax receipts from the global business sector.

### International Reserves

**Foreign reserve accumulation remained strong despite greater demand for foreign currency during the first half of 2023.** Over the period, \$338.5 million was added to the foreign reserves, pushing the stock to \$3,108.8 million at the end of June, equivalent to 33 weeks of import cover. Strong tourism inflows, substantial disbursements from multilateral institutions to the public sector, and a decrease in the value of imports, were the main factors contributing to the expansion in the reserves. The increased outflows for services, interest and dividend payments were supported by greater foreign exchange sales by commercial banks.

**Figure 9: Explanation of Reserve Movements**

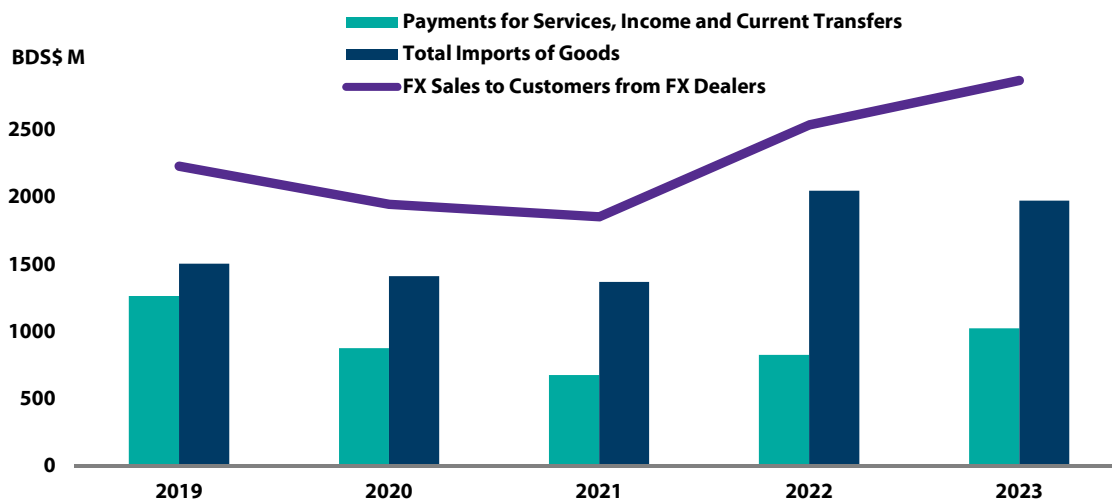
January – June



Source: Central Bank of Barbados

**Figure 10: FX Sales to Customers and Payments for Services, Income and Current Transfers**

January – June



Source: Central Bank of Barbados

## Fiscal Operations

**Government achieved the primary balance target of \$104 million set under its BERT-2022 IMF-supported programme for the first quarter (April–June) of FY2023/24.** Total revenues exceeded non-interest expenditure resulting in a primary surplus of \$157.2 million (1.2 percent of GDP), while the overall fiscal balance stood at \$13.9 million or 0.1 percent of GDP.<sup>7</sup> Indirect tax receipts climbed during the first quarter owing to an increase in imported fuel volumes and the transfer of residual receipts from the Airline Travel and Tourism Development Fee.<sup>8</sup> However, the shift in the timing of corporation tax collections and lower real estate activity, resulted in a fall-off in total revenue by the end of June 2023. Expenditure exceeded that of the previous fiscal year in order to accommodate increased public sector wages, transfers to SOEs and higher interest payments.

### Revenue

**Direct tax receipts were lower than in the same quarter of the previous fiscal year primarily because of a timing difference in corporate tax collections.** The corporation tax (CIT) intake declined by \$69.1 million as companies prepaid more of their taxes during the third quarter (October to December) of FY2022/23. The redistribution of CIT collections was the direct result of increased efforts by the Barbados Revenue Authority (BRA) to encourage companies to comply with the corporation tax pre-payment policy.<sup>9</sup> Property taxes were also lower, owing to a slowdown in transactions in the real estate market. Conversely, an improvement in earnings bolstered personal income tax receipts by \$16.5 million, while residual inflows related to the Pandemic Levy charged on individuals contributed \$3.3 million to the revenue pool.<sup>10</sup>

**The sustained economic performance coupled with the timely transfer of import-related taxes to the BRA, led to an increase in indirect tax revenue.** Excise and fuel tax receipts benefitted from the growth in fuel consumption as well as the resumption of scheduled tax payments on fuel imports. Stronger economic activity generated a \$20.8 million increase in gross VAT collections. However, an additional \$33.8 million in VAT refunds during the same period, counteracted this improvement, and yielded a net decline of \$13 million in VAT receipts. A buoyant tourism season in the previous fiscal year facilitated a transfer of approximately \$8.7 million in residual receipts from the Airline Travel and Tourism Development Fee the first quarter of fiscal year 2023/24.

---

<sup>7</sup> The overall fiscal balance is defined as total central government revenues less expenditures (inclusive of interest payments).

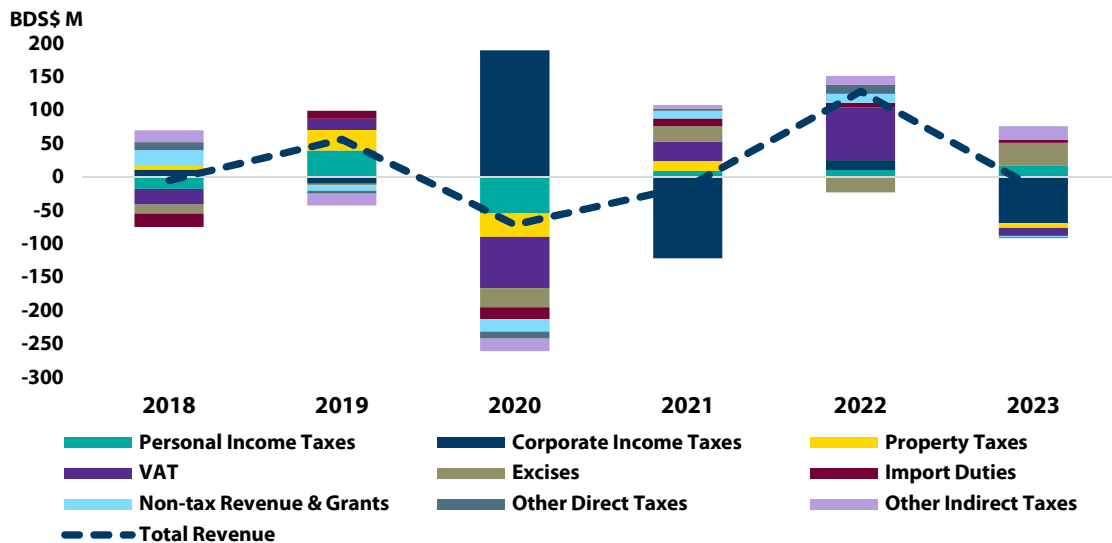
<sup>8</sup> The Airline Travel and Tourism Development Fee is captured in Other Indirect Taxes. The residual receipts reflect the portion transferred to Government after the Barbados Tourism Marketing Inc. receives its quota of \$75 million to cover operational expenses.

<sup>9</sup> Corporate taxpayers are required to prepay 50 percent of the total tax due for the previous income year by October 15<sup>th</sup> or December 15<sup>th</sup> of the current year depending on the end date of the company's fiscal period.

<sup>10</sup> The Pandemic Levy charged on individuals was implemented from April 1<sup>st</sup> 2022 to March 31<sup>st</sup> 2023 but some of the payments came in after March 2023.



**Figure 11: Changes in Major Revenue Categories**  
April- June



Source: Ministry of Finance

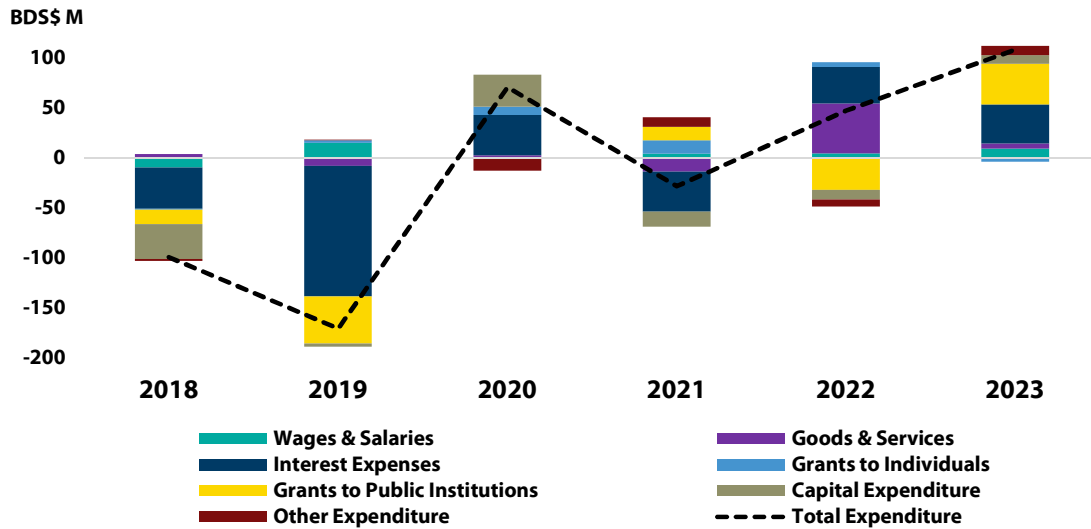
## Expenditure

**Rising global interest rates, transfers to SOEs and higher public sector wages and salaries led to an increase in current expenditure for the first quarter of FY2023/24.** The impact of rising global interest rates on the floating-rate external debt and the effects of step-up rates on the domestic restructured debt, contributed to a \$39 million increase in interest payments. Non-interest expenses grew by \$69.9 million, owing to increased transfers to cover the operational expenses of the University of the West Indies, the Queen Elizabeth Hospital and the Barbados Agricultural Management Corporation. Public sector wage and salary increases partially contributed to a larger outlay for labour,<sup>11</sup> while rising costs influenced the \$5.2 million growth in spending on goods and services, particularly within the areas of operating expenses, supplies & materials and rental of property.

**Capital expenditure increased in the first quarter of FY2023/24.** Capital spending totalled \$27.3 million, representing an increase of \$8.5 million relative to the first quarter of the previous fiscal year. The bulk of capital outlays was by the Ministry of Transport, Works and Water Resources for Barbados Water Authority projects as well as the Road Rehabilitation and Road Improvement programme.

<sup>11</sup> The March 2023 settlement of public sector wage negotiations included a cumulative 3% increase in salaries and allowances for FY2023/24 and FY2024/25.

**Figure 12: Changes in Major Expenditure Categories**  
April - June

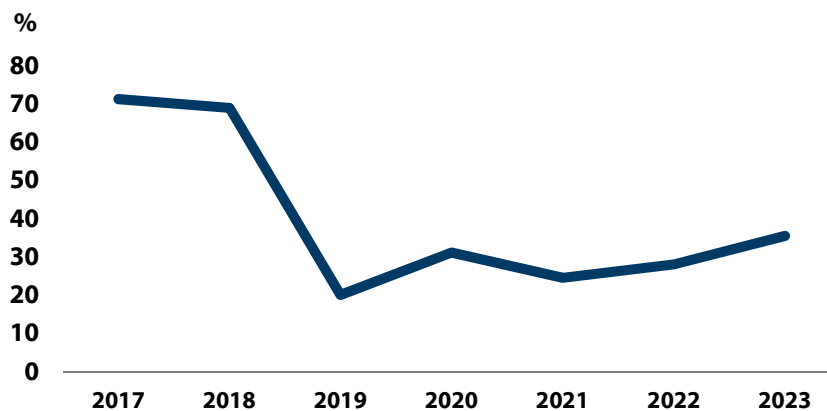


Source: Ministry of Finance

## Debt and Financing

**A smaller primary surplus coupled with higher debt service led to an increase in Government's gross financing needs.** For the first quarter of FY2023/24, Government's gross financing needs increased by \$132.6 million when compared to the previous fiscal year, to reach \$129.5 million or 1.1 percent of GDP. The expansion in Government's financing requirements was mainly reflective of a reduction of approximately \$85.4 million in the primary balance and a rise in debt service of \$67.5 million. However, total debt service stood at 35.6 percent of revenue, compared to the pre-debt restructuring level of 69.1 percent.

**Figure 13: Debt Service to Revenue**  
April- June



Sources: Ministry of Finance and Central Bank of Barbados

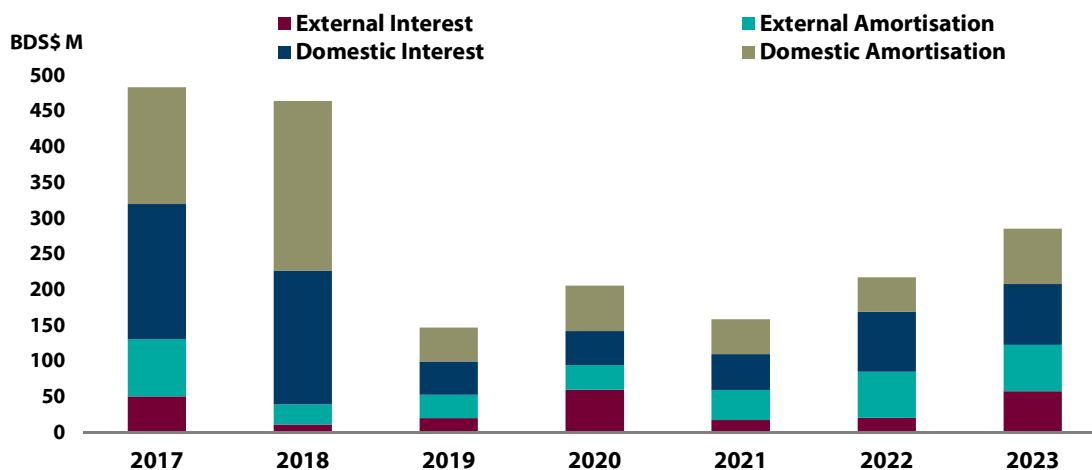
**Table 2: Gross Financing Requirements**  
April - June

	FY22/23		FY23/24	
	BDS \$M	% GDP	BDS \$M	% GDP
<b>Gross Financing Requirement</b>	<b>-3.1</b>	<b>0.0</b>	<b>129.5</b>	<b>1.1</b>
<b>Primary Balance</b>	242.6	2.3	157.2	1.3
<b>Debt Service</b>	<b>217.9</b>	<b>2.0</b>	<b>285.4</b>	<b>2.3</b>
<b>Amortisation</b>	<b>113.7</b>	<b>1.1</b>	<b>142.1</b>	<b>1.2</b>
<i>Domestic</i>	48.9	0.5	77.3	0.6
<i>Foreign</i>	64.8	0.6	64.8	0.5
<b>Interest</b>	<b>104.2</b>	<b>1.0</b>	<b>143.3</b>	<b>1.2</b>
<i>Domestic</i>	83.8	0.8	85.3	0.7
<i>Foreign</i>	20.4	0.2	58.0	0.5
<b>Sinking Fund Contributions</b>	<b>0.6</b>	<b>0.0</b>	<b>1.3</b>	<b>0.0</b>
<b>Domestic Arrears Repayment</b>	<b>20.9</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>

Sources: Ministry of Finance and Central Bank of Barbados

**Amortisation and interest payments increased.** Amortisation rose by \$28.4 million, mainly on account of the scheduled repayment of the domestic Series B bonds, primarily to commercial banks, the National Insurance Scheme, and individuals. Interest payments were \$39.1 million higher due to the additional disbursement of foreign funds since the corresponding period last year, the rising interest rates on external floating-rate loans and the step-up feature of the restructured domestic bonds.

**Figure 14: Debt Service**  
April - June



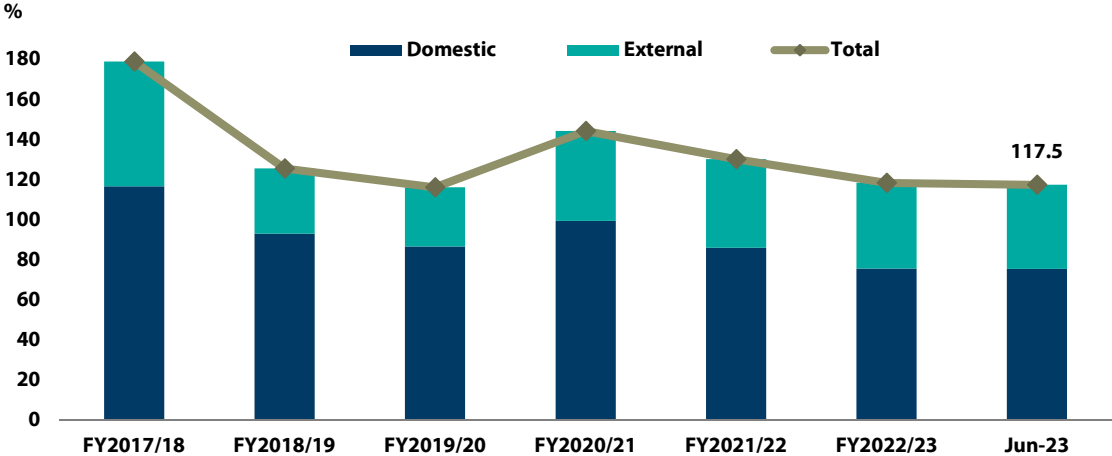
Sources: Ministry of Finance and Central Bank of Barbados

**IMF support was the main source of foreign financing.** Policy-related loans of \$75.7 million secured from the IMF’s Extended Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF). The EFF, which has reduced borrowing requirements for the past three years, accounted for \$37.8 million under the second EFF programme, while an identical amount was received from the RSF.

**Government’s deposits at the Central Bank and the sale of securities constituted the main sources of domestic financing.** Domestic resources came from drawdowns on Government deposits held at the Central Bank and the sale of the second tranche of the Barbados Optional Savings Scheme (BOSS+) bonds. The appetite for BOSS+ bonds continued to improve in the first quarter of the fiscal year, and, as a result, purchases during the April to June period totalled \$110.9 million, with the financial sector being the majority investor, and the private non-bank sector also participating.

**Public sector debt as a ratio of GDP continued to decline.** The debt stock was approximately 117.5 percent of GDP at the end of June 2023, compared to 118.4 percent of GDP at the end of March 2023. The marginal improvement in the ratio was driven by the continued economic recovery, as the debt stock grew by \$122.9 million, primarily as a result of inflows from multilateral institutions and the sale of domestic securities.

**Figure 15: Debt-to-GDP**



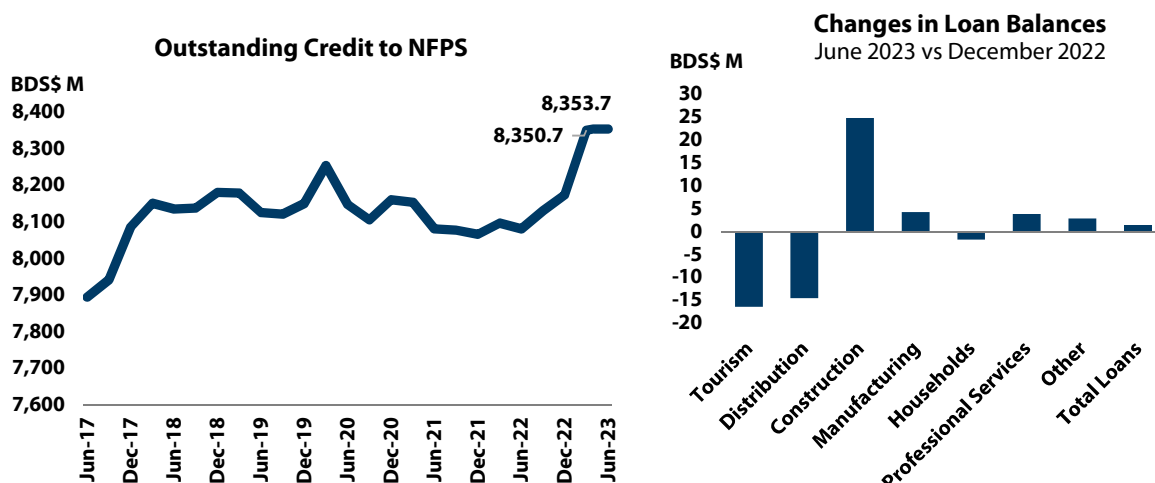
Sources: Ministry of Finance and Central Bank of Barbados

## Financial Sector Developments

**Conditions in the financial system remained stable, and soundness indicators strengthened.** Credit to the non-financial private sector (NFPS) by DTIs recorded slight growth, slowing from the strong performance in the latter six months of 2022. Total credit, however, declined marginally due to a reduction in loan balances held by other financial corporations. Deposit growth continued to outpace credit demand, maintaining the high liquidity levels in the system. Asset quality further improved, with non-performing loans (NPLs) of the banks and finance companies falling to their lowest observed levels in recent years. Additionally, capital ratios strengthened as the system remained profitable over the first half of the year.

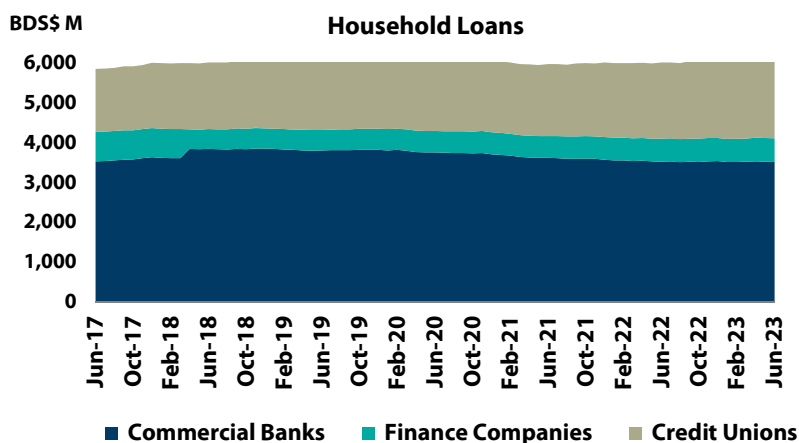
**Credit from DTIs to the NFPS slowed for the first six months of 2023, after growing by 3.1 percent in calendar year of 2022.** Last year, credit to NFPS experienced its largest increase since 2017, as the business sector demanded greater financing consistent with the uptick in the economy. For the first half of 2023, corporate borrowing grew moderately, with increased lending to the construction, manufacturing and professional services sectors being partly offset by the lower loan balances of the tourism and distribution sectors. Net household debt registered a marginal decline as new lending from the credit unions and finance companies was outweighed by loan repayments to commercial banks. Increased lending to businesses offset the decline in household loans, keeping credit to the NFPS flat relative to December 2022.

**Figure 16: Credit to the NFPS**



Sources: Central Bank of Barbados and Financial Services Commission

Sources: Central Bank of Barbados and Financial Services Commission

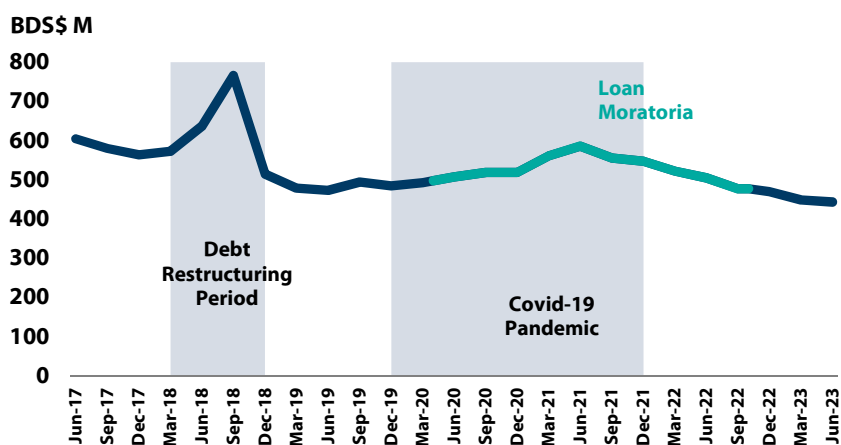


Sources: Central Bank of Barbados and Financial Services Commission

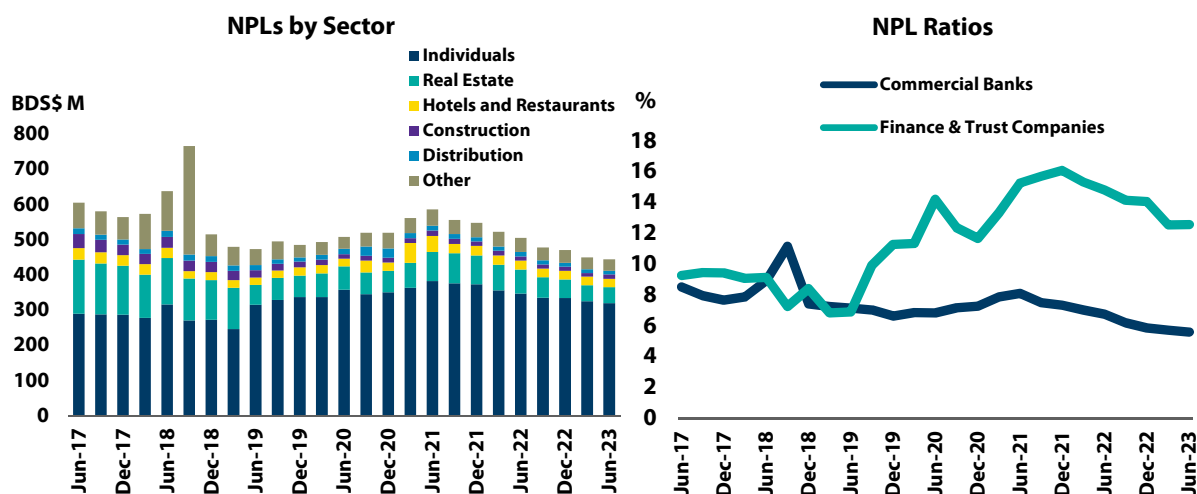
**Non-performing loans declined across all sectors serviced by DTIs, but particularly for households and major business entities.** With continued economic growth, households and

businesses regained the financial capacity to clear their arrears and make timely loan repayments, even after the conclusion of the loan moratoria. Since February 2023, the value of NPLs has reached lows last seen in 2009. Households, hotels & restaurants and the real estate sector have been driving the decline in the NPLs since mid-2021. At the end of June 2023, the total value of NPLs was estimated to be 4 percent lower than at the end of December 2022.

**Figure 17: Non-Performing Loans (NPLs) of Commercial Banks and Finance Companies**



Sources: Central Bank of Barbados and Financial Services Commission

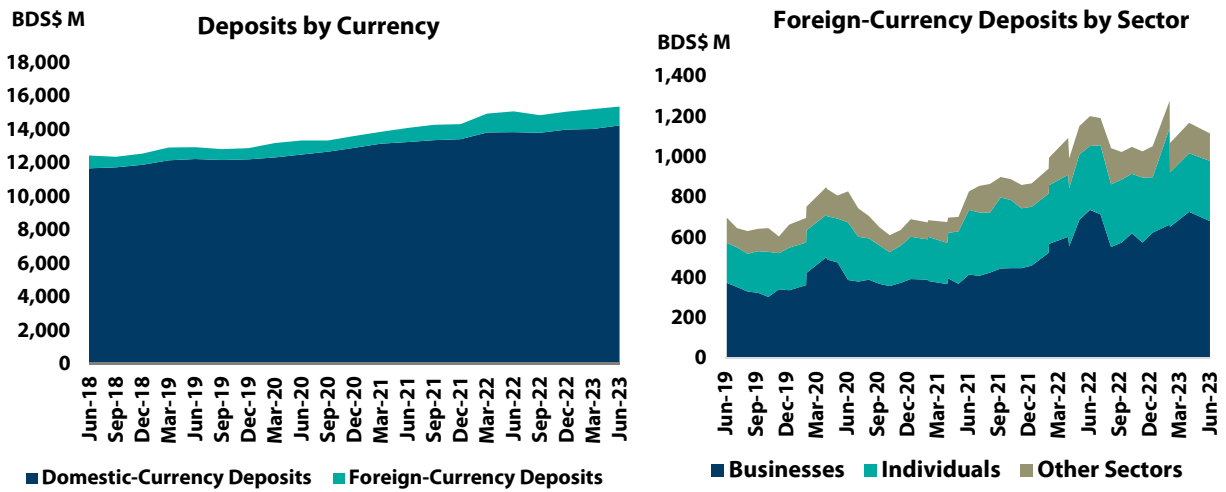


Source: Central Bank of Barbados

Source: Central Bank of Barbados

**Deposits continued to grow, but at a slower pace than in the first half of 2022.** Between January and June 2023, deposit growth was estimated at 2.4 percent compared to 4.9 percent during the same six months of 2022. Domestic-currency deposits grew by 2.1 percent due to broad-based increases in deposits by the public sector, private sector firms and individuals, while inflows to the global business sector drove the increase in foreign-currency deposits.

**Figure 18: Domestic- and Foreign-Currency Deposits**

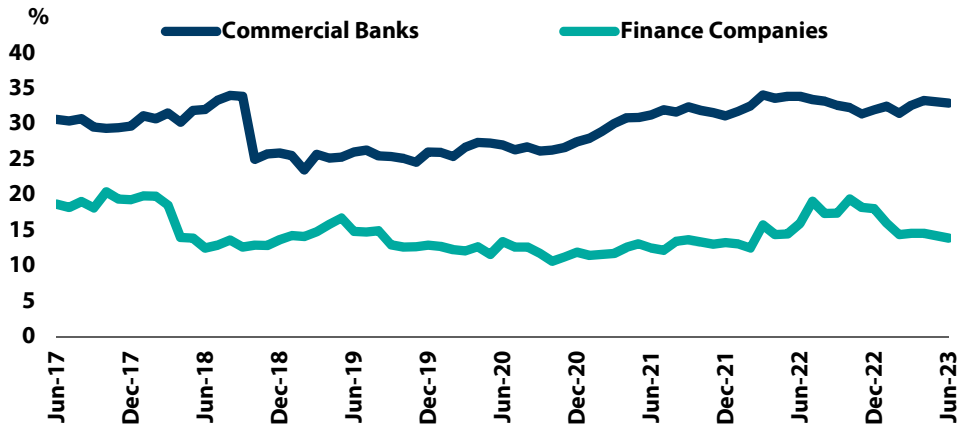


Sources: Central Bank of Barbados and Financial Services Commission

Source: Central Bank of Barbados

**As credit waned and deposits grew, excess liquidity in the financial sector remained elevated over the review period.** Commercial banks’ liquid assets-to-total assets ratio<sup>12</sup> increased by 1 percentage point to reach 33 percent, as their reserves at Central Bank increased in line with greater deposit liabilities. On the other hand, the liquid asset ratio of finance companies fell by 4.1 percentage points to 13.9 percent, reflecting lower deposit liabilities.

**Figure 19: Liquid- Asset Ratio of DTIs**

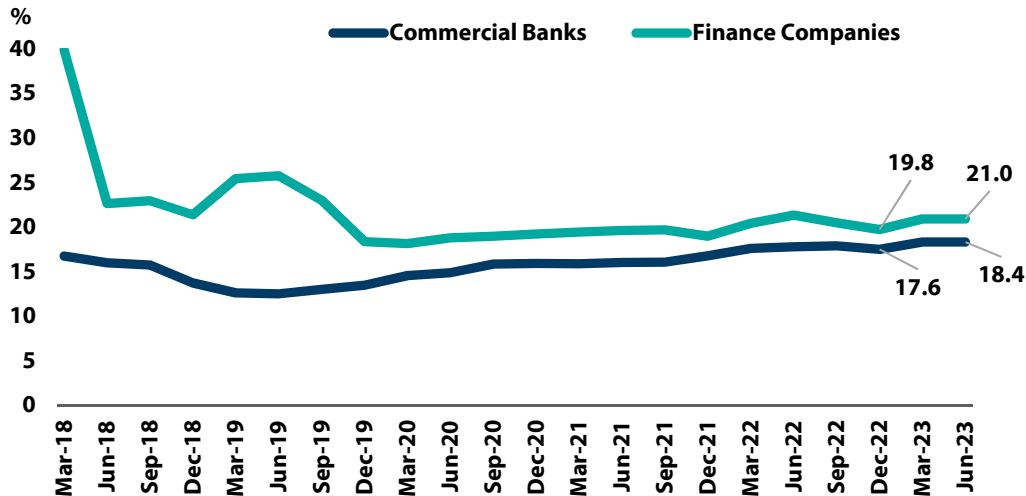


Source: Central Bank of Barbados

<sup>12</sup> For DTIs operating in Barbados, the liquid assets ratio is the sum of local and foreign cash holdings, transferable deposits and treasury bill holdings of local and foreign governments, as a percent of total assets.

**The DTIs consistently maintained adequate capital levels throughout the first half of the year.** The capital adequacy ratio of commercial banks and finance companies remained well above their 8 percent prudential requirement, increasing by 0.8 and 1.2 percentage points to 18.4 and 21 percent, respectively.

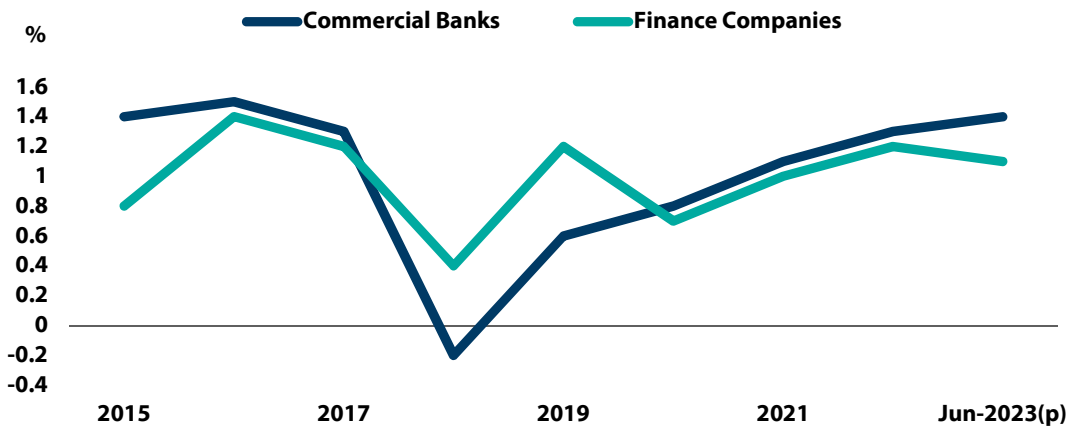
**Figure 20: Capital Adequacy Ratios**



Source: Central Bank of Barbados

**Profitability in the banking sector edged up for the twelve-month period ended June 2023.** The return on average assets ratio moved from 1.2 percent one year earlier to 1.4 percent at the end of June 2023. This improved profitability was driven by higher interest income, particularly from deposit balances held in economies that experienced hikes in their interest rates. Interest income from loans to the local business sector also featured notably in the profit outturn. Also, fee income was 4.4 percent lower than the corresponding period in 2022 and accounted for 21 percent of gross income, a similar proportion to previous years. At the same time finance companies remained profitable despite a marginal dip on their return-on-average assets caused by a pickup in operational expenses.

**Figure 21: Return on Average Assets Ratio**



Source: Central Bank of Barbados



## Outlook

**The performance of the economy during the first six months of 2023 underscores Barbados' resilience** in the face of unfavourable global developments. Real GDP is on track to grow by about 4 to 5 percent in 2023 contingent on a continued recovery in tourism activity and increased private sector investments.

**With respect to tourism, forward bookings for the remainder of the year are encouraging.** The return of a full Crop Over festival itinerary and the anticipated opening of the Wyndham Sam Lord's Hotel, are expected to boost demand for the destination in the coming months. The sharing economy is also expected to contribute to the stability of tourist arrivals by continuing to attract a visitor segment less interested in the traditional hotel experience. Local tourism stakeholders are attempting to address the airlift challenge into Barbados, a factor, which, along with airline ticket prices well above pre-pandemic levels, remains one of the key barriers to the full recovery in visitor numbers.

**The other sectors of the economy should continue to benefit from the strong tourism performance and construction activity.** A projected expansion in construction in the second half of 2023 is also expected to aid output growth in the non-traded sectors and assist with employment growth.

**Inflation should improve in the medium term on the back of declines in international commodity and energy prices over the first half of this year.** The fall in these key commodity prices has already stabilised the imported component of inflation. As a result, domestic inflation is expected to decrease to 5 percent or below by year's end, should current international prices be maintained or decline over the second half of 2023. However, the June announcement by the OPEC + grouping of its intention to further cut crude oil production through to 2024, as well as the potential of the Russian- Ukraine war to continue to disrupt grain supplies, present significant downside risks. Other geo-political risks remain; for example, cyber-attacks can adversely impact critical national infrastructure and essential services in trading partner countries.

**Gross reserves remain at historic levels but are expected to decline modestly over the second half of 2023.** This projected decline should be driven by the continued expansion of the domestic economy, which is expected to increase the demand for foreign exchange. Reserves are still expected to be well above the internationally accepted threshold for reserve cover by year-end 2023.

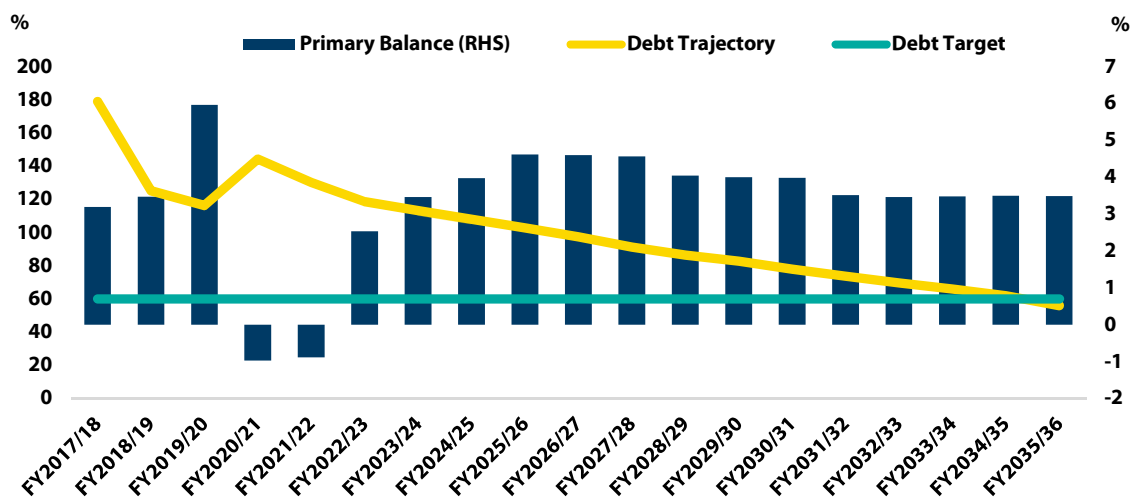
**Anomalous warm temperatures in the Atlantic promise more frequent and intense storm activity.** The forecasts of rising global temperatures indicate the likelihood of stronger storm activity which can negatively impact food crop production and damage infrastructure. It is therefore imperative that efforts towards ensuring food security are continued and disaster mitigation and management systems are fortified. The focus on attracting climate-related financing is expected to yield results over the medium term and will assist in improved climate resilience.

**The Government has indicated its continued commitment to meeting all targets set under the BERT-2022 IMF-supported programme.** By the end of FY2023/24, the fiscal deficit is projected to reach 1.8 percent of GDP, while the primary balance is forecast to record a surplus of 3.5 percent of GDP. The achievement of the primary balance target depends on continued economic activity bolstering

revenue collections throughout the rest of the fiscal year with expenditure remaining in line with targets.

**Barbados’ public sector debt remains on a sustainable path despite interest rate hikes in industrialised countries.** Foreign borrowing will need to continue in the short to medium-term as Government implements plans to revive the local bond market by diversifying the range of available instruments. Even inclusive of this projected borrowing, the debt-to-GDP ratio is forecast to halve to 60 percent by FY2035/36.

**Figure 22: Debt-to GDP Trajectory and Primary Balance**



Sources: Ministry of Finance and Central Bank of Barbados

**Credit from DTIs should provide continued support to businesses and individuals for the remainder of the year.** Loans to households may increase as the year progresses, on the strength of higher demand for mortgages and the need for greater renewable energy capacity. Credit quality should also continue to improve as economic activity expands and facilitates the settlement of debts. Capital buffers for most depository institutions remain at comfortable levels, serving as a safeguard against potential domestic and global shocks. At the same time, the financial system faces the challenge of deploying the excess liquidity in the financial system in a way that that is both profitable and prudent.

**The transition towards a fossil-free economy by 2035 remains critical in the medium to long-term.** Recognising the importance of imports to the sustainability of the external position, investments in renewable energy will help to reshape the composition of imported goods, eventually resulting in a shift away from fossil fuels. Over time, the net savings stemming from this transition is expected to become more prominent, showcasing the substantial economic advantages associated with this pivotal shift.

**To secure a sustainable and prosperous future we must continue to invest in renewable energy, agriculture, and technology to foster resilience and create new opportunities for growth.** Continued collaboration between the public and private sectors is critical to achievement of fiscal and debt sustainability and the promotion of climate-resilient economic development.

## Appendix 1 – Economic Indicators

	2017	2018	2019	2020	2021 <sup>(p)</sup>	2022 <sup>(e)</sup>	Jun 2022	Jun 2023 <sup>(e)</sup>
Nominal GDP (\$ Million) <sup>1</sup>	9,963.2	10,194.6	10,648.5	9,343.6	9,687.6	11,534.4	5,626.1	6,330.3
Real Growth (%)	0.6	(1.0)	(0.2)	(13.5)	(0.3)	12.0	15.7	3.9
Inflation (M.A., %) <sup>2</sup>	4.5	3.8	2.3	0.5	1.5	5.0	3.2	5.9
Unemployment (End-of-period, %)*	8.2	11.6	8.9	13.6	10.9	7.2	9.3	8.9
Gross International Reserves (\$ Million)	411.3	999.6	1,481.0	2,660.7	3,058.8	2,770.3	3,008.5	3,108.8
Gross International Reserves Cover, Weeks	5.3	12.8	18.6	40.7	40.6	29.2	33.7	33.0
BoP Current Account (% of GDP)	(3.8)	(4.4)	(2.8)	(6.0)	(11.2)	(10.8)	(11.0)	(7.6)
Total Imports of Goods (% of GDP)	30.5	29.4	28.2	30.4	32.8	35.4	36.4	31.2
Travel Credits (% of GDP)	21.7	21.9	23.5	12.3	12.7	16.0	14.4	16.4
Financial Account (\$ Millions)	54.2	862.6	776.4	1,621.6	1,207.6	932.0	588.7	856.9
Gross Public Sector Debt <sup>3</sup> (% of GDP)	149.0	126.0	117.4	137.2	137.9	121.8	126.9	117.5
Central Government External Debt (% of GDP)	28.7	31.4	29.0	42.5	46.3	41.2	42.1	41.8
External Debt Service to Curr. Acct. Cred.	8.1	5.0	3.6	9.0	7.0	7.8	8.0	10.5
Treasury-Bill Rate	3.2	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Weighted-Average Deposit Rate	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1
Weighted-Average Loan Rate	6.6	6.7	6.4	5.9	5.7	5.5	5.6	5.5
Excess Domestic Cash Ratio	14.2	16.1	18.5	22.4	26.8	27.0	30.2	29.2
Private Sector Credit Growth (%) <sup>4</sup>	3.2	0.3	0.9	(1.2)	(0.7)	3.1	0.4	0.0
Private Sector Credit (% of GDP) <sup>4</sup>	81.8	80.2	77.8	86.9	83.2	73.5	87.7	68.3
Domestic Currency Deposits (% of GDP) <sup>4</sup>	112.7	111.5	109.6	131.0	131.7	121.5	142.2	111.6
<b>Fiscal Year</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Apr-Jun 2022</b>	<b>Apr-Jun 2023</b>
Fiscal Balance (% of GDP)	(4.6)	(0.3)	3.6	(4.8)	(4.8)	(2.0)	1.1	0.1
Primary Balance (% of GDP)	3.2	3.5	6.0	(1.0)	(0.9)	2.5	2.0	1.2
Interest (% of GDP)	7.8	3.8	2.3	3.8	3.9	4.6	0.9	1.1
Fiscal Current Account (% of GDP)	(2.8)	1.6	5.4	(1.7)	(0.6)	1.9	1.3	0.4
Revenue (% of GDP)	28.9	29.3	28.0	28.7	27.5	27.6	6.4	5.9
Expenditure (% of GDP)	33.4	29.6	24.4	33.5	32.3	29.6	5.3	5.7
Non-interest Expenditure (% of GDP)	25.7	25.8	22.1	29.7	28.4	25.0	4.4	4.6
Capital Expenditure (% of GDP)	1.7	1.9	1.8	3.1	4.1	4.0	0.2	0.3
Gov't Interest Payments (% of Revenue)	26.9	12.9	8.4	13.4	14.1	16.5	13.5	19.0

<sup>(e)</sup> – Estimate

<sup>(p)</sup> – Provisional

1 - Central Bank of Barbados and Barbados Statistical Service

2 - Twelve Month Moving Average- Data as at May, 2023

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

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

\* - Data as at March 2023

n.a.- Not Available

Sources: Barbados Statistical Service and Central Bank of Barbados

## Appendix 2– GDP by Sector and Activity (BDS\$ Millions, Constant Prices)

	2017	2018	2019	2020	2021	2022	Jan – Jun 2022	Jan – Jun 2023
<b>Tradeables</b>	<b>1,488.1</b>	<b>1,508.6</b>	<b>1,567.2</b>	<b>859.8</b>	<b>841.4</b>	<b>1,497.6</b>	<b>766.2</b>	<b>816.5</b>
<b>Tourism</b>	<b>894.8</b>	<b>910.7</b>	<b>975.5</b>	<b>310.1</b>	<b>272.0</b>	<b>919.6</b>	<b>475.0</b>	<b>528.0</b>
<b>Agriculture</b>	<b>105.5</b>	<b>121.0</b>	<b>115.5</b>	<b>108.9</b>	<b>113.2</b>	<b>106.4</b>	<b>50.4</b>	<b>44.8</b>
Sugar	5.4	6.0	3.1	3.7	3.7	4.0	4.0	4.4
Non-Sugar Agriculture	100.1	115.0	112.4	105.3	109.6	102.4	46.4	40.5
<b>Manufacturing</b>	<b>487.8</b>	<b>476.9</b>	<b>476.1</b>	<b>440.8</b>	<b>456.1</b>	<b>471.7</b>	<b>240.8</b>	<b>243.6</b>
of which:								
<i>Rum &amp; Other Beverages</i>	94.2	90.6	76.8	76.1	78.1	84.8	21.2	22.1
<i>Food</i>	123.3	117.3	116.7	99.3	107.7	113.4	25.3	25.7
<i>Furniture</i>	13.4	12.3	12.0	11.5	12.2	12.4	3.0	3.0
<i>Chemicals</i>	29.2	28.8	27.4	28.1	27.7	29.6	8.7	8.8
<i>Other Non-Metallic Mineral Products</i>	132.7	138.7	136.8	137.9	148.6	163.9	41.0	43.2
<b>Non-tradeables</b>	<b>6,616.3</b>	<b>6,517.1</b>	<b>6,442.0</b>	<b>6,064.6</b>	<b>6,063.0</b>	<b>6,234.2</b>	<b>3,005.1</b>	<b>3,101.4</b>
Mining & Quarrying	40.7	42.2	49.4	56.6	39.5	39.8	22.5	22.8
Electricity, Gas & Water	214.8	214.1	213.5	203.5	212.1	219.8	101.4	103.9
Construction	492.9	461.6	452.3	457.2	443.5	466.9	222.3	236.1
Distribution	1,181.8	1,181.5	1,202.8	1,000.7	965.1	1,000.5	463.7	486.7
Transport, etc	1,046.7	1,027.7	1,011.5	904.1	911.1	933.6	433.9	444.3
Finance and Other Services	2,783.8	2,748.3	2,721.4	2,631.4	2,665.8	2,745.4	1,353.3	1,396.8
Government	855.6	841.8	791.0	811.1	826.0	828.3	408.1	410.7
<b>Total</b>	<b>8,104.4</b>	<b>8,025.8</b>	<b>8,009.2</b>	<b>6,924.4</b>	<b>6,904.3</b>	<b>7,731.8</b>	<b>3,771.3</b>	<b>3,917.9</b>
<b>Nominal GDP</b>	<b>9,963.2</b>	<b>10,194.6</b>	<b>10,648.5</b>	<b>9,343.6</b>	<b>9,687.6</b>	<b>11,534.4</b>	<b>5,626.1</b>	<b>6,330.3</b>
<b>Real Growth Rates</b>	<b>0.6</b>	<b>(1.0)</b>	<b>(0.2)</b>	<b>(13.5)</b>	<b>(0.3)</b>	<b>12.0</b>	<b>15.7</b>	<b>3.9</b>
Tradeables	1.5	1.4	3.9	(45.1)	(2.1)	78.0	131.3	6.6
Non-tradeables	0.4	(1.5)	(1.2)	(5.9)	(0.0)	2.8	2.6	3.2

<sup>(p)</sup> - Provisional

<sup>(e)</sup> - Estimate

<sup>1</sup> - BSS' 2010 Base Year Series

Sources: Barbados Statistical Service and Central Bank of Barbados

### Appendix 3 – Balance of Payments (BDS \$Millions)

	2017	2018	2019	2020 <sup>(p)</sup>	2021 <sup>(p)</sup>	2022 <sup>(e)</sup>	Jan - Jun 2022 <sup>(e)</sup>	Jan - Jun 2023 <sup>(e)</sup>
<b>Current Account Balance</b>	<b>(380.5)</b>	<b>(447.3)</b>	<b>(293.5)</b>	<b>(561.0)</b>	<b>(1,084.7)</b>	<b>(1,240.2)</b>	<b>(616.1)</b>	<b>(478.9)</b>
o/w Exports of Goods and Services	4,197.6	4,211.0	4,484.5	2,784.4	2,962.3	3,997.8	1,811.3	2,093.3
o/w Imports of Goods and Services	4,054.4	4,071.6	4,152.6	3,397.3	3,920.7	4,937.8	2,427.5	2,392.2
Merchandise Trade Balance	(1,434.0)	(1,467.9)	(1,477.7)	(1,605.9)	(1,883.3)	(2,433.9)	(1,228.7)	(1,149.1)
Exports of Goods	1,606.3	1,529.8	1,526.0	1,238.1	1,294.1	1,644.4	819.7	825.7
o/w Domestic	509.7	510.2	507.4	449.4	444.3	501.9	247.0	249.5
o/w Re-exports	461.1	385.7	380.8	241.0	237.7	493.4	259.6	251.8
o/w Net Export of Goods under Merchunting	635.4	633.8	637.6	547.6	612.1	649.0	313.0	324.4
Imports of Goods	3,040.3	2,997.7	3,003.7	2,843.9	3,177.4	4,078.3	2,048.4	1,974.8
o/w Fuel	626.2	712.2	728.0	510.6	685.8	1,122.8	634.3	523.4
Services Balance	1,577.3	1,607.3	1,809.6	993.0	925.0	1,493.9	612.5	850.2
Exports	2,591.3	2,681.2	2,958.5	1,546.4	1,668.2	2,353.4	991.6	1,267.6
o/w Travel	2,161.4	2,236.5	2,500.0	1,149.0	1,227.1	1,846.6	809.4	1,035.6
Imports	1,014.0	1,073.9	1,148.9	553.3	743.3	859.5	379.1	417.4
Income Account Balance	(447.8)	(499.6)	(533.8)	(134.9)	(192.5)	(331.9)	(76.7)	(219.3)
Credits	529.8	543.0	565.4	338.7	412.4	462.3	235.7	247.6
Debits	977.6	1,042.6	1,099.2	473.7	604.8	794.3	312.4	466.9
Current Transfers Balance	(75.9)	(87.0)	(91.6)	186.8	66.2	31.8	76.7	39.4
Credits	104.7	107.0	110.1	396.6	284.4	277.6	212.4	178.3
Debits	180.6	194.0	201.7	209.8	218.2	245.8	135.6	138.9
<b>Capital Account</b>	<b>(2.4)</b>	<b>50.9</b>	<b>(5.3)</b>	<b>(4.5)</b>	<b>(5.2)</b>	<b>15.0</b>	<b>(3.5)</b>	<b>(3.4)</b>
<b>Financial Account</b>	<b>54.2</b>	<b>862.6</b>	<b>776.4</b>	<b>1,621.6</b>	<b>1,207.6</b>	<b>932.0</b>	<b>588.7</b>	<b>856.9</b>
Net Foreign Direct Investment	468.2	464.8	375.3	509.2	417.8	528.9	268.9	224.7
All Other Investment Flows	(414.0)	397.8	401.1	1,112.4	789.8	403.2	319.7	632.2
Net Long-term Public	(167.0)	426.0	371.5	937.7	734.6	120.9	41.7	397.5
Of which: IMF	-	101.2	202.5	457.9	95.2	83.6	46.1	75.7
Net Long-term Private	(156.8)	(3.8)	113.0	251.3	99.5	310.1	286.5	239.2
Net Short-term	(90.1)	(24.4)	(83.5)	(76.7)	(44.3)	(27.8)	(8.5)	(4.5)
<b>Net Errors &amp; Omissions</b>	<b>100.2</b>	<b>123.8</b>	<b>3.7</b>	<b>121.2</b>	<b>325.1</b>	<b>223.1</b>	<b>123.3</b>	<b>(35.7)</b>
<b>Overall Balance</b>	<b>(228.5)</b>	<b>589.9</b>	<b>481.4</b>	<b>1,177.3</b>	<b>442.8</b>	<b>(70.1)</b>	<b>92.3</b>	<b>338.9</b>
<b>Change in GIR: - increase/+ decrease</b>	<b>228.5</b>	<b>(588.3)</b>	<b>(481.4)</b>	<b>(1,179.7)</b>	<b>(398.2)</b>	<b>288.6</b>	<b>50.4</b>	<b>(338.5)</b>
<b>BOP change in GIR (-increase/+decrease)</b>	<b>-</b>	<b>(589.9)</b>	<b>(481.4)</b>	<b>(1,177.3)</b>	<b>(442.8)</b>	<b>70.1</b>	<b>(92.3)</b>	<b>(338.9)</b>
<b>Memorandum Items:</b>								
<b>Gross International Reserves (GIR)</b>	<b>411.3</b>	<b>999.6</b>	<b>1,481.0</b>	<b>2,660.7</b>	<b>3,058.8</b>	<b>2,770.3</b>	<b>3,008.5</b>	<b>3,108.8</b>
<b>Gross International Reserves Cover, Weeks</b>	<b>5.3</b>	<b>12.8</b>	<b>18.6</b>	<b>40.7</b>	<b>40.6</b>	<b>29.2</b>	<b>33.7</b>	<b>33.0</b>

<sup>(p)</sup> – Provisional

<sup>(e)</sup> – Estimate

Source: Central Bank of Barbados

## Appendix 4 - Summary of Government Operations (BDS\$ Millions)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Apr-Jun 2022	Apr-Jun 2023
<b>Total Revenue</b>	<b>2,845.4</b>	<b>2,993.6</b>	<b>2,984.2</b>	<b>2,563.3</b>	<b>2,823.8</b>	<b>3,320.0</b>	<b>771.8</b>	<b>756.3</b>
<b>Tax Revenue</b>	<b>2,656.3</b>	<b>2,812.4</b>	<b>2,771.2</b>	<b>2,387.8</b>	<b>2,646.1</b>	<b>3,110.6</b>	<b>727.5</b>	<b>713.6</b>
<b>i) Direct Taxes</b>	<b>968.9</b>	<b>1,126.9</b>	<b>1,084.7</b>	<b>1,202.9</b>	<b>1,148.2</b>	<b>1,381.2</b>	<b>337.4</b>	<b>276.4</b>
Personal	462.6	482.1	454.7	308.1	385.0	393.4	117.7	134.2
Corporate	275.1	355.5	309.0	612.9	450.5	548.8	162.7	93.6
Pandemic Levy (Individuals)	0.0	0.0	0.0	0.0	0.0	13.5	2.4	3.3
Pandemic Levy (Corporations)	0.0	0.0	0.0	0.0	0.0	74.7	0.0	0.0
Property	137.6	161.3	214.7	181.6	205.2	217.0	21.2	14.2
Financial Institutions Asset Tax	48.7	44.6	47.4	45.6	46.2	53.0	14.3	13.2
Other	44.9	83.4	58.9	54.7	61.4	80.8	19.1	18.0
<b>ii) Indirect Taxes</b>	<b>1,687.4</b>	<b>1,685.6</b>	<b>1,686.5</b>	<b>1,185.0</b>	<b>1,497.9</b>	<b>1,729.5</b>	<b>390.1</b>	<b>437.2</b>
Stamp	10.5	10.9	11.4	7.6	13.4	21.6	3.8	3.1
VAT	887.3	940.9	966.9	706.3	884.6	1,022.6	260.8	248.6
Excises	303.1	271.2	250.9	154.1	212.3	247.2	22.8	57.5
Import Duties	218.6	213.8	231.6	191.9	220.6	241.9	56.4	60.5
Social Responsibility Levy	152.0	49.4	0.1	0.0	0.0	0.0	0.0	0.0
Other of which:	115.9	199.4	225.6	124.9	167.0	196.1	46.3	67.5
Fuel Tax	0.0	68.6	82.1	63.8	70.2	80.9	3.0	17.1
Room Rate/Shared Accommodation	0.0	10.1	28.1	9.5	25.2	40.2	12.0	12.5
<b>Non-tax Revenue &amp; Grants</b>	<b>189.1</b>	<b>181.2</b>	<b>213.0</b>	<b>175.4</b>	<b>177.8</b>	<b>209.4</b>	<b>44.3</b>	<b>42.7</b>
Non-tax Revenue of which:	149.0	161.5	201.3	169.5	159.7	173.4	39.9	39.0
Foreign Exchange Fee	53.2	74.5	79.4	65.2	78.7	94.4	22.0	24.2
Grants	22.0	0.1	11.8	0.0	5.7	20.0	0.0	0.0
Post Office - Revenue	18.1	19.6	0.0	5.9	12.3	16.0	4.4	3.6
<b>Current Expenditure</b>	<b>3,123.8</b>	<b>2,826.4</b>	<b>2,407.9</b>	<b>2,716.8</b>	<b>2,889.2</b>	<b>3,088.7</b>	<b>614.2</b>	<b>707.7</b>
Wages & Salaries	782.3	811.9	807.4	808.0	834.8	854.6	206.8	216.3
Goods & Services	364.3	356.3	375.5	399.8	493.2	529.0	101.7	106.9
Interest	764.7	384.9	249.7	342.6	398.9	549.2	104.3	143.3
External	168.0	48.0	62.7	144.1	132.4	196.0	20.4	58.0
Domestic	596.7	336.9	187.0	198.5	266.5	353.3	83.8	85.3
Transfers & Subsidies	1,212.5	1,273.3	975.3	1,166.3	1,162.3	1,155.9	201.5	241.1
Grants to Individuals	358.3	362.8	389.2	423.7	454.2	475.0	100.0	96.5
Grants to Public Institutions	761.2	814.8	517.6	657.3	631.8	581.4	89.6	130.4
Subsidies	51.9	51.8	31.8	49.7	33.6	48.2	4.7	4.4
Subscriptions & Contributions	22.1	25.7	20.3	20.3	21.9	23.7	5.5	5.2
Non-Profit Agencies	19.0	18.3	16.4	15.3	20.7	27.7	1.6	4.6
<b>Capital Expenditure &amp; Net Lending</b>	<b>171.8</b>	<b>197.8</b>	<b>191.8</b>	<b>276.1</b>	<b>425.2</b>	<b>476.2</b>	<b>19.3</b>	<b>34.7</b>
Capital Expenditure	149.1	184.9	185.1	278.3	421.6	449.5	18.7	27.3
Net Lending	22.7	12.9	6.7	-2.2	3.6	26.7	0.6	7.5
<b>Fiscal Balance</b>	<b>(450.2)</b>	<b>(30.5)</b>	<b>384.5</b>	<b>(429.6)</b>	<b>(490.6)</b>	<b>(244.9)</b>	<b>138.3</b>	<b>13.9</b>
<b>Primary Balance</b>	<b>314.5</b>	<b>354.3</b>	<b>634.2</b>	<b>(87.0)</b>	<b>(91.6)</b>	<b>304.3</b>	<b>242.6</b>	<b>157.2</b>
<b>Fiscal Balance-to-GDP (%)</b>	<b>(4.6)</b>	<b>(0.3)</b>	<b>3.6</b>	<b>(4.8)</b>	<b>(4.8)</b>	<b>(2.0)</b>	<b>1.1</b>	<b>0.1</b>

<sup>p)</sup> Provisional

Source: Ministry of Finance

### Appendix 5 - Government Financing (BDS\$ Millions)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Apr-Jun 2022	Apr-Jun 2023 <sup>(p)</sup>
<b>Fiscal Balance</b>	<b>-450.2</b>	<b>-30.5</b>	<b>384.5</b>	<b>-429.6</b>	<b>-490.6</b>	<b>-244.9</b>	<b>138.3</b>	<b>13.9</b>
Arrears Payments	0.0	-10.0	-208.3	-61.9	-41.1	-38.2	-20.9	0.0
<b>Financing</b>	<b>450.2</b>	<b>40.5</b>	<b>-176.2</b>	<b>491.5</b>	<b>531.7</b>	<b>283.1</b>	<b>-117.4</b>	<b>-13.9</b>
<b>Domestic Financing (Net)</b>	<b>643.8</b>	<b>-272.3</b>	<b>-274.9</b>	<b>-340.1</b>	<b>107.0</b>	<b>-240.0</b>	<b>-105.8</b>	<b>-24.7</b>
Central Bank	92.8	-166.4	164.7	-66.6	331.6	-132.6	101.9	183.4
Commercial Banks	257.9	82.8	-86.3	106.6	-24.5	99.9	3.3	69.0
National Insurance Board	3.1	8.9	-85.2	-207.9	15.3	-60.2	-0.7	-15.4
Private Non-Bank	-57.2	-119.6	-217.7	-34.9	-47.1	-136.8	-38.8	31.2
Other	347.3	-77.9	-50.4	-137.3	-168.3	-10.4	-171.6	-292.9
<b>Foreign Financing (Net)</b>	<b>-193.6</b>	<b>312.8</b>	<b>98.7</b>	<b>831.6</b>	<b>424.7</b>	<b>523.2</b>	<b>-11.6</b>	<b>10.9</b>
Capital Markets	0.0	0.0	0.0	0.0	0.0	146.5	0.0	0.0
Project Funds	92.8	57.1	64.1	51.2	91.4	94.7	7.0	0.0
Policy Loans	0.0	350.0	150.0	968.1	496.6	483.6	46.1	75.7
Amortisation	-286.4	-94.3	-115.4	-187.7	-163.3	-201.7	-64.8	-64.8

<sup>(p)</sup> Provisional

Source: Central Bank of Barbados

## Appendix 6 -Public Debt Outstanding (BDS \$Millions)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Jun 2022	Jun 2023
<b>Gross Central Government Debt<sup>1</sup></b>	15,847.1	12,755.0	12,322.6	12,819.1	13,310.2	14,224.7	13,584.3	14,351.0
Gross Central Government Debt/GDP (%)	155.8	124.7	115.7	143.7	129.8	118.1	126.5	117.2
<b>Domestic Debt</b>	<b>12,923.0</b>	<b>9,512.9</b>	<b>9,226.4</b>	<b>8,872.7</b>	<b>8,824.0</b>	<b>9,117.9</b>	<b>9,058.9</b>	<b>9,229.8</b>
<b>Short Term</b>	<b>4,266.0</b>	<b>598.4</b>	<b>697.0</b>	<b>708.1</b>	<b>710.1</b>	<b>662.3</b>	<b>694.3</b>	<b>701.2</b>
<b>Treasury Bills<sup>2</sup></b>	<b>3,978.0</b>	<b>495.1</b>	<b>495.1</b>	<b>495.1</b>	<b>495.1</b>	<b>495.1</b>	<b>495.1</b>	<b>495.1</b>
Central Bank	1,343.9	207.2	207.2	207.2	207.2	207.2	207.2	207.2
Commercial Banks	1,754.5	285.1	285.1	285.1	285.1	285.1	285.1	285.1
Other	879.6	2.8	2.8	2.8	2.8	2.8	2.8	2.8
<b>Loans</b>	<b>288.0</b>	<b>103.3</b>	<b>201.9</b>	<b>213.0</b>	<b>215.0</b>	<b>167.2</b>	<b>199.2</b>	<b>206.1</b>
Central Bank	288.0	103.3	201.9	213.0	215.0	167.2	199.2	206.1
<b>Long Term</b>	<b>8,657.0</b>	<b>8,914.5</b>	<b>8,529.4</b>	<b>8,164.6</b>	<b>8,113.9</b>	<b>8,455.6</b>	<b>8,364.6</b>	<b>8,528.6</b>
<b>Bonds</b>	<b>6,509.0</b>	<b>8,621.0</b>	<b>8,358.6</b>	<b>8,083.7</b>	<b>8,091.2</b>	<b>8,051.6</b>	<b>8,146.7</b>	<b>8,135.3</b>
Central Bank	597.5	414.4	414.4	414.4	444.4	626.8	534.6	626.8
Commercial Bank	179.9	2,052.5	2,048.0	2,048.8	2,058.3	2,034.2	2,063.0	2,102.1
NIS	3,306.6	2,943.8	2,858.7	2,650.2	2,665.4	2,605.2	2,664.7	2,589.8
Insurance Companies	729.7	1,179.6	821.5	815.8	815.1	810.6	811.0	818.0
Pension Funds	218.0	296.6	304.8	311.7	321.9	317.1	321.9	316.1
Other	1,477.4	1,734.0	1,911.2	1,842.7	1,786.1	1,657.6	1,751.5	1,682.5
<b>Loans &amp; Tax Certificates</b>	<b>241.0</b>	<b>0.1</b>	<b>17.9</b>	<b>1.5</b>	<b>0.1</b>	<b>146.6</b>	<b>0.1</b>	<b>146.6</b>
Commercial Banks	240.8	-	17.8	1.4	-	146.5	-	146.5
Other	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>Arrears</b>	<b>1,907.0</b>	<b>293.4</b>	<b>152.9</b>	<b>79.4</b>	<b>22.6</b>	<b>257.5</b>	<b>217.9</b>	<b>246.7</b>
<b>External Debt</b>	<b>2,924.0</b>	<b>3,242.1</b>	<b>3,096.2</b>	<b>3,946.4</b>	<b>4,486.2</b>	<b>5,106.8</b>	<b>4,525.4</b>	<b>5,121.2</b>
<b>Long Term</b>	<b>2,924.0</b>	<b>3,242.1</b>	<b>3,096.2</b>	<b>3,946.4</b>	<b>4,486.2</b>	<b>5,106.8</b>	<b>4,525.4</b>	<b>5,121.2</b>
International Bonds	1,161.4	1,161.4	1,137.9	1,072.9	1,072.9	1,070.7	1,072.2	1,070.7
Bilateral	216.0	204.4	242.9	244.4	312.6	376.3	355.0	369.6
Multilateral	1,124.0	1,292.5	1,431.1	2,381.3	2,882.4	3,323.3	2,887.0	3,351.5
IMF (Budget Support)	-	-	-	368.2	464.8	530.8	510.9	600.6
Commercial	422.6	421.2	237.0	247.8	218.3	336.5	211.2	329.4
Arrears	-	162.6	47.3	-	-	-	-	-
<b>Other Public Sector Debt (Guaranteed Contingent Liabilities)</b>	<b>2,349.6</b>	<b>98.3</b>	<b>57.9</b>	<b>51.9</b>	<b>46.0</b>	<b>36.2</b>	<b>42.5</b>	<b>32.8</b>
<b>Domestic Debt</b>	<b>2,219.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>External Debt</b>	<b>130.0</b>	<b>98.3</b>	<b>57.9</b>	<b>51.9</b>	<b>46.0</b>	<b>36.2</b>	<b>42.5</b>	<b>32.8</b>
<b>Long Term</b>	<b>130.0</b>	<b>98.3</b>	<b>57.9</b>	<b>51.9</b>	<b>46.0</b>	<b>36.2</b>	<b>42.5</b>	<b>32.8</b>
Bonds	85.0	60.0	31.1	31.1	31.1	26.0	29.1	25.3
Multilateral	45.0	32.9	26.8	20.9	14.9	10.2	13.4	7.5
<b>Gross Public Sector Debt<sup>3</sup></b>	<b>18,196.7</b>	<b>12,853.3</b>	<b>12,380.5</b>	<b>12,871.1</b>	<b>13,356.2</b>	<b>14,260.9</b>	<b>13,626.8</b>	<b>14,383.7</b>
Gross Public Sector Debt/GDP (%)	178.9	125.6	116.2	144.3	130.2	118.4	126.9	117.5

(p) Provisional

1 Gross Central Government Debt = Domestic Debt + External Debt

2 Treasury Bills - Held for a fixed period

3 Gross Public Sector Debt = Gross Central Government Debt + Other Public Sector Debt (Guaranteed Contingent Liabilities)

Source: Ministry of Finance and Central Bank of Barbados



## Appendix 7 -Select Monetary Aggregates and Financial Stability Indicators for the Banking System (BDS\$ Millions)

	2017	2018	2019	2020	2021	2022	Jun 2022	Jun 2023 <sup>(P)</sup>
<b>Monetary Authorities</b>								
Net International Reserves	334.7	832.5	1,130.8	2,195.0	2,594.6	2,354.5	2,546.7	2,700.7
Monetary base	2,375.9	2,659.0	2,938.8	3,551.8	4,132.8	4,389.2	4,599.7	4,613.8
Net Domestic Assets	1,996.9	1,788.8	1,761.6	1,296.2	1,479.0	1,978.4	1,996.7	1,857.6
<b>Deposit-taking Institutions<sup>1</sup></b>								
Credit to Public Sector								
Central Government (net)	2,164.5	1,896.4	1,886.7	2,056.5	2,100.1	2,249.8	2,121.6	2,362.5
Rest of the Public Sector	344.8	107.9	65.0	85.3	144.5	157.1	141.7	152.7
Credit to Rest of Financial System	248.7	274.5	255.7	262.8	246.3	241.3	237.9	278.8
Credit to the Non-Financial Private Sector	8,151.3	8,179.1	8,254.4	8,153.7	8,096.8	8,350.7	8,131.3	8,353.7
Total Deposits	11,978.7	11,967.1	12,286.4	12,976.2	13,697.0	14,413.4	14,371.4	14,752.4
Transferable Deposits <sup>4</sup>	9,667.6	9,844.5	10,396.1	11,178.9	11,855.8	12,643.9	12,583.7	13,041.7
Non-Transferable Deposits	2,311.1	2,122.6	1,890.3	1,797.3	1,841.1	1,769.4	1,787.8	1,710.8
<b>Memo Items</b>								
Domestic Currency Deposits	11,223.9	11,365.1	10,337.2	12,283.2	12,809.9	13,376.8	13,150.6	13,651.9
Foreign Currency Deposits	754.8	602.0	576.2	693.0	887.0	1,036.5	1,220.8	1,100.5
<b>Banking System Financial Stability Indicators<sup>5</sup></b>								
Capital Adequacy Ratio (CAR)	17.0	13.8	13.5	16.0	16.8	17.6	17.8	17.6
Loan to Deposit Ratio	74.7	63.0	61.7	57.1	53.0	53.1	49.7	51.5
Liquid Assets to Total Assets	29.7	25.9	26.0	27.4	31.1	32.0	33.9	34.0
Non-Performing Loans Ratio	7.7	7.4	6.6	7.3	7.3	5.9	6.8	5.6
Provisions to Non-Performing Loans	80.4	67.3	59.4	62.0	60.3	50.8	58.4	50.4
Return on Average Assets (12-month)	1.3	(0.2)	0.6	0.8	1.1	1.3	1.2	1.4

<sup>(P)</sup> - 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