

Press Release

Review of Barbados' Economic Performance

January to June 2022



Overview

KEY INDICATORS

GDP Growth 10.5 percent	Inflation 5.8 percent	Unemployment 9.0 percent	International Reserves \$3,008 million
Current Account -\$624.8 million	Primary Surplus (FY) \$255 million	Fiscal Surplus (FY) \$151 million	Gross Public Sector Debt 129 percent of GDP

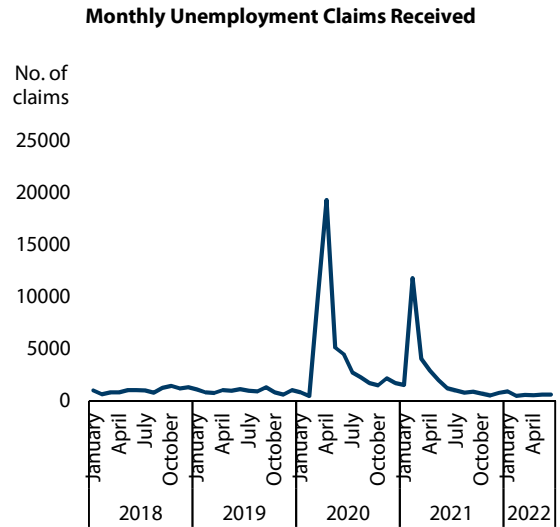
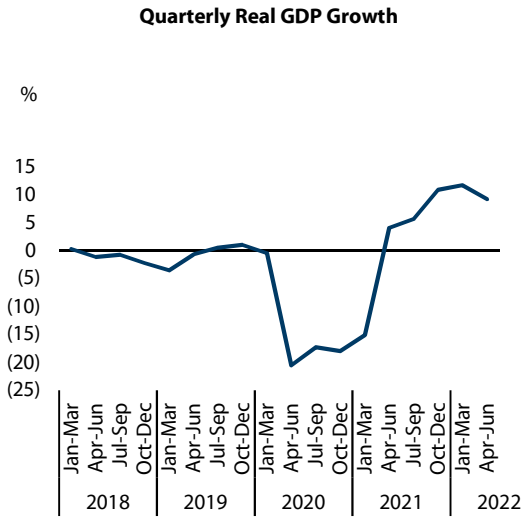
The external economic environment remains extremely challenging. The impetus for a sustained economic recovery persisted into the second quarter of the year as a slightly better than forecasted rebound in tourism propelled the economy by an estimated 10.5 percent over the first half of 2022. Tourism-related activity has not yet returned to pre-pandemic levels, but the easing of the protocols opened the way for increased domestic spending and enabled the labour market to show signs of a return to near normality.

On the downside, however, inflationary pressures originating abroad were felt in the domestic market, raising the risk of a dampening of growth prospects. The Russia-Ukraine conflict continued to compound an already difficult environment for the cost and shipment of goods and commodities arising from the COVID-19-induced supply chain bottlenecks. Sharp increases in imported food and energy prices had a significant pass-through effect on domestic prices, prompting interventions by Government to soothe the burden on consumers.

The spike in import prices, particularly for oil, continued into the second quarter. With import volumes also increasing as economic activity strengthened, spending on imports for the first six months of the year surged to historic levels. Receipts from the tourism and international business sectors and the proceeds from the final drawdown of funds under the Extended Fund Facility (EFF) arrangement with the IMF dampened the adverse impact on the international reserves. With rising international interest rates continuing to have a negative effect on the valuation of the investment portfolio, the reserves suffered a small loss in the quarter. However, reserves continued to exceed \$3 billion.

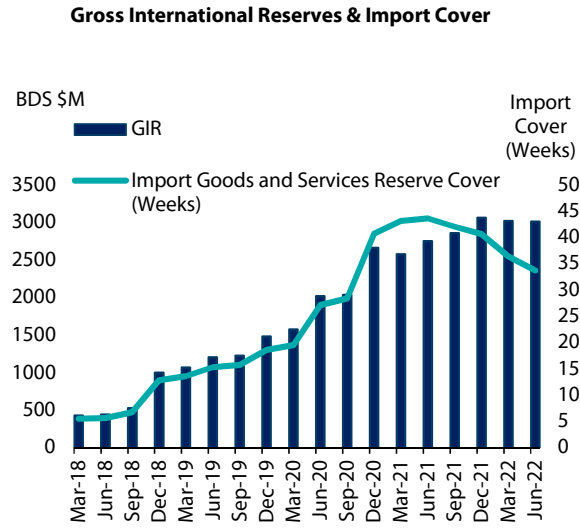
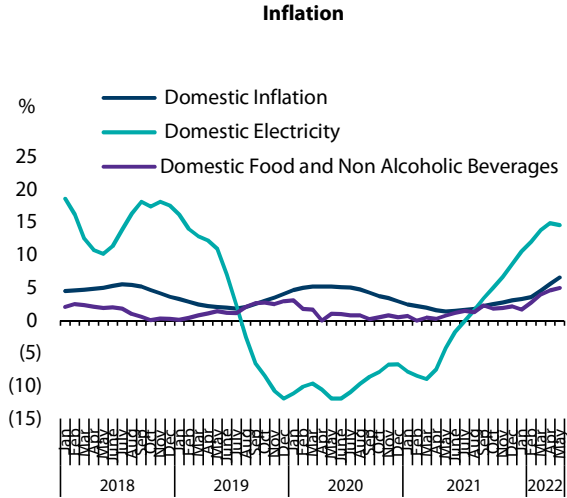
The spiral in domestic prices, together with the revival of tourism activity, boosted Government's revenues during the first quarter of the fiscal year and contributed to a significant improvement in the primary surplus. This fiscal performance reflects government's continued commitment to strengthen the public finances and place the debt-to-GDP ratio on a sustainable downward trajectory. The stock of debt rose modestly during the quarter, but the debt ratio declined further as the recovery in the economy took root.

Figure 1: Selected Economic Indicators



Sources: Barbados Statistical Service (2017-2020) and Central Bank of Barbados (2021-2022)

Source: National Insurance Scheme



Source: Barbados Statistical Service

Source: Central Bank of Barbados

Economic Activity

The economy registered its fifth consecutive quarter of growth between April and June. The expansion, though vibrant, was weaker than in the first quarter, but growth for the first half of the year remained in double-digits. The recovery is mainly reflective of the rebound in tourism activity and there were also modest gains in manufacturing exports and domestic spending.

Tourism

Following the promising winter season, long-stay arrivals reached 55 percent of 2019 levels during the second quarter. This performance was supported by the relaxation of COVID-19 protocols in key source markets and strong in-bound tourism demand, as global desire for travel gained momentum. Airlift capacity for the April to June period more than doubled compared to 2021, but airfares were substantially above pre-COVID levels.

Growth was again led by the traditional extra-regional markets of the United Kingdom, United States and Canada. Of the main markets, arrivals for the first half of the year remained below 50 percent of 2019 levels, except for the United Kingdom which reached 72 percent and accounted for 44 percent of all visitors. Regional travel continued to suffer from reduced seating capacity and a slow recovery in demand.

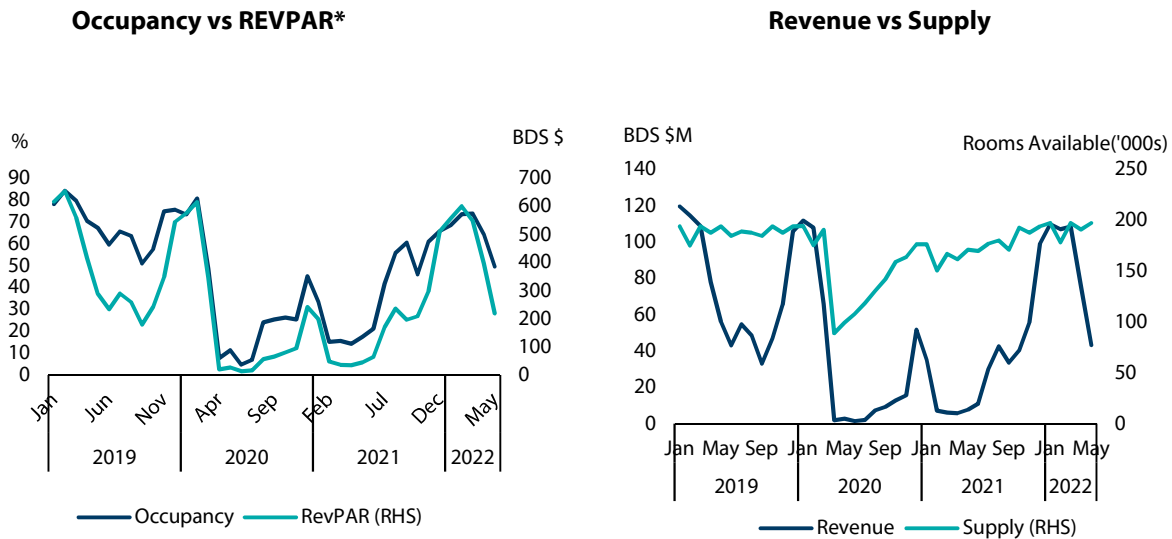
Visitor length-of-stay also trended upwards, particularly during the first quarter. Cruise arrivals for the first half of the year made a partial recovery but remained significantly below pre-pandemic levels. Cruise calls were similar to 2019, but arrivals were stymied by the lower operating capacity of ships which were observing COVID-19 protocols.

Table 1: Tourism Arrivals by Source Market & Cruise Performance

MAJOR MARKETS	JANUARY-JUNE				
	2018	2019	2020	2021	2022
UNITED STATES	106,792	116,497	43,199	7,664	57,724
CANADA	53,284	51,112	26,793	1,888	23,778
UNITED KINGDOM	117,247	127,298	58,007	3,033	91,749
EUROPE	20,514	19,607	11,467	1,152	10,081
CARIBBEAN	46,475	45,927	14,477	3,639	19,097
OTHER	12,662	12,574	5,201	1,495	5,406
TOTAL ARRIVALS	356,974	373,015	159,144	18,871	207,835
Cruise In-transit Arrivals	387,635	380,124	250,532	2,013	115,988

Source: Barbados Statistical Service

Figure 2: Tourism Accommodation Indicators



Source: Smith Travel Research

*REVPAR – Revenue per Available Room

Hotel occupancy rates tapered off during the April to June period, following the robust revival over the first three months of 2022. Average daily room rates also dipped, reflecting seasonal shifts in demand. Increased arrivals benefitted the ancillary sectors, but their recovery was uneven as demand for cruise- dependent activities lagged behind.

Other Traded Activity

Total agricultural output increased by 3.7 percent during the first six months of the year. Non-sugar agriculture expanded, in part the result of higher chicken production as tourism activity rebounded. Other segments of the sector, including food crops, other meats, eggs, and fish catches also rose. Sugar production benefitted from an increase in the acreage planted, overcoming the effect of a late start to the harvest and delays caused by equipment failure.

Manufacturing output increased by 3.3 percent. Following the relaxation of COVID-19 protocols and the revival of tourism activity, beverage production responded to higher demand. Food production also performed well, as the demand for locally processed foods, including for the export market, continued its steady rise since the onset of the pandemic.

Non-Traded Activity

Preliminary estimates indicate that the services sectors grew by 2.7 percent in the first half of the year. Most of the growth was in the business and finance services sector, but there was also an upturn in the distribution sector, in part the result of the requirements for the greater number of visitors to the island. The heightened activity was reflected in the consumption of electricity, a small but increasing share of which is being generated by renewable energy.

Transitioning Fully to Renewable Energy

In 2021 Barbados updated its commitment to alleviating global climate change by announcing an enhanced effort at climate change mitigation. In view of this commitment, Barbados has indicated its intention to reduce its dependence on fossil fuel imports both to contribute to the global greening initiative and to address the effects of high oil prices while lowering air pollution. The target is for the island to become 100 percent renewable and carbon-neutral by 2030¹. The current spike in oil prices, though short of the peak of US\$134 per barrel in 2008², underscores the financial benefit of shifting away from reliance on petroleum products towards alternative energy.

Policy Initiatives

Photovoltaics, electric vehicles, wind energy, biofuels, etc. represent the energy sources of the future. To encourage businesses and individuals to invest in renewable energy, lower the consumption of fuel and strengthen the country's energy security, Government has introduced several fiscal incentives. Investing in renewable energy enables households and businesses to benefit from the decrease or removal of import duties and value-added tax (VAT) and/or the reduction in the amount of income tax and corporation tax payable³.

These policies incentivise the private sector, but Government has also invested directly into the production of renewable energy. Under the Public Sector Smart Energy Programme (PSSEP) sponsored by the Inter-American Development Bank (IADB) and European Union (EU), Government has retrofitted many of its existing buildings with renewable energy and energy efficient technology⁴. Government has also purchased electric buses for the public transportation system and is in the process of replacing the existing fleet of other public sector vehicles with electric vehicles (EVs), where feasible.

Transportation represents a focal point of the transition. In 2018, the Ministry of Energy estimated that 33 percent of energy consumed was in the transportation sector. Government's transition to EVs complements private sector efforts but the uptake has been slow. Masson and Perez (2021)⁵ estimated that there were over 430 EVs on Barbados' roads, but this only represented a fraction of the more than 120,000 vehicles in use island-wide.

In the March 2022 Budgetary Proposals and Financial Statement, Government announced an excise tax and VAT holiday for the purchase of electric vehicles, and reduced import duties for used electric vehicles to 10 percent, equivalent to what is charged on new electric vehicles. Additionally, the tariff on both battery electric and solar powered vehicles (new and used) will be reduced to 10 percent. Effective August 1, the import duty on hybrids will also be lowered, though not to the same level as EVs. Government officers are being incentivised through increased interest free loans to purchase either battery electric or hybrid vehicles.

The Smart Energy Fund complements these initiatives by providing financial and technical support to renewable energy and energy efficient projects via a combination of low cost loans and grants. Enterprise Growth Fund Limited and Fund Access serve as the fund managers, with Fund Access providing loans up to \$150,000 and EGFL up to \$2 million.

¹ Ministry of Energy, Small Business and Entrepreneurship. *Barbados National Energy Policy (BNEP) 2019- 2030*. 2019.

² U.S. Energy Information Administration (EIA).

³ Division of Energy and Telecommunications. *Renewable Energy and Energy Efficiency Fiscal Incentives Booklet for Individuals and Companies*.

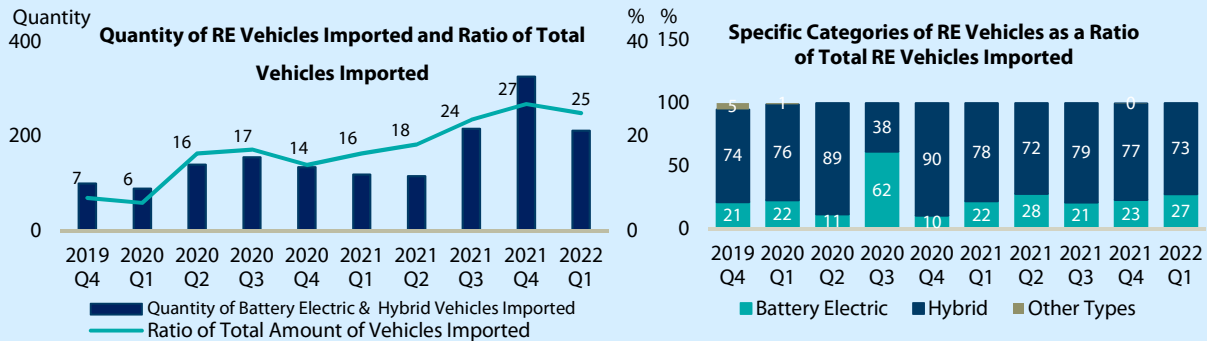
⁴ The objective of the programme is for public sector to install and use Renewable Energy (RE) and Energy Efficient (EE) tools and products.

⁵ Masson, Malaika and Perez, Luis Carlos. *Electrifying the Caribbean: Plugging in Electric Vehicles*. 16 August 2021. <https://blogs.iadb.org/energia/en/electrifying-the-caribbean-plugging-in-electric-vehicles/#:~:text=Barbados%2C%20in%20comparison%2C%20has%20turned,fuel%20consumption%20in%20the%20Caribbean>.

Imports of Renewable Energy (RE) Vehicles

The incentives are expected to increase the ratio of electric and hybrid vehicles imported. The quantity of RE vehicles as a share of the total number of vehicles imported has been steadily increasing over the last two years, equivalent on average to about 17 percent of all cars imported. However, this growth is primarily linked to an increase in the domestic demand for hybrid vehicles. Out of the total alternative energy vehicles imported, 74.6 percent were hybrids, 24.7 percent were battery electric and the remainder were either fuel cell or natural gas vehicles.

Figure 1: Import of RE Vehicles

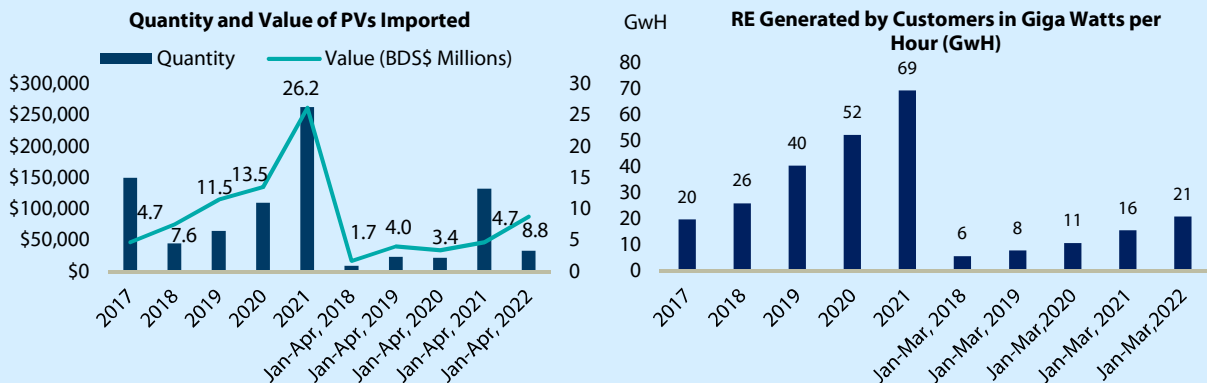


Source: Barbados Statistical Service

Renewable Energy Generation and Imports of Photovoltaic Systems

Photovoltaic systems are increasing in popularity to negate high electricity prices. On average between 2017 and 2021, the quantity of photovoltaic systems imported expanded by 76 percent. Over the last five years, the amount of RE generated by customers gradually increased from 20 GWh in 2017 to 69 GWh. A rise in investment by businesses and individuals in the installation of PV systems is responsible for this expansion. At the end of 2021, the total estimated energy consumed by customers was 904 GWh, where an estimated 9 percent was generated from renewable resources.

Figure 2: Quantity and Value in BDS Millions of Photovoltaic Systems (PVs) Imports



Sources: Barbados Statistical Service and Barbados Light and Power

Labour Market

The labour market continued its recovery during the first half of the year. During the twelve months ending June, the National Insurance Scheme reported that unemployment claims fell to 8,292 compared to 25,481 in the preceding twelve-month period.

With persons returning to work after the “National Pause” in the first quarter of 2021, the unemployment rate fell to 9.0 percent for the first quarter of 2022 compared to 17.2 percent a year earlier and 10.9 percent at the end of 2021. The labour force participation rate increased to 62.7 percent, an improvement of 4 percentage points relative to the same period last year.

The gains in private sector employment were broad-based, led by tourism, wholesale and retail, transport and communications and general services. In addition, government’s job creation programme in the aftermath of the 2021 climatic events helped to hasten the recovery in the job market. The proportion of full-time employment to total employment increased slightly to 93 percent in the first quarter of 2022 compared to 91 percent in the previous year.

Prices

The spill-over of global prices onto the domestic economy accelerated during the quarter, as the Ukraine-Russia conflict and the COVID-induced supply chain disruptions continued to impact global food, commodity and energy prices during the second quarter. As a result, the 12-month moving average measure of inflation increased to 5.8 percent in May. Domestic prices, particularly during the second half of 2021, lagged the trend of accelerated global price increases and, in similar vein, a recent ease in commodity prices has not yet been reflected in import prices.

The major driver of domestic inflation has been food, with significant increases in meat, bread and cereals, oils and fats, dairy and fish. High energy prices have also affected transportation and electricity costs and the costs of inputs in the construction sector have also risen sharply.

The spiral in prices is a global phenomenon and there has been varied policy responses, including raising interest rates to dampen demand, price support measures through temporary indirect tax reductions and increased income transfers. Initially, the Barbados government focused on energy prices by capping the value added tax on fuel prices but the escalation of prices in recent months resulted in the recent announcement of adjustments to the value added tax on electricity and the broadening of the basket of VAT-free items. These measures are being complemented by a private sector initiative to reduce mark-ups on a select basket of items for a period of six months.

International Reserves

The external inflationary pressures precipitated a significant increase in spending on imports. However, the gross international reserves remained relatively stable during the second quarter and, at the end of June, stood at about \$3,008 million, equivalent to 33.7 weeks of imports of goods and services.

During the first half of the year, growth in imports was broad-based, but the importation of fuel exceeded twice the value recorded over the comparable period of last year. The increased spending on fuel reflected a 44 percent rise in crude oil prices and the increased volume of imports needed to meet

the pick-up in economic activity, including to satisfy the demand of returning airlines. Significant increases were also recorded for food and beverages and construction materials.

The impact of global price pressures was tempered by the improvement in travel receipts and corporation taxes from foreign currency earning business companies. These gains enabled banks to sell foreign exchange to the Central Bank. In contrast to the borrowing over the two preceding years, Government's multilateral financing during the six-month period was limited to the final drawdown of funds under the IMF-EFF arrangement. However, overall inflows were almost sufficient to cover obligations for debt service and goods and services with the overall loss in reserves being driven by unrealised losses on the investment portfolio, as a result of increases in international interest rates.

Table 2: Change in Gross International Reserves

BDS \$M	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2022
Net Central Government	(191)	(147)	220	185	(20)
Inflows	47	28	431	418	236
Outflows	239	175	210	233	256
<i>Of Which: Debt Service</i>	167	85	102	134	167
Net Commercial Banks	219	179	166	(71)	142
Net Other	1	173	150	(26)	(173)
Change in GIR	29	205	536	88	(50)
GIR as at the end of June	440	1,204	2,017	2,749	3,008

Source: Central Bank of Barbados

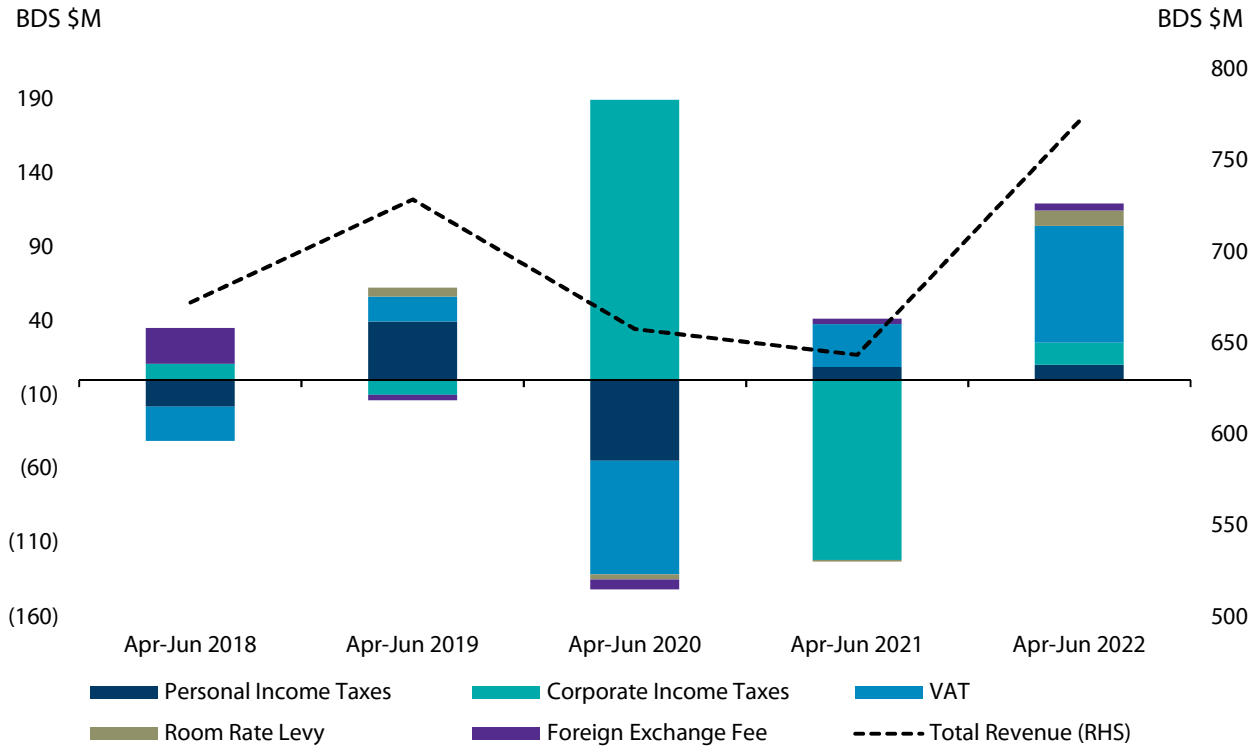
Fiscal Operations

The fiscal performance improved significantly over the corresponding period a year ago. The primary balance recorded a surplus of \$255 million, which is equivalent to approximately 2.2 percent of GDP, while the overall fiscal surplus, which is inclusive of interest payments, reached 1.3 percent of GDP.

Revenue

Revenue increased by \$128 million, the combined effect of higher levels of economic activity and the dividend from rising prices. The value added tax (VAT) accounted for 62 percent of the increase, but there were gains for other transaction-based taxes, including the room rate levy and the foreign exchange fee. Corporation taxes benefitted from the improved economic activity during 2021 while personal income taxes were boosted by the pick-up in employment levels.

Figure 3: Changes in Tax Revenue by Category

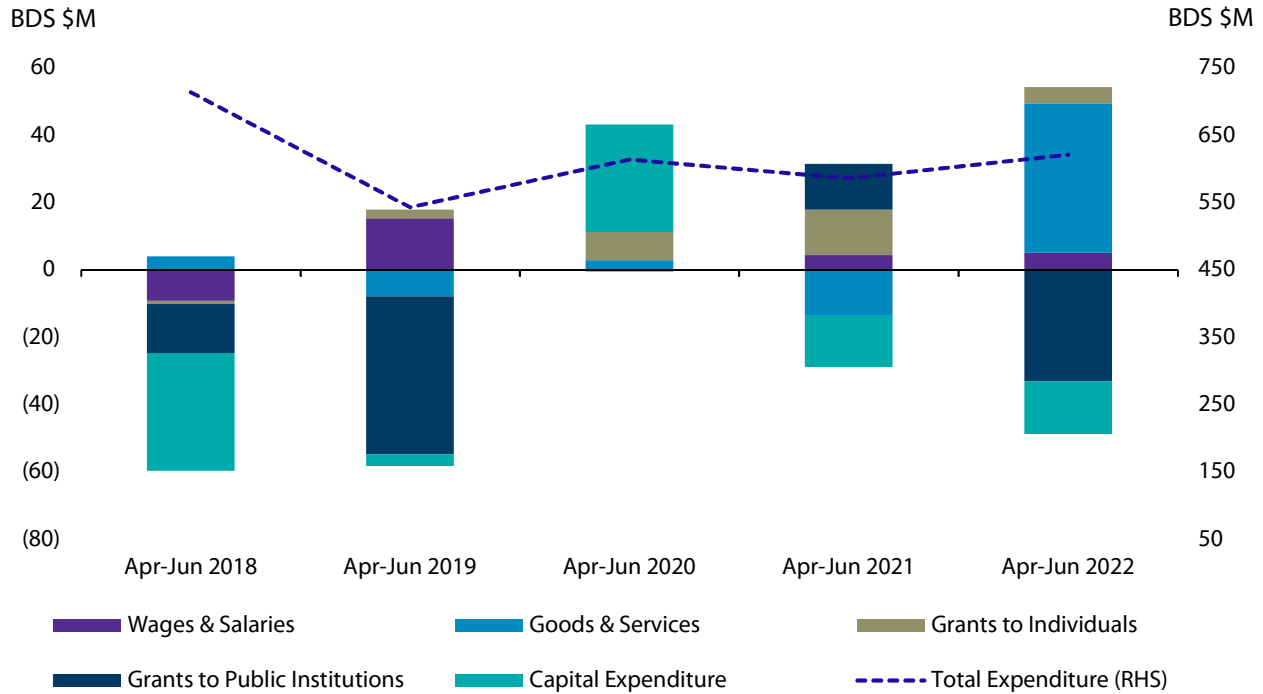


Source: Ministry of Finance

Expenditure

Non-interest expenditure declined by \$1.8 million during the quarter due to lower grants to public institutions and reduced outlays on capital expenditure. However, there was increased spending on goods and services, particularly in the areas of utilities, operating expenses, maintenance of property and supplies and materials. Additionally, wages and salaries registered a \$5 million increase over the period given the uptick in public sector employment.

Figure 4: Changes in Expenditure by Category



Source: Ministry of Finance

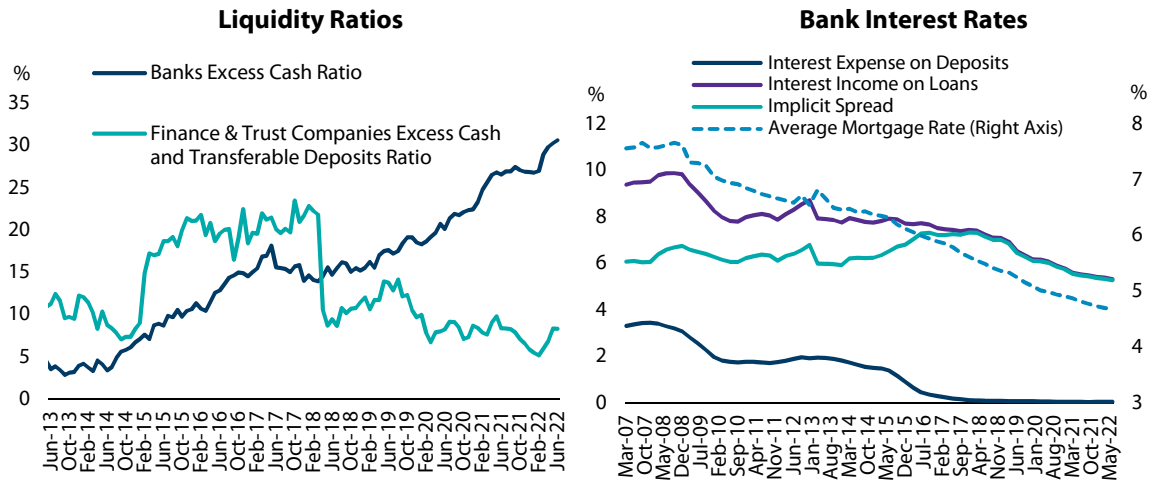
Debt and Financing

The public debt stock stood at \$13.6 billion or 129.4 percent of GDP at end of June. Unlike the two previous years, external borrowing during the June quarter was modest, with the principal inflow coming from the last disbursement under the Extended Fund Facility with the IMF. While external amortisation was higher than the previous fiscal year, due to the commencement of repayments of a policy-based loan acquired in 2018, external debt rose marginally during the quarter. Domestic debt was higher, largely because of the recognition of legacy arrears under the pre-TAMIS system that were identified and verified by the Barbados Revenue Authority. Demand by the private sector for treasury note placements remained weak and the Central Bank was the main source of domestic financing during the quarter.

Financial Sector Developments

The financial system continues to be characterised by an accumulation of excess liquidity. In contrast to the general global trend of rising rates, domestic interest rates remained low amid increasing evidence that credit conditions were being relaxed by some institutions, with the offer of 100 percent mortgages and fast disbursing loans. With the abundant liquidity in the financial system, the Central Bank discount rate remained at 2 percent but deposit-takers had no need to draw on its lending facilities. The average mortgage rate continued to decline, falling to just 4.7 percent, with some new residential mortgages attracting rates below 4 percent.

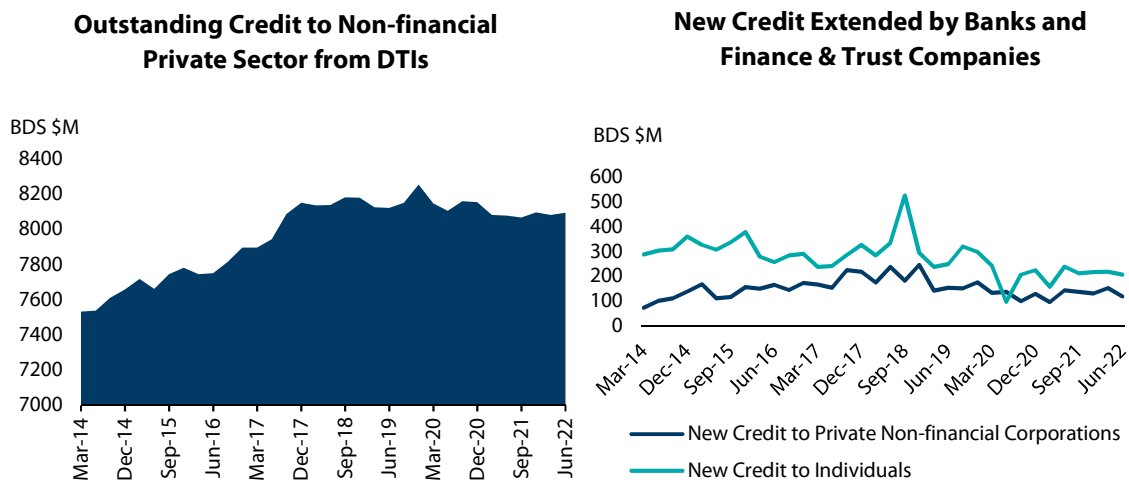
Figure 5: Liquidity Ratios & Bank Interest Rates



Source: Central Bank of Barbados

Despite the ease in conditions, the indebtedness to deposit-taking institutions (DTIs) remained relatively unchanged during the first half of 2022 and for much of the last five years. Since December 2017, credit outstanding to the non-financial private sector declined by a mere 0.7 percent. In the banking sector, the value of new loan disbursements during the first two quarters of 2022 was 9.5 percent higher than for the corresponding period one year earlier, with professional and technical service providers as well as individuals accounting for the majority of the increase. However, the outstanding credit dipped by 0.6 percent as loans were repaid at a faster pace than the accumulation of new credit in all sectors except manufacturing, distribution, hospitality, health and recreation. Improved debt servicing, particularly on credit card debt and mortgages, contributed to decline of the non-performing loans ratio.

Figure 6: Credit to Non-financial Private Sector

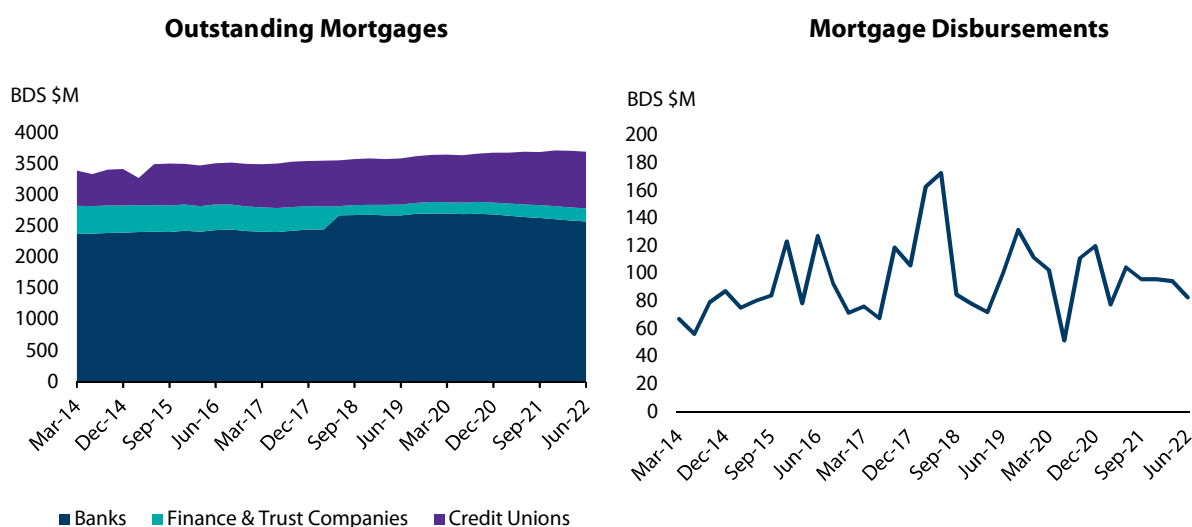


Sources: Central Bank of Barbados and Financial Services Commission

New loans from the use of credit cards by both consumers and businesses accounted for more than 80 percent of the new bank credit extended over the review period. However, the timely payment of this debt and low disbursements for mortgages relative to repayments prevented a rise in household indebtedness. At the end of June 2022, total household debt to banks had fallen to 33.3 percent of GDP from 39.1 percent one year prior.

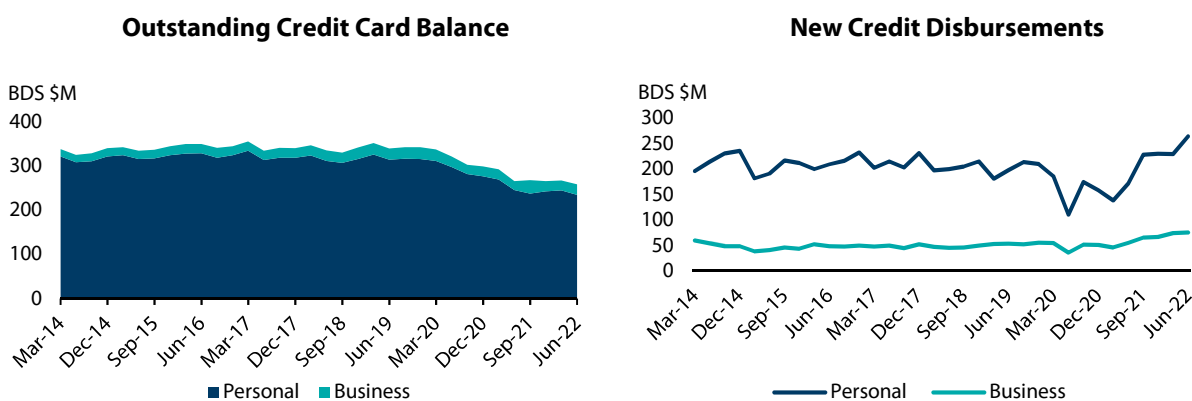
In contrast, residential mortgages from credit unions and deposit-taking finance and trust companies increased by 1.5 and 1.4 percent, respectively. Furthermore, other credit to the non-financial private sector from these two segments of deposit takers also increased. The consumer lending of credit unions rose, while finance and trust companies increased their business loans to the real estate, professional services, construction and distribution sectors.

Figure 7: Mortgages for Private Dwellings



Sources: Central Bank of Barbados and Financial Services Commission

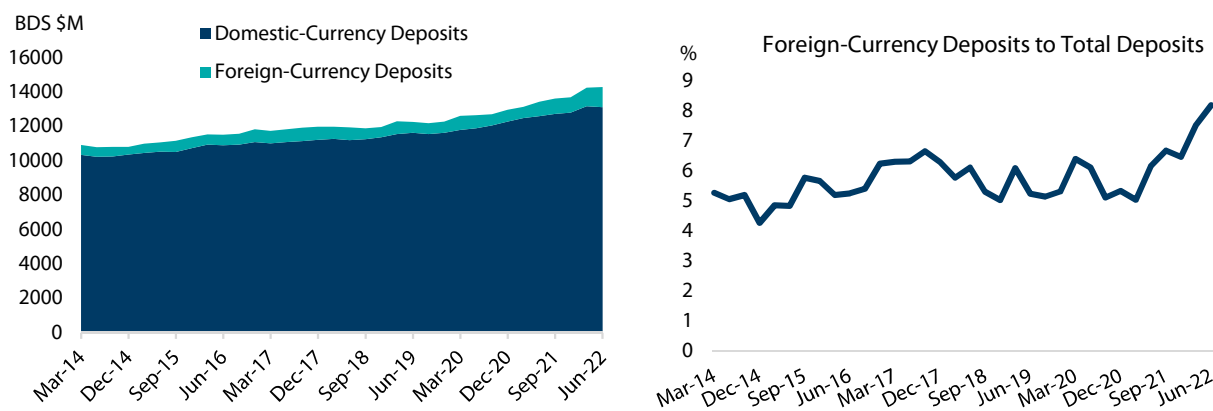
Figure 8: Credit Card Debt



Source: Central Bank of Barbados

Domestic-currency deposits grew by 2.5 percent over the first half of 2022 as savings of individuals, non-financial private sector firms, state-owned enterprises, and non-deposit taking financial corporations at banks and credit unions expanded. The growth was slower than that of the comparable period in 2021, but the loan-to-deposit ratio continued its secular decline, falling below 50 percent for the first time. Foreign-currency deposits grew by 15.5 percent, partly the result of the improved tourism activity and raising its share in total deposits to over 8 percent.

Figure 9: Deposits of the Financial System



Source: Central Bank of Barbados

Outlook

The domestic macroeconomic environment will continue to be affected by the global instability as the surge in global prices has intensified short-term growth challenges associated with the pandemic. The policy response of raised interest rates in industrialised economies has created fears of a new recession and the IMF has tempered its global growth forecast in light of this uncertainty. The continued strength of Barbados' recovery remains dependent on a sustained revival of the tourism sector and the accelerated implementation of investment projects.

Forward tourism bookings for the remainder of the year are encouraging, as travellers reschedule their COVID-19 postponed trips. The anticipated opening of the Wyndham Sam Lords property is expected to boost demand towards year-end. However, significant downside risks remain. For example, the global price pressures, the impact of monetary policy changes on advanced economies as well as summer-travel bottlenecks could dampen travel demand. Changes in relative exchange rates in Barbados' key source markets also have the potential to divert some travel away from the Caribbean while longstanding vulnerabilities associated with climate change remain.

In the circumstances, with new investment projects coming on-stream at a slower pace than anticipated and with construction costs rising, the Bank has lowered its growth forecast slightly, within the range of 9 to 10 percent, with the possibility of a stronger outturn if tourism is more favourable than currently forecast.

Given the island's import dependency, high energy and food prices are expected to continue to impact domestic prices. The U.S. Energy Information Administration projects that average WTI crude oil prices

will fall by approximately 6 percent during the second half of the year, while the Food Agriculture Organization of the United Nations predicts that food prices will remain at elevated levels throughout 2022.

A sustained rise in prices over time reduces the purchasing power of consumers, since a fixed amount of money will afford progressively less consumption. Given the erosion of purchasing power, those with less income feel it more. Lower-income consumers tend to spend a higher proportion of their income overall than those with higher incomes on necessities like food and they have less of a cushion against the loss of purchasing power inherent in inflation. This erosion of purchasing power may result in lower income earners consuming less. Reduced domestic demand creates the prospect for a fall in economic activity. This risk can be heightened where consumers in markets into which we export goods and services also reduce demand on imported goods.

Rising costs may also have a significant impact on firms. For example, construction projects can be delayed, particularly if the conditions for access to or the cost of funding change materially. Price sensitive sectors like tourism and manufacturing, if faced with higher costs of inputs and lower demand for their products for prolonged periods, may attempt to reduce operating costs through staff layoffs. A loss in employment can lead to reduced demand and growth prospects. It has potential wide-ranging implications, including for the social security scheme if the weak demand is protracted.

As prices rise, Government revenues increase in the short-run given that the bulk of revenues are generated by ad valorem taxes. This inflation dividend is likely to be offset by increased government expenditure as the Government faces rising costs of goods and services. Where interest rates on debt is floating, the interest cost on existing debt will move in line with any upward shift in rates and new borrowing could also become more expensive. The upward movement in international interest rates as countries respond to the spike in inflation will raise Barbados' interest costs by 0.2 percent of GDP for every one percentage point increase in rates.

Government has to balance its mandates to protect the most vulnerable in the society and to maintain economic stability. This is particularly relevant where there is a lack of fiscal space to engage in expansionary policies.

The Government of Barbados recently introduced a suite of measures to assist in reducing the cost of living. These measures include widening the basket of tax-exempted goods, and reducing the cost of electricity and the cost of gasoline and diesel. These measures have been complemented by a private sector initiative to lower mark-ups on a select basket of goods which often form part of the consumption of the poor and most vulnerable. This joint initiative provides relief while minimising the impact on the public finances.

The high global energy prices highlight Barbados' vulnerability to external shocks and underscores the importance of accelerating the transition to a 100 percent renewable energy economy. Simultaneously, the supply chain disruptions, together with the spiral in food prices, emphasise the urgent need to address food security challenges. Regional initiatives to increase food production and improve transportation links remain pivotal in addressing this challenge.

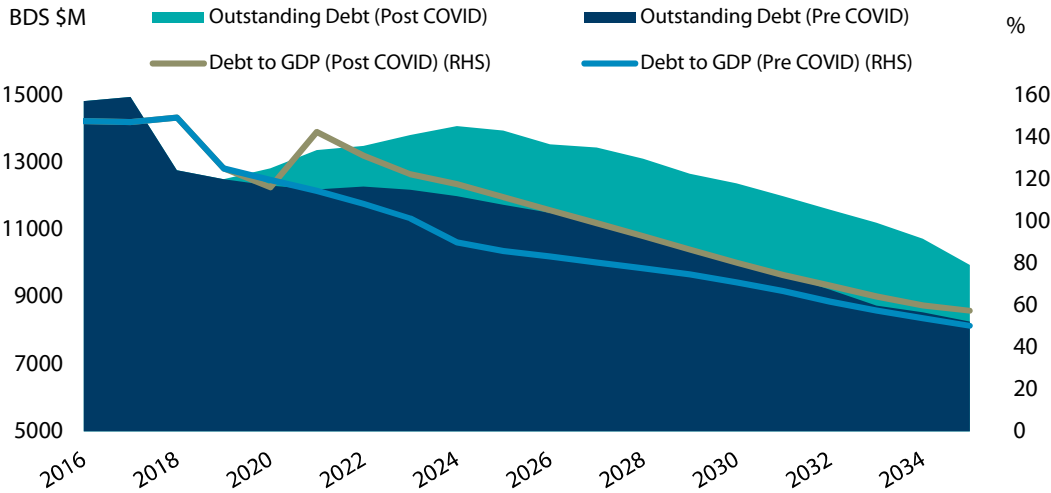
The rise in import prices could have an impact on reserves in the short term, but the reserve buffer is adequate to maintain exchange rate stability. Moreover, as tourism and commodity prices return to a

semblance of normalcy, reserves should remain adequate over the medium term. Over the past two years, multilateral financing has played an integral role in sustaining adequate international reserves levels amid turbulent global economic conditions and providing access to critical financing. With the imminent end to the EFF programme with the IMF, government is in the process of evaluating its external financing options for the medium term so as to benefit from low cost funding while pursuing its medium-term debt anchor goal.

Achieving the targeted debt ratio requires Government to tighten fiscal policy over the medium term. This goal is expected to anchor the fiscal rules to which the Barbados government is committed as a means of instilling confidence in investors and creating a pathway to sustainable growth by freeing up resources for developmental spending.

In theory, there are different paths to the target for the primary surplus and the actual path chosen will ultimately be influenced by the expected growth of the economy in nominal terms and by the degree of access to new financing. As developments occur, government may need to adjust its primary balance from time to time. The debt trajectory path requires government to engage in both domestic and external borrowing going forward, but total debt levels will fall over the medium term as repayments exceed new borrowings.

Figure 10: Debt Trajectory Pre- and Post-COVID-19



Source: Central Bank of Barbados

The complex juncture we currently face requires a collective approach to restore economic recovery and ensure sustainability over the long-term horizon. Government’s ability to achieve a debt-to-GDP ratio of 60 percent by FY 2035/36, relies on intensified efforts to promote economic growth and attain higher primary surpluses.

In order to unlock Barbados’ growth potential, strengthening the private sector is critical. Greater access to finance for businesses with the potential of export diversification and improving the ease of doing business is needed. On the public sector side, expenditure management needs to focus on the capital works programme while reforms to state owned enterprises gather momentum and ease the pressure on government finances.

Appendix 1 – Economic Indicators

	2018	2019	2020 ^(p)	2021 ^(e)	Jun 2019	Jun 2020	Jun 2021 ^(p)	Jun 2022 ^(e)
Nominal GDP (\$ Million) ¹	10,194.6	10,608.3	9,379.1	9,726.0	5,272.5	4,856.6	4,670.4	5,491.4
Real Growth (%)	(1.0)	(0.7)	(14.0)	0.5	(2.2)	(10.3)	(6.8)	10.5
Inflation (M.A.,%) ²	3.7	4.2	3.0	3.0	2.0	5.3	1.5	5.8
Unemployment (End-of-period,%)	11.6	8.9	13.6	10.9	10.1	n.a.	15.9	9.0*
Gross International Reserves (\$ Million)	999.6	1,481.0	2,660.7	3,058.8	1,204.0	2,017.2	2,749.1	3,008.5
Gross International Reserves Cover, Weeks	12.8	18.6	40.7	40.6	15.3	27.1	43.6	33.7
BoP Current Account (% of GDP)	(4.4)	(2.8)	(5.9)	(10.9)	(1.8)	(3.3)	(14.7)	(11.4)
Total Imports of Goods (% of GDP)	29.3	28.3	30.3	32.7	28.5	29.1	29.3	37.3
Travel Credits (% of GDP)	21.8	23.6	12.3	12.9	26.5	17.0	4.7	14.8
Financial Account (\$ Millions)	863.9	776.6	1,626.1	1,207.8	280.5	766.4	659.5	486.8
Gross Public Sector Debt ³ (% of GDP)	125.4	118.0	136.6	137.3	123.6	122.3	141.5	129.4
External Debt Service to Curr. Acct. Cred.	4.9	3.6	9.0	7.0	4.5	12.6	8.0	8.0
Treasury-Bill Rate	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Implicit Deposit Rate	0.1	0.1	0.0	0.0	0.1	0.1	0.0	0.0
Implicit Loan Rate	7.1	6.2	5.8	5.4	6.5	6.1	5.5	5.4
Excess Domestic Cash Ratio	16.1	18.5	22.4	26.8	17.8	20.1	26.5	30.6
Private Sector Credit Growth (%) ⁴	0.3	0.9	(1.2)	(0.7)	0.3	(0.2)	(0.3)	0.2
Private Sector Credit (% of GDP) ⁴	80.2	77.8	86.9	83.2	92.8	93.2	100.7	87.7
Domestic Currency Deposits (% of GDP) ⁴	111.5	109.6	131.0	131.7	132.9	136.7	157.1	142.2
Fiscal Year	2018/19	2019/20	2020/21	2021/22	Apr-Jun 2019	Apr-Jun 2020	Apr-Jun 2021 ^(p)	Apr-Jun 2022 ^(e)
Fiscal Balance (% of GDP)	(0.3)	3.6	(4.8)	(4.8)	1.7	0.5	0.6	1.3
Primary Balance (% of GDP)	3.5	6.0	(1.0)	(0.9)	2.4	1.7	1.2	2.2
Interest (% of GDP)	3.7	2.3	3.8	3.9	0.6	1.2	0.7	0.9
Fiscal Current Account (% of GDP)	1.6	5.4	(1.7)	(0.6)	1.9	1.0	0.8	1.4
Revenue (% of GDP)	29.2	28.0	28.4	27.7	6.8	7.3	6.3	6.6
Expenditure (% of GDP)	29.5	24.4	33.1	32.6	5.1	6.8	5.8	5.3
Non-interest Expenditure (% of GDP)	25.7	22.1	29.3	28.6	4.5	5.6	5.1	4.4
Capital Expenditure (% of GDP)	1.9	1.8	3.1	4.2	0.1	0.5	0.3	0.1
Gov't Interest Payments (% of Revenue)	12.9	8.4	13.4	14.1	9.2	16.3	10.5	13.5

^(e) – Estimate

^(p) – Provisional

¹ – Central Bank of Barbados and Barbados Statistical Service

² – Twelve Month Moving Average- Data as at May, 2022

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 2022

n.a.- Not Available

Sources: Barbados Statistical Service and Central Bank of Barbados

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

	2018	2019	2020	2021	Jun-19	Jun-20	Jun-21 ^(p)	Jun-22 ^(e)
Tradeables	1,508.6	1,533.9	831.0	774.7	784.0	501.1	304.0	568.8
Tourism	910.7	944.1	279.8	211.0	482.4	215.9	13.8	268.8
Agriculture	121.0	115.5	108.9	103.9	57.7	57.5	50.8	52.7
Sugar	6.0	3.1	3.7	3.7	3.1	3.7	3.7	4.1
Non-Sugar Agriculture	115.0	112.4	105.3	100.3	54.6	53.8	47.1	48.6
Manufacturing	476.9	474.3	442.2	459.8	243.9	227.7	239.4	247.3
of which:								
<i>Rum & Other Beverages</i>	110.8	93.9	93.0	95.5	18.5	18.5	18.9	20.8
<i>Food</i>	112.3	111.7	95.1	103.1	30.3	21.8	24.4	26.1
<i>Furniture</i>	13.5	13.2	12.6	13.4	3.2	2.7	3.2	3.2
<i>Chemicals</i>	25.0	23.8	24.4	24.1	6.6	7.1	6.9	7.5
<i>Electronics</i>	42.7	44.3	42.5	41.4	8.5	11.0	15.4	0.2
<i>Other Manufacturing</i>	172.6	187.4	174.6	182.2	176.8	166.5	170.6	189.4
Non-tradeables	6,517.1	6,436.1	6,023.2	6,115.2	3,172.6	3,048.1	3,004.5	3,086.4
Mining & Quarrying	42.2	49.4	56.6	58.1	21.7	29.4	30.4	30.3
Electricity, Gas & Water	214.1	213.5	203.5	207.8	104.5	98.3	97.1	102.3
Construction	461.6	452.3	457.2	444.6	221.3	230.4	213.8	213.8
Distribution	1,181.5	1,196.8	987.9	1,010.4	606.8	525.2	508.2	530.5
Transport, etc	1,027.7	1,011.5	910.4	936.3	505.6	464.6	464.9	475.3
Finance and Other Services	2,748.3	2,721.4	2,594.0	2,633.2	1,330.6	1,297.2	1,282.5	1,324.3
Government	841.8	791.0	813.5	824.8	382.2	402.9	407.6	409.8
Total	8,025.8	7,970.0	6,854.2	6,889.9	3,956.5	3,549.2	3,308.5	3,655.2
Nominal GDP	10,194.6	10,608.3	9,379.1	9,726.0	5,272.5	4,856.6	4,670.4	5,491.4
Real Growth Rates	(1.0)	(0.7)	(14.0)	0.5	(2.2)	(10.3)	(6.8)	10.5
Tradeables	1.4	1.7	(45.8)	(6.8)	2.1	(36.1)	(39.3)	87.1
Non-tradeables	(1.5)	(1.2)	(6.4)	1.5	(3.2)	(3.9)	(1.4)	2.7

^(p) – Provisional

^(e) - Estimate

¹ - BSS' 2010 Base Year Series

Sources: Barbados Statistical Service (2016-2020) and Central Bank of Barbados (2021)

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

	2018 ^(p)	2019 ^(e)	2020 ^(p)	2021 ^(e)	Jun 2019	Jun 2020	Jun 2021 ^(p)	Jun 2022 ^(e)
Current Account	(447.4)	(293.7)	(555.2)	(1,057.0)	(94.3)	(161.2)	(687.7)	(624.8)
Inflows	4,860.9	5,159.9	3,525.6	3,686.7	2,675.6	2,127.7	1,358.8	2,255.6
Travel	2,236.5	2,500.0	1,154.8	1,254.9	1,396.3	823.5	217.4	813.0
Other Services	444.7	458.5	397.4	441.1	178.7	173.0	157.0	179.9
Domestic Exports	510.2	507.4	449.4	444.3	265.2	219.9	220.5	247.0
Rum	79.8	76.8	75.9	84.5	42.1	34.7	42.6	40.9
Food	65.3	66.4	61.3	66.9	31.5	32.1	30.5	38.4
Sugar	0.4	0.6	0.9	1.8	0.1	0.2	0.3	1.2
Chemicals	80.3	77.8	84.7	68.6	41.6	38.5	30.0	33.9
Printed Paper Labels	26.6	15.3	23.5	25.6	11.8	9.8	12.8	13.0
Construction Materials	51.7	59.1	38.2	35.9	31.5	20.4	19.0	19.9
Other	206.1	211.4	164.9	161.0	106.6	84.2	85.3	99.6
Re-exported Goods	385.7	380.8	241.0	237.7	214.2	154.2	100.2	259.6
Net Export of Goods under Merchanting	633.8	637.6	547.6	612.1	318.8	311.8	296.4	313.0
Income	543.0	565.4	338.7	412.4	263.6	205.5	209.2	232.9
Transfers	107.0	110.1	396.6	284.4	38.8	239.8	158.0	210.2
Outflows	5,308.2	5,453.5	4,080.8	4,743.8	2,769.9	2,288.9	2,046.5	2,880.5
Total Imports of Goods	2,997.7	3,003.7	2,843.9	3,177.4	1,505.0	1,412.1	1,370.4	2,048.4
Fuel Imports	712.2	728.0	510.6	685.8	384.6	297.7	255.9	634.3
Food and Beverages	635.2	657.0	613.3	653.6	335.3	311.9	290.5	385.1
Construction Materials	125.5	138.0	128.8	176.1	65.3	60.3	69.4	128.8
Other Merchandise Imports	1,524.8	1,480.7	1,591.2	1,661.9	719.8	742.2	754.7	900.1
Services	1,073.9	1,148.9	553.3	743.3	596.6	409.3	333.4	378.5
Income	1,042.6	1,099.2	473.7	604.8	556.1	350.9	221.4	319.1
General Government	183.2	150.0	139.3	128.1	119.0	71.2	33.6	69.6
Other Sectors	859.5	949.1	334.3	476.8	437.1	279.7	187.8	249.5
Transfers	194.0	201.7	209.8	218.2	112.2	116.7	121.4	134.6
	-	-	-	-	-	-	-	-
Capital Account	50.9	(5.3)	(4.5)	(5.2)	(3.9)	(3.3)	(3.5)	(3.5)
Financial Account	863.9	776.6	1,626.1	1,207.8	280.5	766.4	659.5	486.8
Net Foreign Direct Investment	464.8	375.3	509.2	417.8	227.7	214.3	196.0	268.9
All Other Investment Flows	399.1	401.2	1,116.9	790.0	52.8	552.0	463.5	217.9
Net Long-term Public	427.3	371.7	942.3	734.8	130.5	390.2	165.1	(48.2)
Net Long-term Private	(3.8)	113.0	251.3	99.5	(32.8)	183.6	325.3	274.5
Net Short-term	(24.4)	(83.5)	(76.7)	(44.3)	(44.8)	(21.7)	(27.0)	(8.5)
Net Errors & Omissions	120.8	3.6	113.3	252.5	22.1	(65.6)	120.1	91.1
Overall Balance	588.3	481.4	1,179.7	398.2	204.4	536.3	88.4	(50.4)
Change in GIR: - increase/+ decrease	(588.3)	(481.4)	(1,179.7)	(398.2)	(204.4)	(536.3)	(88.4)	50.4

^(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 ^(p)	Apr-Jun 2019	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2022 ^(p)
Total Revenue	2,993.6	2,984.2	2,563.3	2,823.8	728.8	657.7	643.6	771.8
Tax Revenue	2,812.4	2,771.2	2,387.8	2,646.1	690.2	637.8	612.3	727.5
i) Direct Taxes	1,126.9	1,084.7	1,202.9	1,148.2	303.0	392.4	298.3	337.4
Personal	482.1	454.7	308.1	385.0	153.3	98.7	107.5	117.7
Corporate	355.5	309.0	612.9	450.5	79.9	269.3	147.7	162.7
Pandemic Levy (Individuals)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.4
Pandemic Levy (Corporations)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property	161.3	214.7	181.6	205.2	41.0	6.0	21.0	21.2
Financial Institutions Asset Tax	44.6	47.4	45.6	46.2	9.5	11.0	12.0	14.3
Other	83.4	58.9	54.7	61.4	19.4	7.4	10.1	19.1
ii) Indirect Taxes	1,685.6	1,686.5	1,185.0	1,497.9	387.2	245.4	314.0	390.1
Stamp	10.9	11.4	7.6	13.4	3.1	0.9	2.0	3.8
VAT	940.9	966.9	706.3	884.6	229.7	152.9	181.8	260.8
Excises	271.2	250.9	154.1	212.3	51.2	22.6	45.7	22.8
Import Duties	213.8	231.6	191.9	220.6	55.8	37.9	49.6	56.4
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	0.0	0.0	0.0	0.0
Other of which:	199.4	225.6	124.9	167.0	47.3	31.1	35.0	46.3
Fuel Tax	68.6	82.1	63.8	70.2	14.7	9.1	14.9	3.0
Room Rate/Shared Accommodation	10.1	28.1	9.5	25.2	6.1	2.8	1.7	12.0
Non- Tax Revenue & Grants	181.2	213.0	175.4	177.8	38.6	19.9	31.2	44.3
Non- Tax Revenue of which:	161.5	201.3	169.5	159.7	35.5	19.9	31.2	39.9
Foreign Exchange Fee	74.5	79.4	65.2	78.7	20.4	13.6	17.4	22.0
Grants	0.1	11.8	0.0	5.7	3.2	0.0	0.0	0.0
Post Office - Revenue	19.6	0.0	5.9	12.3	0.0	0.0	0.0	4.4
Current Expenditure	2,826.4	2,407.9	2,716.8	2,889.2	529.3	570.7	558.0	607.6
Wages & Salaries	811.9	807.4	808.0	834.8	197.9	197.9	202.2	207.2
Goods & Services	356.3	375.5	399.8	493.2	62.5	65.2	51.5	95.9
Interest	384.9	249.7	342.6	398.9	67.1	107.5	67.6	104.3
External	48.0	62.7	144.1	132.4	20.4	59.9	17.6	20.4
Domestic	336.9	187.0	198.5	266.5	46.7	47.6	50.0	83.8
Transfers & Subsidies	1,273.3	975.3	1,166.3	1,162.3	201.8	200.0	236.7	200.2
Grants to Individuals	362.8	389.2	423.7	454.2	73.4	81.7	95.2	100.0
Grants to Public Institutions	814.8	517.6	657.3	631.8	108.5	107.9	121.5	88.4
Subsidies	51.8	31.8	49.7	33.6	12.5	4.4	4.0	4.7
Subscriptions & Contributions	25.7	20.3	20.3	21.9	4.4	3.5	12.1	5.5
Non-Profit Agencies	18.3	16.4	15.3	20.7	3.0	2.4	3.8	1.6
Capital Expenditure & Net Lending	197.8	191.8	276.1	425.2	13.4	43.1	27.8	13.1
Capital Expenditure	184.9	185.1	278.3	421.6	11.6	43.6	28.4	12.6
Net Lending	12.9	6.7	-2.2	3.6	1.8	-0.5	-0.6	0.5
Fiscal Balance	(30.5)	384.5	(429.6)	(490.6)	186.1	44.0	57.8	151.2
Primary Balance	354.3	634.2	(87.0)	(91.6)	253.2	151.5	125.4	255.5
Fiscal Balance to GDP (%)	(0.3)	3.6	(4.8)	(4.8)	1.7	0.5	0.6	1.3

^(p) Provisional

^(e) Estimate

Source: Ministry of Finance

Appendix 5 - Government Financing (BDS\$ Millions)

	2018/19	2019/20	2020/21	2021/22	Apr-Jun 2019	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2022 ^(p)
Fiscal Balance	(30.5)	384.5	(429.6)	(490.6)	186.1	44.0	57.8	151.2
Arrears Payments	(10.0)	(208.3)	(61.9)	(41.1)	(24.5)	(61.9)	(29.9)	(20.9)
Financing	40.5	(176.2)	491.5	531.7	(161.6)	17.9	(27.9)	(130.3)
Domestic Financing (Net)	(274.9)	(275.0)	(344.7)	101.0	(133.1)	(289.9)	(237.4)	(118.6)
Central Bank	(166.4)	164.7	(66.6)	331.6	99.3	(212.2)	(10.3)	101.9
Commercial Banks	82.8	(86.3)	106.6	(24.5)	10.5	33.1	(20.9)	4.3
National Insurance Board	8.9	(85.2)	(207.9)	15.3	(21.3)	(21.3)	(0.7)	(0.7)
Private Non-Bank	(119.6)	(217.7)	(34.9)	(47.1)	0.8	(20.2)	(28.0)	(38.8)
Other	(80.5)	(50.5)	(141.9)	(174.3)	(222.4)	(69.3)	(177.5)	(185.4)
Foreign Financing (Net)	315.4	98.8	836.2	430.7	(28.5)	307.8	209.4	(11.7)
Capital Markets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Funds	57.1	64.2	55.8	97.3	3.9	1.2	2.5	7.0
Policy Loans	350.0	150.0	968.1	496.6	0.0	341.3	249.1	46.1
Amortisation	(91.7)	(115.4)	(187.7)	(163.3)	(32.4)	(34.6)	(42.2)	(64.8)

^(p) Provisional

^(e) Estimate

Source: Central Bank of Barbados

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

	2018	2019	2020	2021	Jun 2019	Jun 2020	Jun 2021	Jun 2022 ^(p)
Gross Central Government Debt¹	12,754.5	12,426.4	12,761.2	13,310.7	12,726.7	12,395.1	12,959.2	13,595.7
Domestic Debt	9,555.6	9,336.3	8,786.7	8,826.2	9,483.2	8,999.6	8,784.0	9,070.3
Central Bank ²	703.8	814.1	757.0	811.5	734.4	715.3	794.8	941.0
Commercial Banks	2,340.2	2,355.2	2,340.4	2,343.7	2,333.1	2,347.7	2,334.8	2,348.1
National Insurance	2,938.4	2,880.0	2,690.6	2,666.1	2,922.5	2,837.4	2,649.5	2,664.7
Insurance Companies	1,114.6	807.5	816.3	828.6	1,193.7	815.7	817.2	811.0
Other	2,150.3	2,312.9	2,140.9	2,142.1	2,020.1	2,189.4	2,128.0	2,076.3
Domestic Arrears	308.2	166.7	41.4	34.3	279.4	94.1	59.7	229.3
External Debt	3,198.9	3,090.0	3,974.5	4,484.4	3,243.5	3,395.5	4,175.2	4,525.4
International Financial Institutions	1,379.5	1,445.5	2,407.8	2,905.1	1,283.3	1,763.0	2,615.6	2,896.9
Bonds	1,142.8	1,126.2	1,067.3	1,062.3	1,135.7	1,127.3	1,062.3	1,062.2
PPP	237.0	228.8	255.0	225.7	228.8	269.5	240.5	211.1
Bilateral	211.5	222.6	244.4	291.3	197.3	235.8	256.8	355.0
External Arrears	228.1	67.0	-	-	398.4	-	-	-
Other Public Sector Debt	94.3	72.3	53.5	47.5	98.1	56.5	50.5	42.5
Foreign Debt	94.3	66.4	53.5	47.5	91.4	56.5	50.5	42.5
Other Public Sector Arrears	-	6.0	-	-	6.7	-	-	-
Gross Public Sector Debt³	12,848.9	12,498.7	12,814.7	13,358.2	12,824.8	12,451.6	13,009.6	13,638.2
Central Government Financial Assets	795.0	739.6	912.3	517.6	583.8	674.8	553.3	255.3
Central Bank	389.4	311.4	801.9	389.4	254.5	482.3	426.3	98.8
Commercial Banks	174.6	248.4	95.5	112.0	139.7	177.6	112.1	125.8
Sinking Funds	231.0	179.7	14.9	16.2	189.6	14.9	14.9	30.7
Other Public Sector Financial Assets	221.6	392.6	426.0	473.8	246.4	400.6	496.4	497.5
Public Corporations' Deposits	221.6	392.6	426.0	473.8	246.4	400.6	496.4	497.5
Gross Public Sector Debt/GDP (%)	125.4	118.0	136.6	137.3	123.6	122.3	141.5	129.4
Gross Central Government Debt/GDP (%)	124.5	117.3	136.1	136.9	122.6	121.8	141.0	129.0
External Debt/GDP (%)	33.4	29.8	42.4	46.1	32.1	33.4	45.4	42.9
Net Central Government ⁴ /GDP (%)	116.7	110.3	126.3	131.5	117.0	115.1	135.0	126.6

^(p) Provisional

^(e) Estimate

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

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

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

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

Sources: Accountant General, 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	Jun 2019	Jun 2020	Jun 2021	Jun 22 ^(P)
Monetary Authorities								
Net International Reserves	832.5	1130.8	2195.0	2594.6	941.5	1554.6	2278.4	2546.7
Monetary base	2659.0	2938.8	3551.8	4132.8	2845.0	3210.2	4063.8	4599.7
Net Domestic Assets	1788.8	1761.6	1296.2	1479.0	1860.7	1598.1	1720.2	1996.7
Deposit-taking Institutions¹								
Credit to Public Sector								
Central Government (net)	1896.4	1886.7	2056.5	2100.1	1931.5	1964.8	2063.7	2100.8
Rest of the Public Sector	107.9	65.0	85.3	144.5	110.4	43.1	82.4	141.3
Credit to Rest of Financial System	274.5	255.7	262.8	246.3	265.1	261.3	252.5	238.7
Credit to the Non-Financial Private Sector	8179.1	8254.4	8153.7	8096.8	8121.3	8105.4	8077.8	8094.1
Total Deposits	11967.1	12284.6	12976.2	13697.0	12269.2	12660.6	13430.6	14299.7
Transferable Deposits ⁴	9844.5	10394.3	11178.9	11855.8	10197.0	10858.5	11593.1	12505.5
Non-Transferable Deposits	2122.6	1890.3	1797.3	1841.1	2072.2	1802.1	1837.4	1794.3
Memo Items								
Domestic Currency Deposits	11365.1	10337.2	12283.2	12809.9	11625.2	11886.0	12601.3	13127.0
Foreign Currency Deposits	602.0	576.2	693.0	887.0	643.9	774.7	829.3	1172.7
Banking System Financial Stability Indicators⁵								
Capital Adequacy Ratio (CAR)	13.8	13.5	16.0	16.8	12.6	14.9	16.1	17.7
Loan to Deposit Ratio	63.0	61.7	57.1	53.0	60.7	58.0	53.9	49.8
Liquid Assets to Total Assets	21.4	23.1	25.2	28.4	23.8	24.8	29.2	30.6
Non-Performing Loans Ratio	7.4	6.6	7.3	7.4	7.1	6.8	8.1	7.0
Provisions to Non-Performing Loans	67.3	59.4	62.0	59.6	56.4	69.1	58.6	58.7
Return on Average Assets (12-month)	(0.2)	0.6	0.8	1.1	(1.1)	0.9	1.1	1.2

^{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