



Press Release

Review of Barbados' Economic Performance

January to March 2023

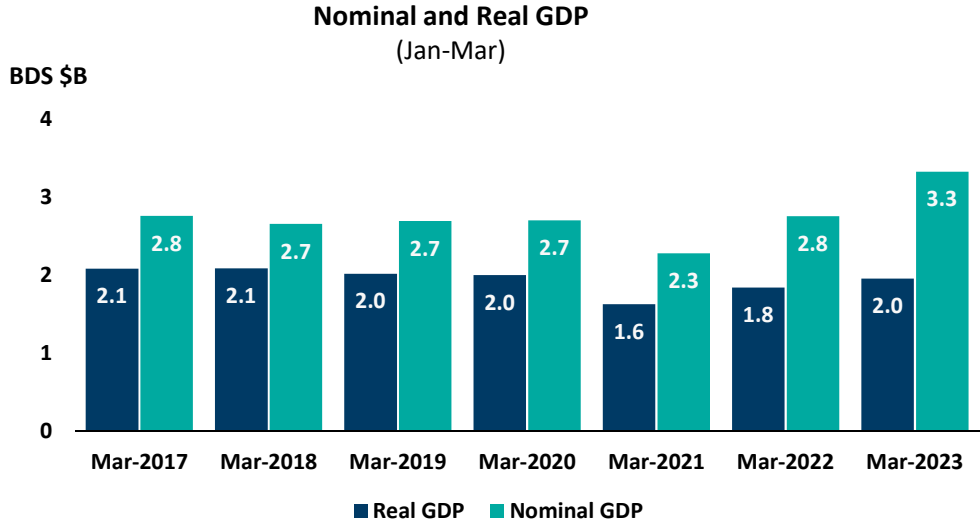


Overview

KEY INDICATORS

GDP Growth 6.4 percent	Inflation 5.7 percent	Unemployment 7.2 percent	International Reserves \$3.2 billion
Current Account -\$71.8 million	Primary Balance \$304.2 million	Fiscal Deficit \$245.1 million	Gross Public Sector Debt 119.6 percent of GDP

The Barbados economy has recovered following the slump caused by the COVID pandemic. For the first quarter of 2023, the economy grew by 6.4 percent, its eighth consecutive quarter of expansion. The economy is now larger in size than in 2019, in terms of nominal value (including the effects of inflation) and virtually on par in real value (abstracting from the effects of inflation).



Tourism drove the expansion during the quarter with improved performance in all the major source markets. Arrivals more than doubled those of the corresponding period of 2022, reaching 78 percent of 2019 or the pre-COVID levels.

At the same time, hotel room occupancy rates, which averaged 82.3 percent over the peak-tourism season ending March 2023, exceeded those for the comparable period in the previous year by roughly 9.4 percentage points.

This growth in tourism spilled over into the other sectors of the economy, resulting in the unemployment rate falling by 3.7 percentage points to 7.2 percent at the end of 2022, relative to 2021. This unemployment rate is the lowest on record since September 2007.

The gross international reserves of \$3.2 billion are the highest on record, and reflects the improved performance in tourism and the disbursements from multilateral development institutions (MDIs) to the public sector.

Meanwhile, the social compact with the private sector has helped to stabilise domestic prices, but an increased demand for dining and entertainment, along with shortages in locally produced food crops due to recent adverse weather conditions are creating upward inflationary pressures. These developments are occurring at a time when global food and energy prices have begun to moderate from the highs witnessed in the prior year because of supply-chain disruptions and the ongoing Russia-Ukraine war.

On the fiscal side, though interest and non-interest expenditure obligations rose sharply by the end of FY2022/23, the primary surplus (the difference between Government's revenue and its non-interest expenditure) surpassed the target set under the BERT-2022 IMF-supported programme. Revenues benefitted from the improved economic activity, higher import prices, and a rise in corporate tax receipts. Government used the excess primary surplus to prepay Series B bonds to a value of approximately \$75 million¹.

The Government's overall fiscal deficit (the primary surplus plus interest payments) stood at 2.1 percent of GDP, a 2.8 percentage point improvement compared to FY2021/22. Inflows from MDIs such as the World Bank, the International Monetary Fund (IMF), and the Inter-American Development Bank (IADB) assisted with financing the deficit.

The debt-to-GDP ratio fell to 119.6 percent by end-March 2023, reflecting the improved fiscal performance and a solid economic recovery. However, the re-engagement of the domestic capital market, primarily through the issuance of BOSS+ bonds and the debt-for-nature swap, added to the debt stock.

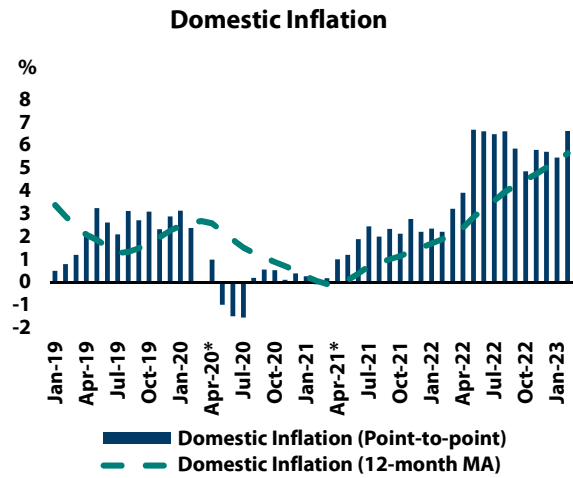
The overall strengthening of economic activity and improved labour market conditions helped households to service their debt obligations, reducing non-performing loans relative to the first quarter of 2022.

¹ These were introduced as part of the debt restructuring in 2019.

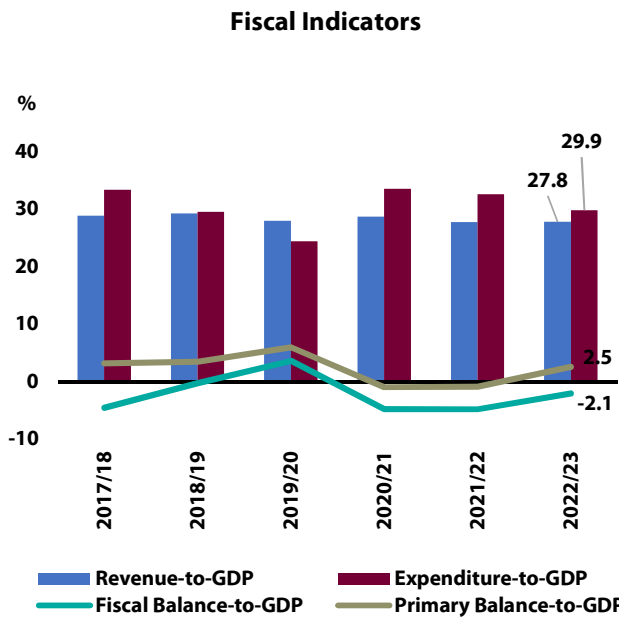
Figure 1: Selected Economic Indicators



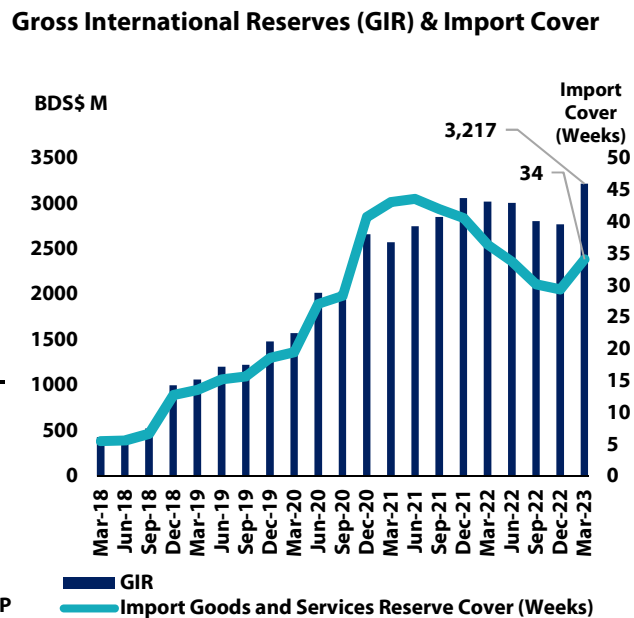
Sources: Barbados Statistical Service and Central Bank of Barbados



Sources: Barbados Statistical Service and Central Bank of Barbados



Source: Ministry of Finance



Source: Central Bank of Barbados

Economic Activity

Continuing the post-COVID recovery, the economy grew by 6.4 percent in the first quarter of 2023 relative to the first quarter of 2022. The traded sector expanded by an estimated 21.1 percent owing to a robust rebound in tourist activity. Spill-overs from tourism contributed to the non-traded sector growing by 3.3 percent, as evidenced by increased business in construction and wholesale and retail trade.

Tourism

Tourism activity continued to improve, with arrivals increasing by 92,990² in the first quarter of 2023, compared to the corresponding quarter one year earlier, which represents roughly 78 percent of the pre-COVID 2019 levels. Visitors from the United Kingdom (UK) continue to outpace those from other source markets, almost doubling the 2022 number to reach an estimated 88 percent of 2019 levels. Improved airlift from the UK, driven by home-porting and chartered flights, supported this outcome particularly through cruise-and-stay initiatives. The United States (US) and Canadian markets also rebounded strongly, with arrivals increasing by almost 150 percent in the case of the US, which benefitted from stayover cruisers and quadrupling in the case of Canada. The strength of the recovery in the Canadian market reflects significant pent-up demand for travel and increased seating capacity. The Caribbean market also showed significant signs of improvement after lagging the recovery in international arrivals, with tourists totalling 15,477.

Table 1: Tourism Arrivals by Source Markets (January-March)

MAJOR MARKETS	2019	2020	2021	2022	2023	Absolute Change (2022/23)	% of 2019 Arrivals
UNITED STATES	57,309	43,131	2,434	14,350	35,734	21,384	62
CANADA	33,832	26,782	910	6,803	27,666	20,863	82
UNITED KINGDOM	78,933	57,877	1,672	36,608	69,234	32,626	88
EUROPE	12,942	10,996	493	5,037	9,693	4,656	75
CARIBBEAN	19,708	14,465	1,302	4,362	15,477	11,115	79
OTHER	6,050	4,913	385	2,048	4,394	2,346	73
TOTAL ARRIVALS	208,774	158,164	7,196	69,208	162,198	92,990	78
In transit Cruise Arrivals	282,155	250,504	0	94,378	242,657	148,279	86
Total Cruise Calls	204	196	4	178	211	33	103

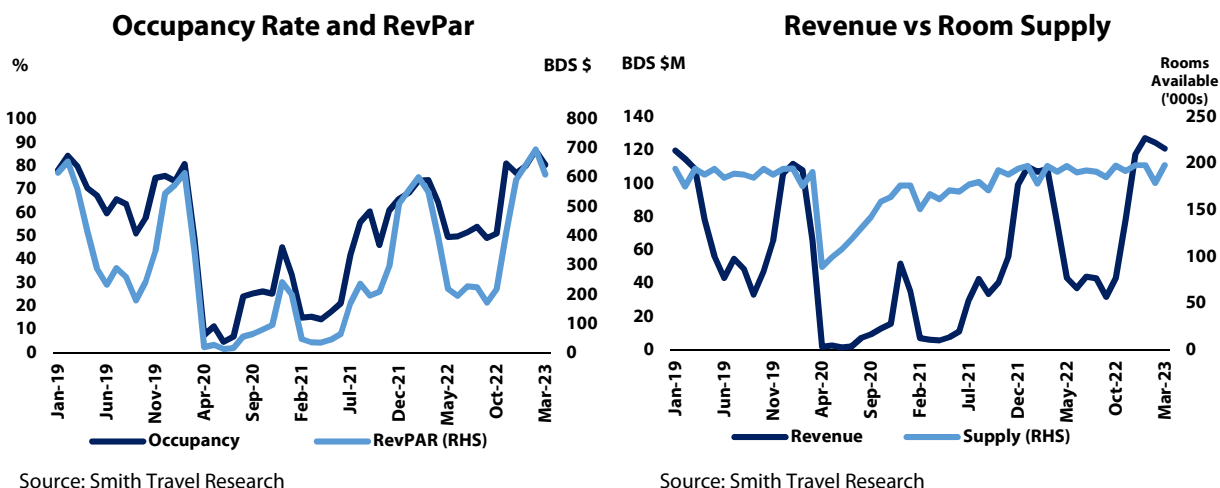
Source: Barbados Statistical Service

Consistent with the recovery in tourism activity, the demand for hotel accommodation rose, with occupancy rates averaging 82.3 percent for the first three months of 2023 compared to 72.9 percent in the same period a year earlier. Concurrently, the supply of hotel accommodation grew, albeit at a slower rate, allowing hotels to secure higher revenue per available room (RevPar), which improved on average by 15.2 percent. As a result, it is estimated that total hotel revenues surpassed pre-pandemic levels by the end of March 2023.

² This number is underestimated as the Government is currently working to resolve a discrepancy in the tourism arrivals data, which has been occurring since October 2019.

The vibrant winter tourism season resounded positively on the performance of the sharing economy. RevPar climbed 19.3 percent in the first quarter relative to last year, reflecting higher demand as occupancy rates leapt to 71.9 percent, higher than 2019 levels.

Figure 2: Tourist Accommodation Indicators



Cruise ship calls surpassed 2019 levels in the first quarter of 2023. However, in transit arrivals³ totalled just 242,657, the equivalent of 86 percent of 2019’s performance. Nevertheless, the pace of the recovery has accelerated, reflecting the gradual relaxation of COVID protocols by individual cruise liners to varying degrees. The shift occurred following the decision made by the US Centers for Disease Control and Prevention to discontinue its optional COVID management framework on July 18, 2022. While these protocols slowed the rebound in cruise activity, occupancy levels have climbed to over 90 percent during this year’s winter season.

Global Business Sector

The global business sector continues to be a major contributor to the economy. In addition to generating foreign currency, it bolsters Government’s revenue through both corporate and personal income taxes, the latter of which accounted for \$27.4 million of that category in calendar year 2022. Moreover, by providing steady employment for more than 6,200 persons, including during the pandemic, the sector indirectly contributes to overall economic activity.

Agriculture

Agricultural output fell by 6.9 percent in the first quarter of 2023, as gains in sugar, meats, and milk production were more than offset by declines in other food crops owing to substantial challenges related to adverse weather conditions. The production of selected food crops dropped significantly, stemming from losses associated with heavy rainfall late last year, followed by the prolonged drought conditions during the first quarter of 2023. Milk production, although adversely impacted by the drought, increased moderately by 1.4 percent as a result of increased herd sizes through local breeding. Though the demand for chicken increased significantly, supported by tourism activity and pent-up

³ In transit cruise passengers are visitors who leave the cruise ship for the day.

demand for dining-services, chicken production remained flat, as farmers grappled with the rising cost of inputs.

The sugar harvest started smoothly, with no significant equipment failures impeding production. For the first quarter of 2023, just over 2,100 tonnes of sugar were produced, compared to around 800 tonnes yielded for the corresponding period in 2022. Yields improved significantly due to the heavy rainfall during the end of last year and 46 percent of the estimated sugar production was achieved by the end of March 2023. Additionally, the harvest has benefitted from increased acreage, as approximately 687 acres of land were brought back into production.

Manufacturing

The manufacturing sector improved only marginally in the first quarter of 2023, primarily because the vibrant tourism season and increased export demand boosted production in the food & beverages category. Output of non-metallic mineral products also rose as glass products and articles made from cement served to mitigate declines in clay-building materials and other categories of related goods. The production of chemicals remained relatively flat with the manufacturing of soaps and detergents falling while other chemical products such as pharmaceuticals and botanical products increased relative to the first quarter in 2022.

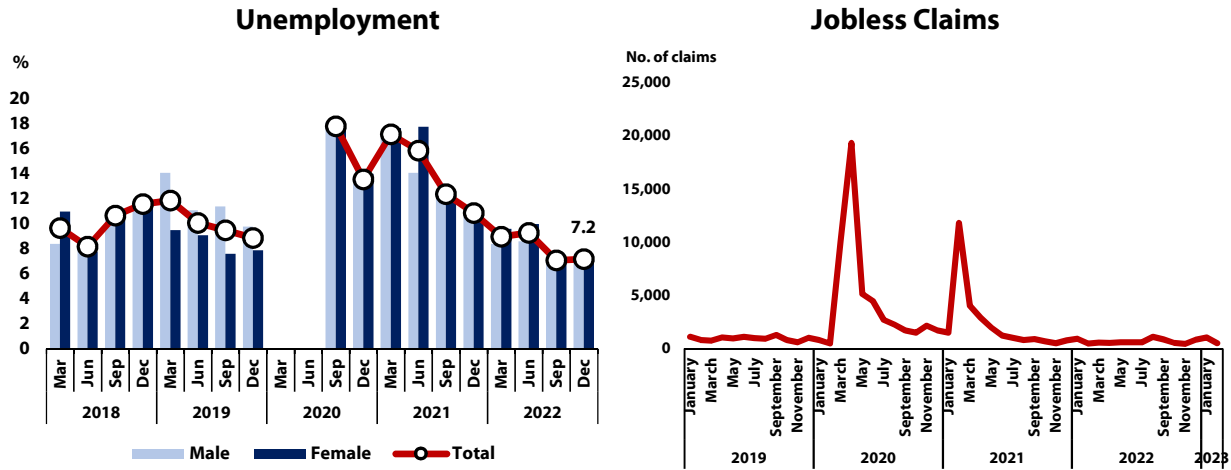
Non-Traded Activity

The pick up in tourism and general economic activity provided the impetus for a 3.3 percent growth in the non-traded sector during the first quarter of 2023, compared to the same period a year ago. Broad-based growth was recorded across the sector, inclusive of wholesale & retail (6.8 percent), construction (5.2 percent) and business & other services (3 percent). Construction activity grew on account of continued work on a number of investment projects such as Wyndham, Indigo, the Crane Resort, Apes Hill Villas, the Sagicor Retirement Village, as well as Government's ongoing Home Ownership Providing Energy (HOPE) and road rehabilitation projects.

Unemployment

The unemployment rate during the fourth quarter of 2022 fell to 7.2 percent, the lowest level observed since the third quarter of 2007. The average unemployment rate declined from 14.1 percent in 2021 to 8.2 percent by the end of 2022 and closely reflected the return to economic growth. The construction, wholesale & retail trade and the tourism sectors recorded consecutive quarterly increases in the number of persons employed throughout 2022. The gains in employment in these key sectors, coupled with a 31.4 percent decline in the number of persons searching for jobs for more than a year (a key indicator of employment opportunities), suggest a renewed buoyancy in the labour market. Jobless claims, down 17.8 percent relative to quarter one of 2019, tell a similar story.

Figure 3: Selected Labour Indicators



Source: National Insurance

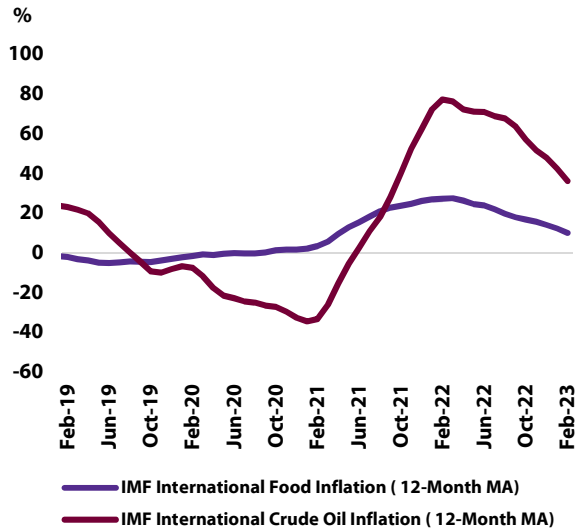
Source: Barbados Statistical Service

Prices

International price pressures continue to ease from the elevated levels observed during the latter half of 2021 and the first half of 2022. International commodity prices continued on their downward trajectory in the first quarter of 2023, as food prices responded to global surpluses and strong competition in export markets, and fuel prices reflected a slowing in the pent-up demand observed post-pandemic. The lower energy prices and the resolution of supply-chain bottlenecks pushed down freighting and distribution costs.

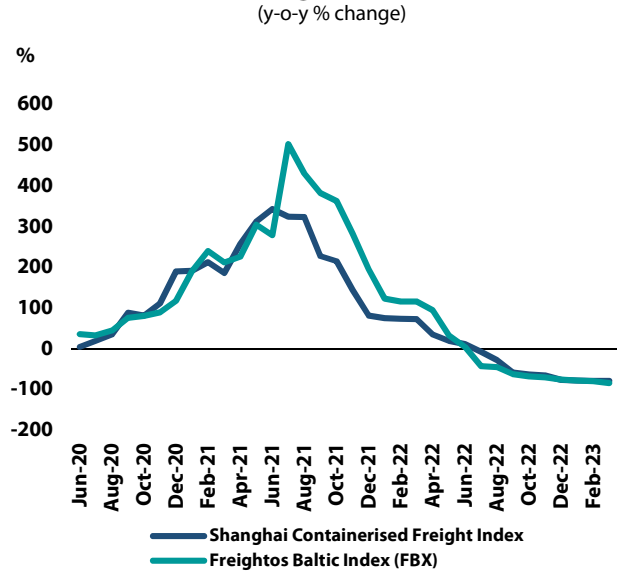
Figure 4: Domestic and International Price Developments

International Commodity Prices



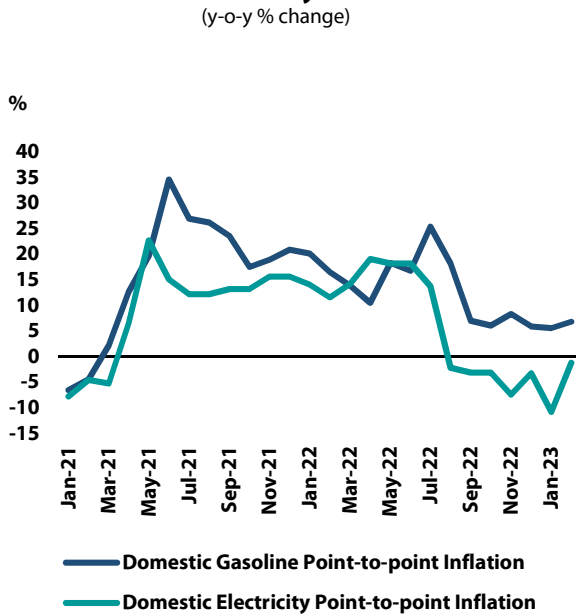
Source: International Monetary Fund

Freight Costs



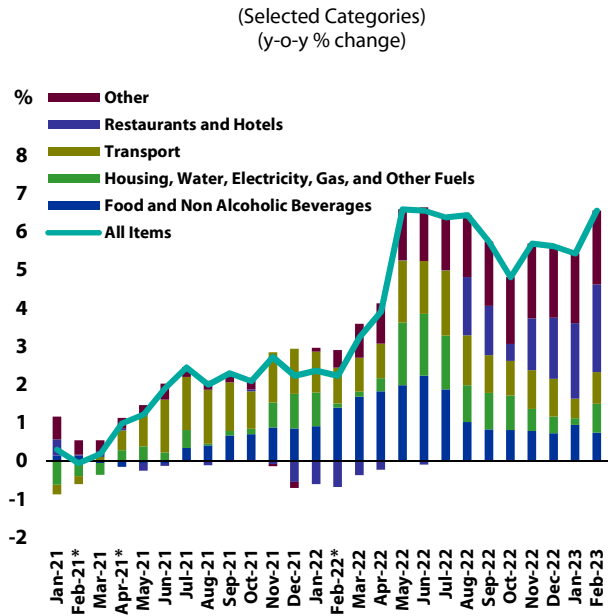
Sources: MacroMicro and Freightos

Domestic Electricity and Gasoline



Sources: Barbados Statistical Services and Central Bank of Barbados

Domestic Inflation



Sources: Barbados Statistical Services and *Central Bank of Barbados estimates

Rebased Retail Price Index Series

The Barbados Statistical Service (BSS) recently completed a rebasing exercise for the reference basket used to calculate the level of price changes for goods and services consumed within Barbados. Periodic rebasing exercises for prices are critical to understanding how consumption patterns are changing within the domestic market. This assists policy makers with planning and necessary interventions, as witnessed in the recent Social Compacts with the private sector in July 2022 and February 2023.

The basket of goods, which was last rebased in July 2001, saw the weights in several categories of the retail price index (RPI) updated to reflect the current spending pattern of consumers, using July 2018 as the new reference rate. The weights are used to compute the shares of the various goods and services within the basket, and are generally obtained from the Household Budget Survey (1998) and the Survey of Living Conditions (2016)¹, which gives the average expenditure of the typical Barbadian household. One of the major changes to the index lie within the food and non-alcoholic beverages category, which previously accounted for 30 percent of the average 2001 basket but now only represents 22 percent of the average spend by householders (see Table 1).

Table 1: Rebased Retail Price Index Categories

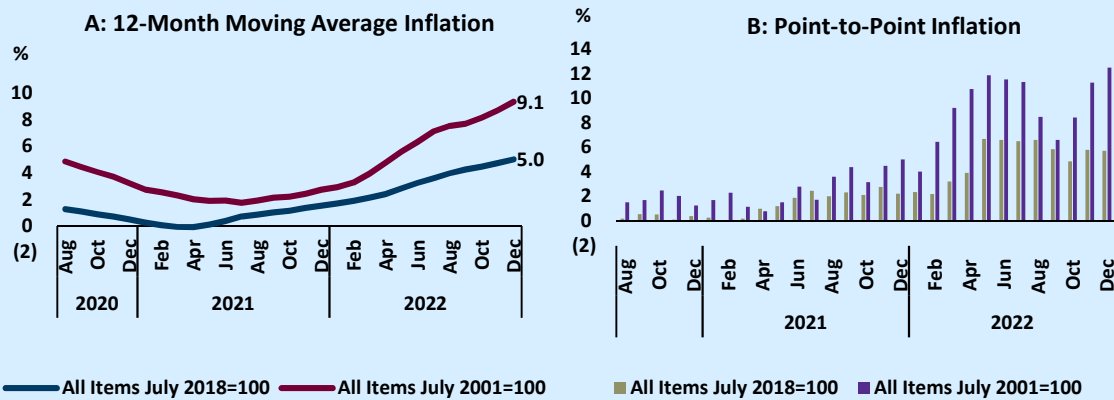
Categories	Weights	
	July 2001=100	July 2018=100
Food and Non-Alcoholic Beverages	30%	22%
Alcoholic Beverages, Tobacco and Narcotics	4%	2%
Clothing and Footwear	3%	3%
Housing, Water, Electricity, Gas and Other Fuels	17%	15%
Furnishings, Household Equipment and Routine Household Maintenance	9%	5%
Health	3%	4%
Transport	13%	14%
Communication	4%	4%
Recreation and Culture	4%	4%
Education	1%	10%
Restaurants and Hotels	3%	9%
Miscellaneous Goods and Services	9%	8%

Source: Barbados Statistical Service

Prior to the July 2001 RPI series, the BSS last undertook a rebasing exercise in May 1994. In January 2016, the July 2001 prices basket was re-weighted to reflect the Classification on Individual Consumption According to Purpose (COICOP) which sought to align the various economic measures, such as gross domestic product and the labour force statistics, with updates to international accounting standards for reporting.

Data for the RPI is collected and compiled monthly, and these changes are quoted as the 12-moving average rate of inflation (percentage change in the average of the current 12 months of the index compared to the previous 12 months) or the point-to-point inflation rate (year-on-year percentage change).

Figure 1: Point-to-Point and 12-Month Moving Inflation Comparisons



Source: Barbados Statistical Service

Source: Barbados Statistical Service

The rebasing process showed that while the older moving-average of domestic prices rose by 9.1 percent at the end of December 2022 (Figure 1A), smaller weights for food & non-alcoholic beverages and housing, water, electricity, gas & fuels resulted in an inflation rate of 5 percent under the revised series. Similarly, the point-to-point inflation rate (Figure 1B) ended 2022 at 12.3 percent using the 2001 index, but now stands at 5.7 percent with the updated 2018 basket.

¹ See the 2016 Inter-American Development Bank Survey of Living Conditions for Barbados ([Barbados Survey of Living Conditions: 2016 \(iadb.org\)](http://Barbados Survey of Living Conditions: 2016 (iadb.org))).

Government’s efforts to mitigate the impact of imported inflation on domestic prices, including through the social compact with the private sector, were offset by a number of developing factors in the domestic economy. The point-to-point domestic inflation rate was recorded at 6.6 percent as at February 2023, compared to 2.2 percent at February 2022. This was primarily driven by higher demand for dining services, and recreational and cultural activities, commensurate with the economic rebound post-pandemic. Additionally, excessive rainfall damaged local fruit and vegetable output towards the end of 2022, placing upward pressure on prices, albeit, to a lesser extent. Conversely, the electricity and gasoline sub-indices declined, driven by lower international energy prices. The 12-month moving average inflation rate of 5.7 percent reflects the large price increases that occurred in the three months prior to the social compact in 2022, but the slowing of the point-to-point rate of inflation suggests a convergence with international price trends.

External Position

Barbados’ external position continues to strengthen in the post-pandemic era. The current account deficit narrowed by approximately \$137 million during the first quarter of 2023 relative to the deficit recorded in the corresponding quarter of 2022, and now stands at \$71.8 million. Inflows related to tourism activity, foreign tax receipts and gains from the decline in international food and fuel prices were the main drivers of the improvement in the current account.

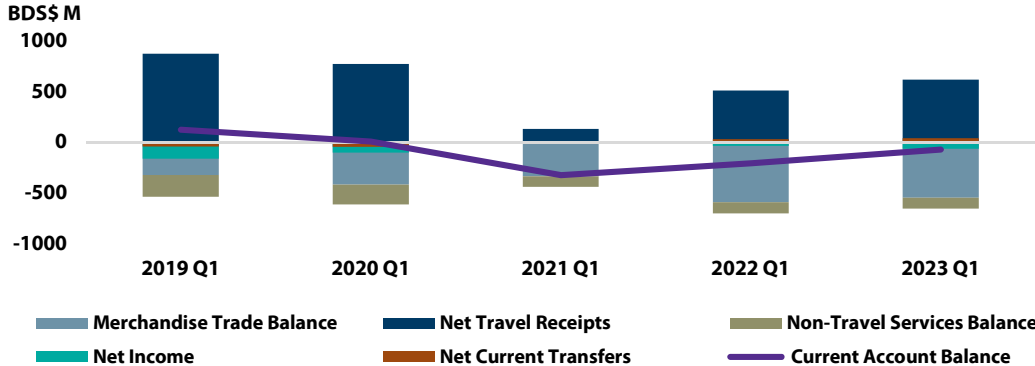
Merchandise Trade Developments

The decline in international food and fuel prices contributed to the value of imports contracting by 1.1 percent relative to the same period in 2022. Decreases were observed in pharmaceuticals, toiletries, other manufacturing, construction materials and dental, optical & other medical appliances. Re-exports of goods increased by 10.5 percent relative to the comparative period in 2022 with the consumer goods category accounting for most of this expansion. Domestic exports also rose by approximately 7 percent due to increases in food and beverages, particularly rum exports.

Services and Current Transfers

Tourism inflows continued to increase as travel maintained its robust recovery. Tax receipts from foreign-currency earning corporations were approximately \$90 million for the quarter, as companies returned to profitability, in addition to a rise in the number of new entities.

Figure 5: Current Account Balances



Source: Central Bank of Barbados

International Reserves

Over the first three months of 2023, a reserve accumulation of \$446.4 million pushed the stock of gross international reserves to \$3.2 billion, the highest on record and represents 34 weeks of import cover⁴. The performance in tourism inflows and substantial disbursements from MDIs to the public sector, were the main sources of the reserve expansion.

Fiscal Operations

At the end of FY2022/23, Government revenues surpassed the FY2021/22 outcome as collections benefited from the pick up in economic activity, higher imports, the expansion in prices and the earnings from the pandemic levy. The expenditure outturn was sustained by additional outlays to cover public sector wage increases, welfare payments and support for the operations of various state-owned entities (SOEs). Despite the increases in spending, the primary balance ended the period at \$304.2 million (2.5 percent of GDP), which allowed the Government to not only meet the fiscal target set under the BERT-2022 IMF-supported programme, but also to prepay \$74.8 million of the Series B bonds to 5,407 individuals, who each received up to \$17,500.

Revenue

Over the review period, a \$138.2 million additional uptick in VAT receipts (up 15.6 percent) contributed the majority of the increase in tax revenues, reflecting improvements in economic activity along with increases in the value of imported goods. Higher imports also benefitted excises and import duties, which collectively rose by \$56.2 million (up 13 percent), while the fuel tax contributed an additional \$10.7 million. The continued expansion in tourism activity led to higher occupancy rates, which generated a \$15 million rise in the room rate levy.

Direct taxes improved by \$233 million, with the pandemic levy charged on individuals and companies accounting for \$13.5 million and \$74.7 million of the increase, respectively. Net corporate income taxes (CIT) also expanded by \$98.3 million due to increased profitability across some firms and a higher number of entities remitting taxes during the fiscal year. CIT also benefitted from lower refunds and the increased settlement of arrears. Although gross personal income tax (PIT) collections rose by \$26 million, reflecting higher employment levels, additional PIT refunds resulted in net PIT receipts increasing by just \$8.4 million. The continued pick up in real estate activity led to a \$11.7 million increase in property taxes, while withholding taxes and the training levy registered increases totalling \$5.7 million and \$13.7 million, respectively.

An external grant of \$20 million to support housing development, along with an additional \$15.7 million in foreign exchange fees, due to increased foreign exchange transactions, boosted non-tax revenues over the review period.

⁴ The import cover is lower than it would have normally been at this level of reserves because the increase in international food and fuel prices inflated the value of imports from roughly \$76 million per week, over the comparable period for the previous 5 years, to \$95 million per week this year.

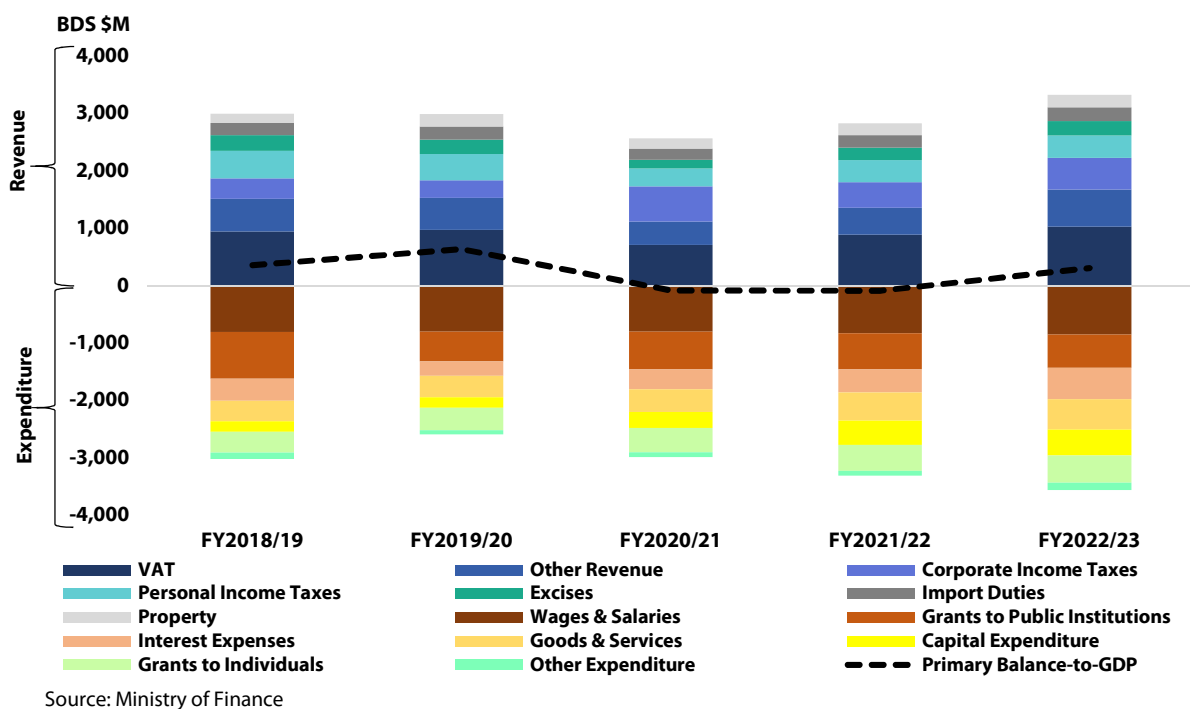
Expenditure

Total expenditure for the FY2022/23 rose by \$250.8 million, mainly due to large increases in interest expenses. These higher outlays were underpinned by the step-up in rates on the domestic restructured debt and the impact of global interest rates on the floating-rate debt issued by the MDIs, with increases ranging between 1.5 to 5 percentage points.

Non-interest expenses were \$100.5 million higher, driven by a \$35.8 million expansion in goods and services, as a result of the full year payment of wages for the National Clean-Up Programme, as well as increased spending on utilities and other operating expenses. Central Government's wage bill increased by \$19.8 million following the settlement of public sector wage negotiations and additional staffing and appointments within the public sector. Subsidies rose by \$14.5 million partially due to the financing of operational expenses for the Transport Board. The only non-interest expense category to record a decline was grants to public institutions, which fell by \$50.1 million, partially as a result of lower spending on the management of COVID.

Capital spending for FY2022/23 was \$449.5 million compared to \$421.6 million in the previous fiscal year. The main outlays in the current fiscal year included a transfer to recapitalise the Unemployment Fund (\$83 million)⁵ and capital transfers to assist in financing the construction of the new geriatric hospital (\$40 million), Barbados Water Authority projects (\$30 million), road rehabilitation projects (\$22 million), Queen's Park and River Bus Stand Redevelopment projects (\$15 million), the Electrical Upgrade and Sewage Rehabilitation Programme (\$15 million) and the expansion of the Accident and Emergency Department at the Queen Elizabeth Hospital (\$5 million).

Figure 6: Main Revenue and Expenditure Categories



⁵ This represents a second transfer to recapitalise the Fund following the first payout of \$60 million in FY2021/22.

Debt and Financing

For the fiscal year ending March 2023, Government's gross financing needs increased by \$52.6 million when compared to the previous fiscal year, to reach \$951.3 million. However, as a percent of GDP, Government's gross financing needs were actually lower by 0.9 of a percentage point in the current fiscal year, reflecting the pick up in real economic activity. Amortisation rose by \$301 million, mainly on account of the early one-off partial repayment of Series E bonds (\$145.8 million) to the NIS under the debt-for-nature swap⁶ and the early retirement of Series B bonds (\$74.8 million) to individuals in the domestic market. Interest payments were \$150.3 million higher due to rising interest rates on external floating-rate loans and the step-up feature of the restructured domestic bonds. However, Government's overall financing needs were reduced by the \$304.2 million savings on the primary balance.

Table 2: Gross Financing Requirements

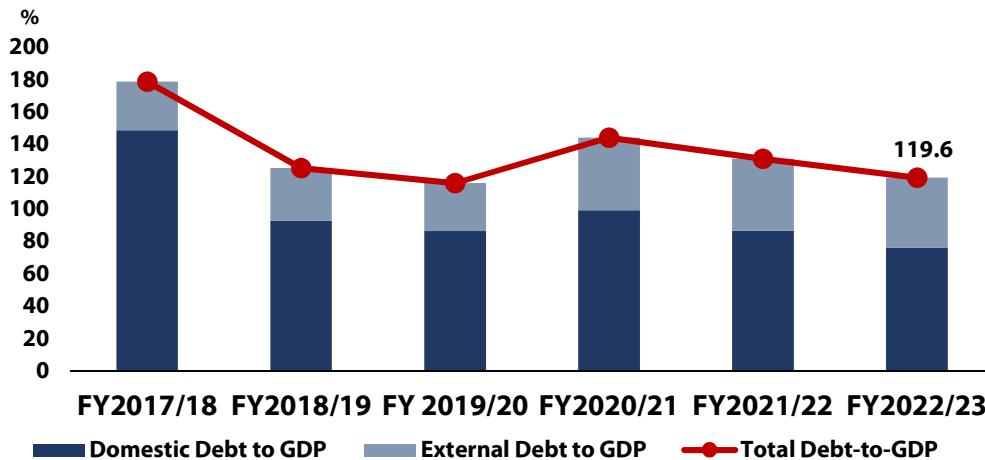
	FY2021/22		FY2022/23	
	BDS \$M	% GDP	BDS \$M	% GDP
Gross Financing Requirement	898.6	8.8	951.3	8.0
Primary Balance	-91.6	-0.9	304.2	2.5
Debt Service	765.9	7.5	1,217.2	10.2
Amortisation	367.0	3.6	667.9	5.6
<i>Domestic</i>	203.7	2.0	466.1	3.9
<i>Foreign</i>	163.3	1.6	201.8	1.7
Interest	398.9	3.9	549.3	4.6
<i>Domestic</i>	266.5	2.6	353.3	3.0
<i>Foreign</i>	132.4	1.3	196.0	1.6
Domestic Arrears Repayment	41.1	0.4	38.3	0.3

Sources: Central Bank of Barbados and Ministry of Finance

Policy-related loans of \$483.6 million from the World Bank, IADB and the IMF were the main sources of financing. Additionally, project inflows (\$94.7 million) for capital development were primarily directed towards public sector modernisation, road infrastructure and strengthening human and social development programmes during the fiscal year. Consequently, the external debt stock, inclusive of the re-entrance into the capital markets, increased by \$638.1 million though accounting for 42.9 percent of GDP in comparison to 44.1 percent at the end of FY2021/22.

⁶ The debt-for-nature-swap was undertaken in dual currencies, allowing more costly debt to be swapped for a lower-cost option, which will yield savings on interest expenses of almost \$50 million over a 15-year period. These savings will be directed towards the Barbados Environmental Sustainability Fund Inc. to assist with the conservation of Barbados' marine environment. The transaction enabled Government to prepay \$146.5 million of its external commercial debt held in the 2029 Government bond, however due to a clause negotiated by bondholders in the debt restructuring, it remains included in the debt stock until at least October 2024. 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 Inter-American Development Bank and the Nature Conservancy. On the domestic side, the repurchased \$145.8 million of Series E domestic amortising bonds was immediate and a new, lower-cost loan was funded by the commercial banking sector.

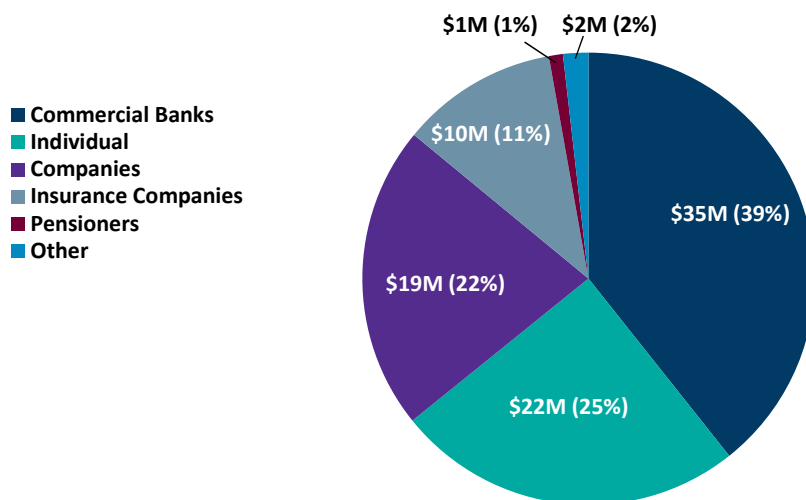
Figure 7: Debt-to-GDP (%)



Sources: Ministry of Finance and Central Bank of Barbados

Domestic funding was obtained via drawdowns on Government deposits held at the Central Bank, loans from the financial sector related to the debt-for-nature swap, as well as domestic securities, namely Treasury Notes and BOSS+ bonds. Treasury notes sales over the fiscal year amounted to \$190.2 million of which the Central Bank was the majority purchaser with commercial banks and the private non-bank sector also participating⁷. Of note, Central Bank acquisition of Government securities (2.2 percent of GDP) remained within the limit of 3 percent of GDP specified under the law. The appetite for BOSS+ bonds improved in the last quarter of the fiscal year, and, as a result, purchases totalled \$89 million at the end of March 2023, of which the majority was held by commercial banks (39.3 percent) and individuals (24.9 percent).

Figure 8: BOSS+ 2027 Bond Holders as at March 2023



Source: Central Bank of Barbados

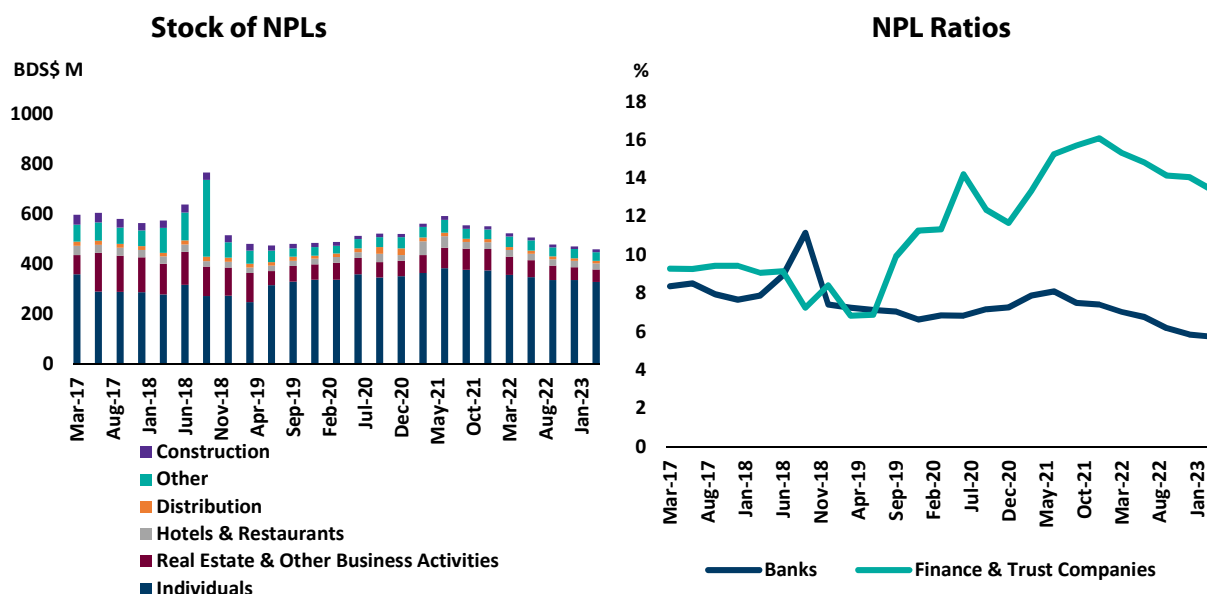
⁷ The Government of Barbados issued two pandemic bonds of \$125 million each, on December 1, 2021 and April 6, 2022. The Central Bank participated in both issues and for the FY2022/23 the Central Bank's total purchase amount to \$190.2 million, financed from the proceeds of the \$250 million inflow from the IMF Special Drawing Rights (SDRs), which was allocated to Barbados for the purpose of assisting with the pandemic recovery.

The debt stock was 119.6 percent of GDP at the end of FY2022/23 compared to 131.3 percent of GDP in FY2021/22. The improvement in the ratio was driven by the continued economic recovery, as there was an expansion in the debt stock of roughly \$1 billion stemming from inflows from multilateral institutions, the new sales of domestic securities and the booking of recently identified legacy domestic arrears.

Financial Sector Developments

Barbados' financial system continues to be stable. For the first three months of 2023, non-performing loans of banks and financial companies declined notably, driven largely by improvements in loan delinquency of the household, hospitality and real estate sectors. Profitability and capital adequacy held steady, while liquidity slipped marginally due to lower deposits, but still remained in excess of statutory requirements.

Figure 9: Non-Performing Loans of Banks and Finance & Trust Companies

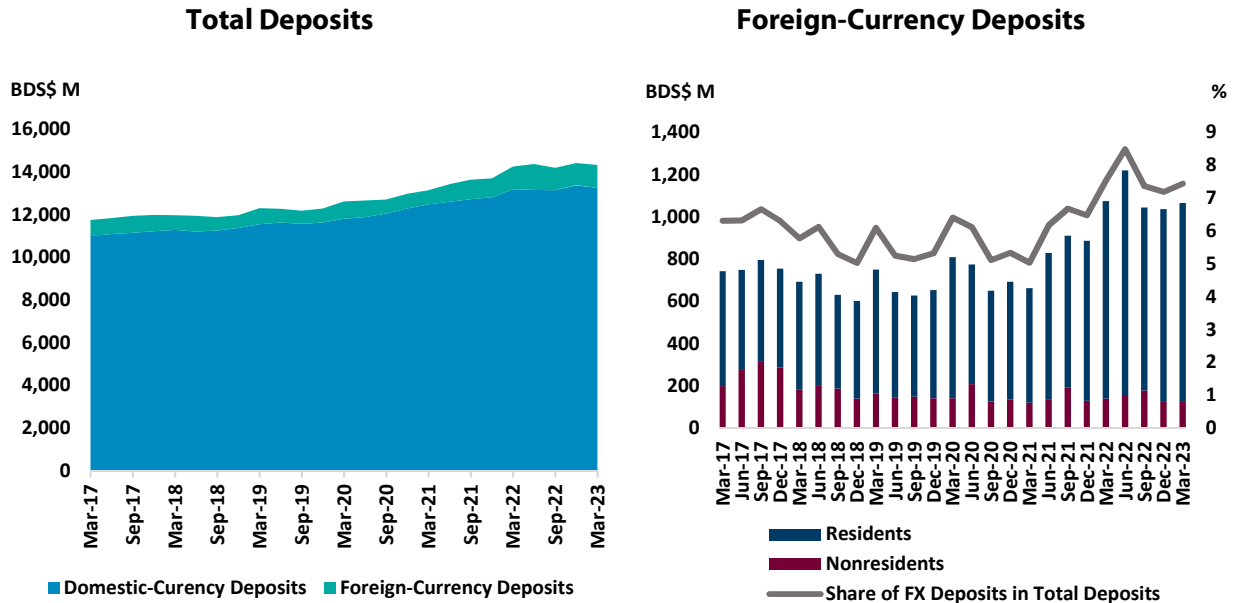


Source: Central Bank of Barbados

Source: Central Bank of Barbados

Total deposits at deposit-taking institutions (DTIs) decreased by 0.7 percent during the review period, as a result of a 0.9 percent fall-off in domestic-currency deposits that reflected sizeable withdrawals by private sector firms, households and public sector entities for foreign payments. This decline is a partial reversal of the significant uptick that occurred in the last quarter of 2022. Conversely, foreign-currency deposits rose by 2.9 percent on the strength of tourism activity and foreign investment inflows. As a result, the ratio of foreign-currency deposits to total deposits rose by 0.2 percentage points to 7.4 percent. With the further liberalisation of the exchange controls to allow all Barbadians to hold a foreign-currency account in August 2019, the ratio has risen from 5.3 percent at end-June 2019.

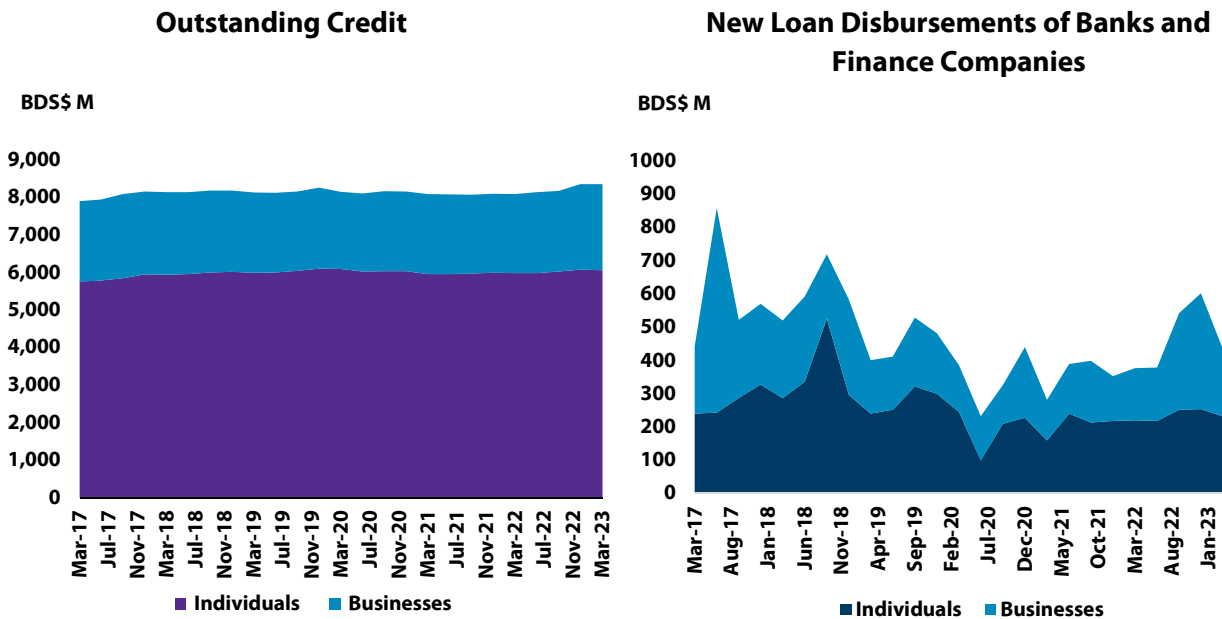
Figure 10: Domestic- and Foreign-Currency Deposits



Sources: Central Bank of Barbados and Financial Services Commission

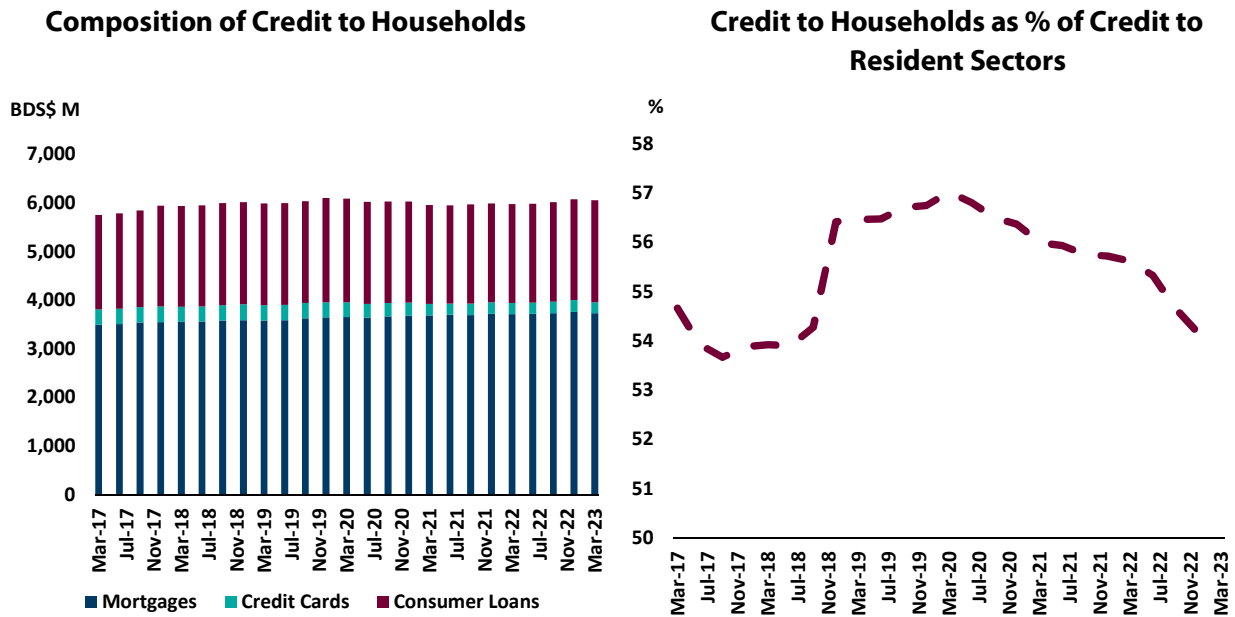
Outstanding credit to the non-financial private sector was virtually the same as it was at the end of 2022. Reduced loan balances of households were counterbalanced by an estimated \$21 million broad-based increase in credit to the private corporate sector. Outstanding credit to households declined due to a pay down in mortgages for private dwellings, coupled with lower credit card balances.

Figure 11: Credit to Non-Financial Private Sector



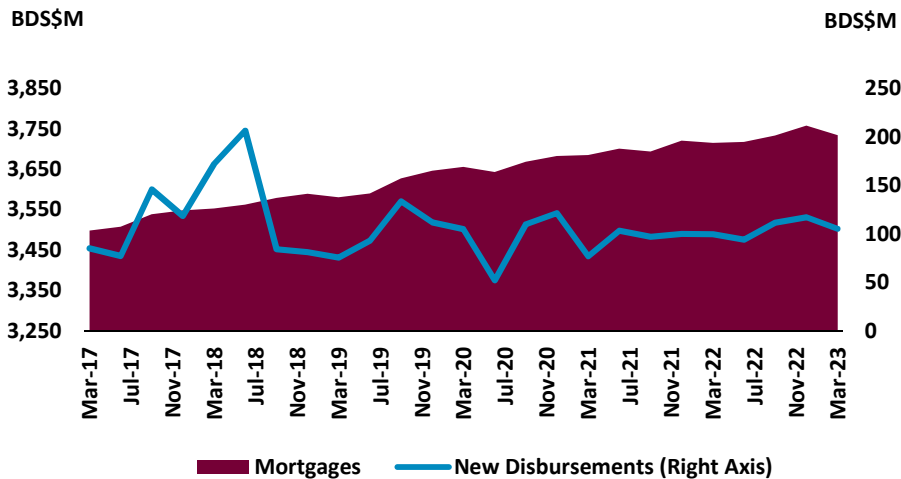
Sources: Central Bank of Barbados and Financial Services Commission

Figure 12: DTIs' Credit to Households



Sources: Central Bank of Barbados and Financial Services Commission

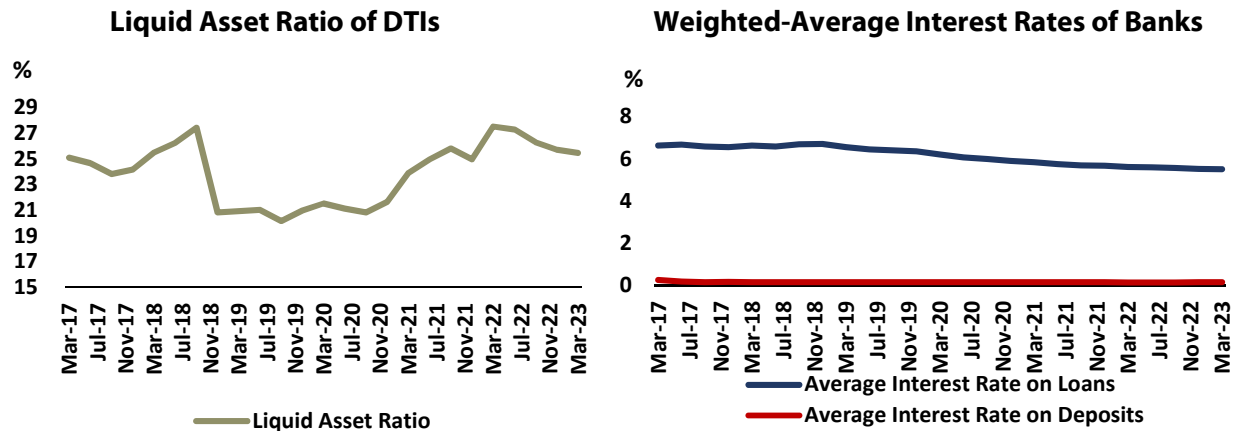
Figure 13: Household Mortgages from DTIs



Sources: Central Bank of Barbados and Financial Services Commission

With liquidity levels only slightly lower, the average interest rates on loans and deposits remained unchanged at 5.5 percent and 0.15 percent, respectively, compared to December 2022.

Figure 14: Liquidity and Interest Rates



Sources: Central Bank of Barbados and Financial Services Commission

The Central Bank continues to work with the commercial banks in addressing the proliferation of bank fees, which has become a source of public concern. In 2020, the Central Bank collaborated with the industry to have a number of fees removed or reduced on certain categories of retail accounts. In December 2022, the Central Bank issued a directive eliminating all fees charged on large deposits. Following further engagement with commercial banks on the topic of fees in recent months, all institutions have committed to make available at least one savings account that does not attract fees of any sort by June 1, 2023. This effort should improve customer satisfaction and lead to greater financial inclusion.

Outlook

The economy is expected to register strong growth for 2023 in the region of 4 to 5 percent. Continued expansion in tourism and private sector investments are key to driving this performance for the rest of 2023, while the Government’s ongoing public investment programme, should provide further impetus to the economy.

Downside risks to the outlook include a possible slowing of the global economy should policymakers fail to get the right balance between containing inflation and impeding global demand. An intensifying of geo-political tensions with possible adverse effects on supply chains also pose a risk to the growth projection. On the upside, improvements in the cost of air travel will strengthen the performance in tourism, further accelerating growth.

Inflation is expected to moderate over the remainder of the year, as improvements in international commodity and oil markets filter into the domestic market. The latest World Economic Outlook report (WEO, April 2023), projects a decline in fuel prices in the region of 24 percent in 2023. The continuation of the social compact should serve to further contain price increases. Nevertheless, upward inflationary pressures are likely to come from the increased local demand for services as the economy continues to expand. Additionally, significant headwinds remain with the recent OPEC+ announcement to cut oil production.

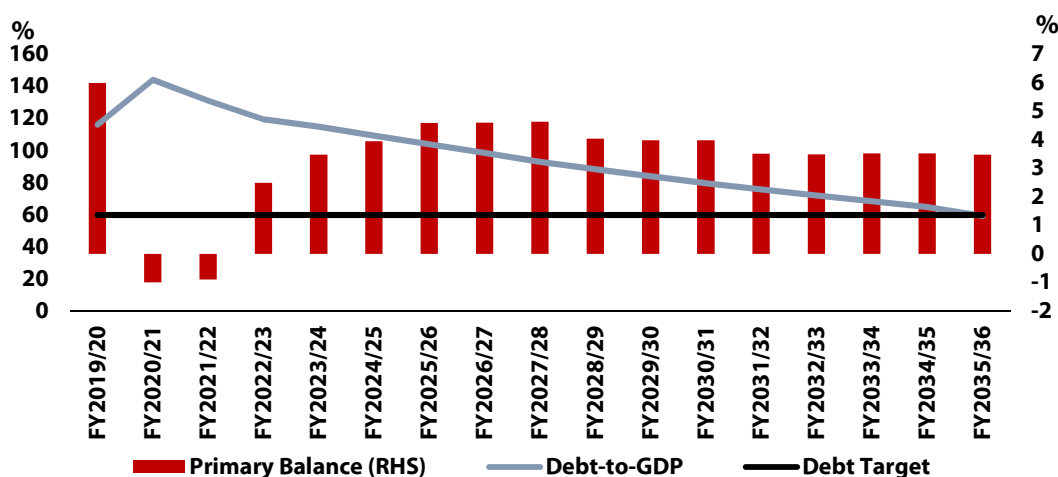
The Government of Barbados recently concluded its budget for FY2023/24 that projects a primary surplus of 3.5 percent of GDP, consistent with the target under the BERT-2022 IMF-supported

programme. The administration did not impose any new taxes but instead focused on growing the economy through structural reforms. The budgetary measures, in tandem with the initiatives to mitigate inflation that have been extended by Government (the extension of the VAT free basket and the reduction in VAT on electricity), and the parliamentary estimates for FY2023/24, should aid in achieving the desired primary surplus. This outturn is in line with the primary balance path that underpins the long-term debt anchor of 60 percent of GDP.

The achievement of the 3.5 percent primary surplus is predicated on continued growth for the remainder of the year, tempered inflationary pressures and ongoing structural reforms. In this polycrisis world, a shock such as a natural disaster or the like could derail the growth prospects, resulting in lower revenues and the need to adjust expenditures. Continued emphasis on public sector reform is also essential in mitigating Government’s exposure to contingent liabilities while freeing-up revenues for necessary investment. The planned transformation of a number of SOEs that pose financial risk reflects Government’s commitment to restrain unplanned spending on transfers.

Government’s overall fiscal position for FY2023/24 is projected to be a deficit of 1.6 percent of GDP, which is to be funded mainly by inflows from MDIs. At the same time, there is a renewed effort to revitalise the domestic capital market with a second issuance of the BOSS+ bonds and the introduction of innovative instruments such as reverse options.

Figure 15: Primary Balance & Debt-to-GDP



Sources: Central Bank of Barbados and Ministry of Finance

The external position is expected to remain buoyant with international reserves maintaining a more than adequate import cover and providing a buffer against external shocks. On the outflows side, lower prices for imports, particularly in the food & beverages and fuel categories should temper the reserve losses, although such savings are likely to be offset by a pick up in domestic demand given the acceleration in economic activity. At the same time, the continued revival of the tourism industry should boost travel receipts, which, along with multilateral financing and tourism-related projects, should bolster reserve accumulation.

Over the medium term, strengthening our external position would necessitate mitigating external vulnerabilities, which hinges on boosting competitiveness, ensuring food security and building resilience to climatic events and other shocks. The path toward renewable energy is necessary to reduce the dependence on fossil fuels, while at the same time redirecting foreign exchange outlays from fuel purchases towards the green-transition of the economy. Additionally, the focus on renewable energy and climate resilience creates the impetus for further domestic credit expansion, as households and firms access green financing.

With the continued expansion in the economy, non-performing loans should maintain a downward trajectory. Capital and liquidity levels should remain well above prudential benchmarks, providing adequate buffers to safeguard against shocks stemming from global events, which is particularly important following the failures of Credit Suisse and Silicon Valley Bank in March of this year.

Our ability to achieve the projected economic growth and continue to lower the debt-to-GDP ratio is in part dependent on the aforementioned external factors. However, as individuals, businesses, and collectively as a nation, we have a significant role to play. We must increase productivity and improve the ease of doing business to enhance our international competitiveness. We must convert the recovery we have achieved into sustained and inclusive growth that would lead to general economic development, which will redound to the benefit of us all.

Appendix 1 – Economic Indicators

	2019	2020	2021 ^(p)	2022 ^(e)	Mar 2020	Mar 2021 ^(p)	Mar 2022 ^(e)	Mar 2023 ^(e)
Nominal GDP (\$ Million) ¹	10,648.5	9,343.6	9,687.6	11,371.0	2,702.3	2,279.8	2,758.2	3,330.7
Real Growth (%)	(0.2)	(13.5)	(0.3)	9.9	(0.8)	(18.9)	13.2	6.4
Inflation (M.A., %) ²	2.3	0.5	1.5	5.0	2.7	(0.1)	2.1	5.7*
Unemployment (End-of-period, %)	8.9	13.6	10.9	7.2	n.a.	17.2	9.0	7.2**
Gross International Reserves (\$ Million)	1,481.0	2,660.7	3,058.8	2,770.3	1,574.9	2,574.3	3,019.3	3,216.6
Gross International Reserves Cover, Weeks	18.6	40.7	40.6	29.3	19.5	43.1	36.4	34
BoP Current Account (% of GDP)	(2.8)	(6.0)	(11.2)	(11.1)	0.2	(14.3)	(7.6)	(2.2)
Total Imports of Goods (% of GDP)	28.2	30.4	32.8	35.9	30.0	28.4	37.4	30.6
Travel Credits (% of GDP)	23.5	12.3	12.7	16.0	29.4	5.9	18.6	18.8
Financial Account (\$ Millions)	776.4	1,621.6	1,207.6	932.0	53.9	197.6	191.1	602.3
Gross Public Sector Debt ³ (% of GDP)	117.4	137.2	137.2	123.6	116.2	144.3	131.3	119.6
Central Government External Debt (% of GDP)	29.0	42.5	42.5	41.8	29.1	44.2	44.1	42.9
External Debt Service to Curr. Acct. Cred.	3.6	9.0	7.0	7.8	2.2	7.2	6.9	8.3
Treasury-Bill Rate	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Implicit Deposit Rate	0.1	0.0	0.0	0.0	0.1	0.1	0.0	0.0
Implicit Loan Rate	6.2	5.8	5.4	5.1	6.5	6.1	5.5	5.4
Excess Domestic Cash Ratio	18.5	22.4	26.8	27.5	17.8	20.1	26.5	30.6
Private Sector Credit Growth (%) ⁴	0.9	(1.2)	(0.7)	2.6	0.3	(0.2)	(0.3)	0.2
Private Sector Credit (% of GDP) ⁴	77.8	86.9	83.2	73.5	92.8	93.2	100.7	87.7
Domestic Currency Deposits (% of GDP) ⁴	109.6	131.0	131.7	121.5	132.9	136.7	157.1	142.2
Fiscal Year	2019/20	2020/21	2021/22	2022/23^(p)	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2022	Jan-Mar 2023^(p)
Fiscal Balance (% of GDP)	3.6	(4.8)	(4.8)	(2.1)	0.6	(4.4)	(2.7)	(2.5)
Primary Balance (% of GDP)	6.0	(1.0)	(0.9)	2.5	1.2	(3.7)	(1.4)	(1.1)
Interest (% of GDP)	2.3	3.8	3.9	4.6	0.6	0.7	1.3	1.4
Fiscal Current Account (% of GDP)	5.4	(1.7)	(0.6)	1.9	1.5	(2.5)	(0.7)	(0.3)
Revenue (% of GDP)	28.0	28.7	27.8	27.8	7.9	7.7	8.2	7.8
Expenditure (% of GDP)	24.4	33.5	32.6	29.9	7.3	12.1	10.9	10.3
Non-interest Expenditure (% of GDP)	22.1	29.7	28.7	25.3	6.8	11.4	9.5	8.9
Capital Expenditure (% of GDP)	1.8	3.1	4.2	4.0	0.9	1.9	2.0	2.2
Gov't Interest Payments (% of Revenue)	8.4	13.4	14.1	16.5	7.0	9.3	16.1	18.1

^(e) – Estimate

^(p) – Provisional

¹ - Central Bank of Barbados and Barbados Statistical Service

² - Twelve Month Moving Average

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 February, 2023

** - Data as at December, 2022

n.a. – not available

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

	2019	2020	2021 ^(p)	2022 ^(e)	Mar 2020	Mar 2021 ^(p)	Mar 2022 ^(e)	Mar 2023 ^(e)
Tradeables	1,567.2	859.8	841.4	1,340.5	350.8	154.9	319.6	387.0
Tourism	975.5	310.1	272.0	762.4	209.5	18.5	182.6	250.9
Agriculture	115.5	108.9	113.2	106.4	28.9	27.0	22.8	21.3
Sugar	3.1	3.7	3.7	4.0	1.5	1.0	0.6	1.9
Non-Sugar Agriculture	112.4	105.3	109.6	102.4	27.4	26.0	22.2	19.4
Manufacturing	476.1	440.8	456.1	471.7	112.4	109.4	114.2	114.8
of which:								
<i>Rum & Other Beverages</i>	76.8	76.1	78.1	84.8	19.2	19.8	22.8	23.9
<i>Food</i>	116.7	99.3	107.7	113.4	20.5	25.0	26.4	27.1
<i>Furniture</i>	12.0	11.5	12.2	12.4	2.4	2.6	2.6	2.6
<i>Chemicals</i>	27.4	28.1	27.7	29.6	7.9	7.1	7.8	7.9
<i>Other Non-Metallic Mineral Products</i>	37.8	38.1	41.1	45.3	77.7	65.9	77.9	80.2
Non-tradeables	6,442.0	6,064.6	6,063.0	6,244.0	1,651.8	1,469.9	1,520.1	1,570.2
Mining & Quarrying	49.4	56.6	39.5	39.8	16.5	11.2	11.2	11.4
Electricity, Gas & Water	213.5	203.5	212.1	219.8	51.4	46.2	50.5	51.9
Construction	452.3	457.2	443.5	466.9	120.2	93.8	99.0	104.1
Distribution	1,202.8	1,000.7	965.1	1,000.5	319.9	249.9	262.3	280.2
Transport, etc	1,011.5	904.1	911.1	933.6	248.7	212.7	211.8	216.5
Finance and Other Services	2,721.4	2,631.4	2,665.8	2,755.2	692.4	656.1	683.1	703.5
Government	791.0	811.1	826.0	828.3	202.7	200.1	202.2	202.7
Total	8,009.2	6,924.4	6,904.3	7,584.5	2,002.6	1,624.8	1,839.7	1,957.2
Nominal GDP	10,648.5	9,343.6	9,687.6	11,371.0	2,702.3	2,279.8	2,758.2	3,330.7
Real Growth Rates	(0.2)	(13.5)	(0.3)	9.9	(0.8)	(18.9)	13.2	6.4
Tradeables	3.9	(45.1)	(2.1)	59.3	(18.6)	(55.8)	106.3	21.1
Non-tradeables	(1.2)	(5.9)	(0.0)	3.0	4.0	(11.0)	3.4	3.3

^(p) - Provisional

^(e) - Estimate

¹ - BSS' 2010 Base Year Series

Sources: Central Bank of Barbados and Barbados Statistical Service

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

	2019	2020 ^(p)	2021 ^(p)	2022 ^(e)	Mar 2020 ^(p)	Mar 2021 ^(p)	Mar 2022 ^(e)	Mar 2023 ^(e)
Current Account	(293.6)	(561.0)	(1,084.8)	(1,258.4)	5.8	(325.8)	(208.7)	(71.8)
Inflows	5,159.9	3,519.7	3,659.0	4,695.2	1,379.1	616.6	1,191.5	1,362.3
Travel	2,500.0	1,149.0	1,227.1	1,823.1	795.2	134.5	513.6	625.8
Other Services	458.5	397.4	441.1	499.3	70.5	50.2	53.3	63.0
Domestic Exports	507.4	449.4	444.3	501.9	117.2	102.8	120.8	129.3
Rum	76.8	75.9	84.5	86.0	18.5	20.3	20.7	26.4
Food	66.4	61.3	66.9	81.0	16.4	14.8	17.2	21.0
Sugar	0.6	0.9	1.8	2.0	0.1	0.1	0.2	0.3
Chemicals	77.8	84.7	68.6	67.6	17.5	13.7	19.3	17.9
Printed Paper Labels	15.3	23.5	25.6	24.9	5.2	6.4	5.7	6.3
Construction Materials	59.1	38.2	35.9	38.3	9.7	6.0	8.8	6.6
Other	211.4	164.9	161.0	202.1	49.9	41.6	48.9	50.8
Re-exported Goods	380.8	241.0	237.7	493.4	109.4	60.5	161.0	177.9
Net Export of Goods under Merchanting	637.6	547.6	612.1	649.0	163.3	145.7	155.7	163.5
Income	565.4	338.7	412.4	455.5	108.4	73.8	87.9	95.3
Transfers	110.1	396.6	284.4	272.9	15.0	49.2	99.3	107.4
Outflows	5,453.5	4,080.8	4,743.8	5,953.6	1,373.3	942.4	1,400.3	1,434.0
Total Imports of Goods	3,003.7	2,843.9	3,177.4	4,078.3	810.3	647.9	1,031.3	1,020.1
Fuel Imports	728.0	510.6	685.8	1,122.8	210.7	124.2	320.6	296.3
Food and Beverages	657.0	613.3	653.6	817.0	172.2	134.0	185.3	196.7
Construction Materials	138.0	128.8	176.1	257.7	33.3	33.6	70.5	58.9
Other Merchandise Imports	1,480.7	1,591.2	1,661.9	1,880.8	394.2	356.1	454.9	468.2
Services	1,148.9	553.3	743.3	847.0	288.3	159.7	170.3	181.5
Income	1,099.2	473.7	604.8	786.1	211.6	69.2	126.2	162.1
General Government	150.0	139.3	128.1	171.3	11.2	16.0	49.2	75.5
Other Sectors	949.1	334.3	476.8	614.8	200.3	53.2	77.0	86.7
Transfers	201.7	209.8	218.2	242.2	63.1	65.6	72.5	70.2
Capital Account	(5.3)	(4.5)	(5.2)	15.0	(1.3)	(1.2)	(1.4)	(1.3)
Financial Account	776.4	1,621.6	1,207.6	932.0	53.9	197.6	191.1	602.3
Net Foreign Direct Investment	375.3	509.2	417.8	528.9	110.8	137.7	112.0	112.7
All Other Investment Flows	401.1	1,112.4	789.8	403.2	(56.9)	59.9	79.2	489.6
Net Long-term Public	371.5	937.7	734.6	120.9	(14.3)	(33.1)	2.2	396.1
Net Long-term Private	113.0	251.3	99.5	310.1	(31.3)	105.1	73.3	93.1
Net Short-term	(83.5)	(76.7)	(44.3)	(27.8)	(11.2)	(12.0)	3.7	0.4
Net Errors & Omissions	3.7	121.2	325.1	241.2	29.6	68.1	77.1	(82.4)
Overall Balance	481.4	1,177.3	442.8	(70.1)	88.0	(61.3)	58.1	446.8
Change in GIR: - increase/+ decrease	(481.4)	(1,179.7)	(398.2)	288.6	(93.9)	86.4	39.5	(446.4)
BOP change in GIR (-increase/+decrease)	(481.4)	(1,177.3)	(442.8)	70.1	(88.0)	61.3	(58.1)	(446.8)

^(p) - Provisional

^(e) - Estimate

Source: Central Bank of Barbados

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

	2019/20	2020/21	2021/22	2022/23 ^(p)	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2022	Jan-Mar 2023 ^(p)
Total Revenue	2,984.2	2,563.3	2,823.8	3,320.2	845.6	689.9	828.6	927.2
Tax Revenue	2,771.2	2,387.8	2,646.1	3,110.8	757.2	591.6	759.7	849.3
i) Direct Taxes	1,084.7	1,202.9	1,148.2	1,381.2	289.3	316.1	333.5	392.4
Personal	454.7	308.1	385.0	393.4	120.2	91.6	116.5	120.9
Corporate	309.0	612.9	450.5	548.8	113.8	168.7	159.4	186.5
Pandemic Levy (Individuals)	0.0	0.0	0.0	13.5	0.0	0.0	0.0	4.2
Pandemic Levy (Corporations)	0.0	0.0	0.0	74.7	0.0	0.0	0.0	19.7
Property	214.7	181.6	205.2	217.0	21.9	15.2	21.2	27.6
Financial Institutions Asset Tax	47.4	45.6	46.2	53.0	16.3	11.6	10.9	12.6
Other	58.9	54.7	61.4	80.8	17.1	29.0	25.6	20.9
ii) Indirect Taxes	1,686.5	1,185.0	1,497.9	1,729.6	467.9	275.5	426.2	456.9
Stamp	11.4	7.6	13.4	21.6	2.8	1.5	6.1	8.6
VAT	966.9	706.3	884.6	1,022.8	262.6	187.3	249.3	265.3
Excises	250.9	154.1	212.3	247.2	64.8	24.3	64.2	69.8
Import Duties	231.6	191.9	220.6	241.9	57.5	40.6	54.8	61.3
Hotel & Restaurant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Social Responsibility Levy	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other of which:	225.6	124.9	167.0	196.1	80.2	21.8	51.8	51.8
Fuel Tax	82.1	63.8	70.2	80.9	20.8	9.0	18.4	24.3
Room Rate/Shared Accommodation	28.1	9.5	25.2	40.2	10.1	4.1	11.2	14.1
Non Tax Revenue & Grants	213.0	175.4	177.8	209.4	88.4	98.4	68.9	77.9
Non Tax Revenue of which:	201.3	169.5	159.7	173.4	86.8	96.4	64.0	68.9
Foreign Exchange Fee	79.4	65.2	78.7	94.4	21.0	21.1	21.3	37.5
Grants	11.8	0.0	5.7	20.0	1.6	0.0	0.0	0.0
Post Office - Revenue	0.0	5.9	12.3	16.0	0.0	1.9	4.9	9.0
Current Expenditure	2,407.9	2,716.8	2,889.2	3,089.0	683.0	916.4	899.2	958.3
Wages & Salaries	807.4	808.0	834.8	854.6	205.2	208.7	213.2	230.9
Goods & Services	375.5	399.8	493.2	529.0	137.0	196.8	186.6	170.6
Interest	249.7	342.6	398.9	549.3	59.6	64.0	133.4	167.7
External	62.7	144.1	132.4	196.0	11.2	16.0	49.2	73.9
Domestic	187.0	198.5	266.5	353.3	48.4	48.0	84.2	93.8
Transfers & Subsidies	975.3	1,166.3	1,162.3	1,156.2	281.2	446.8	366.0	389.2
Grants to Individuals	389.2	423.7	454.2	475.0	113.1	143.0	132.3	155.5
Grants to Public Institutions	517.6	657.3	631.8	581.7	151.1	265.4	215.6	198.5
Subsidies	31.8	49.7	33.6	48.2	6.9	27.0	8.6	22.3
Subscriptions & Contributions	20.3	20.3	21.9	23.7	5.8	6.3	3.4	4.3
Non-Profit Agencies	16.4	15.3	20.7	27.7	4.2	5.1	6.0	8.6
Capital Expenditure & Net Lending	191.8	276.1	425.2	476.2	99.0	167.3	205.0	266.7
Capital Expenditure	185.1	278.3	421.6	449.5	97.8	168.7	202.5	260.4
Net Lending	6.7	-2.2	3.6	26.7	1.3	-1.4	2.5	6.2
Fiscal Balance	384.5	(429.6)	(490.6)	(245.1)	63.6	(393.7)	(275.6)	(297.8)
Primary Balance	634.2	(87.0)	(91.6)	304.2	123.2	(329.7)	(142.1)	(130.1)
Fiscal Balance to GDP (%)	3.6	(4.8)	(4.8)	(2.1)	0.6	(4.4)	(2.7)	(2.5)

^(p) - Provisional

Sources: Ministry of Finance and Central Bank of Barbados

Appendix 5 – Government Financing (BDS\$ Millions)

	2019/20	2020/21	2021/22	2022/23 ^(p)	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2022	Jan-Mar 2023 ^(p)
Fiscal Balance	384.5	-429.6	-490.6	-245.1	63.6	-393.7	-275.6	-297.8
Arrears Payments	-208.3	-61.9	-41.1	-38.3	0.0	0.0	-11.2	-17.4
Financing	-176.2	491.5	531.7	283.4	-63.6	393.7	286.8	315.2
Domestic Financing (Net)	-274.9	-340.1	107.0	-239.8	-46.4	422.1	319.3	-49.7
Central Bank	164.7	-66.6	361.6	-132.6	42.5	421.8	318.3	-213.2
Commercial Banks	-86.3	106.6	-24.5	71.8	28.9	-1.3	-12.6	-3.3
National Insurance Board	-85.2	-207.9	15.3	-60.2	-21.3	-39.9	-0.7	-15.4
Private Non-Bank	-217.7	-34.9	-47.1	-137.9	-85.1	37.1	-46.7	-73.5
Other	-50.4	-137.3	-198.3	19.1	-11.4	4.4	61.1	255.7
Foreign Financing (Net)	98.7	831.6	424.7	523.2	-17.2	-28.4	-32.5	364.9
Capital Markets	0.0	0.0	0.0	146.5	0.0	0.0	0.0	0.0
Project Funds	64.1	51.2	91.4	94.7	1.5	0.0	0.0	2.2
Policy Loans	150.0	968.1	496.6	483.6	0.0	0.0	0.0	400.0
Amortisation	-115.4	-187.7	-163.3	-201.7	-18.7	-28.4	-32.5	-37.3

^(p) – Provisional

Source: Central Bank of Barbados

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

	2019	2020	2021	2022	Mar 2020	Mar 2021	Mar 2022	Mar 2023 ^(p)
Gross Central Government Debt¹	12,426.9	12,761.3	13,312.9	14,017.3	12,322.4	12,819.2	13,310.2	14,327.9
Gross Central Government Debt (%GDP)	116.7	136.6	137.4	123.3	115.7	143.7	130.9	119.2
Domestic Debt	9,336.4	8,786.8	8,828.3	9,263.3	9,226.1	8,872.8	8,824.0	9,203.6
Short Term	687.5	630.4	684.9	709.5	697.0	708.1	710.1	662.3
Treasury Bills²	495.1	495.1	495.1	495.1	495.1	495.1	495.1	495.1
Central Bank	207.2	207.2	207.2	207.2	207.2	207.2	207.2	207.2
Commercial Banks	285.1	285.1	285.1	285.1	285.1	285.1	285.1	285.1
Other	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Loans	192.4	135.3	189.8	214.4	201.9	213.0	215.0	167.2
Central Bank	192.4	135.3	189.8	214.4	201.9	213.0	215.0	167.2
Long Term	8,648.9	8,156.4	8,143.4	8,553.8	8,529.2	8,164.7	8,113.9	8,541.4
Bonds	8,460.0	8,108.4	8,108.8	8,137.4	8,358.4	8,083.8	8,091.2	8,137.3
Central Bank	414.4	414.4	414.4	626.8	414.4	414.4	444.4	626.8
Commercial Bank	2,048.0	2,048.9	2,058.4	2,031.3	2,048.0	2,048.8	2,058.3	2,034.2
NIS	2,880.0	2,690.6	2,666.1	2,620.5	2,858.7	2,650.2	2,665.4	2,605.2
Insurance Companies	807.5	816.3	828.6	799.2	821.5	815.8	815.1	810.6
Pension Funds	304.7	308.8	321.9	317.2	304.8	311.7	321.9	317.1
Other	2,005.5	1,829.3	1,817.1	1,742.4	1,911.0	1,842.8	1,786.1	1,743.4
Loans & Tax Certificates	22.2	6.5	0.3	146.6	17.9	1.5	0.1	146.6
Commercial Banks	22.1	6.3	0.1	146.5	17.8	1.4	-	146.5
Other	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Arrears	166.7	41.4	34.3	269.7	152.9	79.4	22.6	257.5
External Debt	3,090.5	3,974.5	4,484.5	4,754.0	3,096.2	3,946.4	4,486.2	5,124.3
Long Term	3,090.5	3,974.5	4,484.5	4,754.0	3,096.2	3,946.4	4,486.2	5,124.3
International Bonds	1,140.4	1,077.8	1,072.9	1,071.4	1,137.9	1,072.9	1,072.9	1,070.6
Bilateral	222.6	244.4	291.3	387.5	242.9	244.4	312.6	376.3
Multilateral	1,445.5	2,397.3	2,894.6	2,951.4	1,431.1	2,381.3	2,882.4	3,340.8
IMF (Budget Support)	-	368.2	464.8	548.4	-	368.2	464.8	548.4
Commercial	237.0	255.0	225.7	343.7	237.0	247.8	218.3	336.5
Arrears	45.0	-	-	-	47.3	-	-	-
Other Public Sector Debt (Guaranteed Contingent Liabilities)	72.4	53.5	47.5	37.6	57.9	51.9	46.0	36.2
Domestic Debt	-	-	-	-	-	-	-	-
External Debt	72.4	53.5	47.5	37.6	57.9	51.9	46.0	36.2
Long Term	72.4	53.5	47.5	37.6	57.9	51.9	46.0	36.2
Bonds	38.0	31.1	31.1	27.2	31.1	31.1	31.1	26.0
Multilateral	28.4	22.4	16.4	10.4	26.8	20.9	14.9	10.2
Other	-	-	-	-	-	-	-	-
Arrears	6.0	-	-	-	-	-	-	-
Gross Public Sector Debt³	12,499.3	12,814.8	13,358.3	14,054.9	12,380.3	12,871.1	13,356.2	14,278.3
Gross Public Sector Debt (%GDP)	117.3	137.2	137.9	123.6	116.2	144.3	131.3	119.6

^(p) - Provisional

¹ - Gross Central Government Debt = Domestic Debt + External Debt

² - Treasury Bills - Held for a fixed period

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

Sources: Ministry of Finance and Central Bank of Barbados

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

	2019	2020	2021	2022	Mar 2020	Mar 2021	Mar 2022	Mar 2023 ^(p)
Monetary Authorities								
Net International Reserves	1,130.8	2,195.0	2,594.6	2,354.5	1,209.8	2,096.0	2,535.7	2,788.5
Monetary base	2,938.8	3,551.8	4,132.8	4,389.2	3,037.2	3,892.5	4,490.0	4,477.4
Net Domestic Assets	1,761.6	1,296.2	1,479.0	1,978.4	1,771.4	1,735.8	1,885.0	1,632.6
Deposit-taking Institutions¹								
Credit to Public Sector ²								
Central Government (net)	1,886.7	2,056.5	2,100.1	2,249.8	1,916.9	2,075.1	2,102.4	2,241.3
Rest of the Public Sector	65.0	85.3	144.5	157.1	73.9	84.1	142.6	159.6
Credit to Rest of Financial System	255.7	262.8	246.3	241.3	267.2	257.1	244.0	224.3
Credit to the Non-Financial Private Sector ³	8,254.4	8,153.7	8,096.8	8,350.7	8,147.2	8,081.5	8,081.3	8,357.0
Total Deposits	12,286.4	12,976.2	13,697.0	14,413.4	12,615.5	13,144.7	14,252.0	14,316.3
Transferable Deposits ⁴	10,396.1	11,178.9	11,855.8	12,643.9	10,751.4	11,353.8	12,463.9	12,668.4
Non-Transferable Deposits	1,890.3	1,797.3	1,841.1	1,769.4	1,864.2	1,790.8	1,788.2	1,648.0
Memo Items								
Domestic Currency Deposits	10,337.2	12,283.2	12,809.9	13,376.8	11,806.6	12,482.0	13,177.2	13,249.9
Foreign Currency Deposits	576.2	693.0	887.0	1,036.5	808.9	662.7	1,074.8	1,066.4
Banking System Financial Stability Indicators⁵								
Capital Adequacy Ratio (CAR)	13.5	16.0	16.8	17.6	14.6	15.9	17.7	17.7
Loan to Deposit Ratio	61.7	57.1	53.0	53.1	59.1	55.2	49.9	53.2
Liquid Assets to Total Assets	26.0	27.4	31.1	32.0	26.7	30.0	34.1	31.5
Non-Performing Loans Ratio	6.6	7.3	7.4	5.9	6.9	7.9	7.0	5.7
Provisions to Non-Performing Loans	59.4	62.0	59.6	50.8	58.0	59.2	60.9	51.3
Return on Average Assets (12-month)	0.6	0.8	1.1	1.3	1.8	0.5	1.3	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