



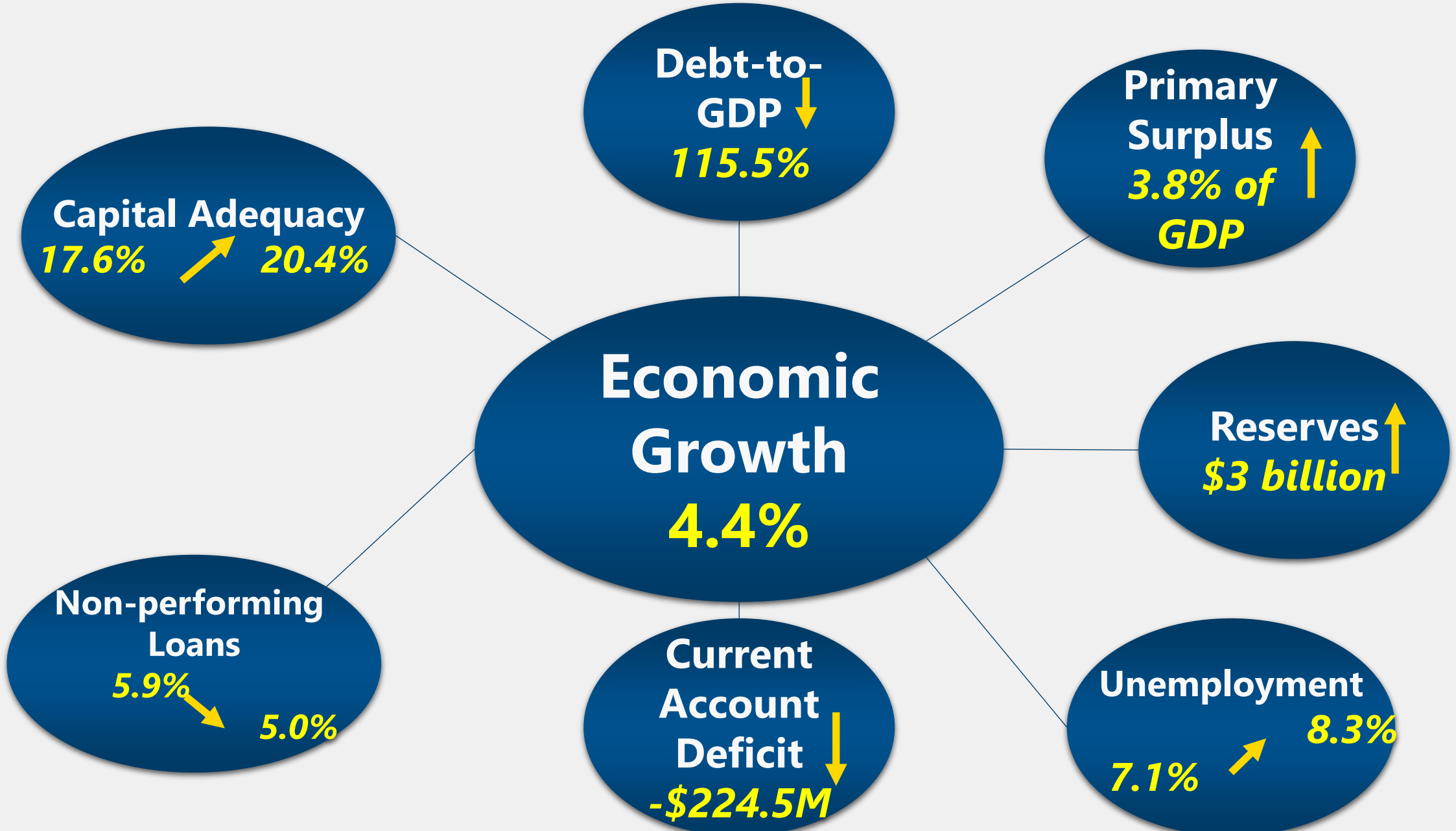
BARBADOS' ECONOMIC REVIEW





OVERVIEW OF THE ECONOMY

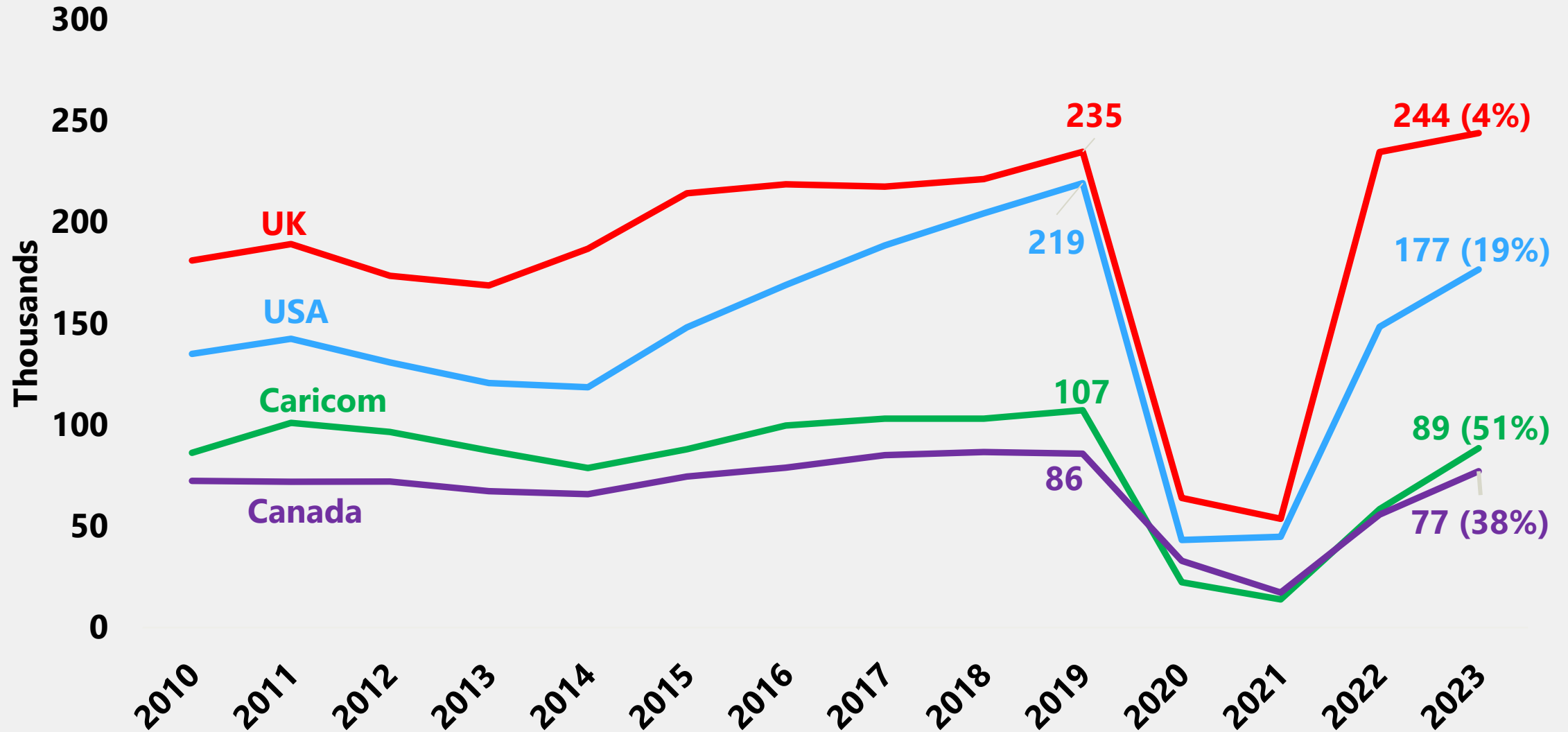
Economic growth continued, strengthening resilience.



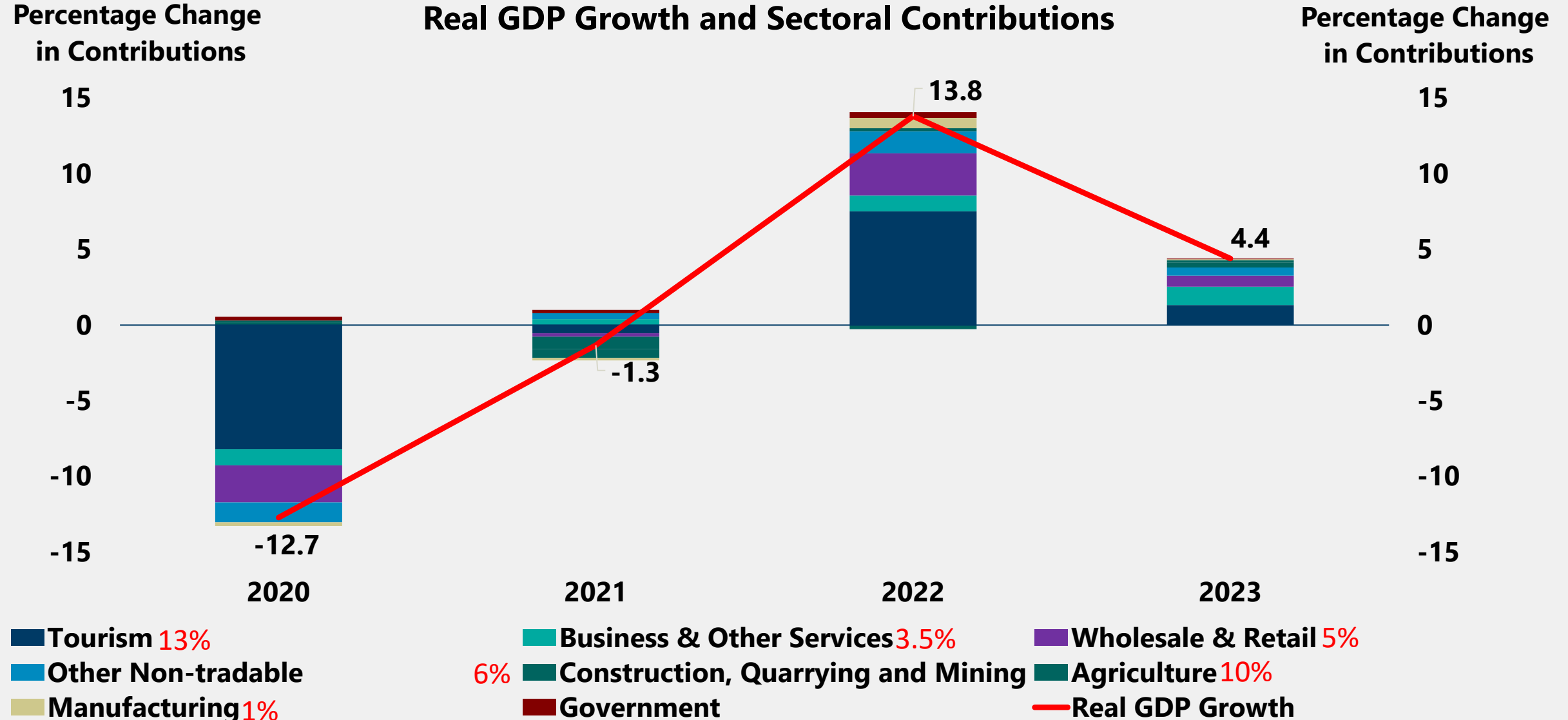
Led by continued strong performance for tourism

With Arrivals 18% up year-on-year growth

January - December



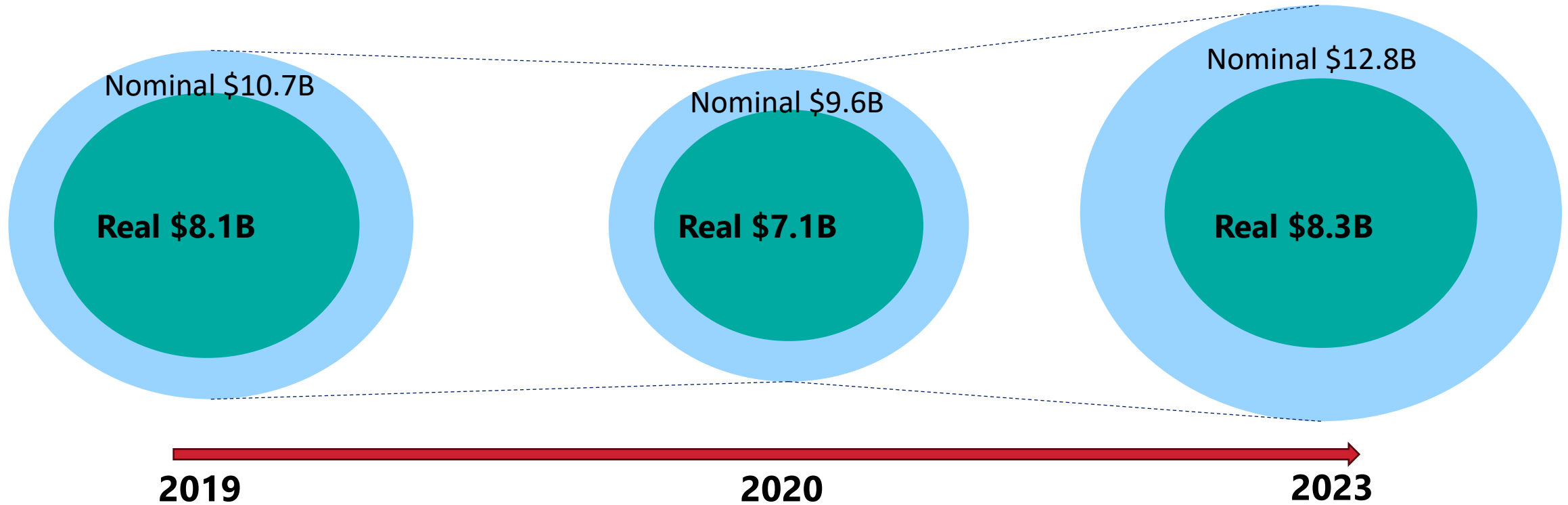
All sectors contributed to the economic expansion.



11 quarters of real GDP growth

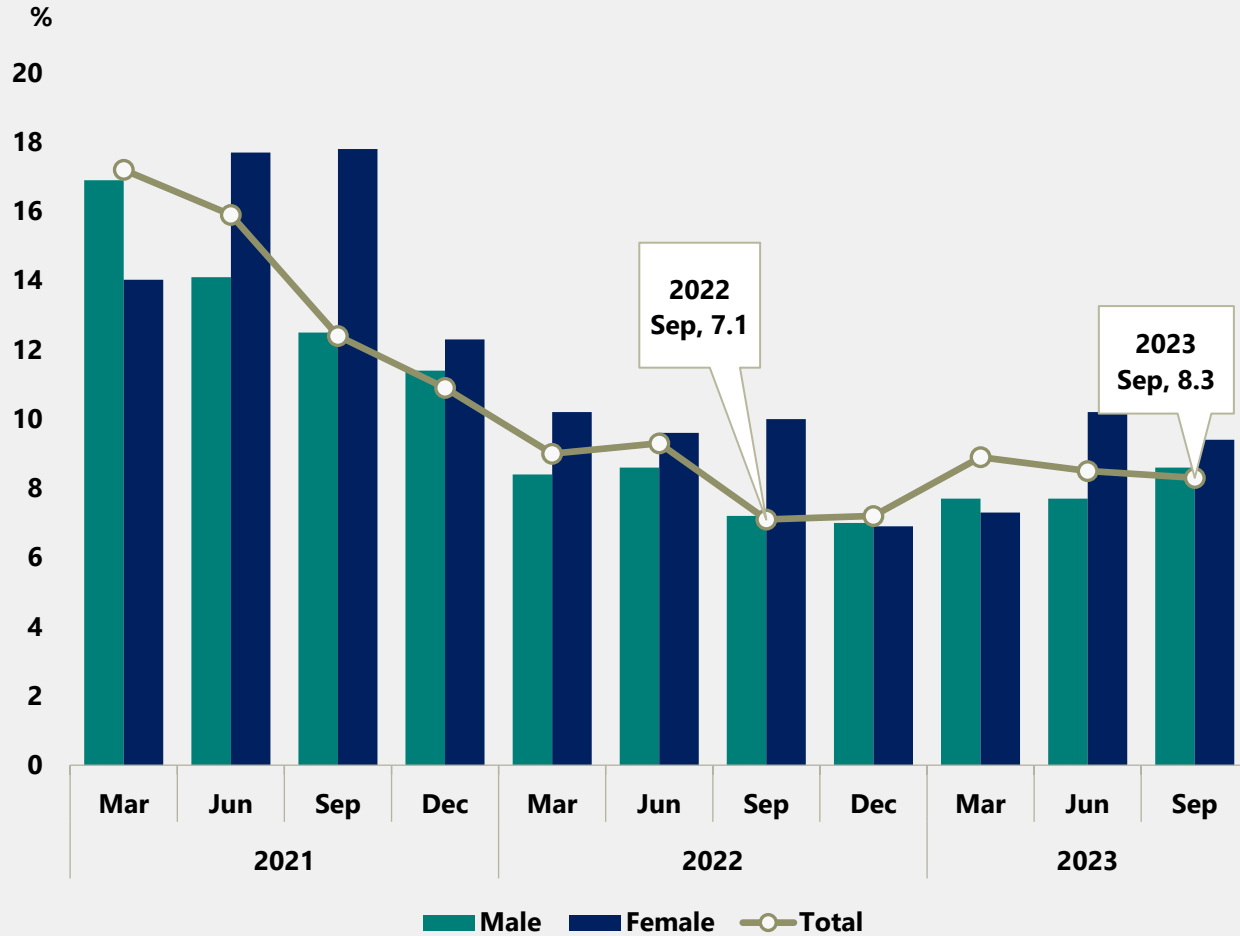
Size of the Economy

GDP in both Real & Nominal Terms

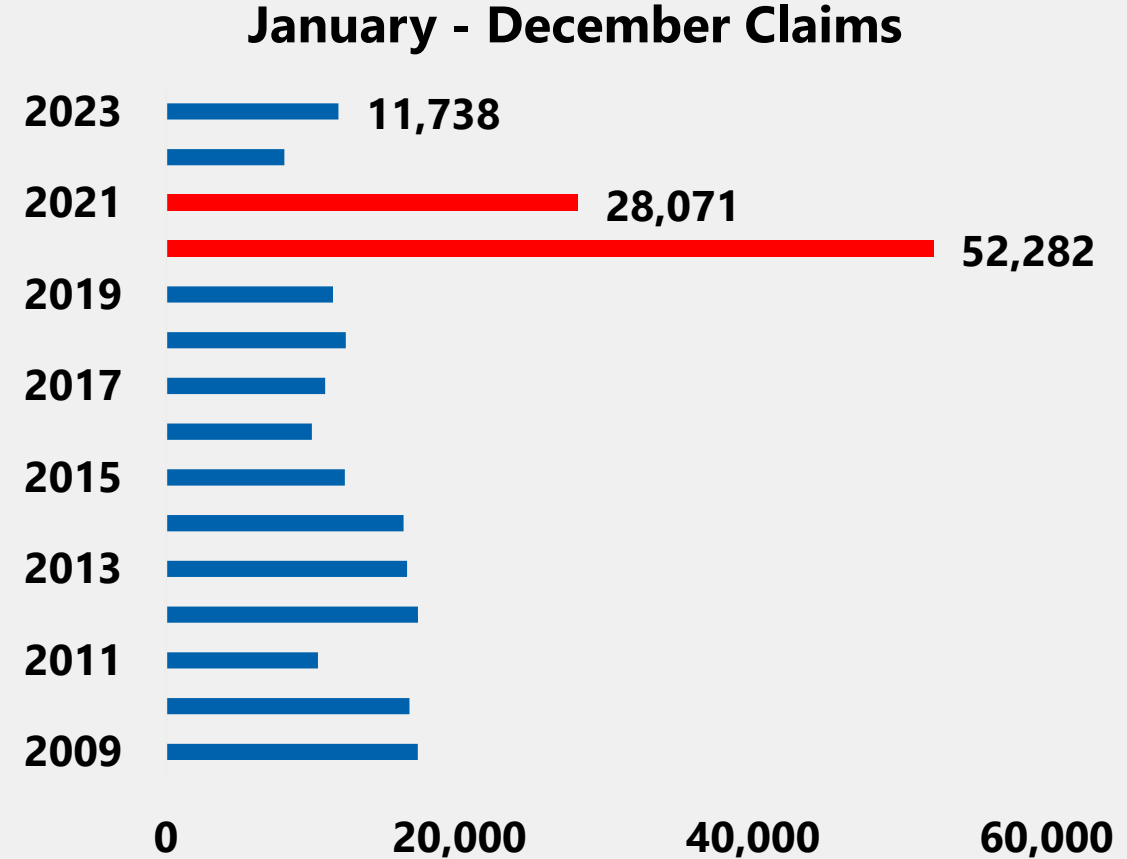


Labour market conditions remained stable.

The unemployment rate increased slightly.

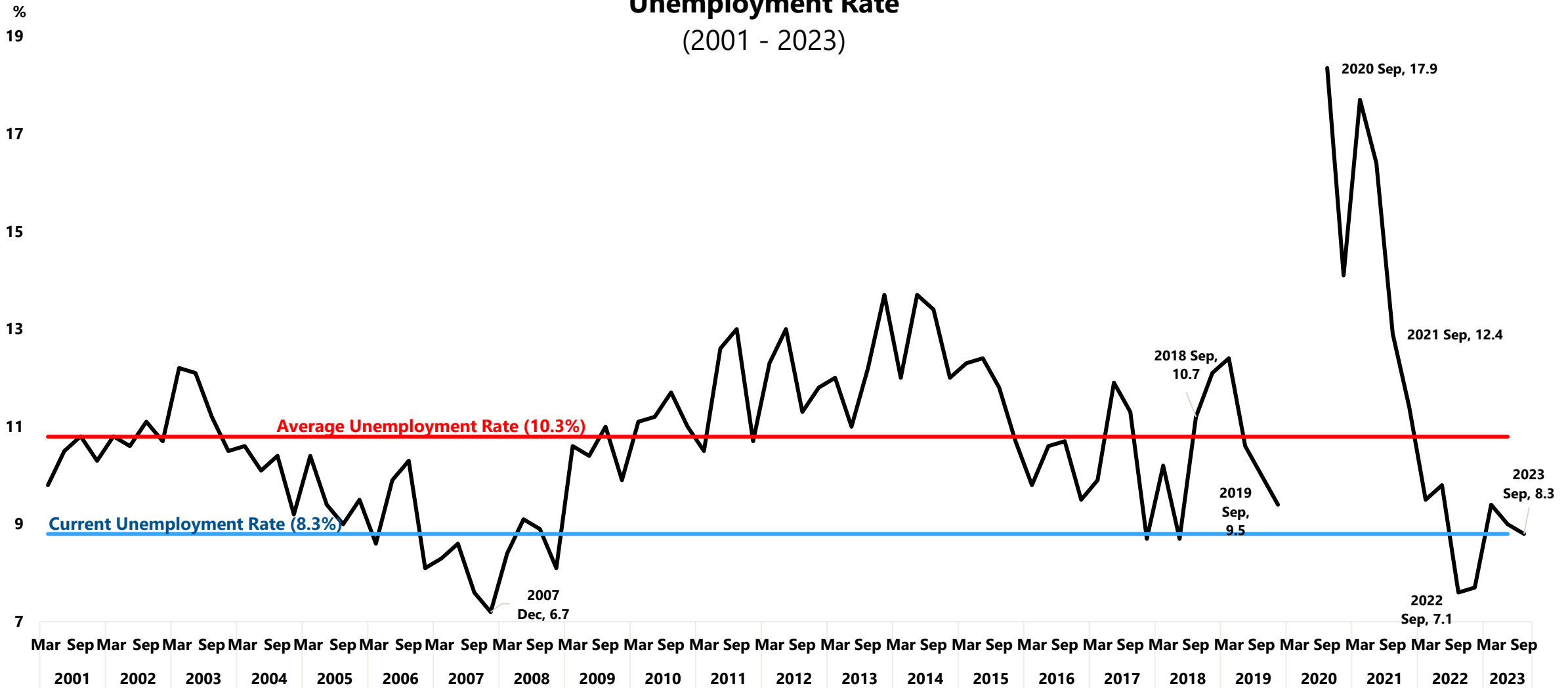


Number of unemployment claims edged up slightly but still below pre-pandemic levels.



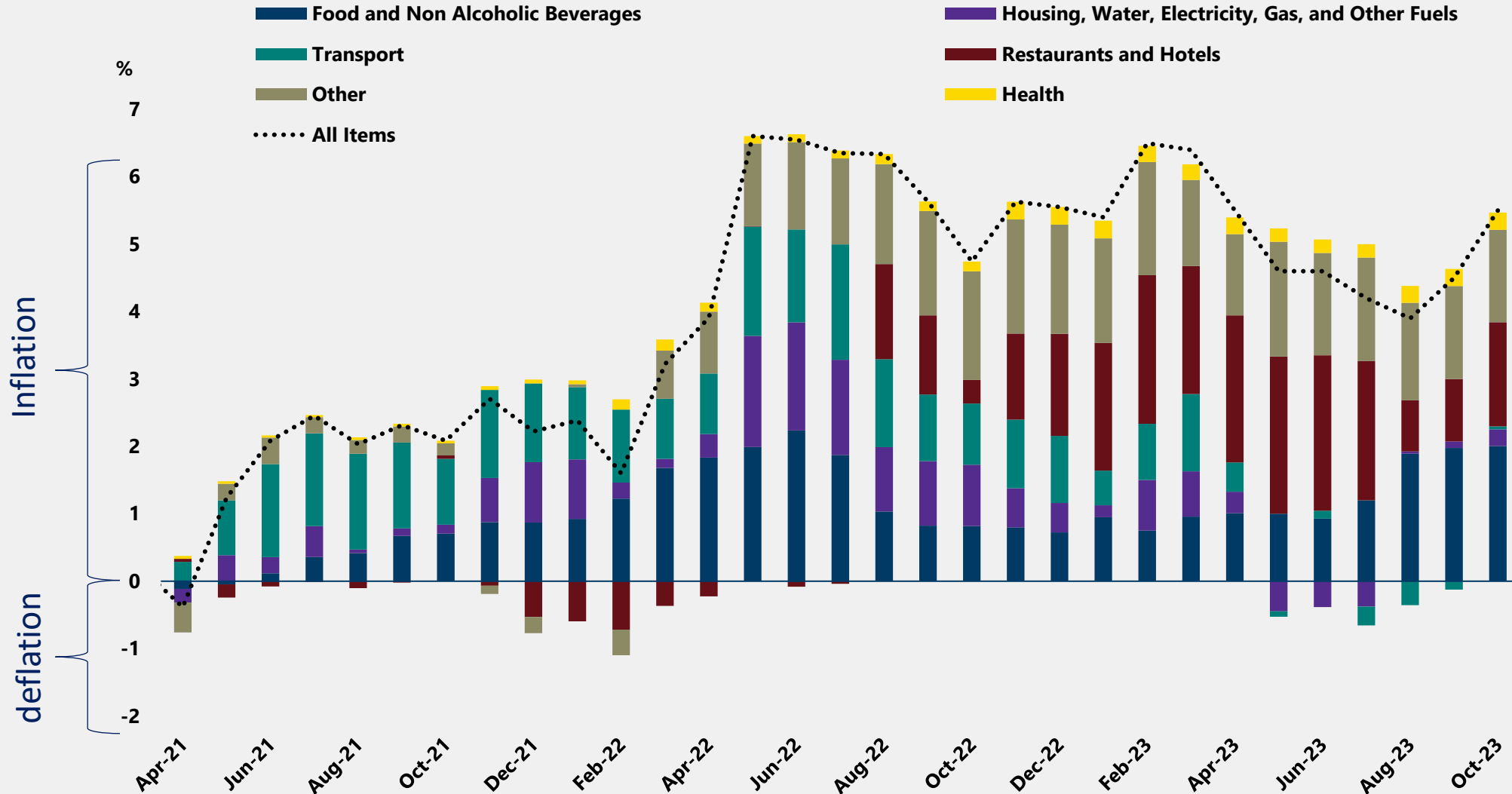
The unemployment rate remains below the historical average.

Unemployment Rate
(2001 - 2023)



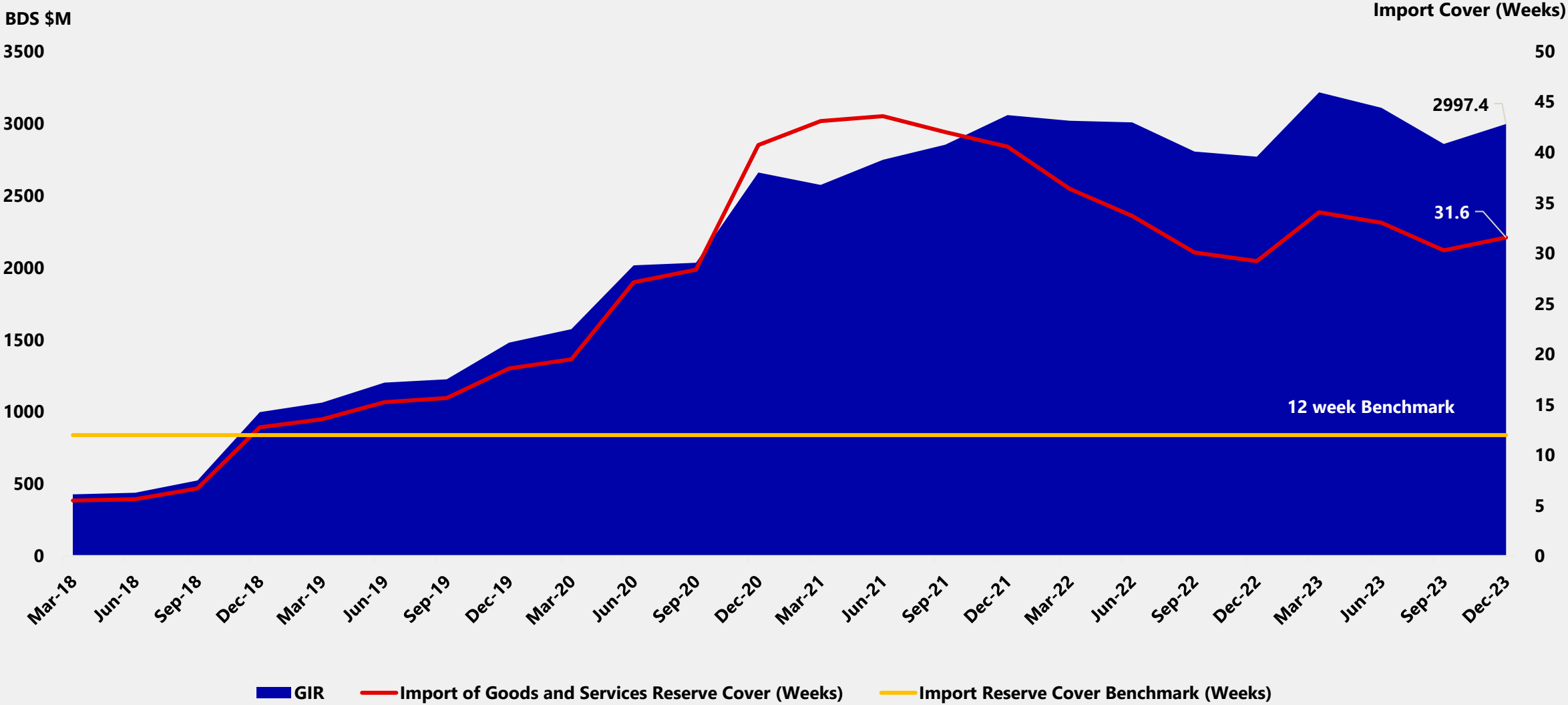
Inflation edged up slightly, primarily due to local factors.

- 1) adverse weather conditions impacting supply of certain crops,
- 2) higher demand for dining, alcoholic beverages, clothing, and household furnishings.

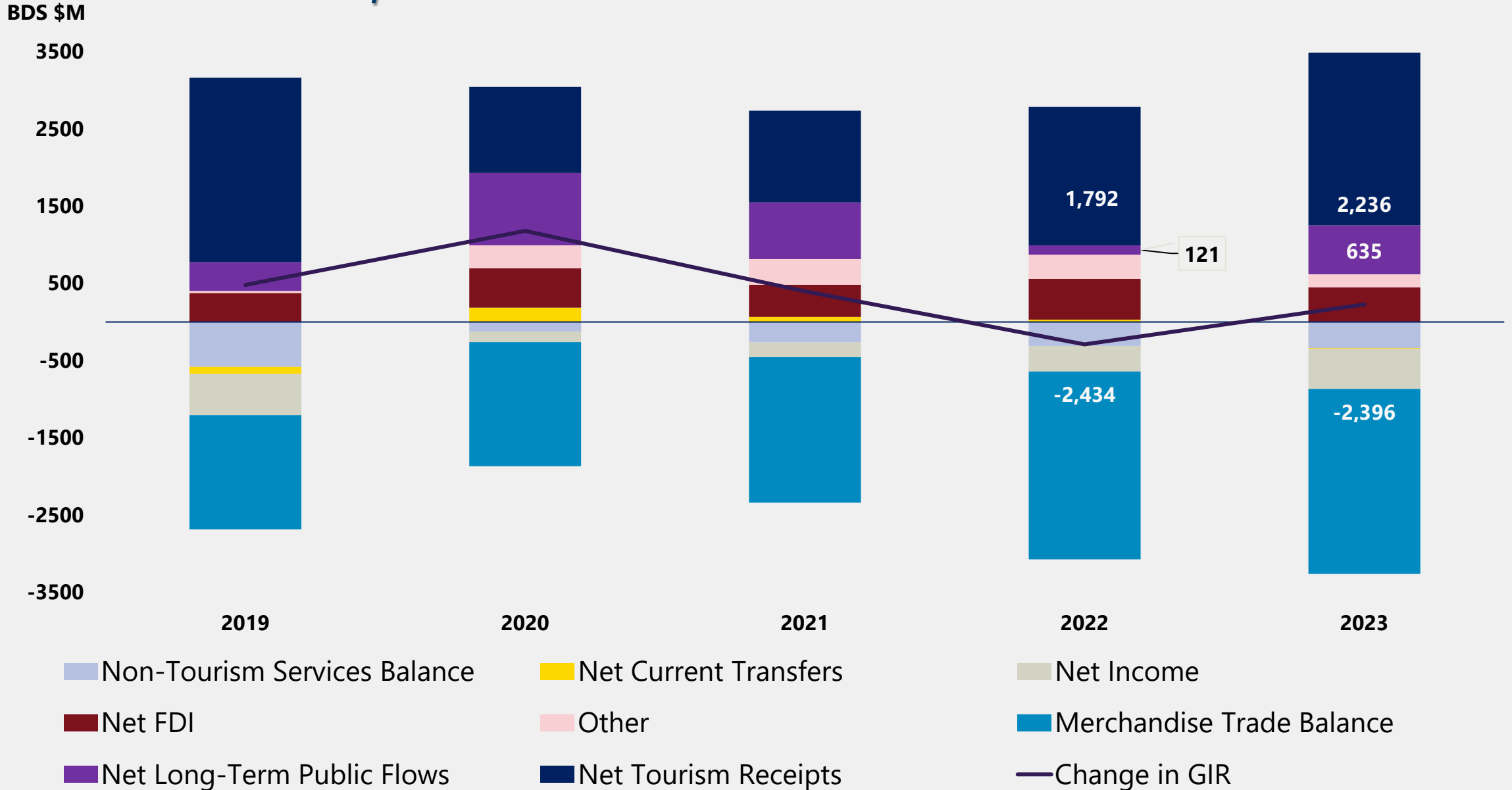


Foreign reserves remain high

31.6 weeks of import cover!

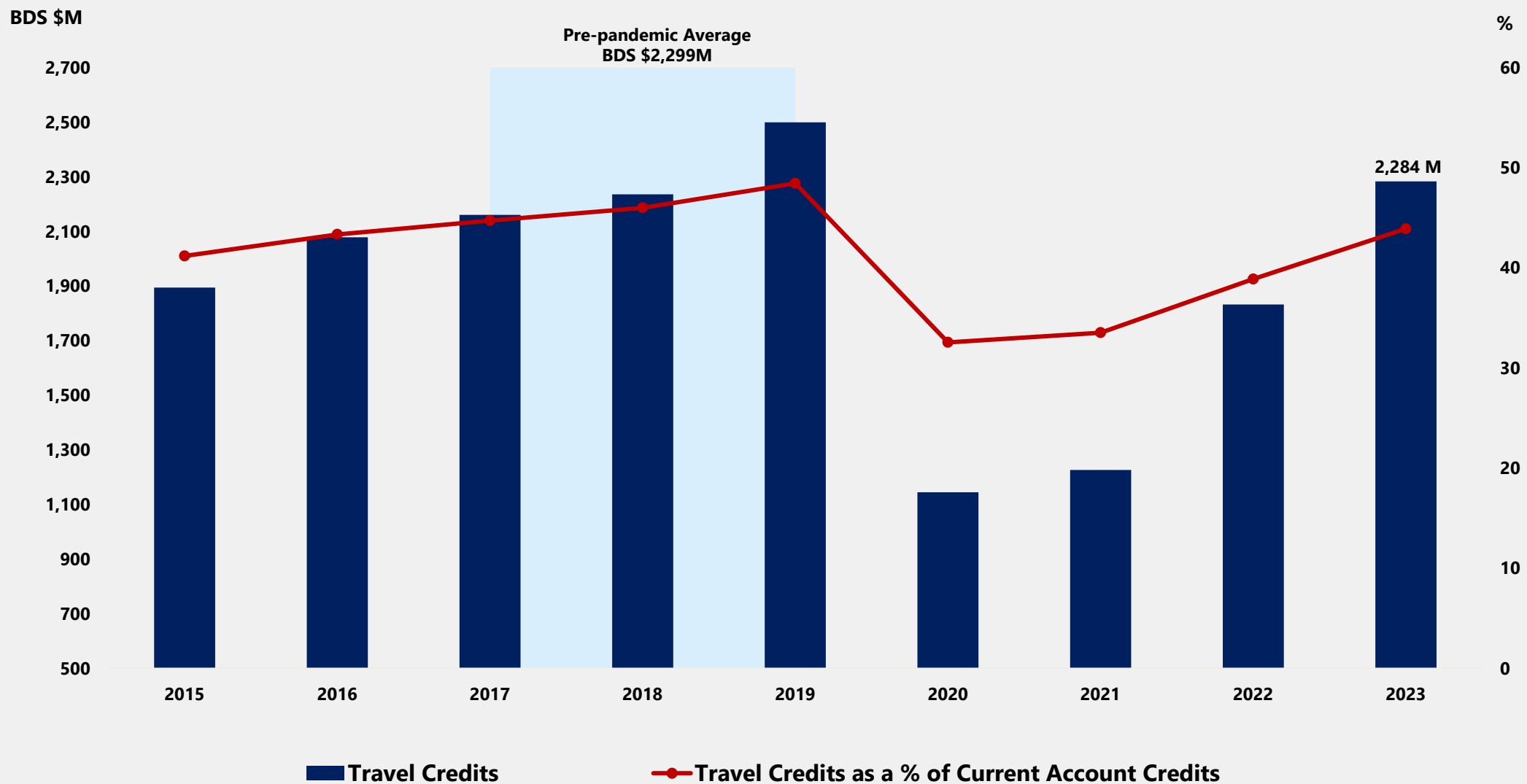


Increased tourism earnings and policy support from multilateral development banks drove the reserves accumulation



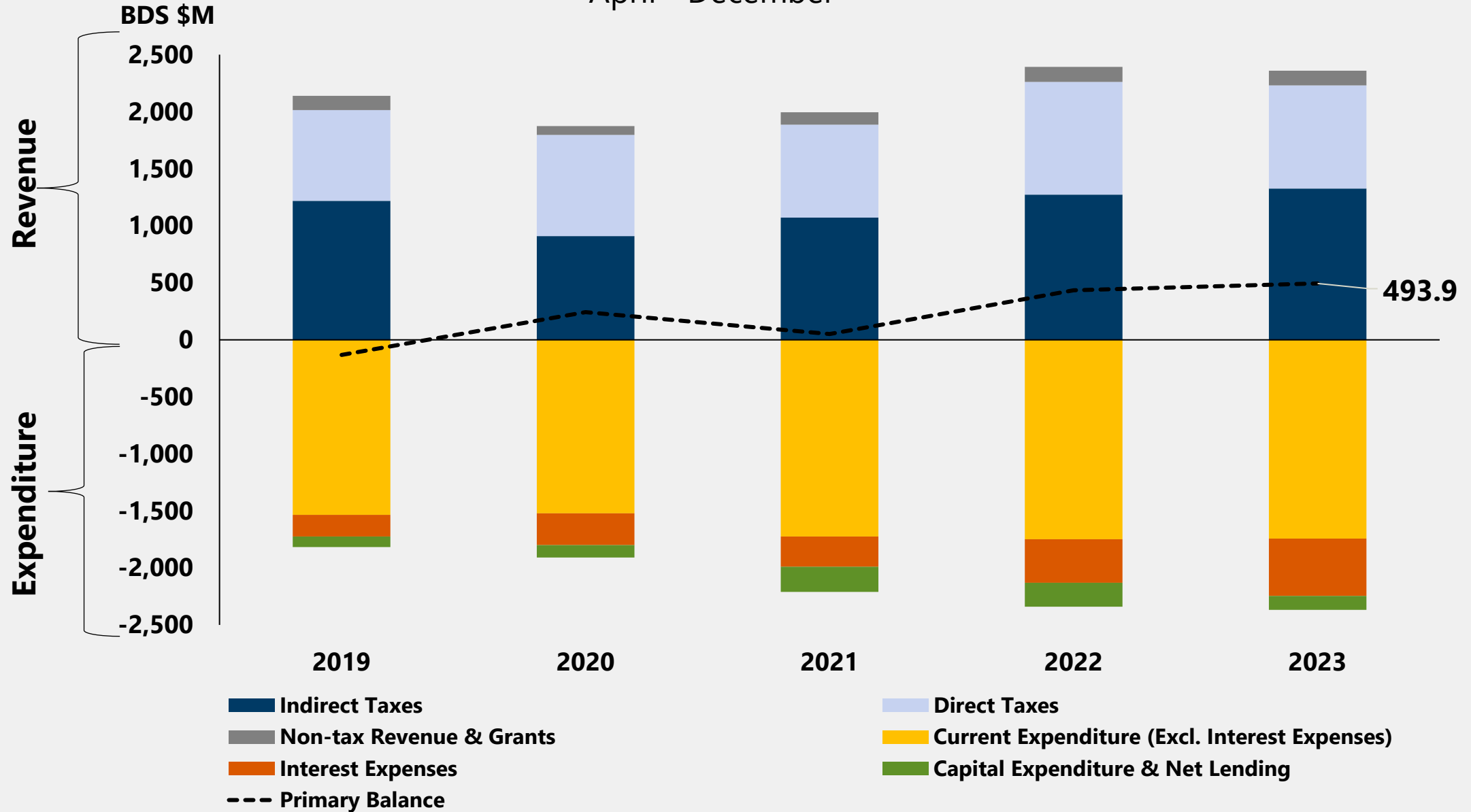
Tourism receipts continued to be the main foreign exchange earner.

Travel Credits and its Proportion of Total Credits

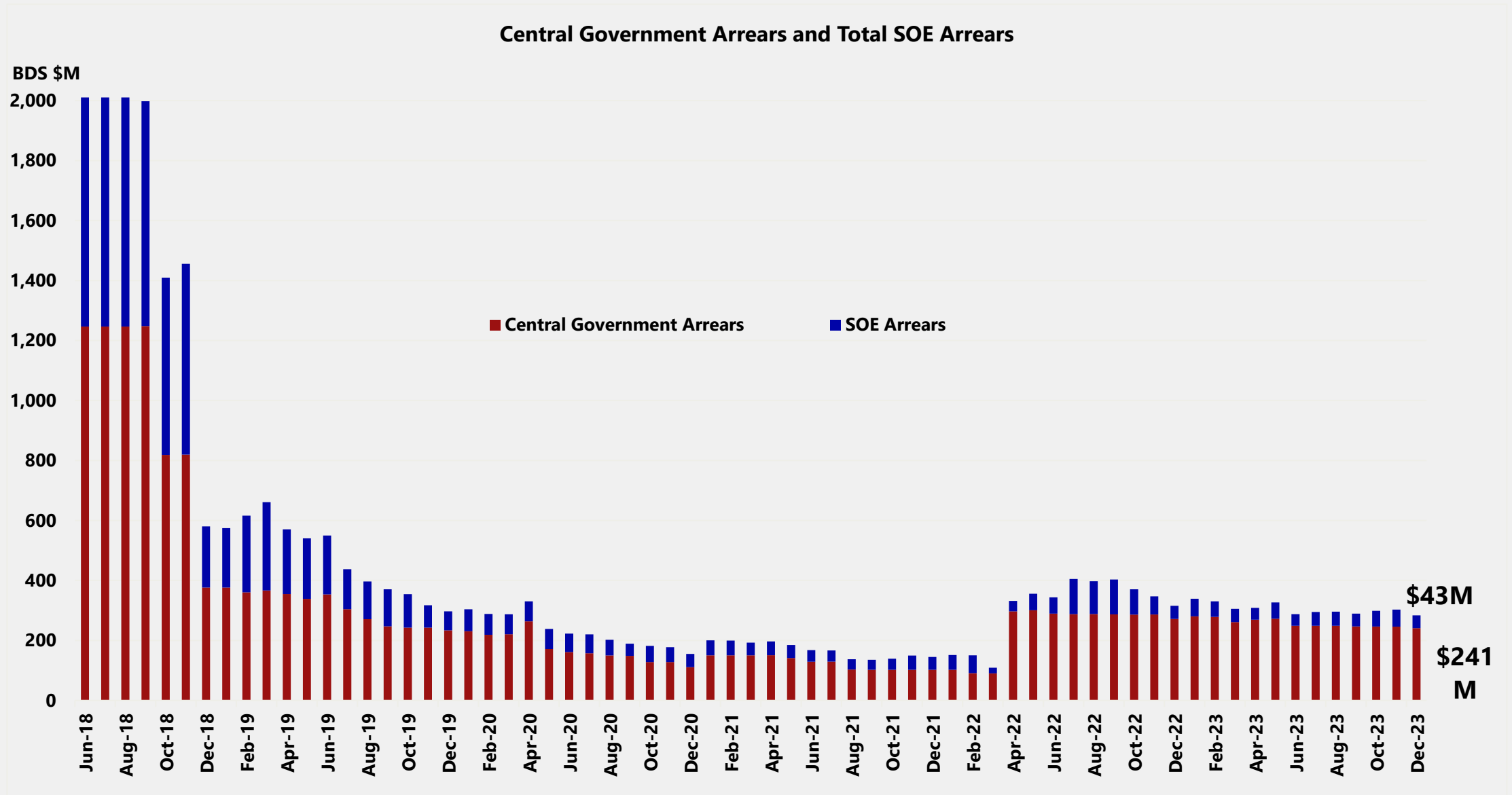


Fiscal operations resulted in a primary surplus.

April - December



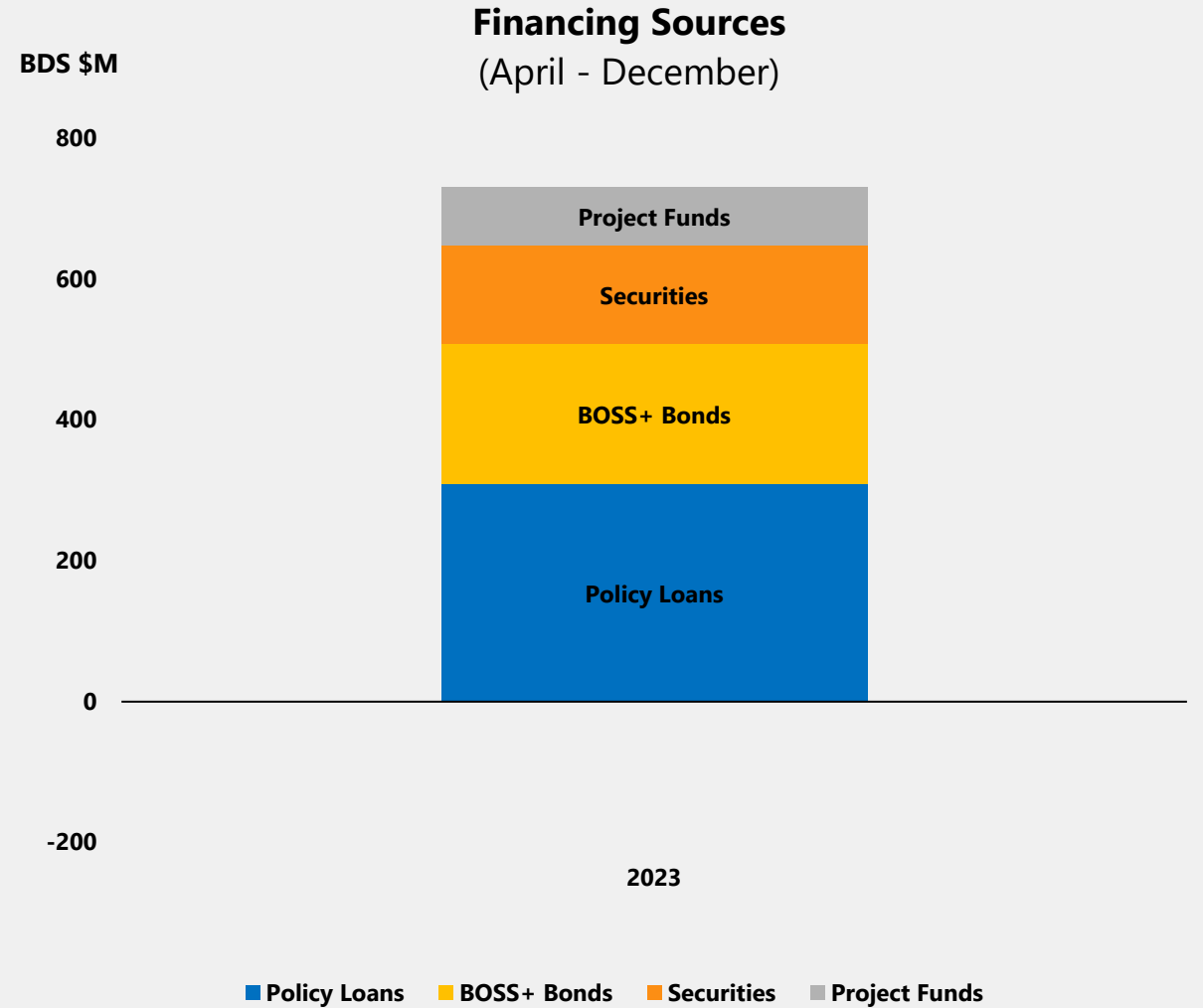
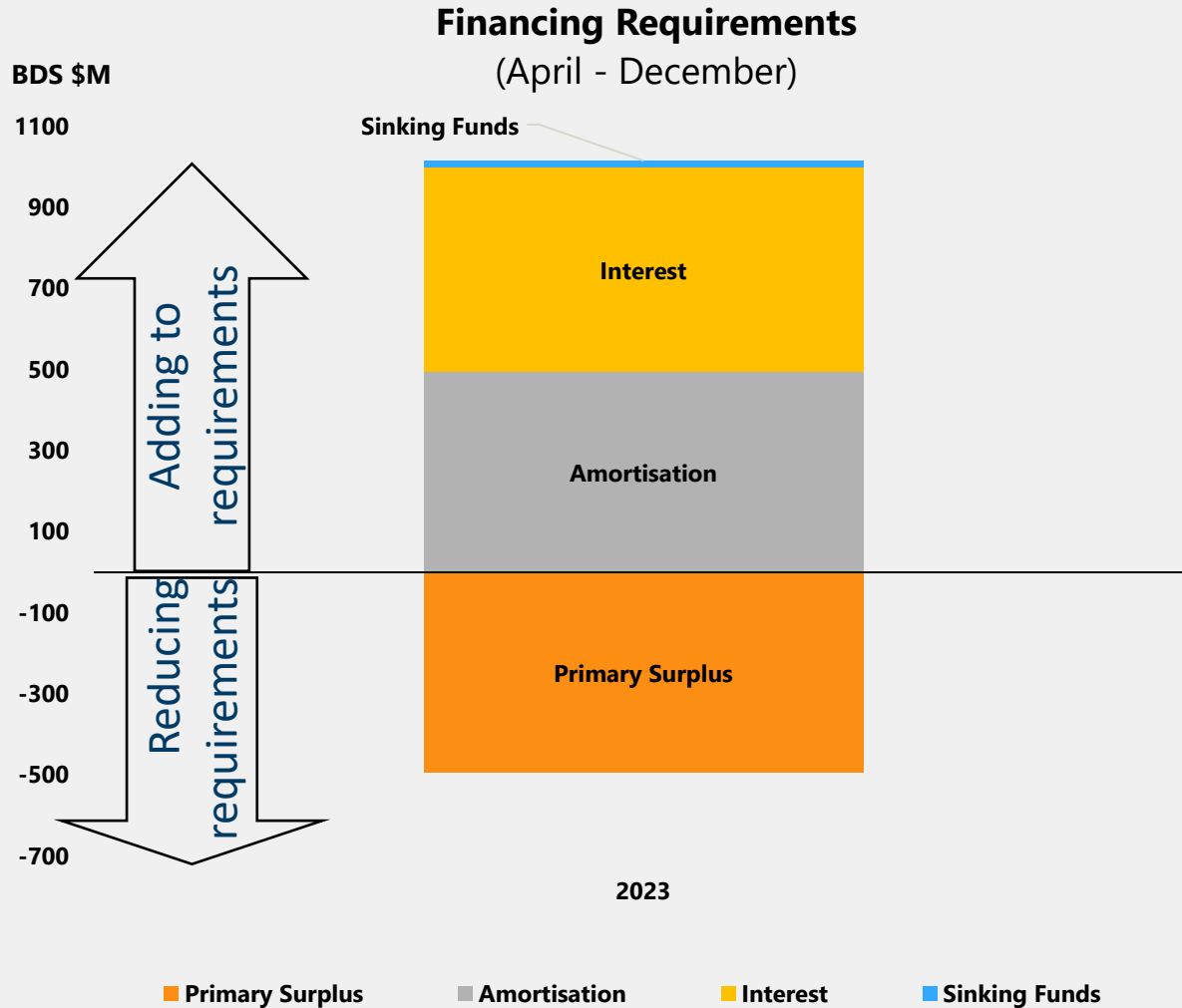
Central Government and SOE arrears continued to decline.



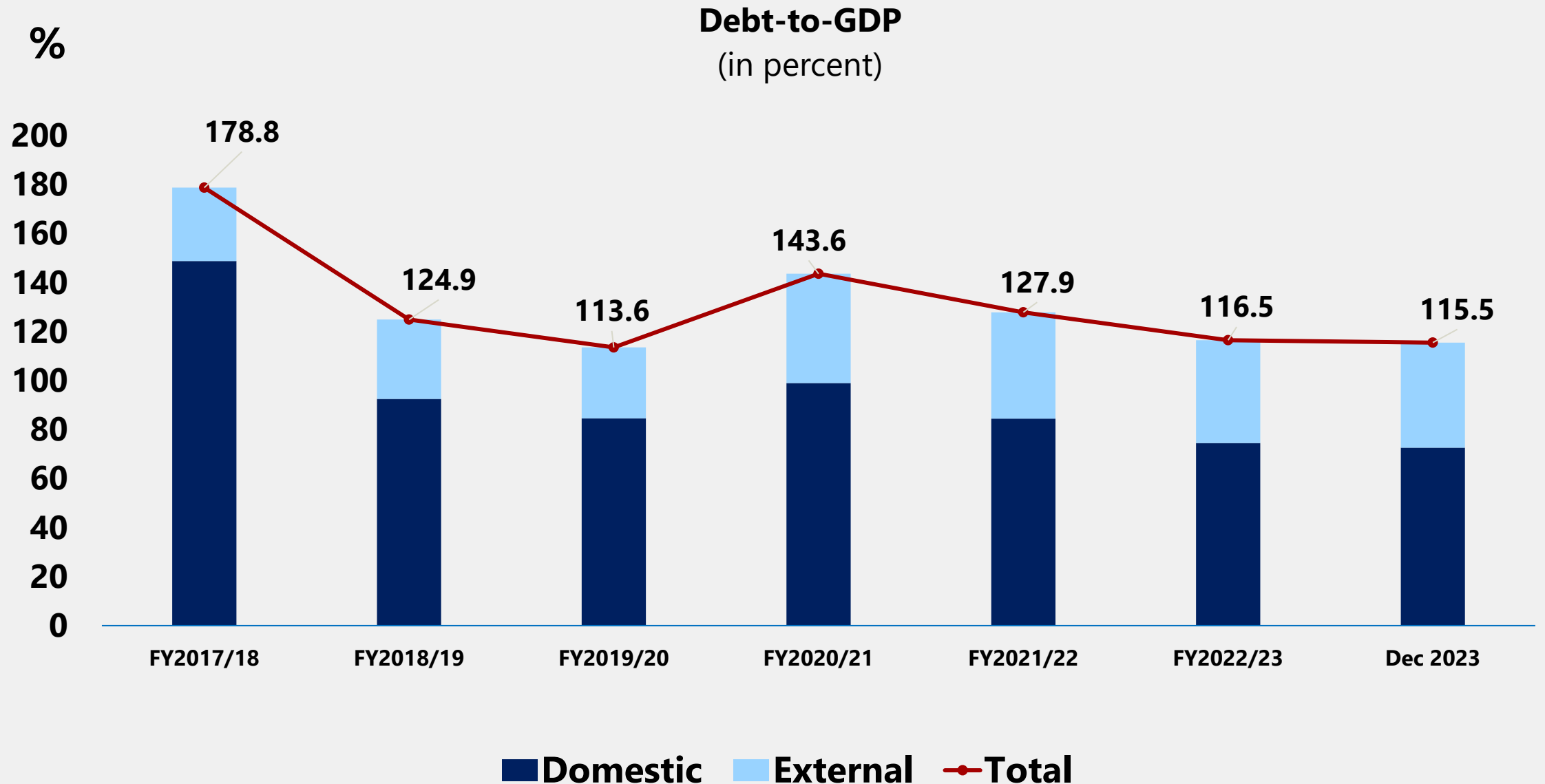
Government's financing needs were fully covered.

Higher debt service increased the financing needs...

Which were covered by BOSS+ Bonds and policy loans....

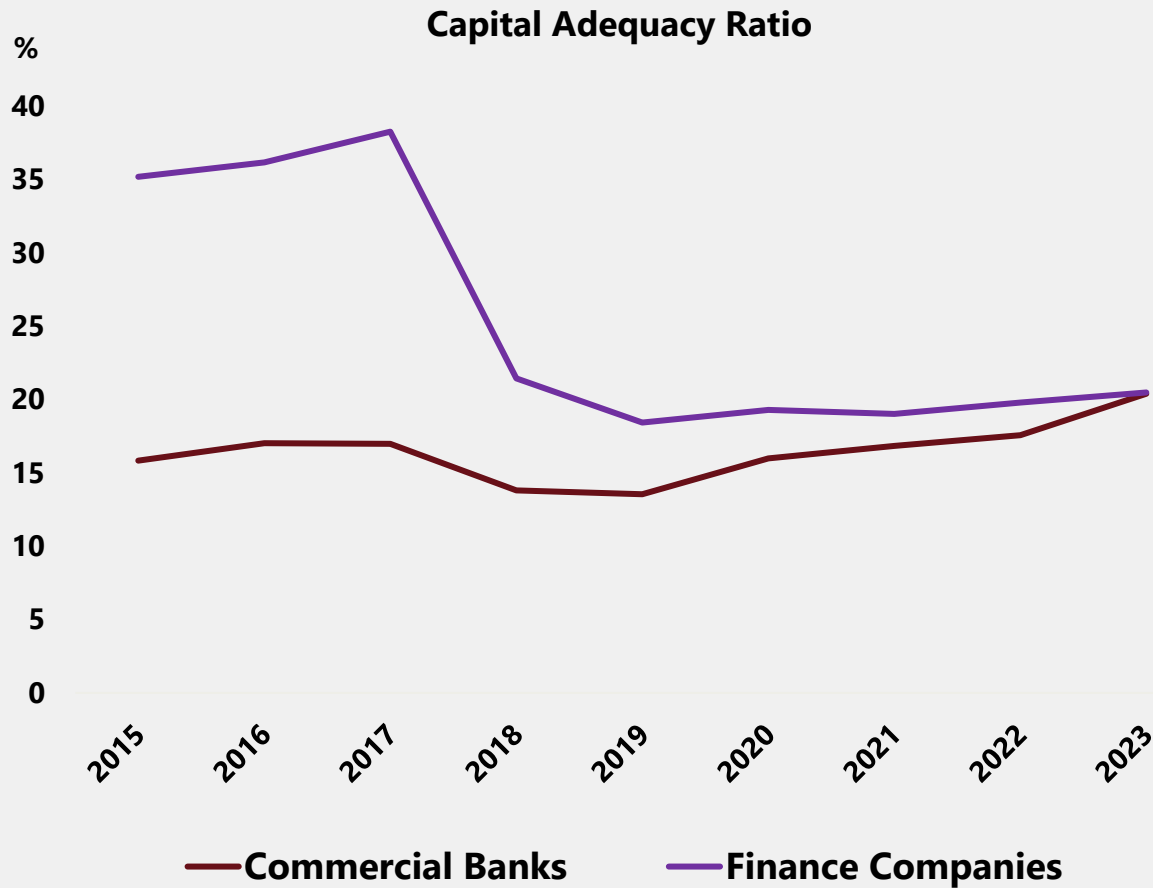


Debt-to-GDP ratio continues to decline as the economy expands.

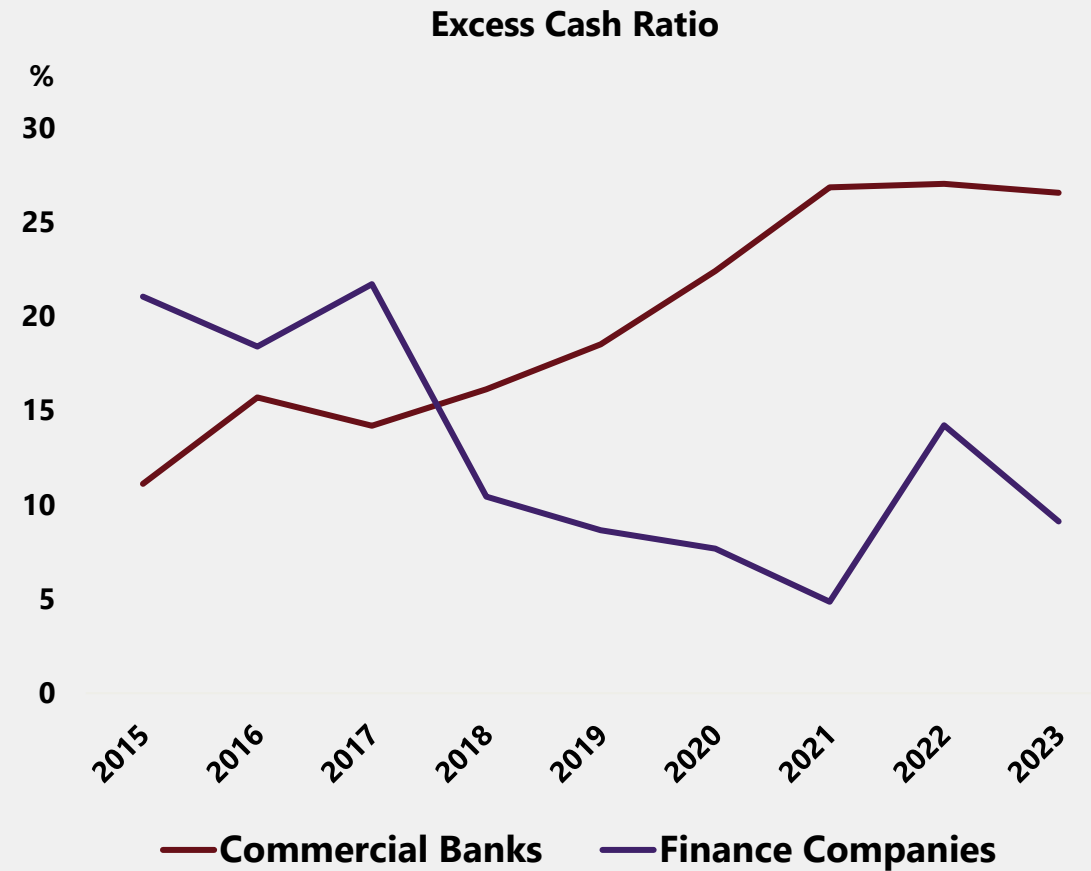


The financial system remains stable and healthy.

Financial institutions are well capitalised.

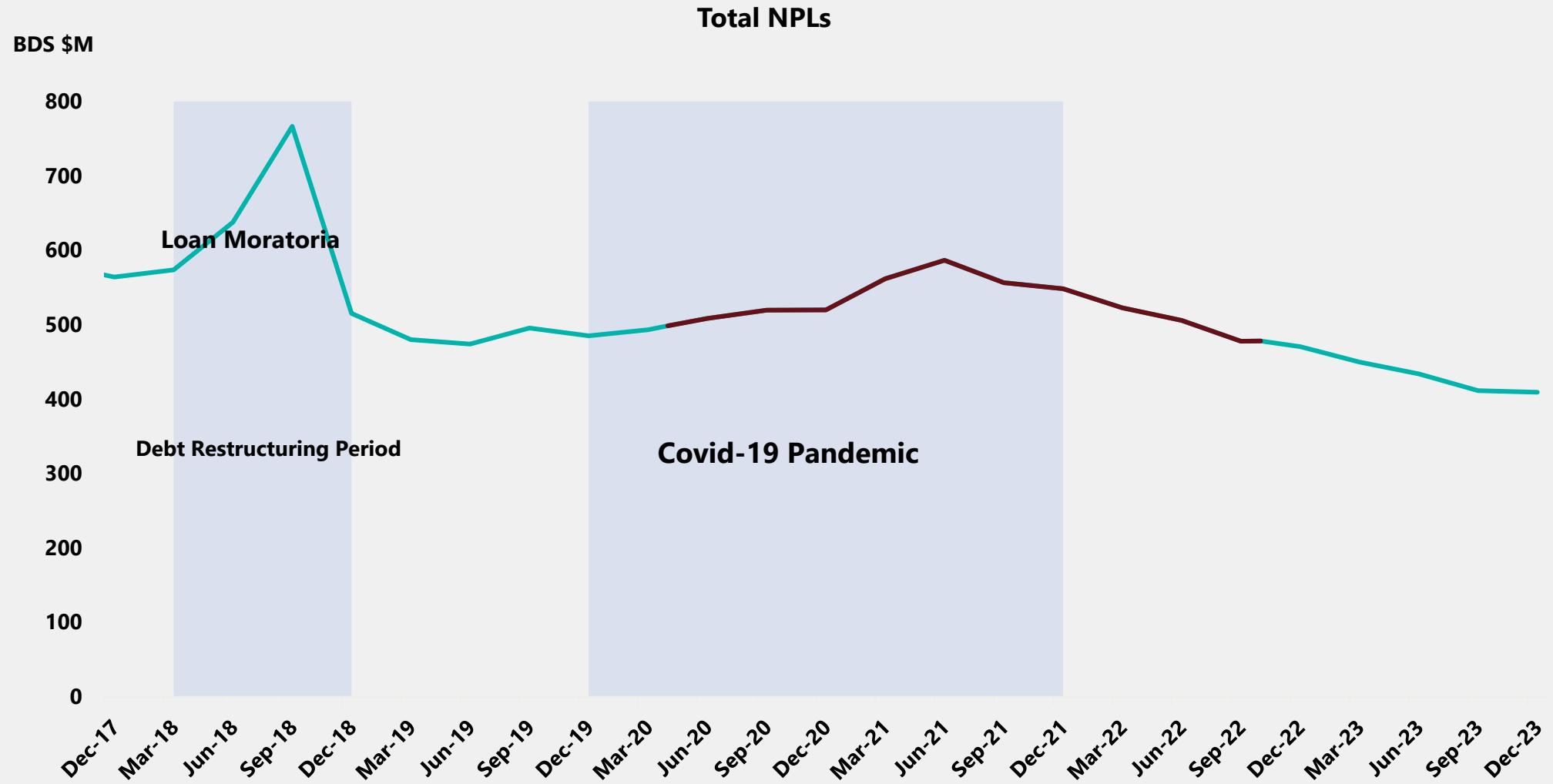


Liquidity is high and remains above statutory requirements.



Credit quality continues to improve.

NPLs have fallen to their lowest levels in recent years, declined across all sectors, particularly for households.

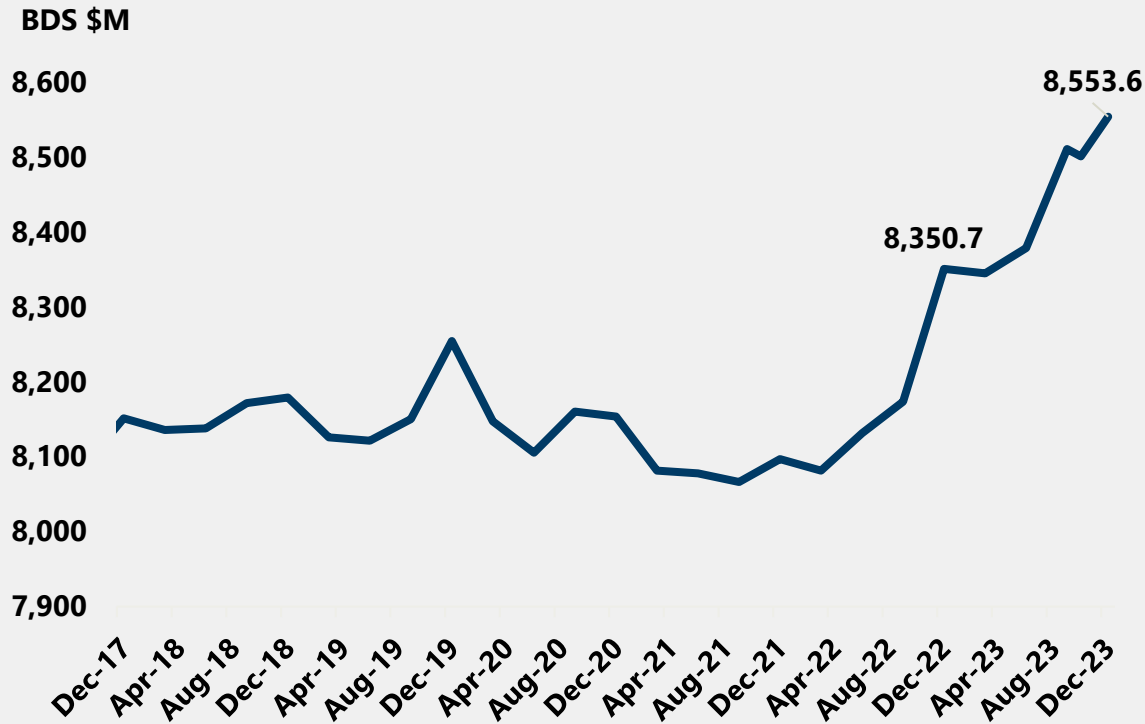


Credit performance was uneven.

Overall credit to the non-financial private sector expanded over the 12-month period...

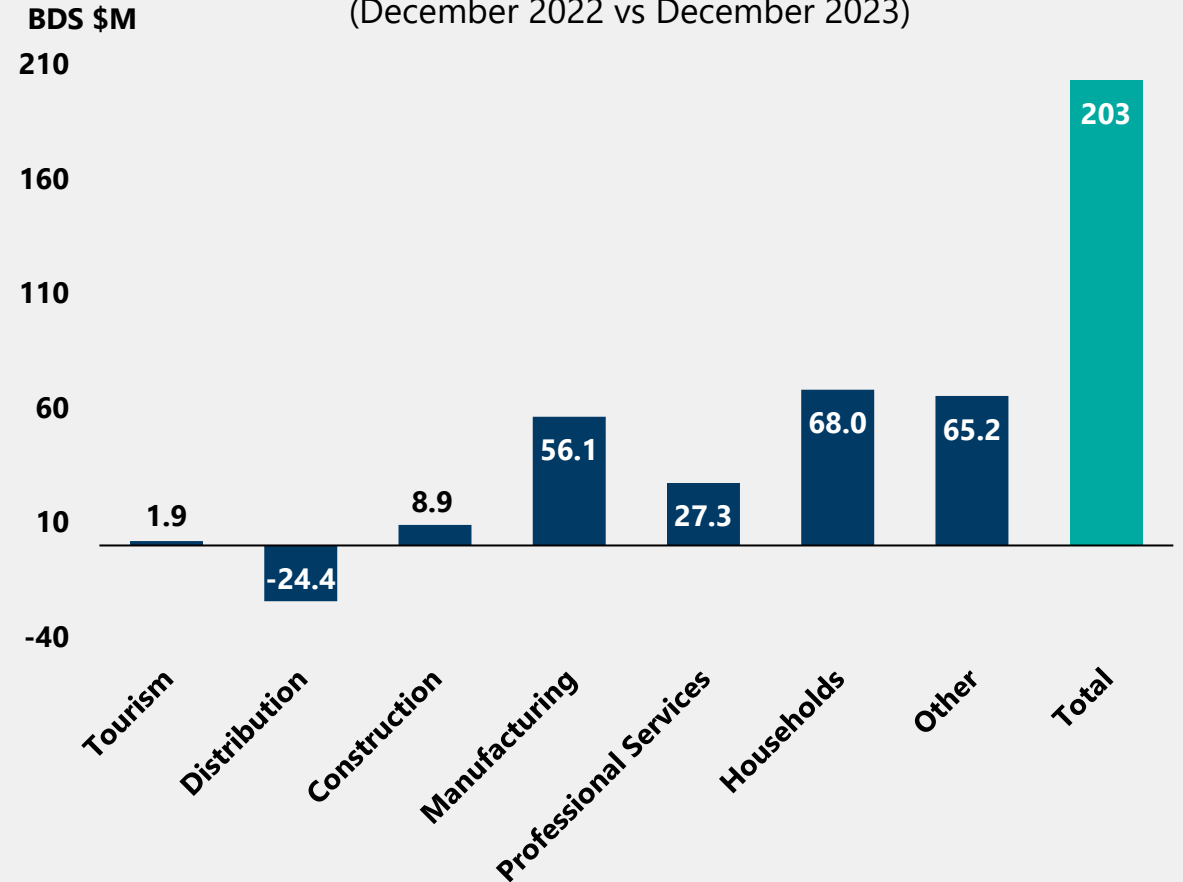
as credit to the manufacturing sector and households offset the declines in distribution.

Outstanding Credit to the NFPS



Credit Growth by Sector

(December 2022 vs December 2023)

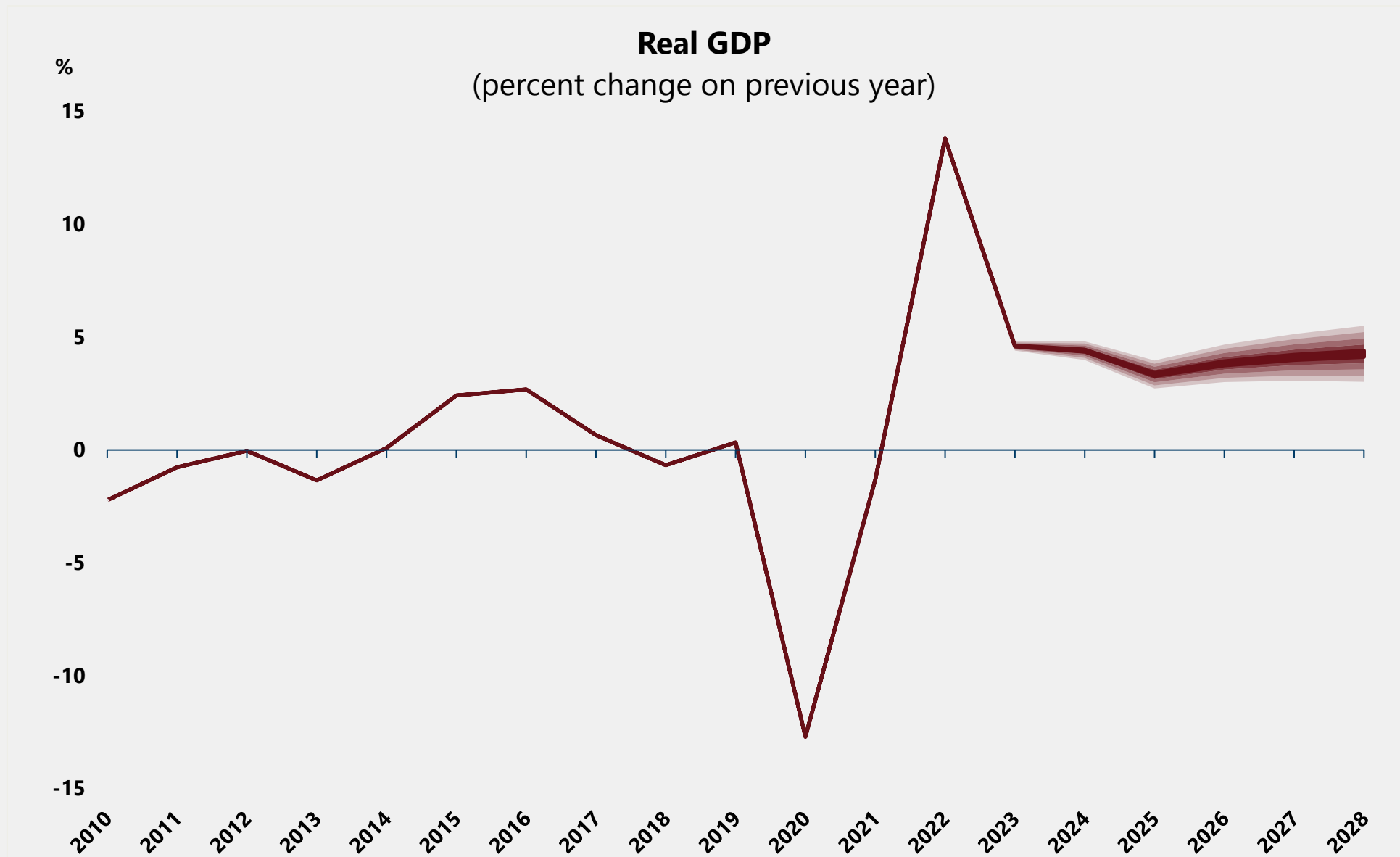


An aerial photograph of a city at dusk, with a large yellow triangle in the bottom-left corner. The text "OUTLOOK FOR THE ECONOMY" is overlaid in the center in a bold, yellow, sans-serif font with a white outline.

OUTLOOK FOR THE ECONOMY

Growth should remain robust.

Real GDP should continue to expand by about 4 percent in 2024 and into the medium-term.



Tourism will drive the 2024 performance

Anticipated Return to Pre-Pandemic Levels

- **Renewed Interest in Travel to Barbados:** Early forward bookings indicate a strong resurgence in travellers' interest in visiting Barbados.
- **Increased Airline Capacity:** Airlines demonstrate growing confidence with continuous growth in seating capacity to Barbados.
- **ICC World Cup & Marketing Strategies:** Hosting ICC World Cup matches and intensified marketing efforts are expected to attract significant attention during the summer.
- **Economic Impact:** Increased visitor demand for local goods and services is set to boost economic activity in sectors like wholesale, retail, transportation, and construction.
- **Investment is critical:** Investment in areas such as tourism, infrastructure, and the energy sector is needed to support this growth.

Fostering Sustainable Economic Growth:

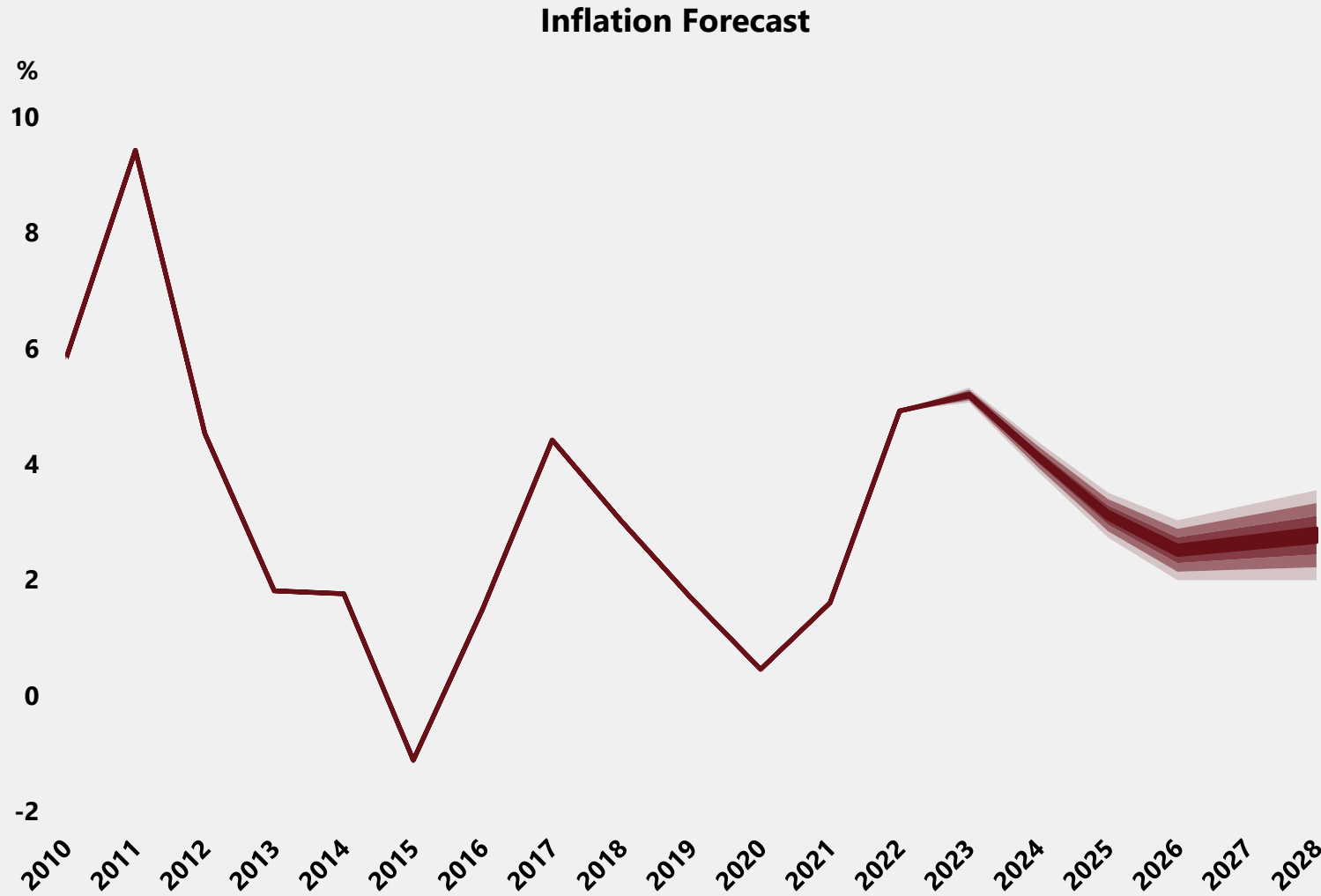
Investment is what will drive growth.

- ❑ **Investment Amplification:** BERT 2022 focuses on increasing investment to drive sustainable economic growth over the medium term.
- ❑ **Target Investment Ratios:** Goals include achieving a public investment-to-GDP ratio of 5% and doubling private sector investment to 15% of GDP.
- ❑ **Foreign Direct Investment (FDI) Goals:** The plan aims for FDI to exceed \$1 billion, contributing significantly to the nation's economic development.
- ❑ **Focus Areas:** Key areas of emphasis include tourism, infrastructure, and the energy sector, aiming to boost productivity and modernise the economy.
- ❑ **Inclusive Growth:** The plan emphasises reinforcing vital interconnections across sectors to ensure benefits are inclusive for all communities in Barbados.

Uncertainties and Risks to the Outlook: *Challenges in Tourism and Economic Growth.*

- ❑ **Global Economic Slowdown:** The IMF's forecast suggests a global economic slowdown in 2024, impacting international travel demand.
- ❑ **Geo-political Conflicts:** Conflicts in the Middle East and Europe pose risks to the tourism industry's recovery.
- ❑ **Adapting Tourism Strategies:** Emphasis on unique experiences beyond conventional beach holidays to counteract potential declines in travel demand.
- ❑ **Investment and SOE Reforms:** Crucial risks include failure to increase private and FDI investments and the need for efficient reform of state-owned-enterprises.

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



Domestic inflation expected to recede, with the 12-month average rate moderating to 3.5-4% by end of 2024.

Risks to Inflation:

Potential risks from events like the Russia-Ukraine War, conflicts in the Red Sea region, and congestion in the Panama Canal.

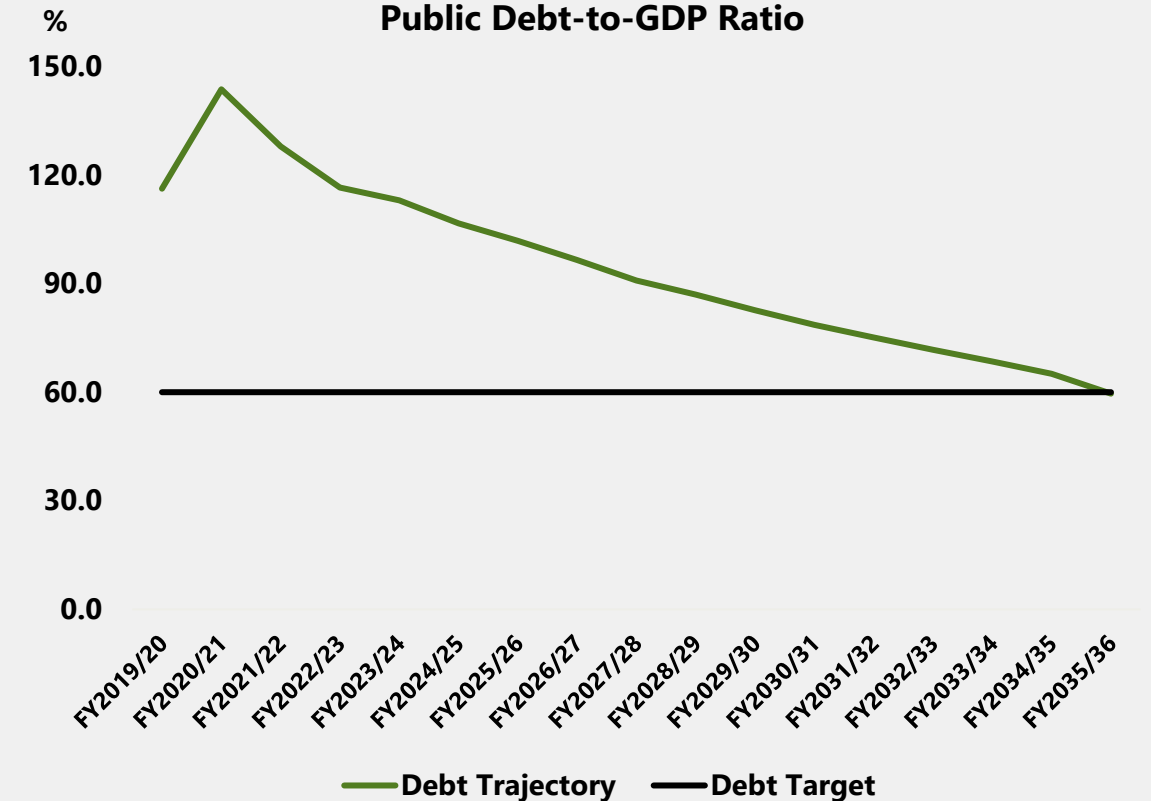
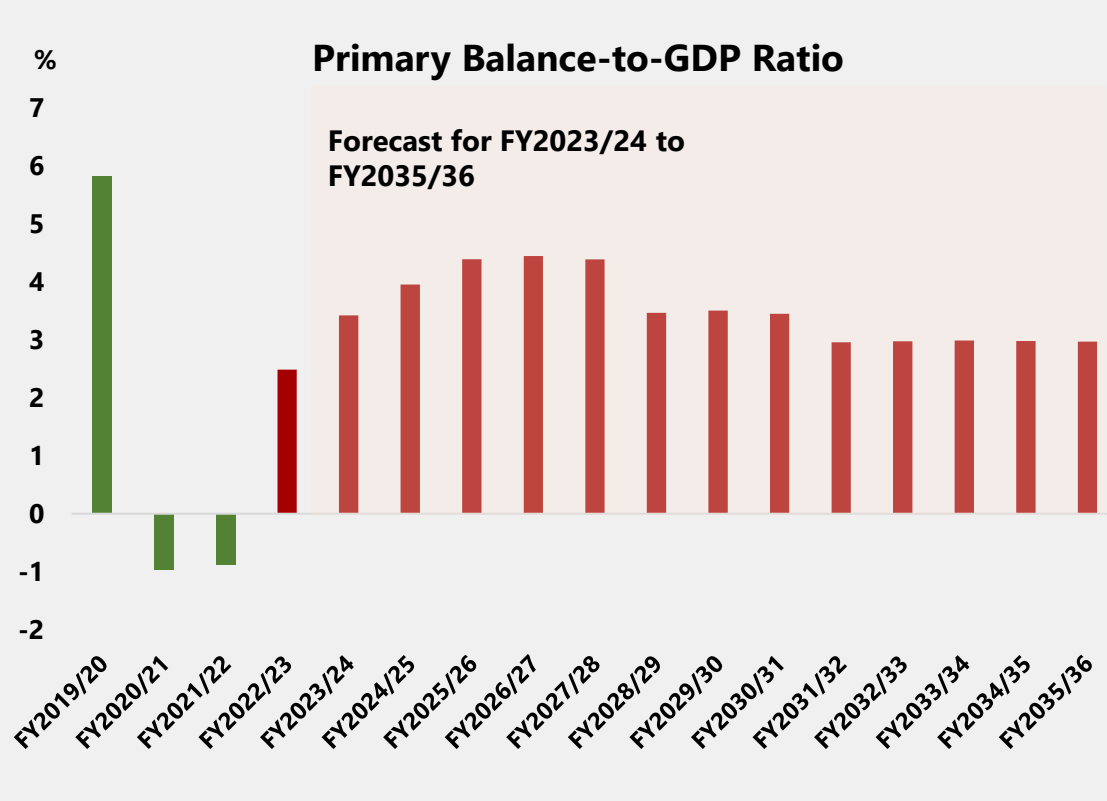
Adverse weather and food inflation: Local weather conditions could lead to food shortages, escalating food price inflation.

Trade Agreements Impact: New trade agreements with Suriname and Guyana could help mitigate food price inflation over the MT.

Debt should remain sustainable on its downward trajectory.

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

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



An aerial photograph of a city at dusk, with a large yellow triangle in the bottom-left corner. The sky is dark blue with some clouds. The city buildings are silhouetted against the twilight. A prominent multi-story building is visible in the center-right. The text "THANK YOU" is overlaid in the center in a bold, yellow, sans-serif font with a white outline.

THANK YOU