Press Release

Review of Barbados' Economic Performance

January to December 2022

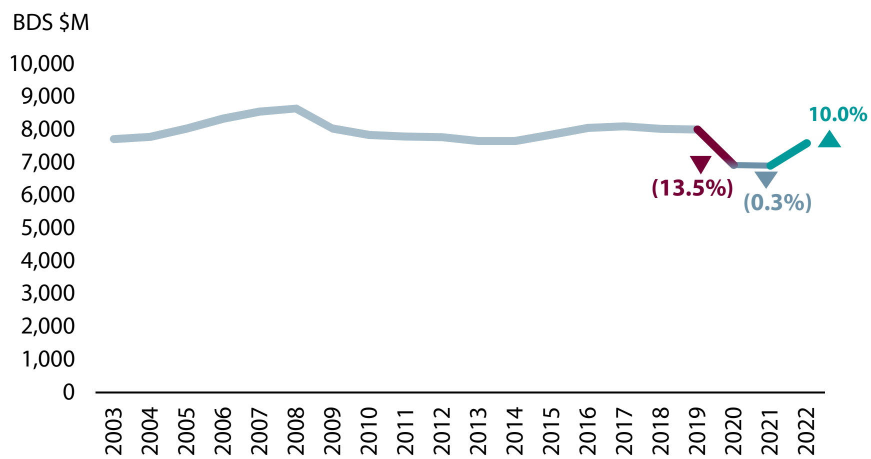
Overview

KEY INDICATORS

GDP Growth 10.0 percent	Inflation 8.5 percent	Unemployment 7.1 percent	International Reserves $2,771 million
Current Account ($1,271 million)	Primary Surplus (FY) $434.3 million	Fiscal Surplus (FY) $50.3 million	Gross Public Sector Debt 123.8 percent of GDP

Macroeconomic conditions remained challenging during 2022 as the international economic environment tightened in the aftermath of spiralling global inflation. However, Barbados' economy registered a robust recovery from the COVID-19-induced decline over 2020-2021. The rejuvenated performance was led by the tourism sector, as the relaxation of COVID-19 restrictions on travel, recreation and business operations enabled a full reopening of the economy. Preliminary estimates are that economic output rebounded by 10.0 percent, generating a U-shaped recovery path. With the strong upturn, the labour market was marked by fewer unemployment claims, increased participation rates and a reduction in unemployment.

Figure 1: Annual Real GDP



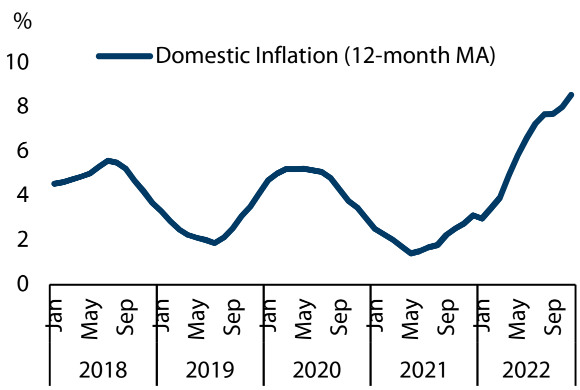
Sources: Barbados Statistical Service (2013-2021) and Central Bank of Barbados

The impact of the Russia-Ukraine conflict on food prices, higher international energy prices, and on-going supply chain disruptions, raised domestic inflation as rising import prices filtered into the economy. Foreign inflationary pressures eased in the second half of the year, and with Government's policy intervention on energy prices and its compact with the private sector on mark-ups on basic food items, the pace of price increases slowed. At November, prices were reported to be 8.5 percent higher than for the corresponding period 12 months earlier.

The strong economic recovery, together with the sharp spike in imported inflation, raised imports and counteracted the gains in foreign exchange earnings arising from the revived tourism activity and the increased contribution of the international business sector. As a result, with the increase in imports and Government borrowing substantially less from international financial institutions than over the past two years, the import cover of international reserves fell.

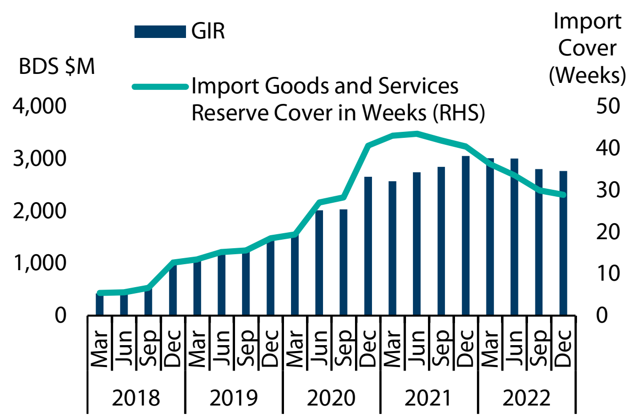
Figure 2: Selected Economic Indicators

Domestic Inflation



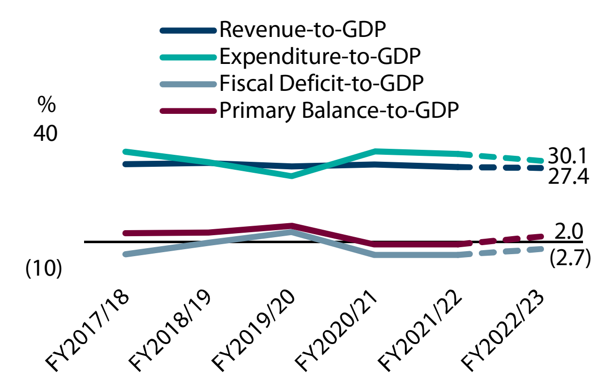
Sources: Barbados Statistical Service and Central Bank of Barbados[1]

Gross International Reserves & Import Cover



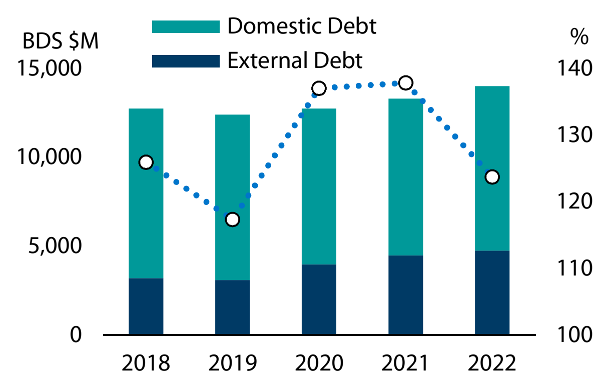
Source: Central Bank of Barbados

Fiscal Indicators



Source: Ministry of Finance

Government Debt



Source: Ministry of Finance

[1] Data for April 2020, February 2021, April 2021 and February 2022 were missing and the graph shows interpolated values for these dates.

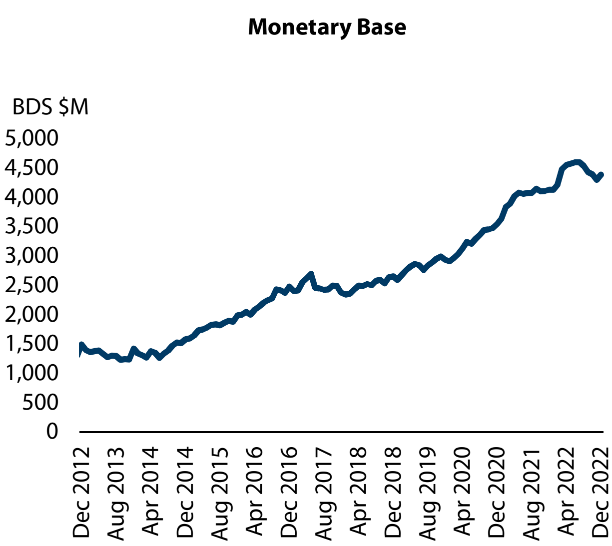
In addition, the increase in international interest rates to combat inflation reduced the market valuation of the securities portfolio by approximately two weeks of import cover. However, the reserve buffers remained more than twice the twelve-week benchmark.

The economic upturn, together with the favourable effects of the inflation dividend on transaction-based tax revenue, enabled Government to achieve an improved fiscal performance. Interest costs rose, partly because of higher interest rates, including on the domestic restructured securities. However, non-interest expenditure was largely unchanged as lower transfers to public institutions and reduced capital spending almost offset rising costs on goods and services. With this performance, Government remained on track to achieve a primary surplus of at least 2 percent of GDP for FY 2022-2023, following deficits in each of the two preceding years.

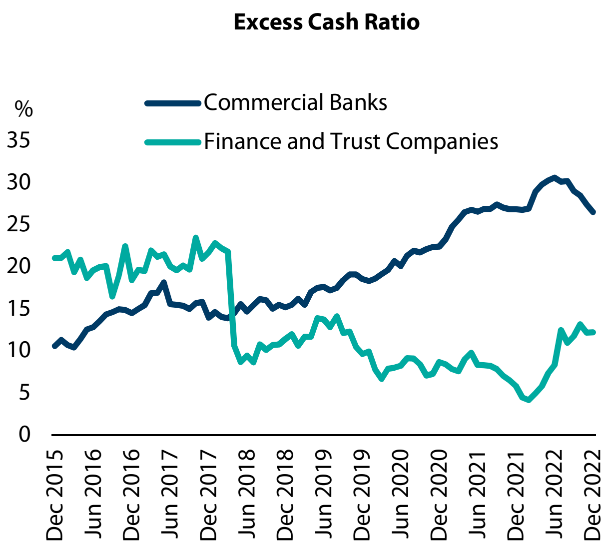
With the strong economic recovery and the strengthening of the fiscal performance, the debt-to-GDP ratio fell to 124 percent of GDP. The commencement of redemption of restructured interest-bearing debt started, but newly recorded historical arrears and the issuance of new domestic bonds added to the debt stock.

The improved fiscal performance helped to slow deposit growth and the build-up of excess liquidity in the financial system. The monetary base, comprising commercial banks' deposits with the Central Bank and currency in circulation, slowed to just over six percent, compared to double-digit increases in each of three preceding years. The Central Bank left its policy rate unchanged and domestic interest rates at financial institutions remained at historic lows. New lending for corporates and households trended upwards and there was an overall increase in credit to the non-financial private sector, the strongest growth since 2017.

Figure 3: Liquidity



Source: Central Bank of Barbados

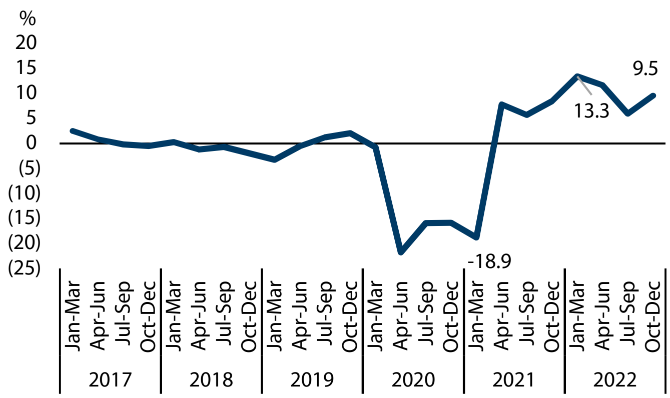


Source: Central Bank of Barbados

Economic Activity

For the seventh successive quarter, economic activity recovered from the steep decline experienced over the twelve months ending March 2021. The performance was stronger in the first half of the year because of the exceptionally weak outturn for tourism during the corresponding period a year earlier. The accelerated resumption of global travel boosted tourism and in the fourth quarter, the sector's outturn was stronger than forecast, resulting in overall growth for the three-month period of 9.5 percent. This together with the positive spill-over to the ancillary sectors buoyed the recovery for the year.

Figure 4: Quarterly Real GDP Growth



Sources: Barbados Statistical Service and Central Bank of Barbados

Tourism

Visitors for 2022 more than trebled over the prior year, representing a recovery to 62 percent of 2019 levels. During the fourth quarter, long-stay arrivals registered their strongest quarterly performance with December arrivals reaching 78 percent of pre-COVID levels. Rising average length-of-stay partly compensated for the loss in arrivals and enabled hotel occupancy to reach 91 percent of that recorded in 2019.

Barbados' recovery was broadly in line with expectations, despite diminished flight availability and elevated ticket prices for the destination. The United Kingdom continued to be the major source market, reaching 76 percent of the 2019 outturn and accounting for 40 percent of long-stay arrivals. Visitors from the United States, Canada, and the Caribbean all showed signs of recovery in 2022, but arrivals from the Caribbean remained below 50 percent of the 2019 performance.

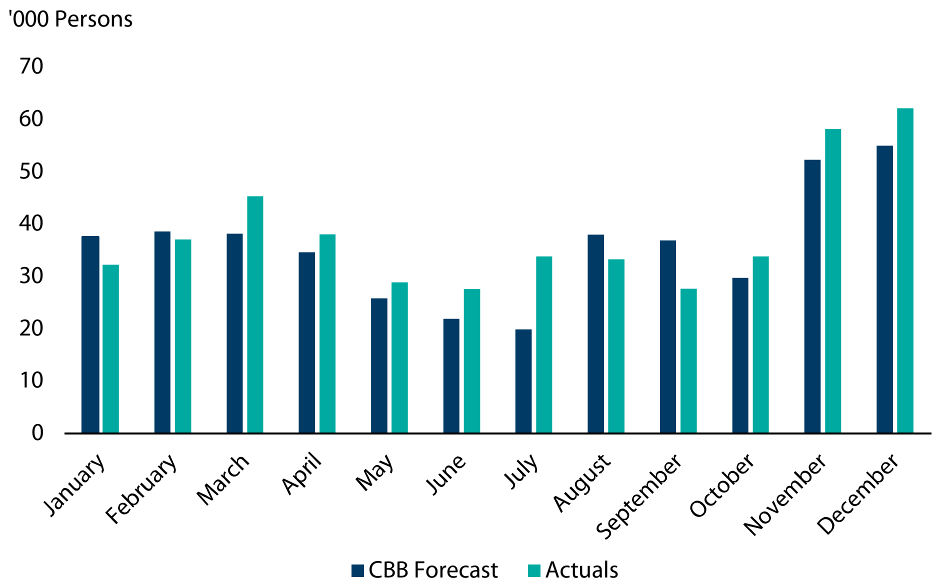
Activity from the cruise sector recovered more slowly, with arrivals being only 36 percent of pre-COVID levels. The start of the winter season was encouraging, but the complete absence of cruise calls in the summer prevented a more robust comeback. Nonetheless, the partial revival contributed positively to the ancillary sectors, including transportation and attractions.

Table 1: Tourist Arrivals by Source Market

MAJOR MARKETS	2018	2019	2020	2021	2022
UNITED STATES	204,249	219,182	48,655	44,804	128,989
CANADA	86,499	85,775	19,386	17,316	49,197
UNITED KINGDOM	220,695	234,659	62,949	53,639	178,886
EUROPE	38,504	40,053	9,829	8,959	20,542
CARIBBEAN	102,837	107,210	16,012	13,908	52,036
OTHER	25,753	26,067	6,603	6,207	12,926
TOTAL ARRIVALS	**678,537**	**712,946**	**163,434**	**144,833**	**442,576**
Intransit Cruise Arrivals	614,993	686,813	250,542	69,999	250,527
Total Cruise Calls	436	422	240	147	319

Source: Barbados Statistical Service

Figure 5: Tourist Arrivals – Forecast vs Actuals 2022



Sources: Barbados Statistical Service and Central Bank of Barbados

Other Traded Activity

Prolonged supply chain disruptions and high inflation pushed up the price of key agricultural inputs such as feed and fertilisers. Nonetheless, agricultural output grew by 1.2 percent, primarily on account of increased demand from the tourism sector and the supply impact on food crops of Government's food security initiatives. For the year, chicken production is estimated to have grown by 2.4 percent, reversing a decline in the first quarter that was caused by high feed prices and disruptions in the supply of hatching eggs. During the second half of the year, farmers were once again able to source hatching eggs in time to meet the increased demand. Milk production suffered from the high cost of feed and fertilisers, which impacted fertility and, by extension, milk production, leading to a 6.9 percent contraction for the year.

Manufacturing output increased by 3.4 percent as the sector benefitted from the resurgence in domestic demand, the recovery in tourism, and a pick-up in exports. The principal gains were in food processing, beverages, chemicals and other products like cement.

Non-Traded Activity

The rebound in tourism and the drive towards post-pandemic normalcy provided the impetus for rising domestic demand which culminated in the non-traded sector growing by 3.0 percent. The spill-over from tourism filtered into the wholesale and retail, transport, storage, and communication sectors and business and other services sectors. Indicators are that output in construction also picked up some momentum, owing to increased residential construction activity, Government's road rehabilitation projects and the continuation of developments such as Sam Lord's Castle, Ape's Hill Villas, and the Sagicor Retirement Village.

Figure 6: 2-Month Moving Average sales by VAT Registrants

*The activities of head offices and insurance are excluded from Business & Other Services.

Source: Barbados Revenue Authority

Investing in a Sustainable Future

The importance of investment to growth has been often highlighted in economics literature. Nguyen and Trinh (2018) argue that investment from the private sector, state-owned enterprises and foreign direct investment have positive effects on short-term economic growth, while state-owned capital stock has positive impacts in both the short and long-run. Similarly, Ari and Koc (2020) identified feedback between public and private investment and Gross Domestic Product (GDP) in China and the United States.

In acknowledging this strong relationship, the growth strategy of the 2022 Barbados Economic Recovery and Transformation (BERT) programme calls for an acceleration of public and private sector investment in the transition to a green economy.

Figure 1: Private & Public Sector Capital

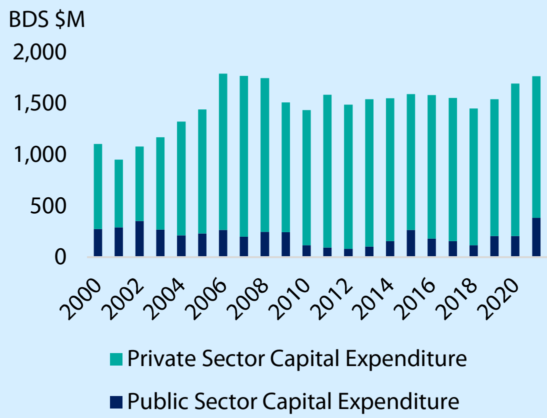
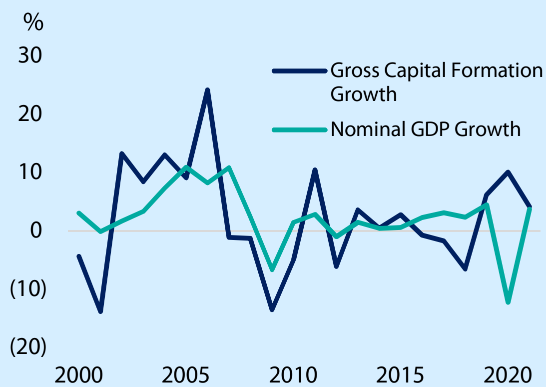


Figure 2: Percentage Changes in Gross Capital Formation and Nominal GDP



Sources: Barbados Statistical Service and Ministry of Finance

Investment in the post-independence period laid the foundation for much of the development in succeeding periods. While the public sector's role in incentivising investment is readily recognised, traditionally the private sector has also played a dominant role (See Figure 1). For example, physical investment in the lead up to the 2007 World Cup period was complemented by significant private investment in villas and the general housing stock (See Figure 2).

Climate change has necessitated a renewed emphasis on climate resilient infrastructure which is a key focus under the BERT II programme. Government intends to promote the acceleration of public and private sector investment in the green transition, especially in the energy generation, transport, tourism, housing and agricultural sectors through attractive but temporary feed-in-tariffs and tax reductions. The Roof-to-Reef (R2R) is a vanguard of the climate resilience agenda of the BERT II programme. The initiative includes the rehabilitation of the island's water distribution network and waste water facilities and enhanced efforts to protect the coral reefs and marine environment. Research suggests that green investment is boosted by economic growth and sound financial systems (Eryaud, Clements and Wane, 2013).

Building an affordable, green, and climate resilient housing stock is also a priority of BERT II's green investment agenda. The Home Ownership Powered by Renewable Energy (HOPE) programme will use existing policy frameworks for renewable energy technology to make the cost of housing more affordable for Barbadians, while improving access to mortgages.

One key source of financing has been through the International Monetary Fund's (IMF) Resilience and Sustainability Trust (RST) which aims to help low-income and vulnerable middle-income countries build resilience to external shocks and ensure sustainable growth. Government has acquired US $113 million to aid in the greening transition.

Green investments today will ensure that we continue to prosper and survive in the face of climate change. There is a need for investments to enable diversification, particularly in the fast-growing green and blue industries that promote sustainable growth, and foreign exchange earnings. The island will also need to utilise innovative financing and investment tools to propel its initiatives aimed at climate adaptation. These include debt-for-nature swaps, the IMF's RST, thematic bonds (e.g. green and blue bonds) and community-based financing solutions.

References

Ari, I., & Koc, M. (2020). Economic Growth, Public and Private Investment: A Comparative Study of China and the United States. *Sustainability, 12*(6). doi:10.3390/su12062243

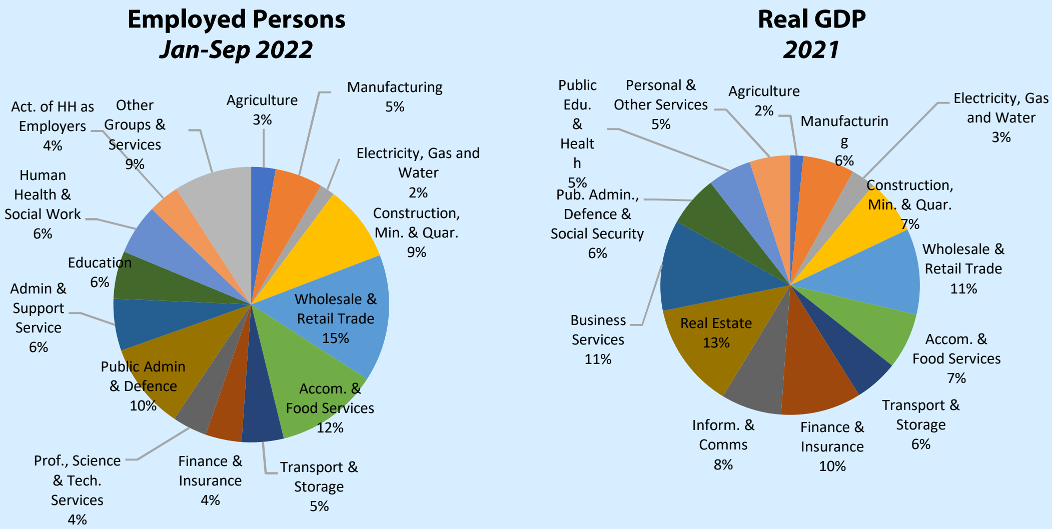
Eyraud, L., Clements, B., & Wane, A. (2013). Green investment: Trends and determinants. *Energy Policy, 60*, 859-865. doi:10.1016/j.enpol.2013.04.039

Nguyen, C. T., & Trinh, L. T. (2018). The Impacts of Public Investment on Private Investment and Economic Growth:Evidence from Vietnam. *Journal of Asian Business and Economic Studies, 25*(1), 15-32. doi:10.1108/JABES-04-2018-0003

Labour Market Developments

Barbados' labour force is small and concentrated in the services sector. The labour market composition mirrors the main drivers of economic activity, with services accounting for about 86 percent of the 125,800 employed persons. With shares remaining relatively unchanged over the last decade, the wholesale and retail trade sector accounts for the largest share of persons employed (19,000 workers) followed by the accommodation and food services sector (15,200 workers) and then public administration and defence. Together these three sectors accounted for around 30 percent of the island's real gross domestic product in 2021.

Figure 1: Employment and Real GDP Shares

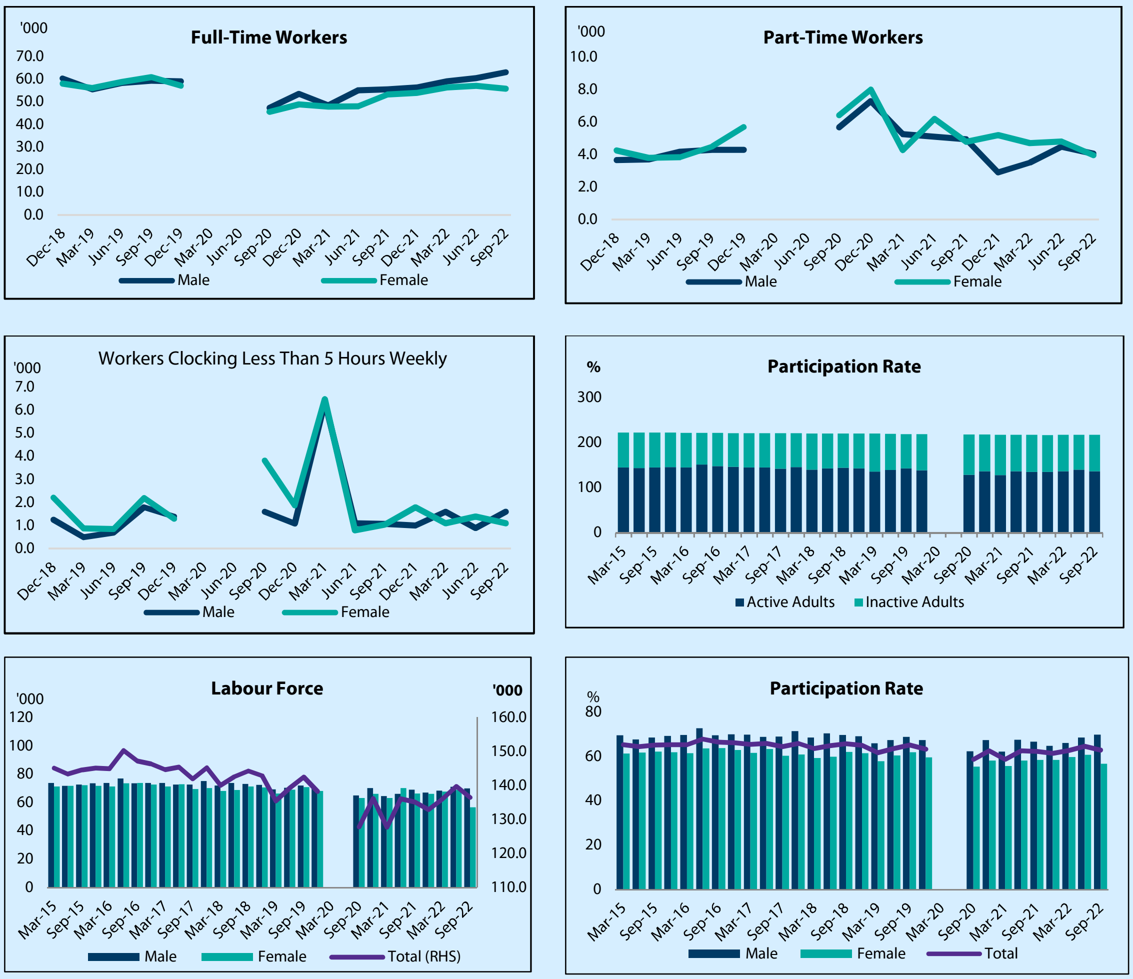


Source: Barbados Statistical Service

During the COVID-19 pandemic, Barbados, like many countries around the world, closed non-essentials services in an effort to curb the spread of the deadly SARS-CoV-2 and its ensuing variants which resulted in a significant increase in the number of unemployed persons. Estimates vary as to the unprecedented level of job losses, as shut-downs restricted the collection of data during the period. However, the significant increase in the number of persons claiming unemployment benefits during the period suggest that the country's jobless rate peaked at over 30 percent over the first half of 2020. The sectors hardest hit-tourism and wholesale and retail trade- contracted by 58 percent and 21 percent respectively, during 2020.

As testing, quarantining and the vaccine roll-out intensified, Barbados steadily regained a level of normality within the labour market. Prior to the pandemic, the number of persons recorded as full-time workers represented about 94 percent of the total labour force with the difference of just around 8,000 persons working less than 20 hours weekly. During this period, males made up on average about 47 percent of these part-time workers. At the height of the pandemic, there was a 57 percent increase in the number of persons working part-time, as the number of full-time workers declined by around 15 percent (18,000 workers). At the same time, there was a notable increase in the number of persons recorded as working less than 5 hours weekly. At end September 2022, there was continued evidence that pre-COVID trends within the labour market had returned, with most indicators signalling improvements over 2019's performance.

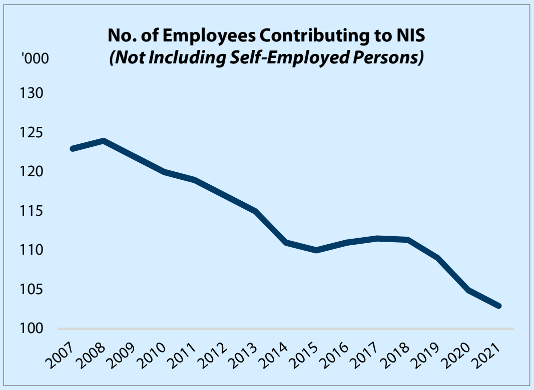
Figure 2: Selected Labour Indicators

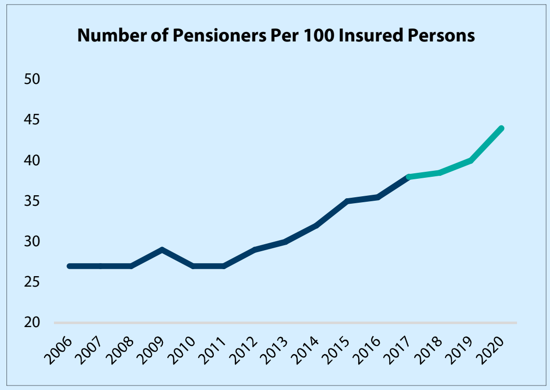


Source: Barbados Statistical Service

An examination of the labour force, shows that despite similar recovery trends post-2020, the total labour force has been steadily declining with a contraction of over 8,200 persons since 2015 when the average labour force totalled around 145,000 persons. Females as a share of the total labour force remained relatively constant over the review period, at about 49 percent, except for one quarter during the pandemic when the female labour force peaked at 70,000. The total adult population has been relatively constant at about 220,000 individuals within the last decade, with the number of adults classified as not active hovering between 75,000 to 80,000 during the same period. The labour participation rate, which gauges the number of persons actively seeking employment within the eligible adult population, has fallen 4 percentage points below the pre-crisis mean of around 66 percent. At the end of September 2022, the female rate of labour participation was historically low at 56 percent, while for males, the measure was one percent above the outturn at the end of 2019 at 68 percent.

Figure 3: NIS Contributors and Pensioners





Source: NIS (17th Actuarial Review)

One of the notable implications for the contracting labour force over the last few years has been the persistent loss in the number of employees contributing to the National Insurance Scheme (NIS). The most recent NIS actuarial report shows that the total number of contributors has been steadily declining since 2008 and this was further exacerbated during the COVID-19 pandemic. During the corresponding period, the number of pensioners outpaced the number of contributors such that the demographic ratio (the number of pensioners per 100 insured persons) jumped from just over 25 in 2006 to 44 in 2020.

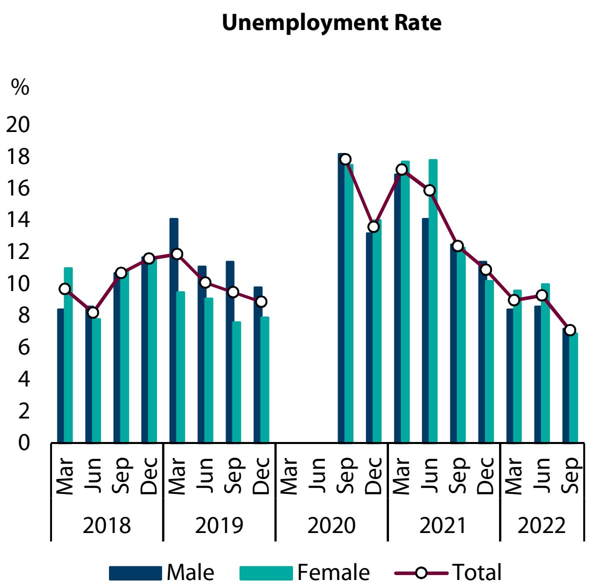
These developments have implications for the long-term viability of the National Insurance Scheme, and efforts are under consideration for strengthening the Fund so as to minimise the future impact on Government of protecting the social safety net for the elderly.

NB: Further data, details and in-depth definitions on the labour market can be found at: https://stats.gov.bb/statistics

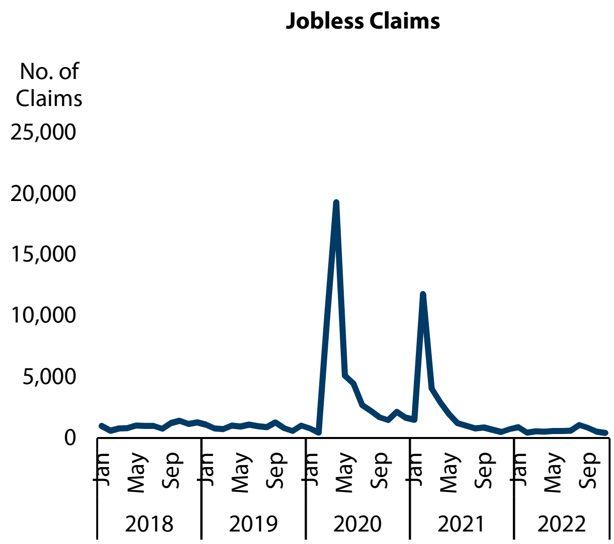
Labour Market

Labour market conditions improved steadily over the year, with the unemployment rate falling to 7.1 percent by the end of the third quarter in 2022, its lowest level since the last quarter of 2007, and down from 9.0 percent at the beginning of the year. By September, notable gains were observed in employment within tourism, wholesale and retail trade, construction and quarrying, as well as the general services sectors. As employment prospects improved amid the resurgence in economic activity, the labour force participation rate increased to 63 percent, up by 2 percentage points relative to average rate observed during 2021. Similarly, throughout the year, the average length of time spent seeking employment shortened, with the category of persons seeking employment for over one year falling by over 1,500 or more persons in both the second and third quarters, respectively. In addition, national insurance claims fell by 42 percent as at November 2022 relative to claims received in the same period of 2021.

Figure 7: Unemployment



Source: Barbados Statistical Service



Source: National Insurance Scheme

Prices

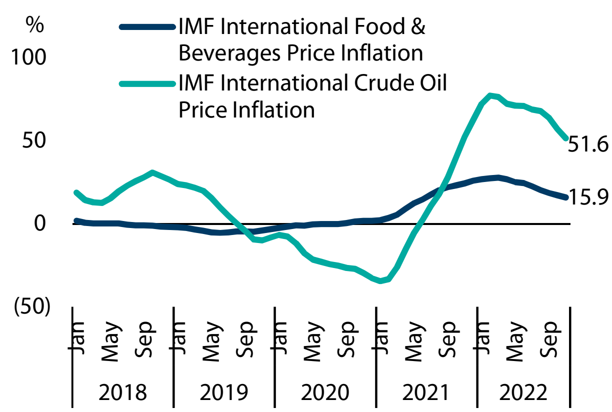
At the end of November 2022, domestic inflation stood at 8.5 percent on a 12-month moving average basis. Immense price pressures emerged in the first half of the year, but falling international prices for food and fuel, together with Government's social compact with the private sector, slowed price increases in the latter half of the year.

The upward movement in prices, particularly for food and energy, mirrored the global economy where supply-chain disruptions and heightened shipping and freight costs created economic uncertainty. As producers responded to global shortages by increasing production, prices fell in the second half of the year. However, in emerging and developing economies markets, inflation averaged 9.9 percent, with prices in Latin America and Caribbean economies rising by 14.1 percent in 2022.

World energy prices continued to be affected by uncertainty in global macroeconomic conditions, resulting in lower oil demand. The United States Energy Information Administration (EIA) reported that West Texas Intermediate (WTI) crude oil prices averaged US $76.52. per barrel in the month of December down 33 percent from the peak of US $114.34 in June 2022. The fall in international energy prices translated into lower local energy prices as evidenced in a decline in gasoline and electricity inflation rates which by year-end had fallen to the lowest levels since their April peak.

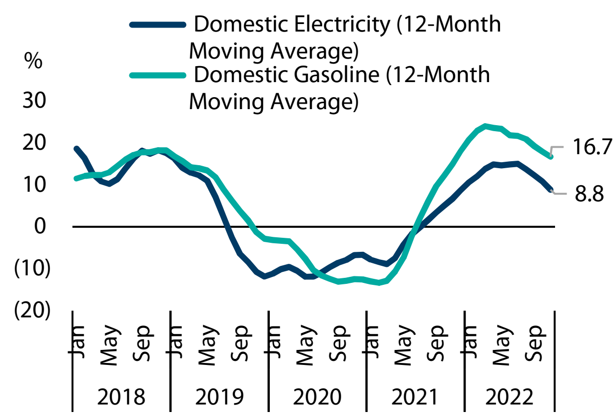
Figure 8: Domestic and International Price Developments

International Prices



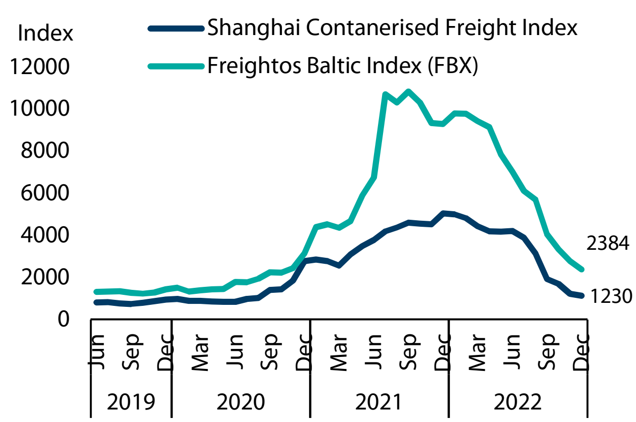
Source: International Monetary Fund

Domestic Electricity and Gasoline Prices



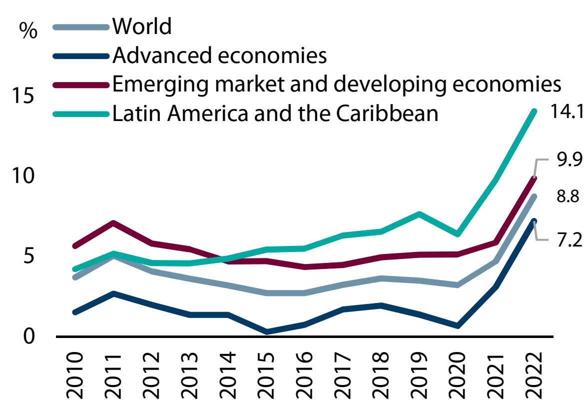
Source: Barbados Statistical Service

Freight Costs



Sources: MacroMicro and Freightos

Inflation



Source: World Economic Outlook Database, International Monetary Fund

International Reserves

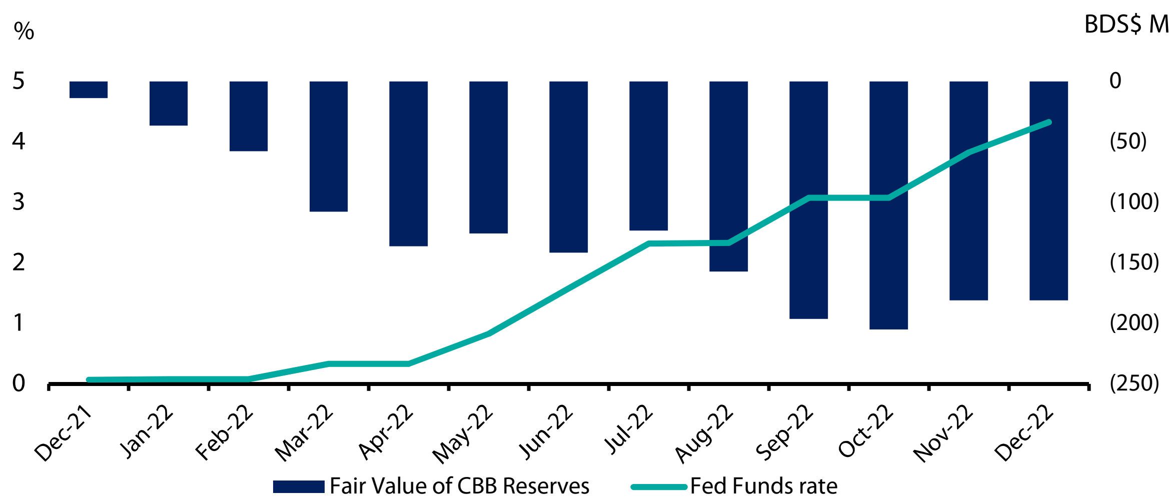
The stock of gross international reserves totalled $2,771[2] million at the end of 2022, equivalent to 29.0 weeks of import cover. Improved earnings from the tourism sector cushioned the impact of rising import prices, reducing net purchases of foreign exchange by commercial banks from the Central Bank and containing the actual loss in reserves for the year to $102 million. However, the policy-induced increase in global interest rates led to additional losses in the valuation of the Central Bank's holdings of its foreign securities ($186 million).

Table 2: Change in Gross International Reserves (2017-2022)

BDS $M	2017	2018	2019	2020	2021	2022
Net Central Government	(372)	114	(83)	736	400	23
Inflows	125	457	239	1,207	859	538
Of Which: IMF Financing	-	-	-	369	96	83
: Other Borrowing	64	396	223	644	276	94
Outflows	496	343	321	472	459	515
Of Which: Debt Service	369	180	176	275	275	364
Net Commercial Banks	107	339	292	224	(238)	(88)
Net Other	36	136	273	220	236	(222)
Of Which: IMF Financing	-	98	194	96	-	-
: SDR Allocation	-	-	-	-	258	-
Change in GIR	(228)	588	482	1,180	398	(288)
GIR as at the end of December	411	999	1,481	2,661	3,059	2,771

Source: Central Bank of Barbados

Figure 9: USA Federal Fund Rate Vs Fair Value of Reserves



Sources: Central Bank of Barbados and Federal Reserve System (USA)

[2] IMF Programme Exchange Rates.

Imports expanded by $948 million during 2022, reflecting the rise in international food and fuel prices and the increase in economic activity. The consumer, intermediate, and capital goods categories all rose, with fuel imports, which grew by 64 percent, accounting for 46 percent of the growth. Higher re-exports of fuels, attributable to the revival in air traffic, partially offset the impact of the rising imports. Simultaneously, there were gains in domestic exports, which grew by approximately $58 million. This improvement was led by increases in the export of food and beverages and fuels.

The ease in international travel restrictions and recovery of the tourism sector boosted travel credits by approximately $603 million. This mitigated the losses incurred by the strong import performance and lessened the deterioration of the current account.

The financial account contracted by $225 million, mainly a reflection of lower disbursements to the public sector from international financial institutions and slightly higher outflows related to debt amortisation payments. The external debt service ratio did increase but remains below pre-debt restructuring level of 2017 when debt service absorbed 8.3 percent of current account credits.

Fiscal Operations

During the first three quarters of the fiscal year, Government's operations showed signs of recovery from the COVID-related primary balance deficits recorded in both of the two preceding fiscal years. The improved performance reflected the rebound of revenue, which benefitted from broad-based price gains for goods and services, the overall pick-up in economic activity and the impact of temporary taxes on individuals and select corporates. With non-interest expenditure stabilising relative to the preceding year, the primary surplus for the period reached $434 million. There was also an overall fiscal surplus even though interest payments rose in response to the step-up in domestic interest rates.

Revenue

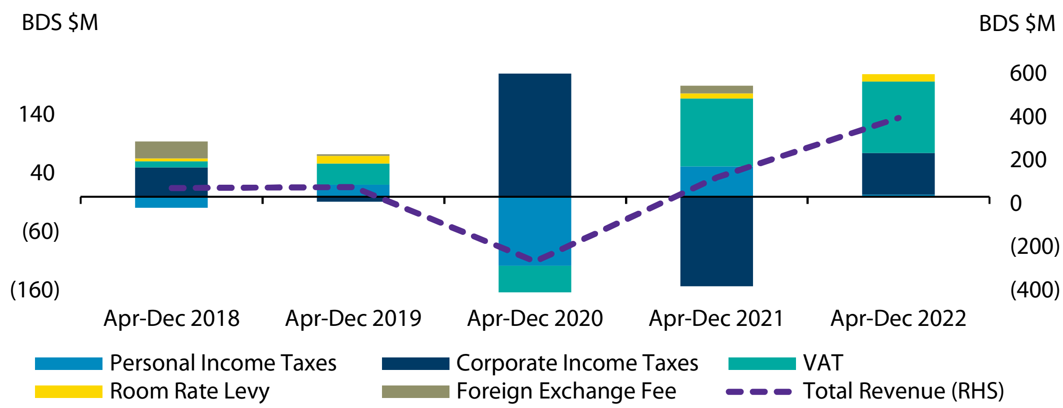
Revenues increased by $398 million, just over half of which was attributable to transaction-based taxes. VAT was the main source of the improvement, accounting for $122 million in additional receipts, the result of the pick-up in domestic economic activity and higher import volumes and prices. Additionally, increased imports led to higher import duties and excise tax collections. However, the overall increase in transaction-based taxes was cushioned slightly by tax relief measures aimed at dampening price increases, particularly for fuel and electricity. The room-rate levy generated an additional $12 million, reflecting improved occupancy and higher room-rates in the accommodation sector.

Direct taxes contributed an additional $174 million to the improvement in revenues, with the temporary Pandemic Levy charged on corporations and individuals collectively generating $64 million[3]. In addition, corporation taxes rose by $71 million as the recovery in economic activity supported higher levels of profitability in the domestic and international business sector. Gross personal income taxes expanded by $25 million, but the settlement of increased income tax refunds dampened net receipts of this tax. Other direct taxes, including withholding taxes, the training levy, and property taxes all registered increased receipts over the period.

[3] The pandemic levy charged on companies and individuals will expire in February and March 2023 respectively.

Non-tax revenues rose by $23 million, mainly the result of the receipt of $20 million in grant funding to support housing development.

Figure 10: Categorical Changes in Tax Revenue

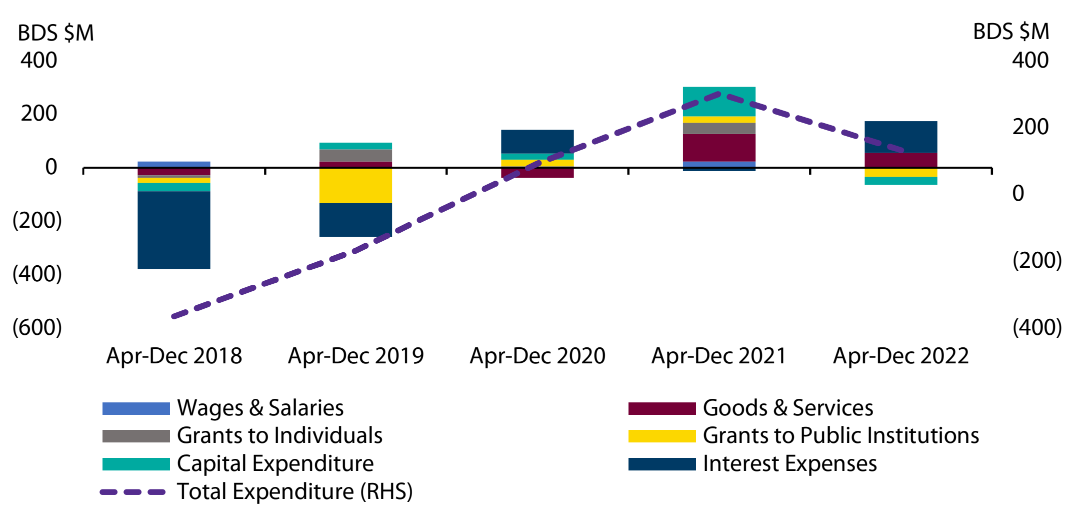


Source: Ministry of Finance

Expenditure

Total spending increased by $132 million on account of rising interest expenses ($119 million). The increase reflects the combined effect of the step-up in rates on the domestic restructured debt and the impact of higher rates on floating rate debt issued by international financial institutions. Non-interest spending rose by only $14 million as a hike in goods and services was partly offset by a decline in grants to public institutions, resulting from a shift in the timing of transfers to some state-owned enterprises (SOEs) and lower spending for the management of COVID-19. The continued recapitalisation of the unemployment fund ($83 million) buoyed capital transfers, but overall capital spending declined reflecting implementation delays caused in part by supply shortages.

Figure 11: Categorical Changes in Expenditures



Source: Ministry of Finance

Debt and Financing

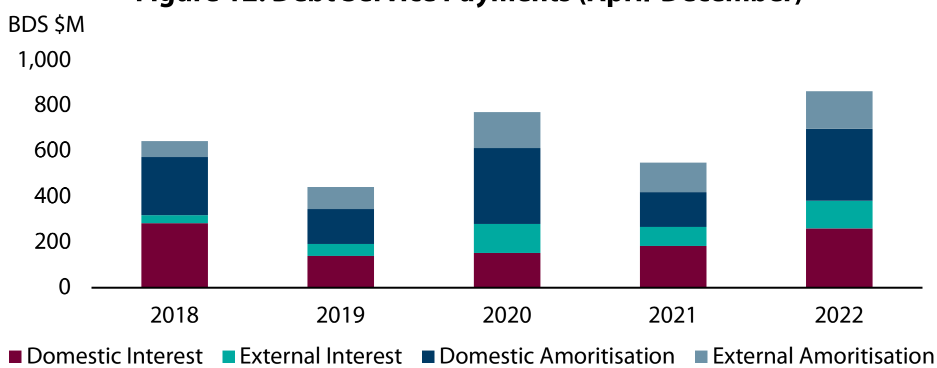
The stronger fiscal performance led to a reduced borrowing requirement for the first nine months of the fiscal year. This enabled less reliance on new external funding, but there was increased domestic financing as Government continued to test the appetite of domestic investors for public sector debt. The domestic portion of the debt-for-nature swap[4] was fully subscribed but demand by the private sector remained slow for other new bonds. The Central Bank completed its phased acquisition of Government securities, with purchases equivalent to approximately 2.2 percent of 2021 GDP compared to 3 percent permitted under law.

Policy-based loans of $84 million were received from the International Monetary Fund via the Extended Fund Facility (EFF), of which $38 million represented the first disbursement received in the last quarter of the year under the second programme. Project fund inflows for capital works totalled $93 million, approximately 65 percent of which is targeted towards the road infrastructure programme.

Debt service payments, inclusive of the early retirement of a fraction of series E bonds under the debt-for-nature swap, reached $862 million compared to $549 million during the corresponding period one year earlier. The higher payments also partly reflected the increase in interest expenditure and the commencement of the repayment of rescheduled domestic bonds.

At the end of the year, the debt stock was approximately $14.1 billion or 123.8 percent of GDP, compared to $13.4 billion or 137.9 percent of GDP at end-2021. The lower ratio stemmed from the recovery in economic activity, but the decline was partially stymied because of the identification of historic domestic arrears that are being addressed as part of Government's debt management programme to bring the debt-to-GDP ratio to 60 percent by FY 2035/36. Reducing the debt ratio is consistent with efforts to enhance the credit rating and the recent decision by Fitch Ratings to pitch Barbados' rating one notch above its other ratings is an important step in this direction.

Figure 12: Debt Service Payments (April-December)



Source: Ministry of Finance

[4] The debt-for-nature-swap was undertaken in dual currencies, allowing expensive debt to be exchanged for a lower-cost option, yielding savings on interest outlays. The transaction enabled Government to prepay $146.5 million of its external commercial debt and repurchase $145.8 million of its series E domestic amortising bonds. The savings are estimated at almost $50 million over a 15-year period and will be directed towards the Barbados Environmental Sustainability Fund Inc. to assist with the conservation of Barbados' marine environment. This arrangement marked Barbados' first debt-related transaction in the international capital markets since the 2019 debt restructuring and was supported by guarantees provided by the InterAmerican Development Bank and the Nature Conservancy.

Financial Sector Developments

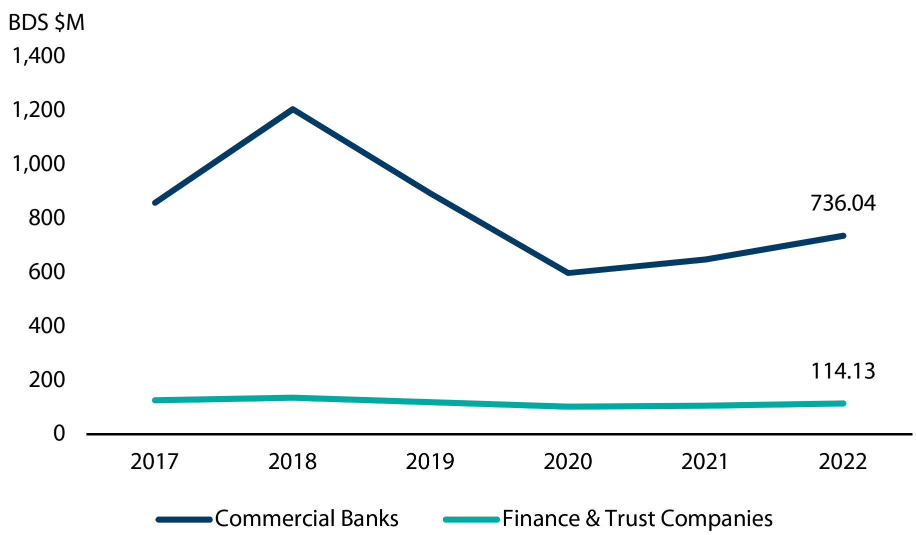
The financial sector maintained a trend of low interest rates, high excess liquidity and high capital buffers during 2022. Capital buffers at commercial banks and finance and trust companies remained well above the minimum requirement, climbing steadily to 18 percent and 20.5 percent, respectively at year-end.

Residual loan moratoria programmes, first introduced in 2020 to limit the potential adverse impact of COVID-19, ended in October. The combined delinquency rate of banks and finance and trust companies fell to 6.9 percent from a peak of 9.2 percent during the post-COVID period. The personal sector, which accounts for 59 percent of lending, accounted for 70 percent of these non-performing loans (NPLs), but there were also NPLs in the real estate and hotels and restaurants sectors.

Credit to the non-financial private sector (NFPS) grew by 3 percent, the strongest performance since 2017. In line with the economic rebound, there was increased commercial bank lending for working capital to the distribution sector, and for property purchases to the tourism and real estate sectors.

Loans to households also increased, owing to new lending by credit unions and finance and trust companies. While new credit to households from the banking sector was up 10 percent over 2021, higher repayments eroded this growth, resulting in lower outstanding loan balances of households at these institutions for the period.

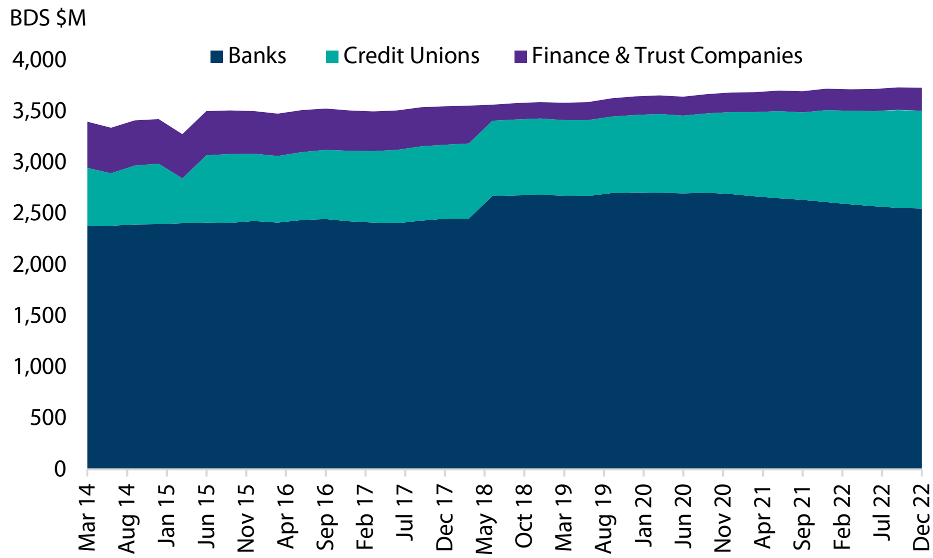
Figure 13: Annual New Credit Extended to Private Individuals



Source: Central Bank of Barbados

Buoyed by the improvement in economic and labour market conditions, new mortgages issued by banks for private dwellings experienced modest growth. However, repayments on outstanding balances led to a small contraction in the banks' mortgage portfolio. On the other hand, outstanding mortgage lending of credit unions grew by around 6 percent for the period, as more individuals continue to look to cooperatives for their borrowing needs.

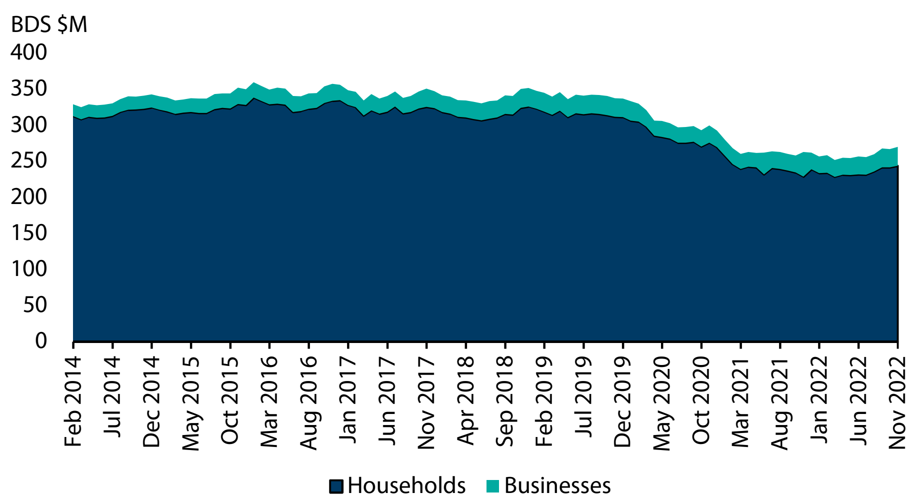
Figure 14: Outstanding Mortgages to Households



Source: Central Bank of Barbados

Due in part to the recovery of outbound travel, credit card activity trended upward during the year, with total new credit extended via credit cards being almost 50 percent higher than 2021. However, timely repayments tempered these increases to result in only a modest expansion in credit card balances.

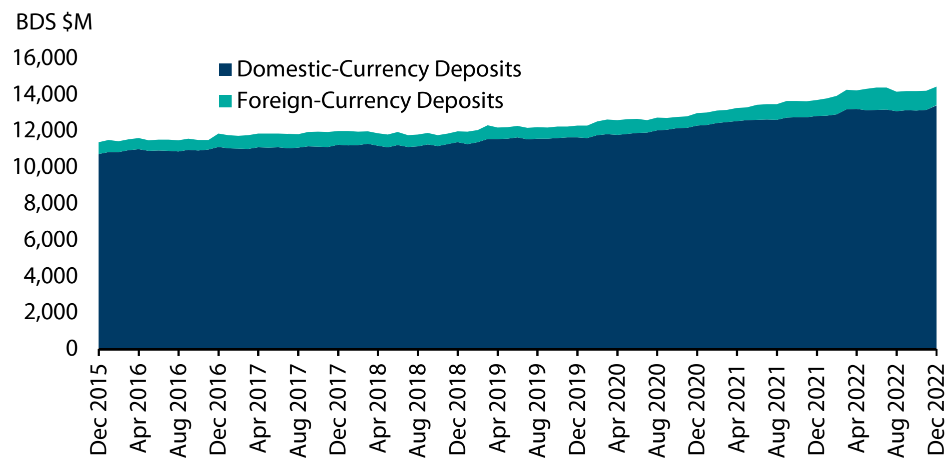
Figure 15: Outstanding Credit Card Balances



Source: Central Bank of Barbados

Total deposits increased by 5.5 percent, reflecting gains in both domestic and foreign currency deposits. Individuals, non-financial private sector firms, Government, and financial corporations were the main sources of the build-up in domestic deposits, while foreign-currency balances, which generally account for less than 9 percent of the total deposits, grew because of increased real estate and tourism activity.

Figure 16: Total Deposits

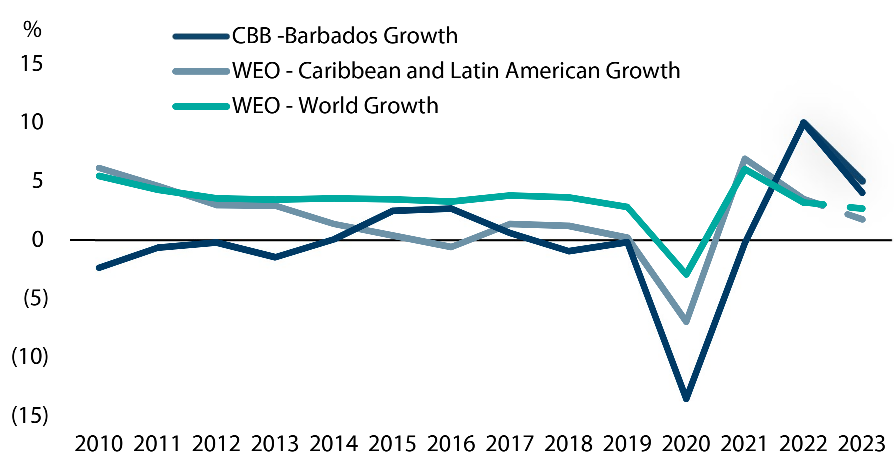


Source: Central Bank of Barbados

Outlook

The global economy is expected to slow in 2023, but the Barbados economy is forecast to continue on its growth trajectory this year, expanding in the range of 4 to 5 percent. The Bank anticipates that the resurgence of the tourism sector will not be as rapid as in 2022. The momentum for a sustained economic recovery requires increased public and private sector investment. Such investments, including in tourism and the physical infrastructure, have the potential to enhance the economy's productive capacity, modernise the economy, absorb labour and create positive spill-over effects for small and medium-sized businesses.

Figure 16: Economic Growth Outlook



Source: World Economic Outlook (WEO) Database, International Monetary Fund

But the road ahead remains challenging because of factors that continue to expose the vulnerability of the domestic economy. For example, inflationary pressures, though declining, remain elevated and the International Monetary Fund (IMF) expects inflation to persist, before declining to its norm in 2024. The lingering conflict between Russia and Ukraine has resulted in geopolitical tensions in Europe that could lead to reduced oil supply and elevated oil prices. Higher prices raise business costs and have the potential to constrict the purchasing power of consumers, which could slow the projected growth path.

Moreover, the aggressive measures taken by advanced economies to fight inflation have created the risk of recession. The depth of such a recession is uncertain, but tourism-based economies, like Barbados, face the risk of a slow-down at a critical juncture in the recovery.

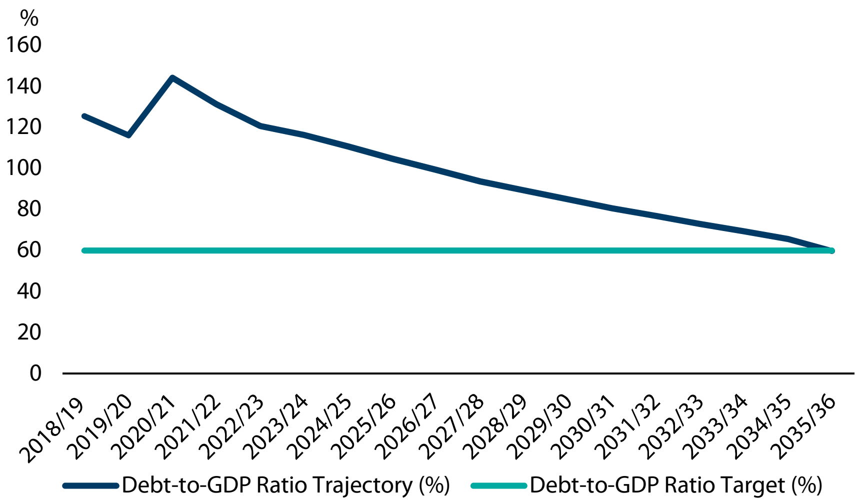
The resurgence of COVID-19 cases in China and other Asian countries, which serve as critical cogs in global supply chains, also raises the risk of a global slowdown. The recent surge in the number of cases in China could negatively impact production and this may delay the start and continuation of projects on island and to create shortages within local industries that rely on imported inputs.

These diverse but interrelated risks underscore the importance of strengthening our marketing efforts and product quality within the tourism sector. All countries are susceptible to a weakening of the economic environment, but the need for economic resilience requires us to enhance our ability to grow market share over time. In addition, given the risks to inflation and the reserves, we need to accelerate Barbados' goals of net-zero by 2030 and 100 percent renewable energy. The EIA Short-Term Energy Outlook forecasts oil prices to average US $82 per barrel by the end of 2023, but future price increases can be anticipated in the event of further supply disruptions.

The ongoing inflation trend will raise imports further, but external reserves, boosted by already approved borrowings from international financial institutions, are expected to remain in excess of international benchmarks.

Government has committed to rebalance the fiscal position which was derailed by the health and climate events over the last few years. It is expected to achieve a primary surplus of at least 2 percent of GDP for FY 2022/23, but further improvements in the primary balance are needed to ensure that financing remains adequate and that the economy stays firmly on its trajectory to bring the debt-to-GDP ratio to its 60 percent target over the medium term.

Figure 17: Debt-to-GDP Ratio Trajectory



Sources: Ministry of Finance and Central Bank of Barbados

Concerted efforts to make SOEs more self-sufficient remain critical, while Government's capital works programme will be a key driver of the growth effort. The combined effect of higher primary surpluses, increased capital spending, and ongoing recapitalisation of the NIS will limit the scope for substantial salary increases over the short term.

The strength of the recovery cannot rely on public sector spending alone. The recent pick-up in credit after several periods of weak loan demand is therefore encouraging, as is the reduction in NPLs. Financial sector stability is essential to the recovery, and the Central Bank will continue to work with the Financial Services Commission and financial institutions to further strengthen risk management, governance and compliance.

Government has set out an ambitious growth agenda in its Barbados Economic Recovery and Transformation Plan 2022. Success is predicated on eight pillars including the extent to which low- and middle-income housing, the green transition and building out climate resilient infrastructure can, together with establishing Barbados as a logistics hub and promoting diversification in niche activities, propel economic activity. Given the long period of sluggish growth, there is an urgency of now to ensure that the growth is sustainable.

As we embark on a new programme with the International Monetary Fund, our focus on debt and fiscal sustainability must be complemented by a focus on growth.

As a society, we need the input of all stakeholders, embracing critical thinking, innovation, improved business processes, enhanced skills training and, where necessary, the acquisition of new skillsets.

We must not lose sight of the fact that reducing debt is linked to higher primary balances as well as to growth.

We must remain conscious that even with strong primary balances, governments need to borrow because such borrowing finances past deficits.

We must remain focused on the need for continued fiscal discipline, to engender confidence and to create conditions for borrowing on favourable terms for example with long maturities and low interest rates.

We must encourage our private sector to rise to the challenge of supporting Government's growth initiatives, to mobilise savings, embrace technology and to seek out export markets that facilitates diversification.

If we retain our focus, we can meet the challenge to build a resilient economy that is able to achieve sustainable growth.

Appendix 1 – Economic Indicators

	2017	2018	2019	2020	2021(p)	2022(e)
Nominal GDP ($ Million)[1]	9,963.2	10,194.6	10,648.5	9,343.6	9,687.6	11,353.1
Real Growth (%)	0.6	(1.0)	(0.2)	(13.5)	(0.3)	10.0
Inflation (M.A., %)[2]*	4.5	3.7	4.2	3.5	2.7	8.5
Unemployment (End-of-period, %)[3]**	8.2	11.6	8.9	13.6	10.9	7.1
Gross International Reserves ($ Million)	411.3	999.6	1,481.0	2,660.7	3,058.8	2,771.0
Gross International Reserves Cover, Weeks	5.3	12.8	18.6	40.7	40.6	29.0
BoP Current Account (% of GDP)	(3.8)	(4.4)	(2.8)	(5.9)	(10.9)	(11.2)
Total Imports of Goods (% of GDP)	30.5	29.4	28.2	30.4	32.8	36.3
Travel Credits (% of GDP)	21.7	21.9	23.5	12.4	12.9	16.4
Financial Account ($ Millions)	43.6	864.4	776.4	1,621.6	1,207.6	983.0
Gross Public Sector Debt[4] (% of GDP)	149.0	126.0	117.4	137.1	137.9	123.8
Central Government External Debt (% of GDP)	28.7	31.4	29.0	42.5	46.3	41.9
External Debt Service to Curr. Acct. Cred.	8.3	4.9	3.6	9.0	7.0	7.7
Treasury-Bill Rate	3.2	0.5	0.5	0.5	0.5	0.5
Implicit Deposit Rate	0.1	0.1	0.1	0.0	0.0	0.0
Implicit Loan Rate	7.4	7.1	6.2	5.8	5.4	5.1
Excess Domestic Cash Ratio	14.2	16.1	18.5	22.4	26.8	27.5
Private Sector Credit Growth (%)[5]	3.2	0.3	0.9	(1.2)	(0.7)	3.0
Private Sector Credit (% of GDP)[5]	81.8	80.2	77.8	86.9	83.2	73.5
Domestic Currency Deposits (% of GDP)[5]	112.7	111.5	109.6	131.0	131.7	121.5
Fiscal Year	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**Apr-Dec 2021**	**Apr-Dec 2022**
Fiscal Balance (% of GDP)	(0.3)	3.6	(4.8)	(4.8)	(2.1)	0.4
Primary Balance (% of GDP)	3.5	6.0	(1.0)	(0.9)	0.5	3.7
Interest (% of GDP)	3.8	2.3	3.8	3.9	2.6	3.2
Fiscal Current Account (% of GDP)	1.6	5.4	(1.7)	(0.6)	0.1	2.2
Revenue (% of GDP)	29.3	28.0	28.7	27.8	19.6	20.2
Expenditure (% of GDP)	29.6	24.4	33.5	32.6	21.7	19.8
Non-interest Expenditure (% of GDP)	25.8	22.1	29.7	28.7	19.1	16.5
Capital Expenditure (% of GDP)	1.9	1.8	3.1	4.2	2.2	1.8
Gov't Interest Payments (% of Revenue)	12.9	8.4	13.4	14.1	13.3	16.0

(p) - Provisional
(e) - Estimate
1 - Central Bank of Barbados and Barbados Statistical Service
2 - Twelve Month Moving Average
* - Data as at November 2022
** - Data at end of period, September 2022
Sources: Barbados Statistical Service and Central Bank of Barbados

Appendix 2– GDP by Sector and Activity (BDS$ Millions, Constant Prices[1])

	2017	2018	2019	2020	2021(p)	2022(e)
Tradeables	**1,488.1**	**1,508.6**	**1,567.2**	**859.8**	**841.4**	**1,348.7**
Tourism	**894.8**	**910.7**	**975.5**	**310.1**	**272.0**	**762.4**
Agriculture	**105.5**	**121.0**	**115.5**	**108.9**	**113.2**	**114.6**
Sugar	5.4	6.0	3.1	3.7	3.7	4.0
Non-Sugar Agriculture	100.1	115.0	112.4	105.3	109.6	110.6
Manufacturing	**487.8**	**476.9**	**476.1**	**440.8**	**456.1**	**471.7**
of which:						
Rum & Other Beverages	94.2	90.6	76.8	76.1	78.1	84.8
Food	123.3	117.3	116.7	99.3	107.7	113.4
Furniture	13.4	12.3	12.0	11.5	12.2	12.4
Chemicals	29.2	28.8	27.4	28.1	27.7	29.6
Cement & Other Non-Metallic Mineral Products	36.7	44.3	46.1	44.2	43.0	45.3
Other Manufacturing	141.7	183.6	197.2	181.7	187.4	186.1
Non-tradeables	**6,616.3**	**6,517.1**	**6,442.0**	**6,064.6**	**6,063.0**	**6,243.5**
Mining & Quarrying	40.7	42.2	49.4	56.6	39.5	39.8
Electricity, Gas & Water	214.8	214.1	213.5	203.5	212.1	219.8
Construction	492.9	461.6	452.3	457.2	443.5	466.9
Distribution	1,181.8	1,181.5	1,202.8	1,000.7	965.1	1,000.5
Transport, etc	1,046.7	1,027.7	1,011.5	904.1	911.1	933.6
Finance and Other Services	2,783.8	2,748.3	2,721.4	2,631.4	2,665.8	2,754.7
Government	855.6	841.8	791.0	811.1	826.0	828.3
Total	**8,104.4**	**8,025.8**	**8,009.2**	**6,924.4**	**6,904.3**	**7,592.2**
Nominal GDP	**9,963.2**	**10,194.6**	**10,648.5**	**9,343.6**	**9,687.6**	**11,353.1**
Real Growth Rates	**0.6**	**(1.0)**	**(0.2)**	**(13.5)**	**(0.3)**	**10.0**
Tradeables	1.5	1.4	3.9	(45.1)	(2.1)	60.3
Non-tradeables	0.4	(1.5)	(1.2)	(5.9)	(0.0)	3.0

(p) - Provisional
(e) - Estimate
1 - BSS' 2010 Base Year Series
Source: Barbados Statistical Service and Central Bank of Barbados

Appendix 3 – Balance of Payments (BDS $Millions)

	2018	2019	2020(p)	2021(p)	2022 (e)
Current Account	**(447.4)**	**(293.6)**	**(554.0)**	**(1,057.4)**	**(1,271.2)**
Inflows	**4,860.9**	**5,159.9**	**3,526.7**	**3,686.3**	**4,728.0**
Travel	2,236.5	2,500.0	1,156.0	1,254.5	1,857.1
Other Services	444.7	458.5	397.4	441.1	498.4
Domestic Exports	510.2	507.4	449.4	444.3	501.9
Rum	79.8	76.8	75.9	84.5	86.0
Food	65.3	66.4	61.3	66.9	81.0
Sugar	0.4	0.6	0.9	1.8	2.0
Chemicals	80.3	77.8	84.7	68.6	67.6
Printed Paper Labels	26.6	15.3	23.5	25.6	24.9
Construction Materials	51.7	59.1	38.2	35.9	38.3
Other	206.1	211.4	164.9	161.0	202.1
Re-exported Goods	385.7	380.8	241.0	237.7	493.4
Net Export of Goods under Merchanting	633.8	637.6	547.6	612.1	649.0
Income	543.0	565.4	338.7	412.4	455.5
Transfers	107.0	110.1	396.6	284.4	272.7
Outflows	**5,308.2**	**5,453.5**	**4,080.8**	**4,743.8**	**5,999.2**
Total Imports of Goods	2,997.7	3,003.7	2,843.9	3,177.4	4,125.8
Fuel Imports	712.2	728.0	510.6	685.8	1,122.8
Food and Beverages	635.2	657.0	613.3	653.6	817.0
Construction Materials	125.5	138.0	128.8	176.1	257.7
Other Merchandise Imports	1,524.8	1,480.7	1,591.2	1,661.9	1,928.3
Services	1,073.9	1,148.9	553.3	743.3	846.8
Income	1,042.6	1,099.2	473.7	604.8	783.8
General Government	183.2	150.0	139.3	128.1	167.6
Other Sectors	859.5	949.1	334.3	476.8	616.2
Transfers	194.0	201.7	209.8	218.2	242.8
Capital Account	**50.9**	**(5.3)**	**(4.5)**	**(5.2)**	**15.0**
Financial Account	**864.4**	**776.4**	**1,621.6**	**1,207.6**	**983.0**
Net Foreign Direct Investment	464.8	375.3	509.2	417.8	484.9
All Other Investment Flows	399.6	401.1	1,112.4	789.8	498.1
Net Long-term Public	427.8	371.5	937.7	734.6	184.3
Net Long-term Private	(3.8)	113.0	251.3	99.5	341.7
Net Short-term	(24.4)	(83.5)	(76.7)	(44.3)	(27.8)
Net Errors & Omissions	122.0	3.7	114.2	297.7	171.2
Overall Balance	589.9	481.4	1,177.3	442.8	(101.9)
Change in GIR: - increase/+ decrease	**(588.3)**	**(481.4)**	**(1,179.7)**	**(398.2)**	**287.8**
BOP change in GIR (-increase/+decrease)	**(589.9)**	**(481.4)**	**(1,177.3)**	**(442.8)**	**101.9**

(p) - Provisional
(e) – Estimate
Source: Central Bank of Barbados

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

	2018/19	2019/20	2020/21	2021/22	Apr-Dec 2019	Apr-Dec 2020	Apr-Dec 2021	Apr-Dec 2022(p)
Total Revenue	**2,993.6**	**2,984.2**	**2,563.3**	**2,823.8**	**2,138.6**	**1,873.4**	**1,995.2**	**2,393.0**
Tax Revenue	**2,812.4**	**2,771.2**	**2,387.8**	**2,646.1**	**2,014.0**	**1,796.3**	**1,886.4**	**2,261.5**
i) Direct Taxes	**1,126.9**	**1,084.7**	**1,202.9**	**1,148.2**	**795.4**	**886.8**	**814.6**	**988.7**
Personal	482.1	454.7	308.1	385.0	334.5	216.5	268.4	272.4
Corporate	355.5	309.0	612.9	450.5	195.1	444.2	291.1	362.2
Pandemic Levy (Individuals)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.3
Pandemic Levy (Corporations)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	55.1
Property	161.3	214.7	181.6	205.2	192.8	166.5	184.1	189.4
Financial Institutions Asset Tax	44.6	47.4	45.6	46.2	31.1	34.0	35.3	40.4
Other	83.4	58.9	54.7	61.4	41.9	25.7	35.8	59.9
ii) Indirect Taxes	**1,685.6**	**1,686.5**	**1,185.0**	**1,497.9**	**1,218.6**	**909.5**	**1,071.7**	**1,272.8**
Stamp	10.9	11.4	7.6	13.4	8.7	6.2	7.3	13.0
VAT	940.9	966.9	706.3	884.6	704.3	519.1	635.4	757.5
Excises	271.2	250.9	154.1	212.3	186.0	129.8	148.1	177.5
Import Duties	213.8	231.6	191.9	220.6	174.1	151.4	165.8	180.5
Hotel & Restaurant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Social Responsibility Levy	49.4	0.1	0.0	0.0	0.1	0.0	0.0	0.0
Other of which:	199.4	225.6	124.9	167.0	145.4	103.1	115.2	144.3
Fuel Tax	68.6	82.1	63.8	70.2	61.3	54.8	51.8	56.6
Room-Rate/Shared Accommodation	10.1	28.1	9.5	25.2	18.1	5.4	14.0	26.2
Non-Tax Revenue & Grants	**181.2**	**213.0**	**175.4**	**177.8**	**124.6**	**77.1**	**108.9**	**131.5**
Non-Tax Revenue of which:	161.5	201.3	169.5	159.7	114.5	73.0	95.7	104.5
Foreign Exchange Fee	74.5	79.4	65.2	78.7	58.4	44.1	57.4	56.9
Grants	0.1	11.8	0.0	5.7	10.1	0.0	5.7	20.0
Post Office - Revenue	19.6	0.0	5.9	12.3	0.0	4.0	7.4	7.0
Current Expenditure	**2,826.4**	**2,407.9**	**2,716.8**	**2,889.2**	**1,724.8**	**1,800.4**	**1,989.9**	**2,133.2**
Wages & Salaries	811.9	807.4	808.0	834.8	602.1	599.3	621.6	623.7
Goods & Services	356.3	375.5	399.8	493.2	238.5	203.0	306.6	358.4
Interest	384.9	249.7	342.6	398.9	190.1	278.6	265.5	384.0
External	48.0	62.7	144.1	132.4	51.4	128.1	83.2	118.4
Domestic	336.9	187.0	198.5	266.5	138.7	150.5	182.2	265.6
Transfers & Subsidies	1,273.3	975.3	1,166.3	1,162.3	694.2	719.4	796.3	767.0
Grants to Individuals	362.8	389.2	423.7	454.2	276.2	280.7	321.9	319.4
Grants to Public Institutions	814.8	517.6	657.3	631.8	366.5	391.9	416.1	383.1
Subsidies	51.8	31.8	49.7	33.6	24.8	22.7	25.1	25.9
Subscriptions & Contributions	25.7	20.3	20.3	21.9	14.5	13.9	18.5	19.4
Non-Profit Agencies	18.3	16.4	15.3	20.7	12.2	10.3	14.7	19.1
Capital Expenditure & Net Lending	**197.8**	**191.8**	**276.1**	**425.2**	**92.8**	**108.8**	**220.3**	**209.5**
Capital Expenditure	**184.9**	**185.1**	**278.3**	**421.6**	**87.3**	**109.7**	**219.2**	**189.1**
Net Lending	**12.9**	**6.7**	**-2.2**	**3.6**	**5.5**	**-0.8**	**1.1**	**20.4**
Fiscal Balance	**(30.5)**	**384.5**	**(429.6)**	**(490.6)**	**321.0**	**(35.9)**	**(215.0)**	**50.3**
Primary Balance	**354.3**	**634.2**	**(87.0)**	**(91.6)**	**511.0**	**242.7**	**50.5**	**434.3**
Fiscal Balance to GDP (%)	**(0.3)**	**3.6**	**(4.8)**	**(4.8)**	**3.0**	**(0.4)**	**(2.1)**	**0.4**

(p)-Provisional
Source: Ministry of Finance

Appendix 5 -Government Financing (BDS$ Millions)

	2018/19	2019/20	2020/21	2021/22	Apr-Dec 2018	Apr-Dec 2019	Apr-Dec 2020	Apr-Dec 2021	Apr-Dec 2022(p)
Fiscal Balance	**-30.5**	**384.5**	**-429.6**	**-490.6**	**74.2**	**321.0**	**-35.9**	**-215.0**	**50.3**
Arrears Payments	**-10.0**	-208.3	-61.9	-41.1	0.0	-208.3	-61.9	-29.9	-20.9
Financing	**40.5**	**-176.2**	**491.5**	**531.7**	**-74.2**	**-112.7**	**97.8**	**244.9**	**-29.4**
Domestic Financing (Net)	**-274.9**	**-274.9**	**-340.1**	**107.0**	**-411.4**	**-228.6**	**-762.2**	**-212.3**	**-188.4**
Central Bank	-166.4	164.7	-66.6	331.6	-232.5	122.2	-488.4	43.3	80.6
Commercial Banks	82.8	-86.3	106.6	-24.5	58.4	-115.2	107.9	-11.9	75.0
National Insurance Board	8.9	-85.2	-207.9	15.3	8.9	-63.9	-168.0	16.0	-44.8
Private Non-Bank	-119.6	-217.7	-34.9	-47.1	-83.5	-132.6	-72.0	-0.4	-63.3
Other	-80.5	-50.4	-137.3	-168.3	-162.7	-39.0	-141.7	-259.4	-235.9
Foreign Financing (Net)	**315.4**	**98.7**	**831.6**	**424.7**	**337.2**	**115.9**	**860.0**	**457.2**	**159.0**
Capital Markets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	146.5
Project Funds	57.1	64.1	51.2	91.4	54.8	62.6	51.2	91.4	93.2
Policy Loans	350.0	150.0	968.1	496.6	350.0	150.0	968.1	496.6	83.0
Amortisation	-91.7	-115.4	-187.7	-163.3	-67.6	-96.7	-159.3	-130.8	-164.4

(p)-Provisional

Source: Central Bank of Barbados

Appendix 6 -Public Debt Outstanding (BDS $Millions)

	2018	2019	2020	2021	2022 (p)
Gross Central Government Debt[1]	**12,754.4**	**12,426.8**	**12,761.2**	**13,310.6**	**14,017.1**
Domestic Debt	**9,555.5**	**9,336.3**	**8,786.7**	**8,826.2**	**9,263.4**
Short Term	**577.3**	**687.5**	**630.4**	**684.9**	**709.5**
Treasury Bills	**495.1**	**495.1**	**495.1**	**495.1**	**495.1**
Central Bank	207.2	207.2	207.2	207.2	207.2
Commercial Banks	284.8	285.1	285.1	285.1	285.1
Other	3.1	2.8	2.8	2.8	2.8
Loans	**82.2**	**192.4**	**135.3**	**189.8**	**214.4**
Central Bank	82.2	192.4	135.3	189.8	214.4
Long Term	**8,978.2**	**8,648.8**	**8,156.2**	**8,141.3**	**8,553.9**
Bonds	**8,670.0**	**8,460.0**	**8,108.4**	**8,106.8**	**8,137.4**
Central Bank	414.4	414.4	414.4	414.4	626.8
Commercial Bank	2,055.4	2,048.0	2,048.9	2,058.4	2,031.3
NIS	2,938.4	2,880.0	2,690.6	2,666.1	2,620.5
Insurance Companies	1,114.6	807.5	816.3	828.6	799.2
Pension Funds	294.1	304.7	308.8	321.9	317.2
Other	1,852.9	2,005.5	1,829.3	1,817.4	1,742.4
Loans & Tax Certificates	**0.0**	**22.1**	**6.3**	**0.1**	**146.6**
Commercial Banks	-	22.1	6.3	0.1	146.5
Other	-	-	--		0.1
Arrears	**308.2**	**166.7**	**41.4**	**34.3**	**269.8**
External Debt	**3,198.9**	**3,090.5**	**3,974.5**	**4,484.4**	**4,753.8**
Long Term	**3,198.9**	**3,090.5**	**3,974.5**	**4,484.4**	**4,753.8**
International Bonds	1,161.4	1,140.4	1,077.8	1,072.9	1,071.4
Bilateral	211.5	222.6	244.4	291.3	387.5
Multilateral	1,299.0	1,445.5	2,397.3	2,894.5	2,951.4
IMF (Budget Support)	-	-	368.2	464.8	548.4
Commercial	421.2	237.0	255.0	225.7	343.6
Arrears	105.8	45.0	-	-	-
Other Public Sector Debt (Guaranteed Contingent Liabilities)	**94.3**	**72.4**	**53.5**	**47.5**	**37.6**
Domestic Debt	**-**	**-**	**-**	**-**	**-**
External Debt	**94.3**	**72.4**	**53.5**	**47.5**	**37.6**
Long Term					
Bonds	60.0	38.0	31.1	31.1	27.3
Multilateral	34.3	28.4	22.4	16.4	10.4
Other	-	-	-	-	-
Arrears	n.a	6.0	-	-	-
Gross Public Sector Debt[2]	**12,848.7**	**12,499.2**	**12,814.7**	**13,358.1**	**14,054.7**

(p) Provisional
1 Gross Central Government Debt = Domestic Debt + External Debt
2 Gross Public Sector Debt = Gross Central Government Debt + Other Public Sector Debt (Guaranteed Contingent Liabilities)
Sources: Ministry of Finance and Central Bank of Barbados

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

	2018	2019	2020	2021	2022(p)
Monetary Authorities					
Net International Reserves	832.5	1,130.8	2,195.0	2,594.6	2,355.2
Monetary base	2,659.0	2,938.8	3,551.8	4,132.8	4,389.2
Net Domestic Assets	1,788.8	1,761.6	1,296.2	1,479.0	1,977.7
Deposit-taking Institutions[1]					
Credit to Public Sector					
Central Government (net)	1,896.4	1,886.7	2,056.5	2,100.1	2,240.1
Rest of the Public Sector	107.9	65.0	85.3	144.5	157.1
Credit to Rest of Financial System	274.5	255.7	262.8	246.3	239.0
Credit to the Non-Financial Private Sector	8,179.1	8,254.4	8,153.7	8,096.8	8,313.8
Total Deposits	11,967.1	12,284.6	12,976.2	13,697.0	14,444.3
Transferable Deposits[4]	9,844.5	10,394.3	11,178.9	11,855.8	12,683.7
Non-Transferable Deposits	2,122.6	1,890.3	1,797.3	1,841.1	1,760.5
Memo Items					
Domestic Currency Deposits	11,365.1	10,337.2	12,283.2	12,809.9	13,407.7
Foreign Currency Deposits	602.0	576.2	693.0	887.0	1,036.5
Banking System Financial Stability Indicators[5]					
Capital Adequacy Ratio (CAR)	13.8	13.5	16.0	16.8	18.0
Loan to Deposit Ratio	63.0	61.7	57.1	53.0	52.9
Liquid Assets to Total Assets	21.4	23.1	25.2	28.4	28.1
Non-Performing Loans Ratio	7.4	6.6	7.3	7.4	6.0
Provisions to Non-Performing Loans	67.3	59.4	62.0	59.6	53.6
Return on Average Assets (12-month)	(0.2)	0.6	0.8	1.1	1.3

(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