



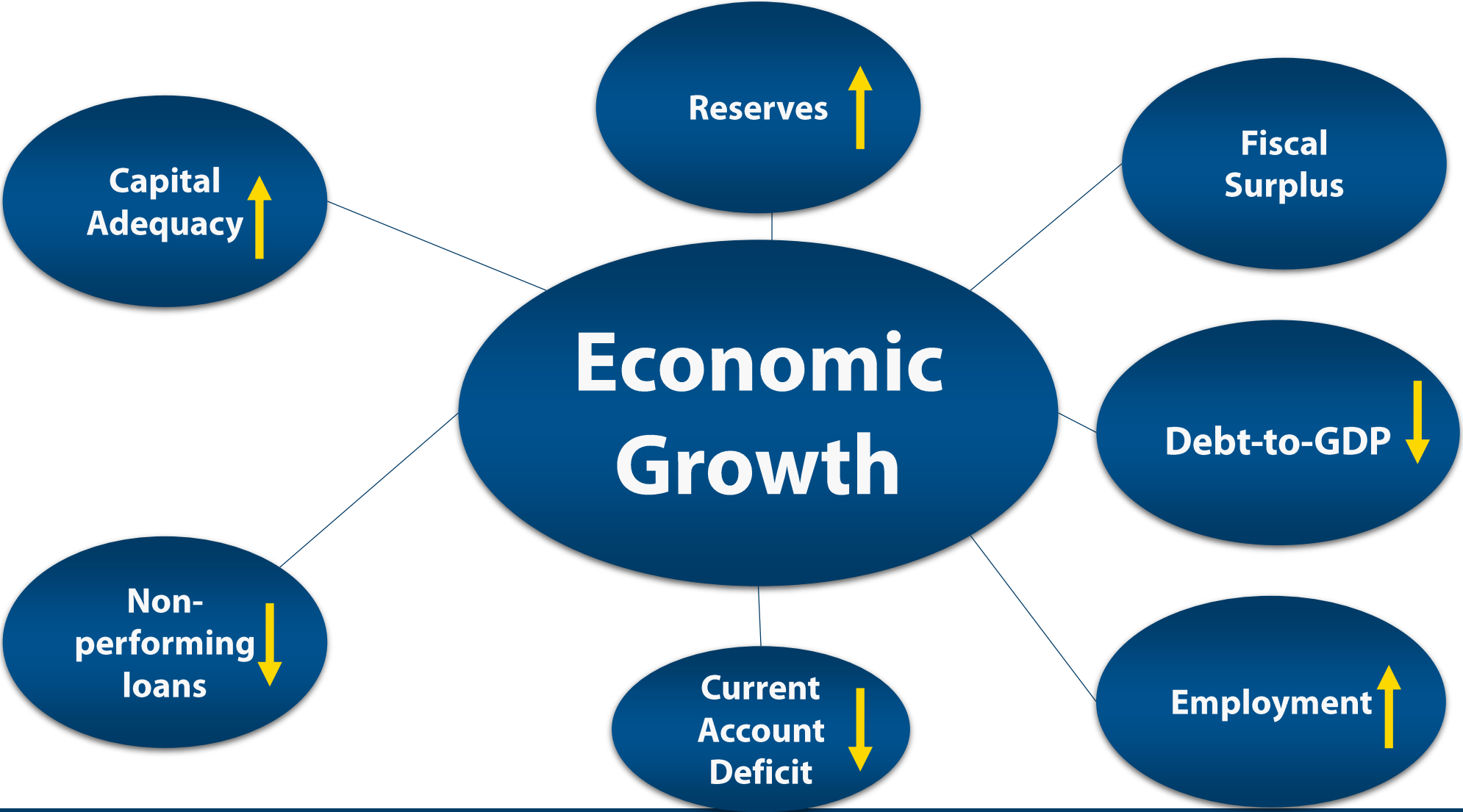
# BARBADOS' ECONOMIC REVIEW





# **OVERVIEW OF THE ECONOMY**

# Economic growth continued, bolstering other fundamentals.



# Economy grew by 3.9% in the first half of the year

## *9<sup>th</sup> consecutive quarterly growth*

Percentage Change

12

7

2

-3

-8

-13

2020

2021

2022

2023

15.7

3.9

-7.4

-11.1

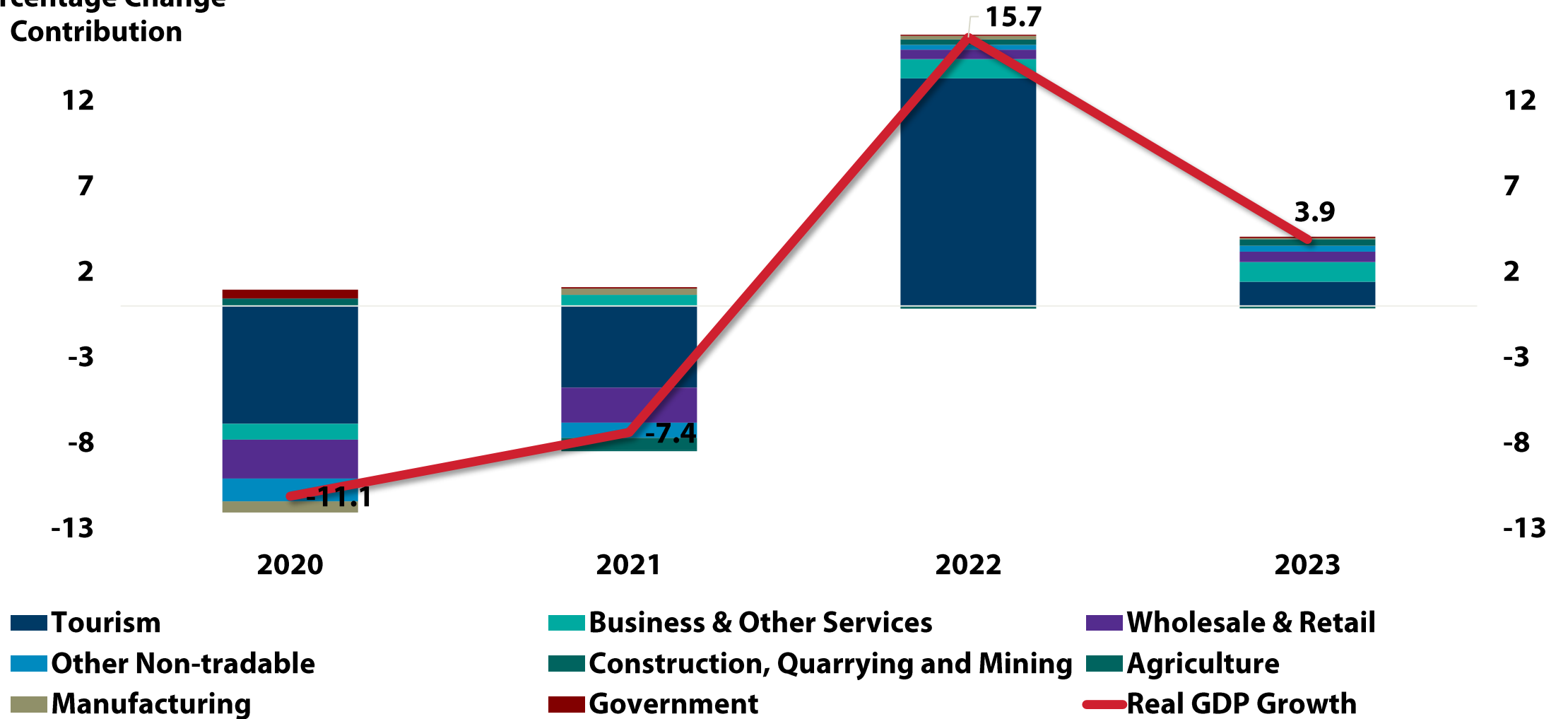
— Real GDP Growth



# All sectors contributed to the economic expansion

## Economic Growth and Sectoral Contributions

Percentage Change Contribution



# Led by continued strong performance for tourism

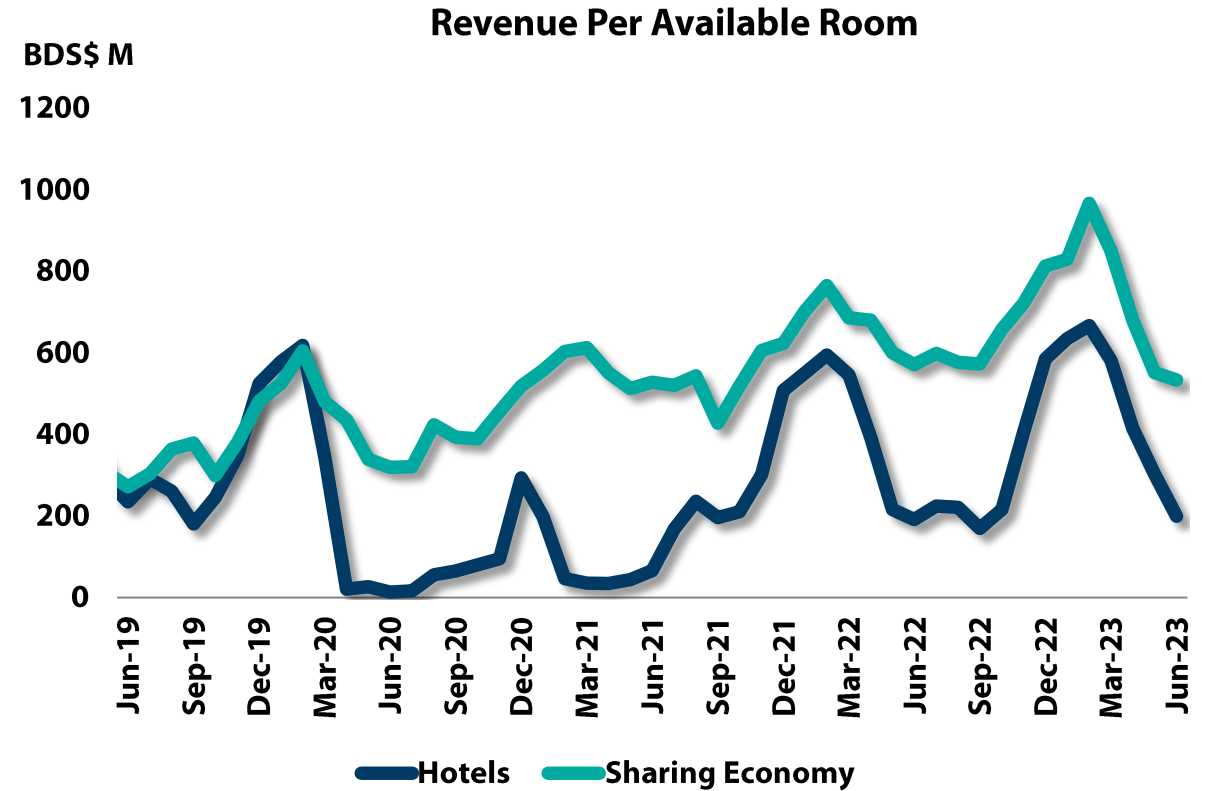
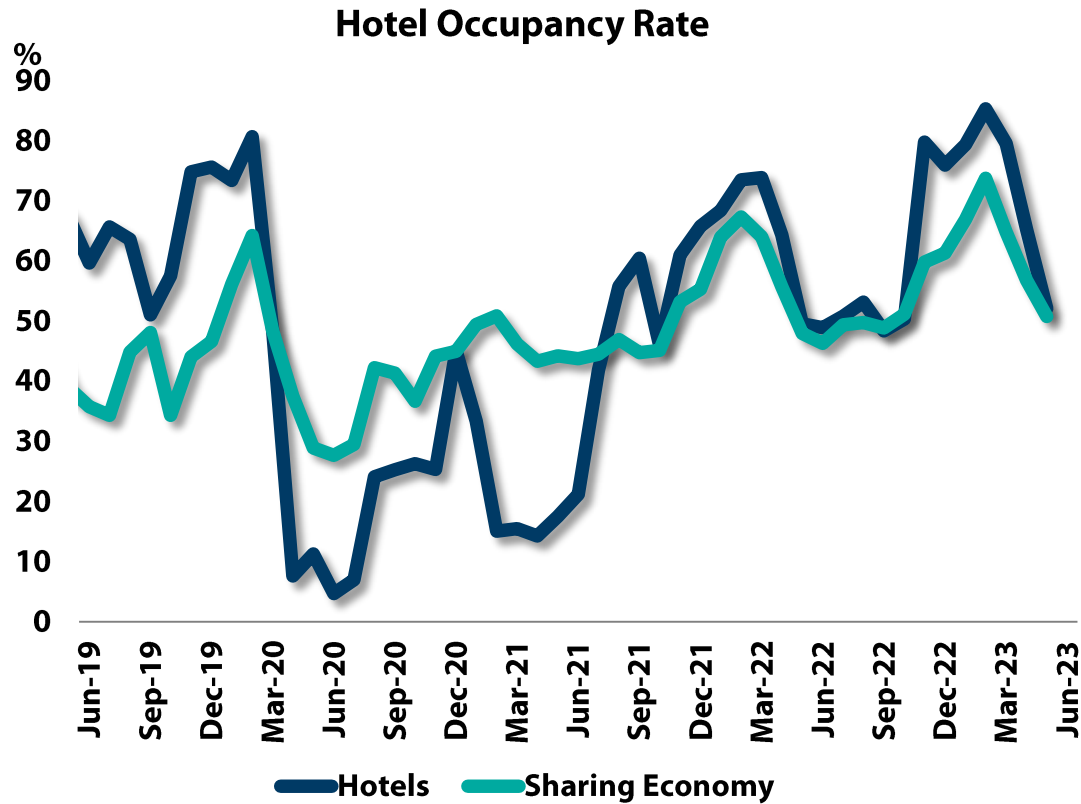
*With 12% year on year growth*

## January - June

	2019	2020	2021	2022	2023	Absolute Change (2022/23)	2023 as % 2017-19 Arrivals
<b>MAJOR MARKETS</b>							
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>

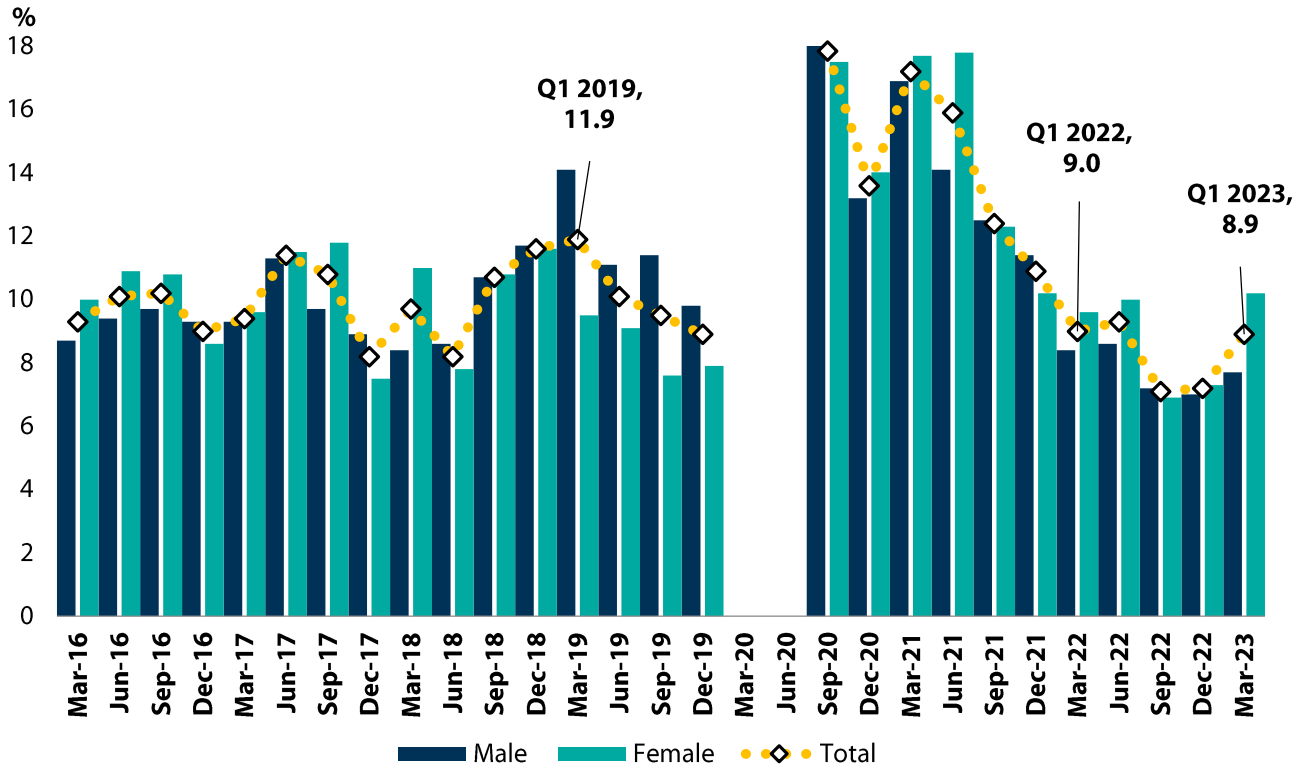


# Hotel occupancy and revenues have surpassed pre-pandemic levels



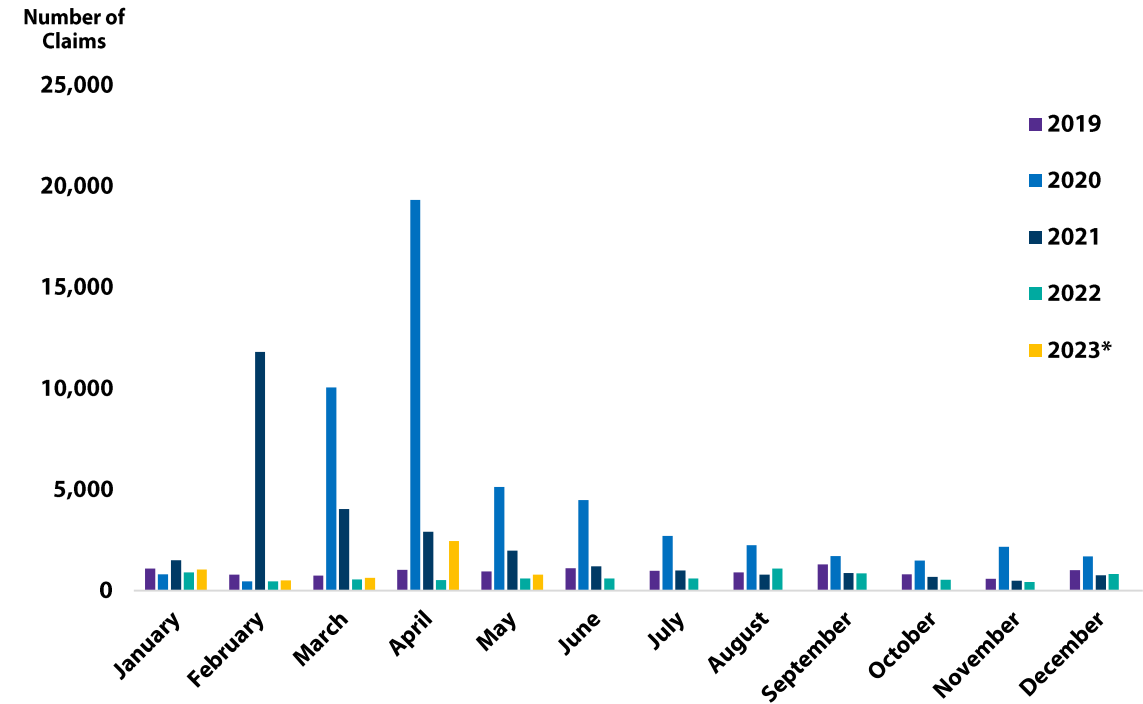
# Labour market conditions continue to improve

*The unemployment rate remained low as 1,700 persons found work in Q1 2023.*



Source: Barbados Statistical Services

*Unemployment claims have reverted to pre-pandemic levels.*



\* Data as at May, 2023

Source: National Insurance Scheme

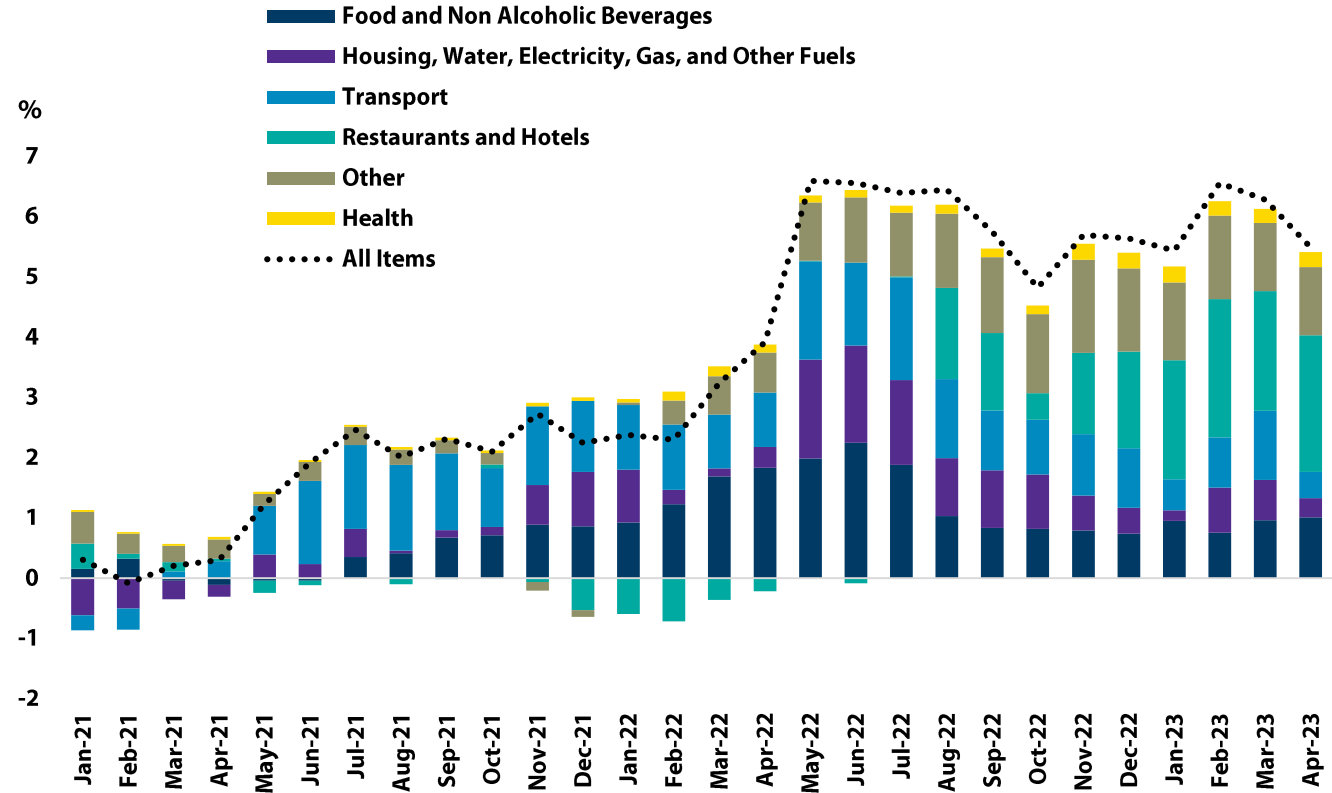
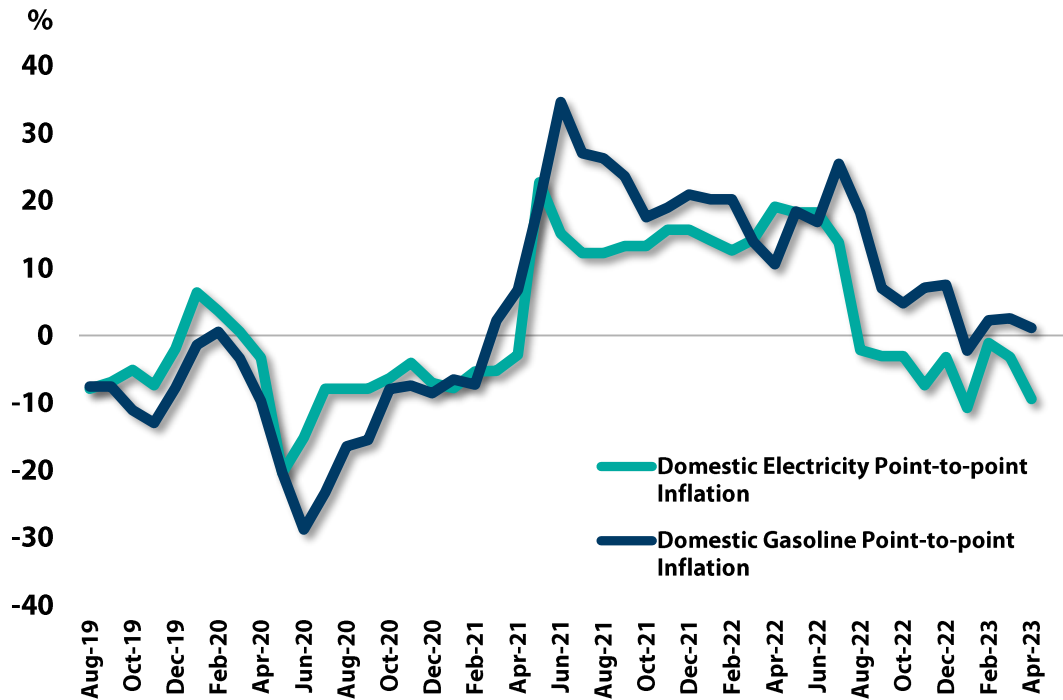




# Inflation is slowing but remains elevated

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

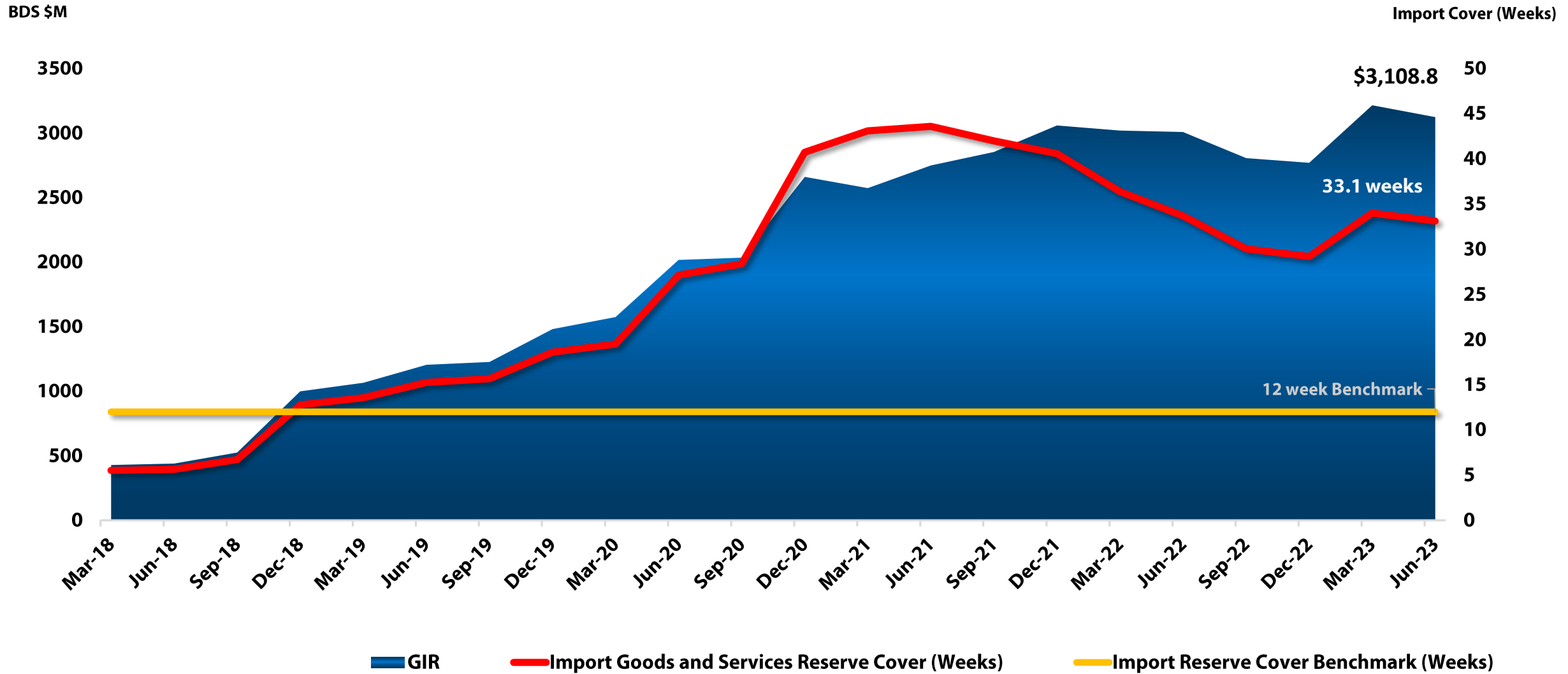
*...But local factors are placing upward pressure on inflation.*



Source : Barbados Statistical Service

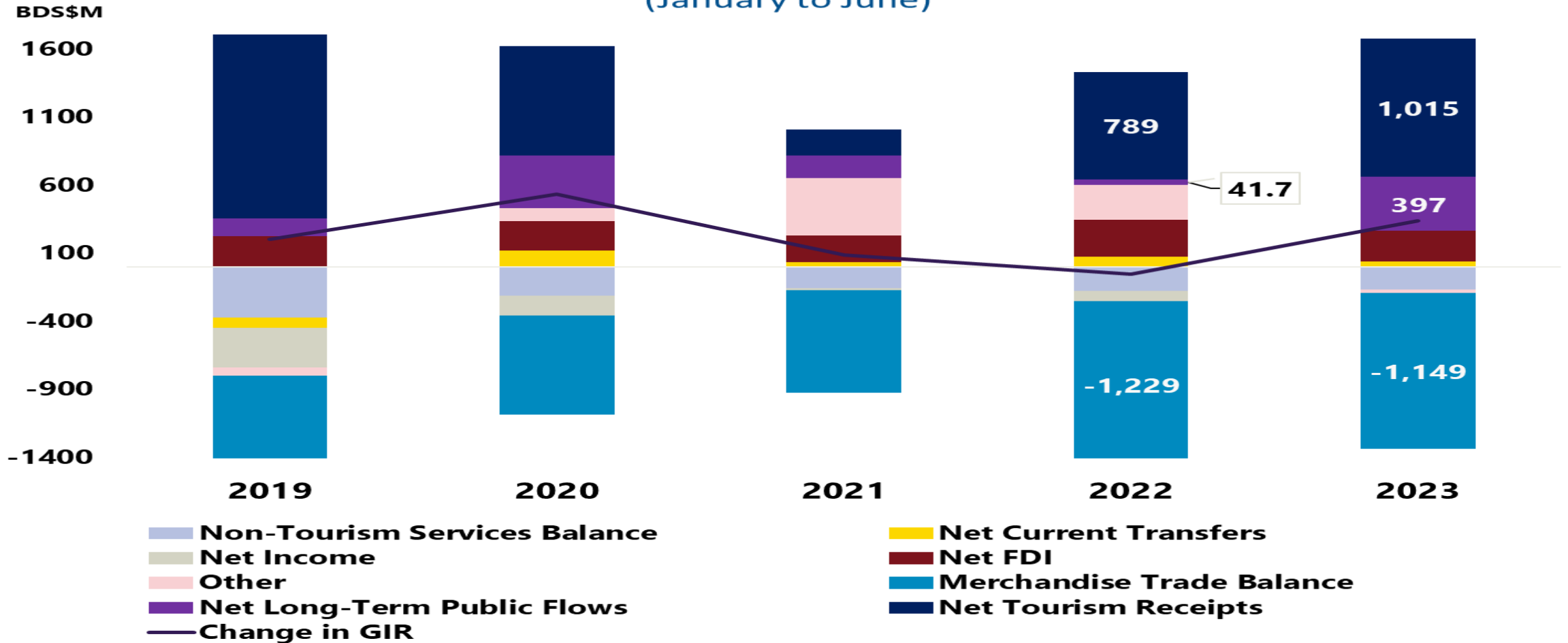


# Foreign reserves remain high!

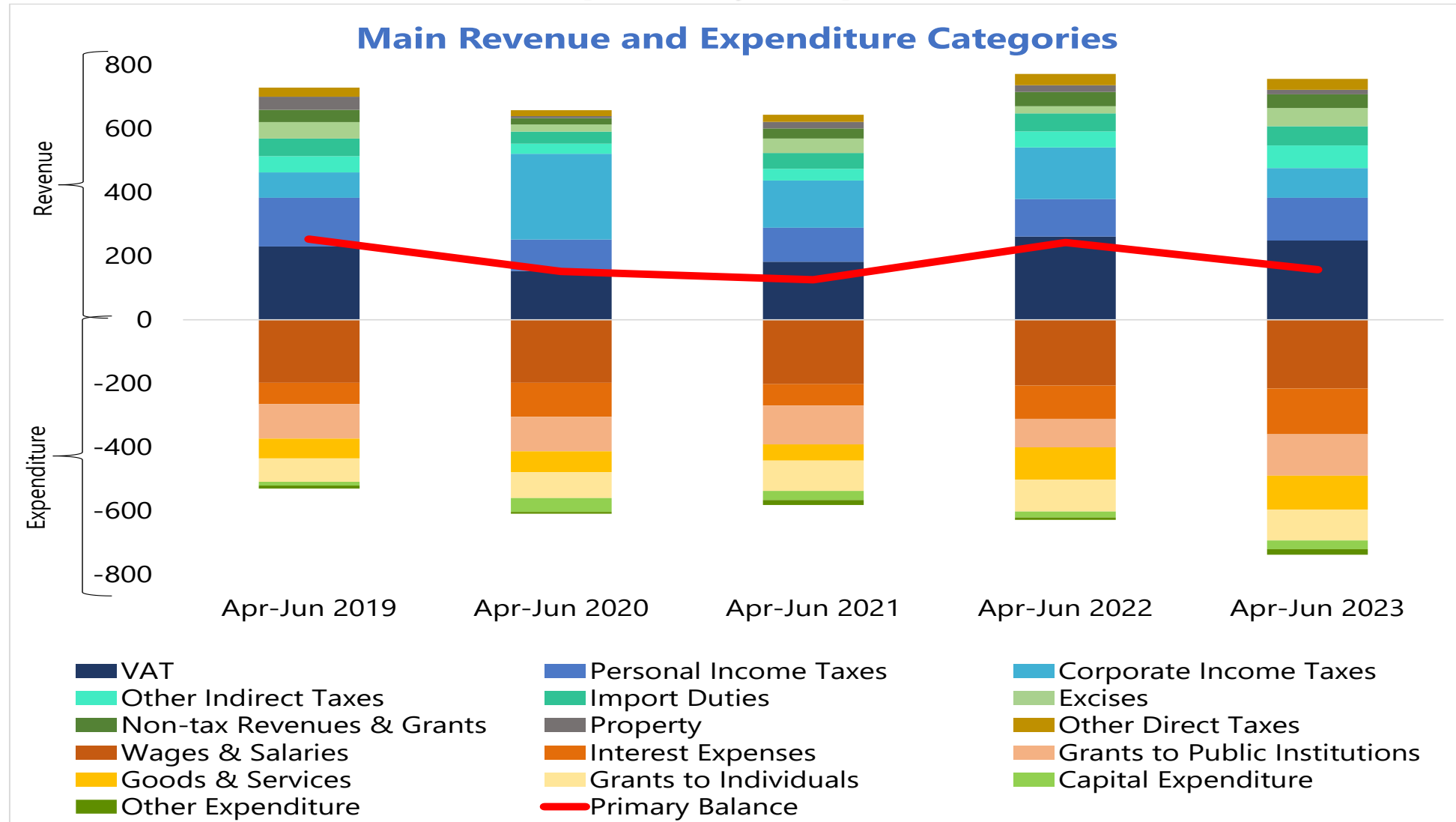


# Explanation of Reserves Movements

Movements in the GIR  
(January to June)



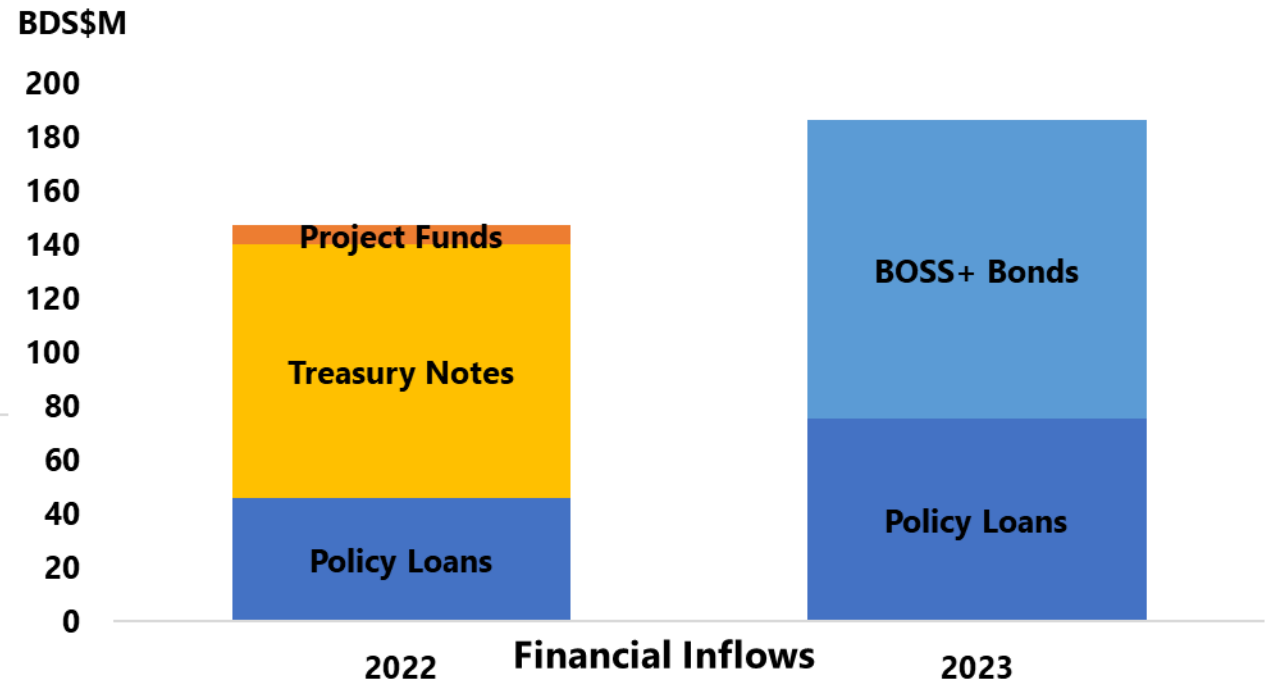
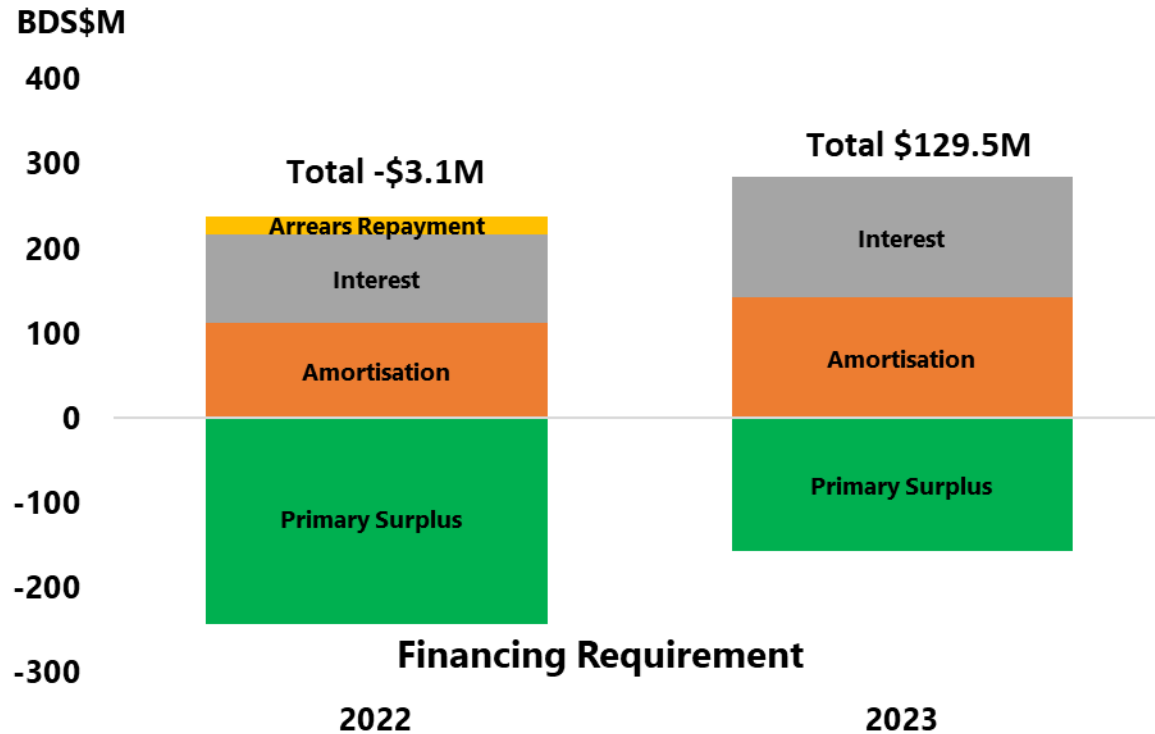
# In the first quarter of FY2023/24, fiscal operations once again resulted in a primary surplus



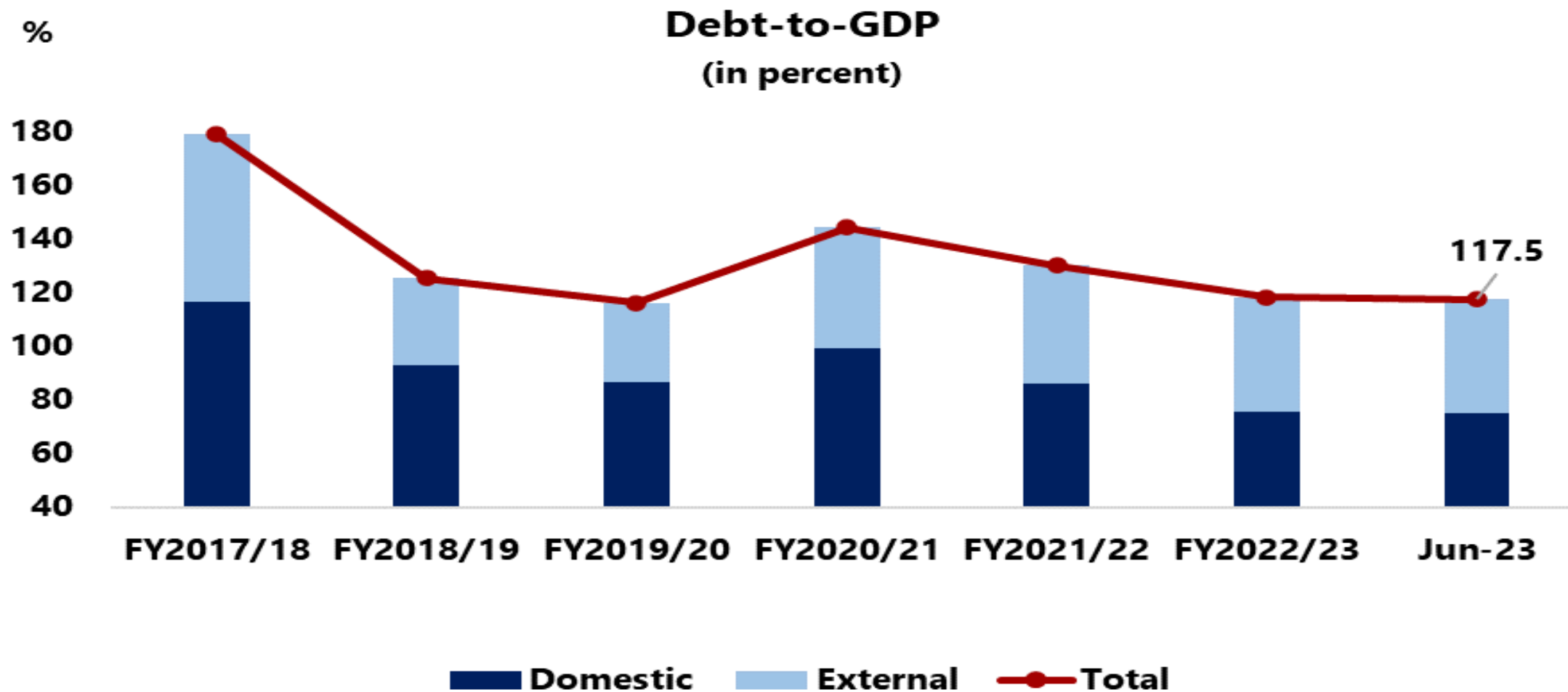
# Government's financing needs were fully covered

*Higher debt service increased financing needs...*

*which was more than covered by BOSS+ Bonds and IMF inflows*

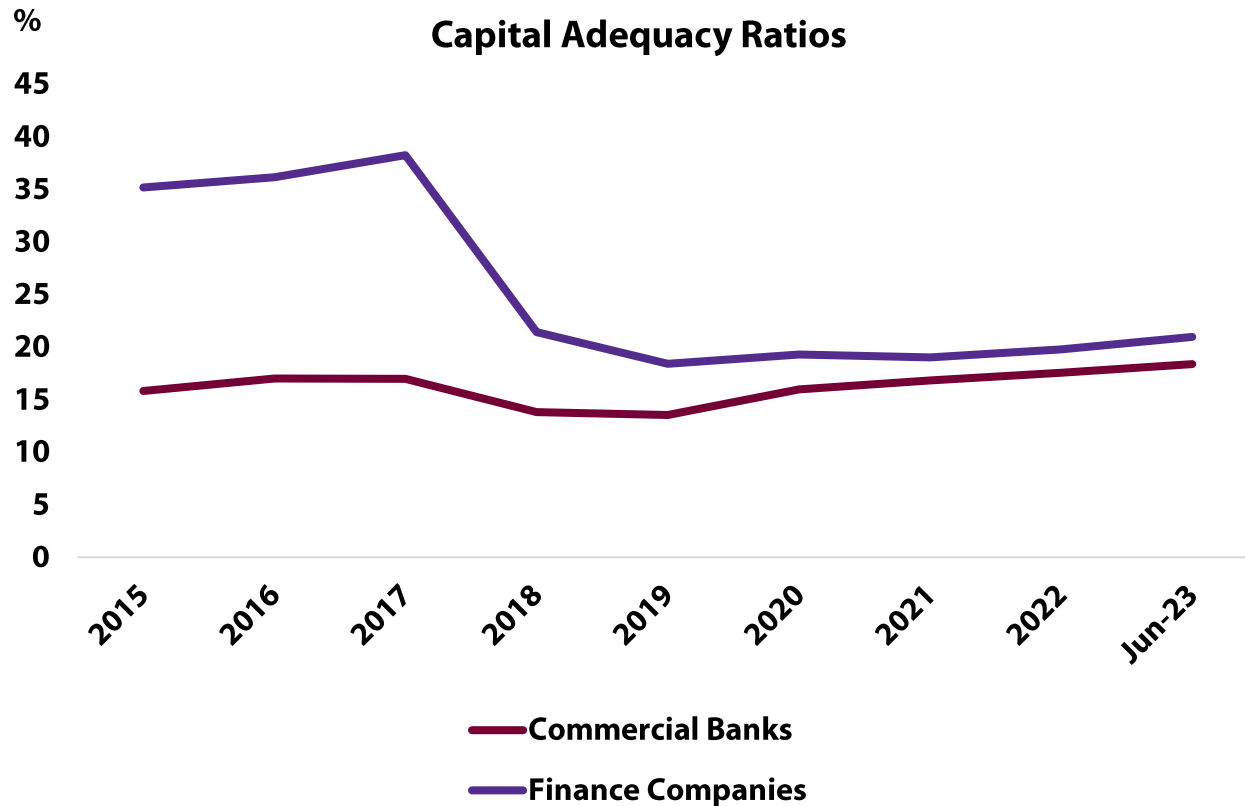


# Debt-to-GDP ratio continues to decline as the economy expands

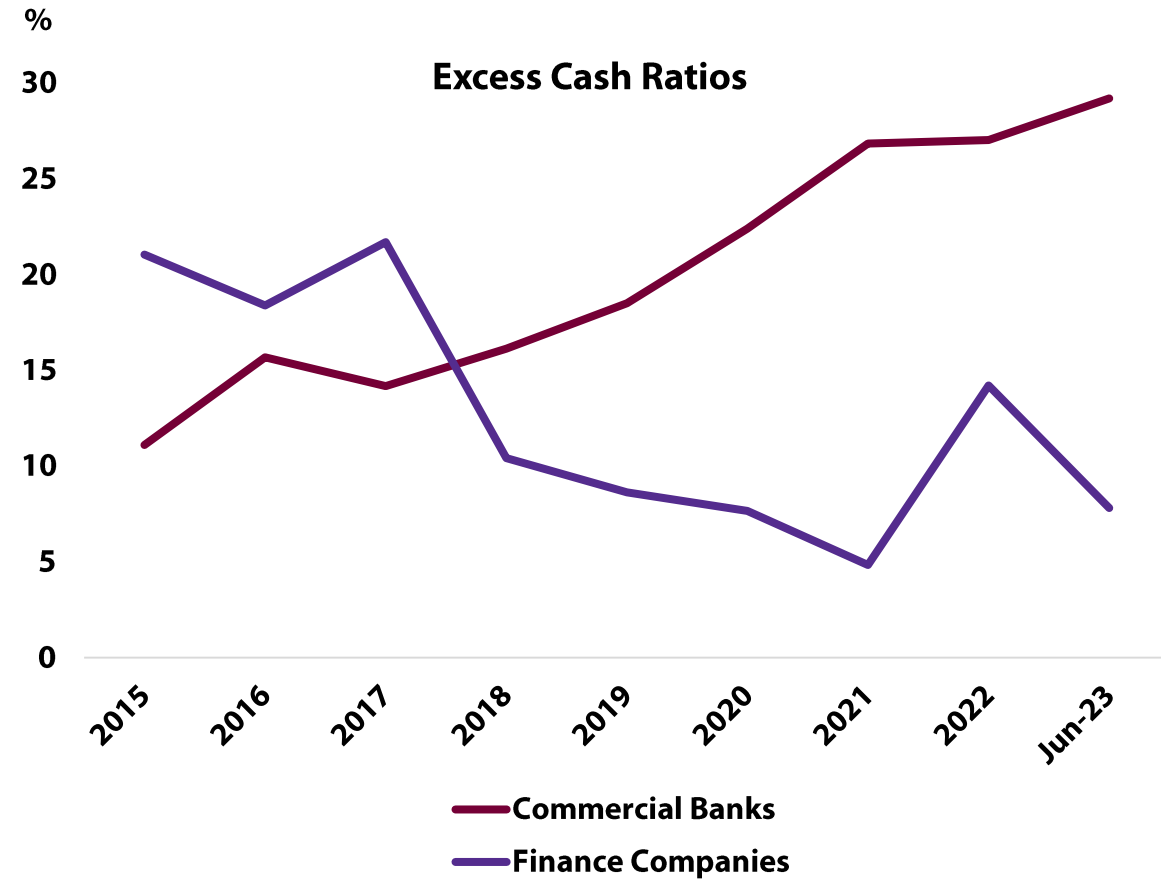


# The financial system remains stable and healthy

*Financial institutions are well capitalised*



*Liquidity is high and remains above statutory requirements*



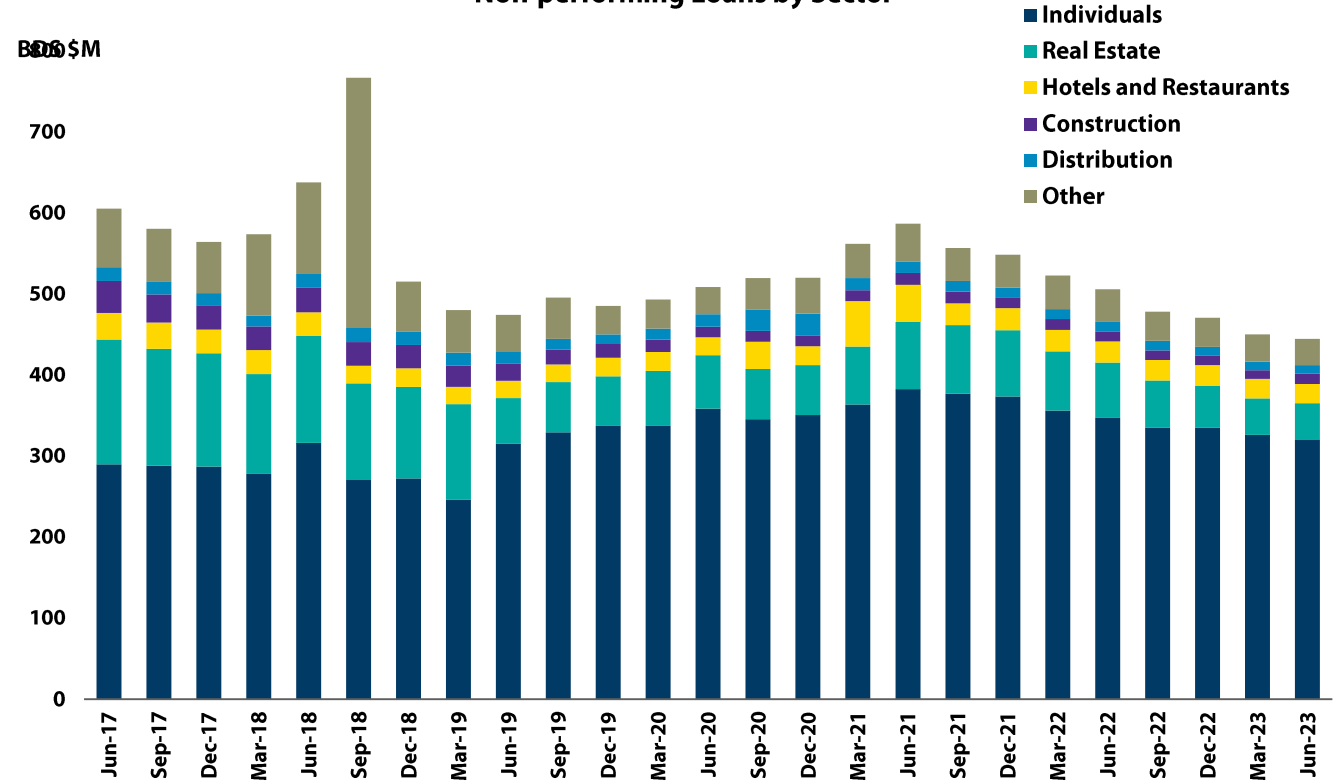
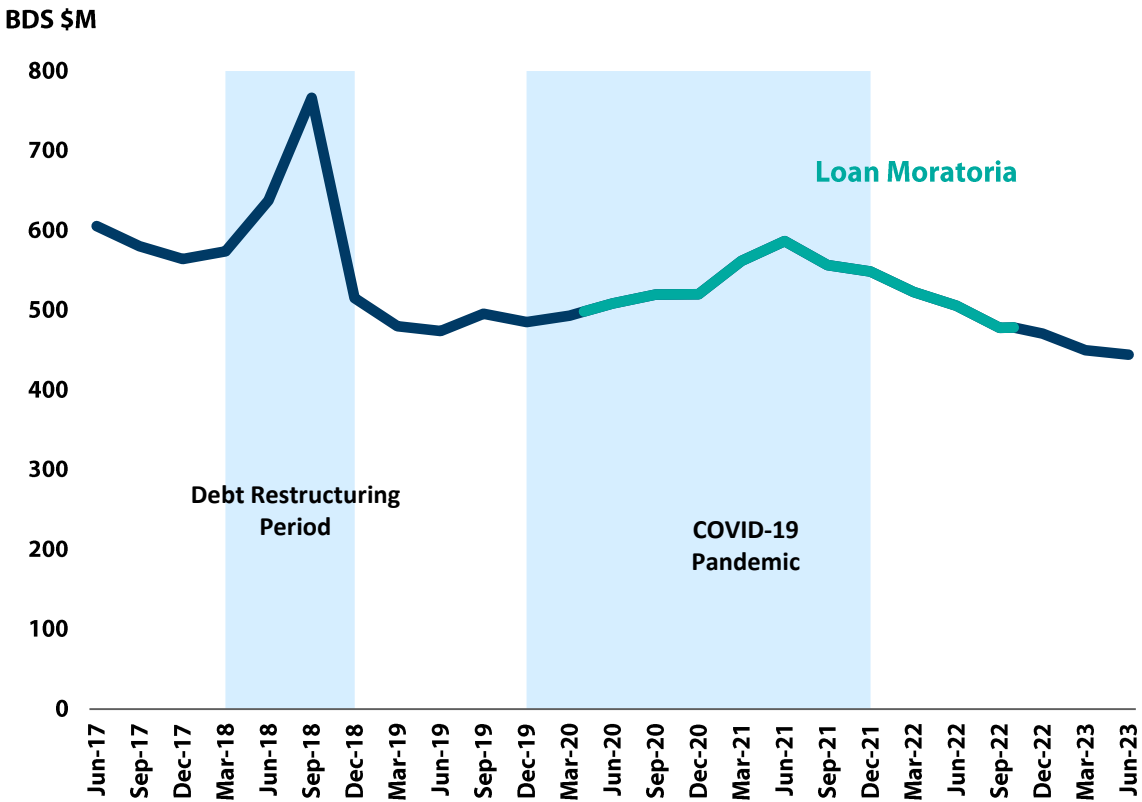
# Credit quality continues to improve

*NPLs have fallen to their lowest levels in recent years...*

*declined across all sectors, particularly for households.*

Total NPLs

Non-performing Loans by Sector



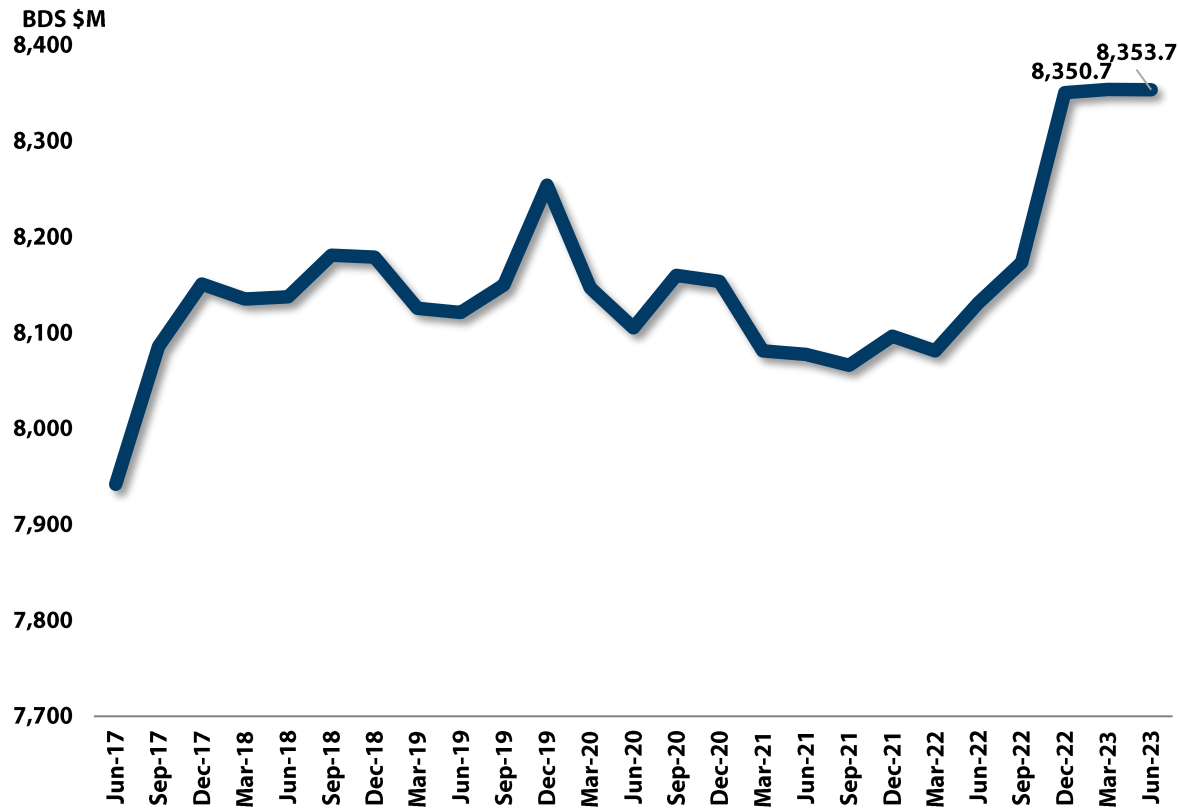


# Credit performance was uneven

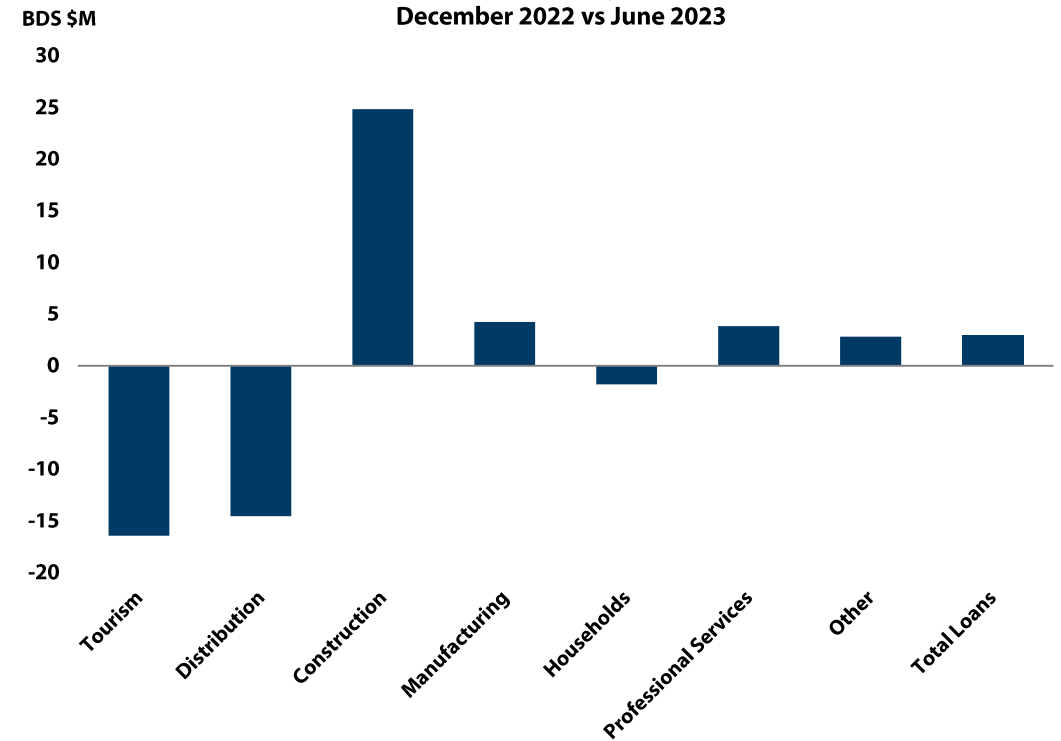
Overall credit to non-financial private sector remained flat over the 6-month period...


as lower credit to tourism and distribution offset loan growth in other sectors

Outstanding Credit to NFPS



Credit Growth by Sector  
December 2022 vs June 2023

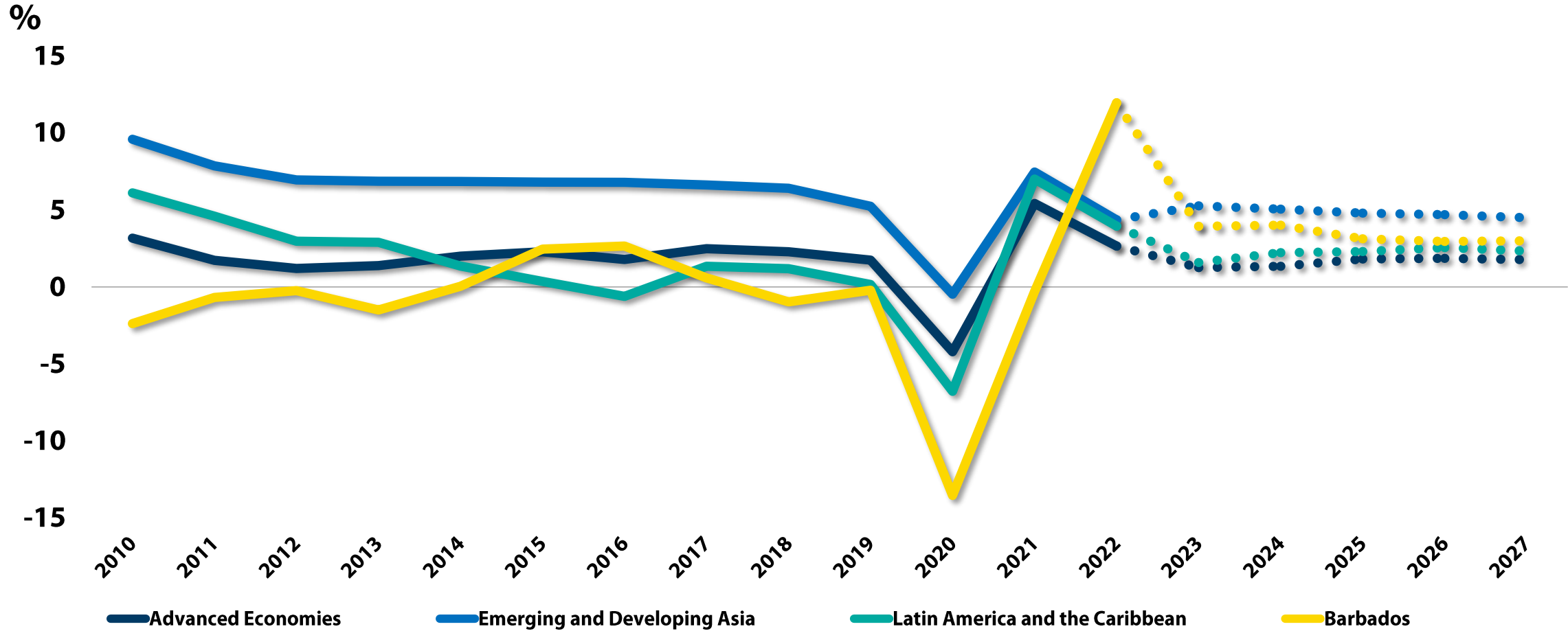




# **OUTLOOK FOR THE ECONOMY**

# Growth should remain robust

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

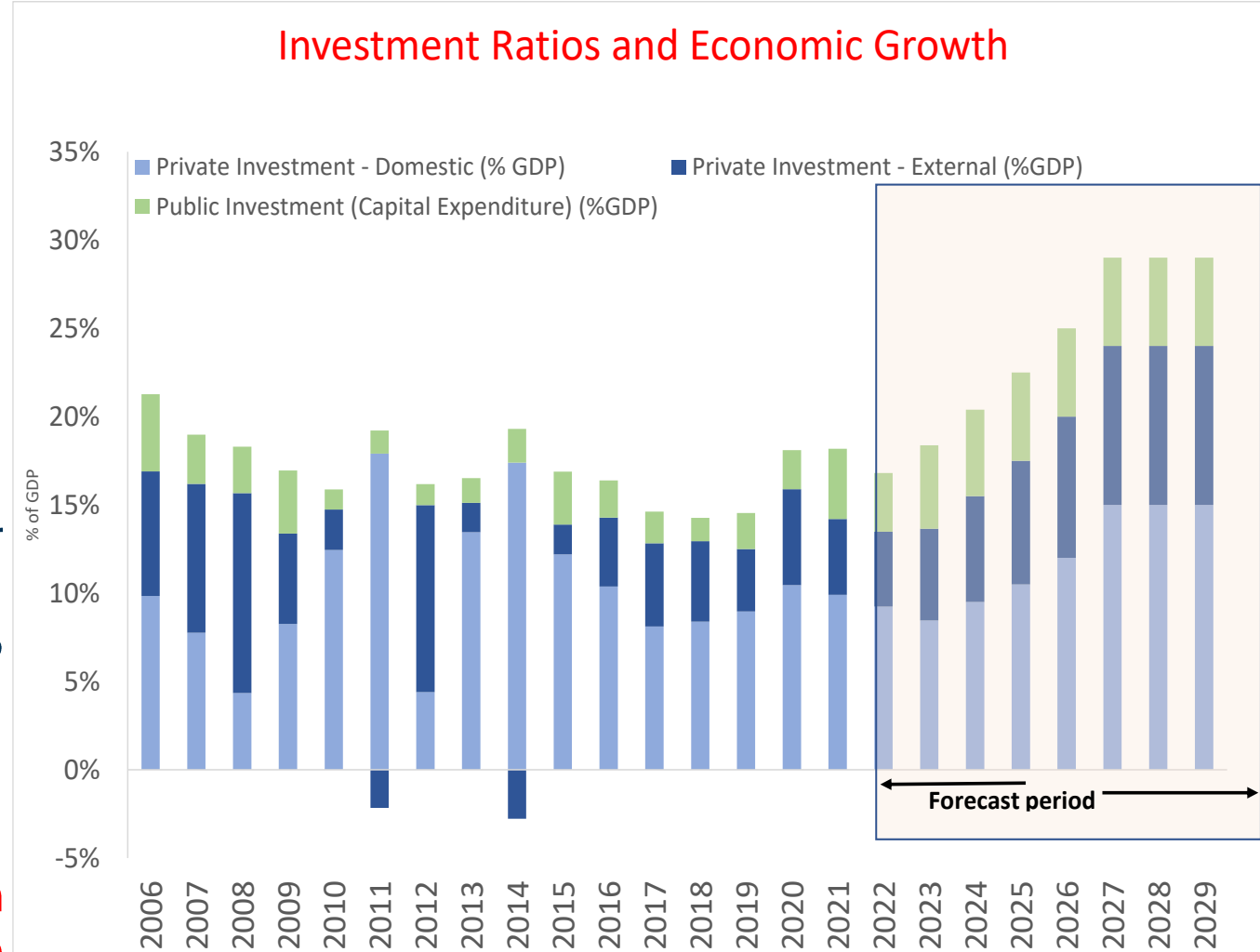


Sources: IMF WEO (April, 2023) and Central Bank of Barbados Estimate



# Investment is what will drive growth.

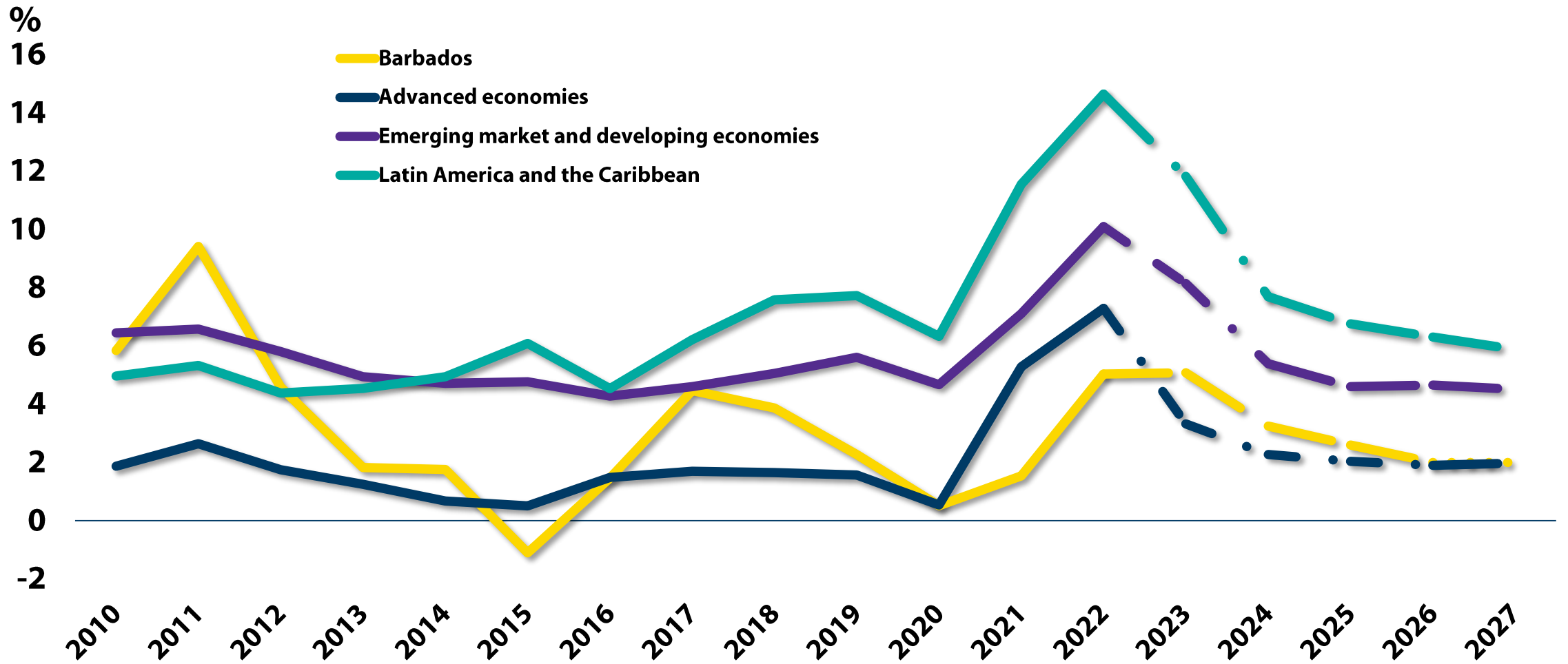
- ❑ In 2006, an Investment/GDP ratio of 21% supported economic growth of 3.8%
  - Public = 4.4%; Priv. Foreign = 7.1%; Priv. Domestic 9.8%.
- ❑ The investment ratios fell continuously since then to 2018 and the economy stagnated.
  - Public = 1.3%; Priv. Foreign = 4.6%; Priv. Domestic 8.4%.
- ❑ BERT-2022 targets 5% economic growth rate over the medium-term, supported by
  - Public investment increasing to 5% of GDP (approx. \$500m per year).
  - Was \$425m FY2021/22 & \$476m (FY2022/23);
  - **Private sector investment needs to rise from the current 8% of GDP (approx. \$975m) to 15% (an annual average of \$2b).**



Source: Barbados Economic Recovery and Transformation (2022) Plan



# Inflation should moderate in the short- to medium-term

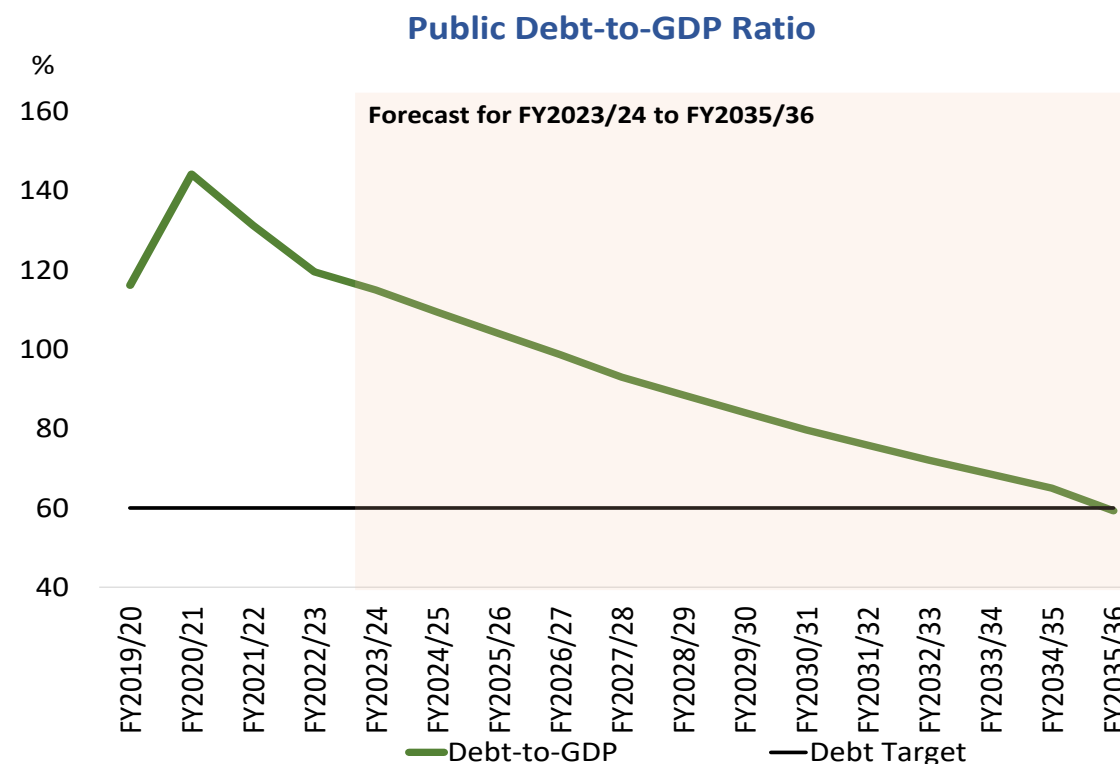
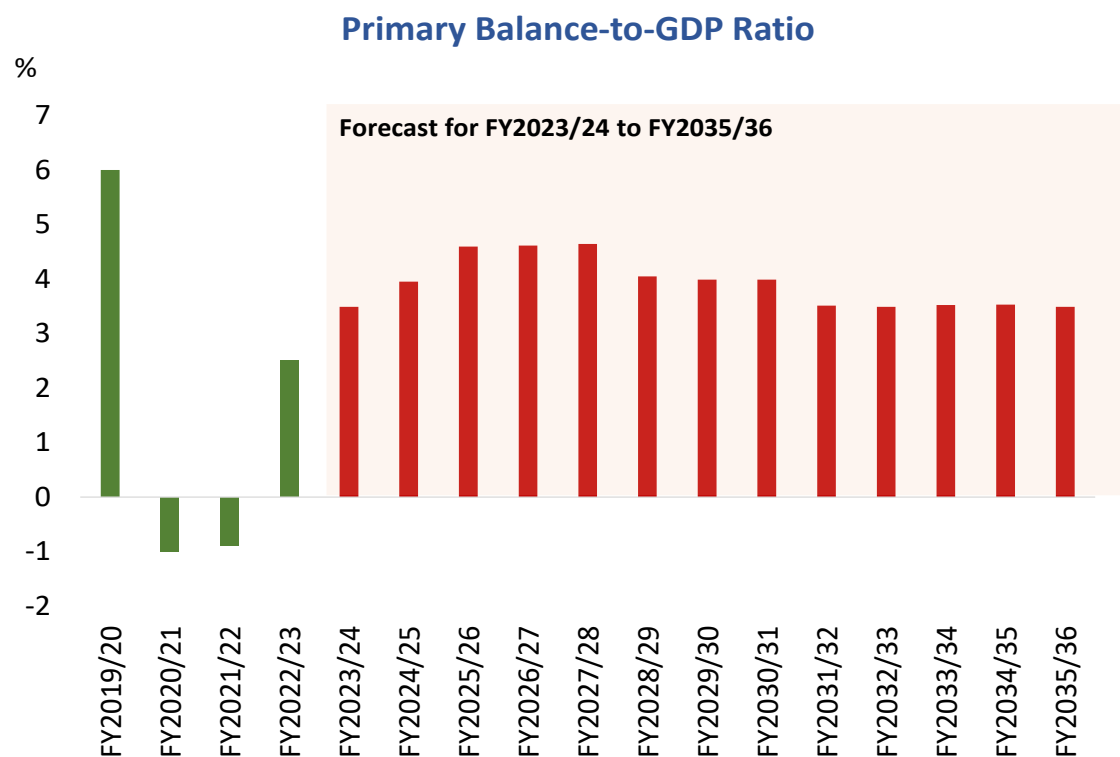


Sources: IMF WEO (April, 2023) and Central Bank of Barbados Estimate



# Robust growth and a strong fiscal stance will drive down debt!

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



An aerial photograph of a city at dusk, with a large yellow triangle in the bottom left corner. The text "THANK YOU" is overlaid in the center.

**THANK YOU**