



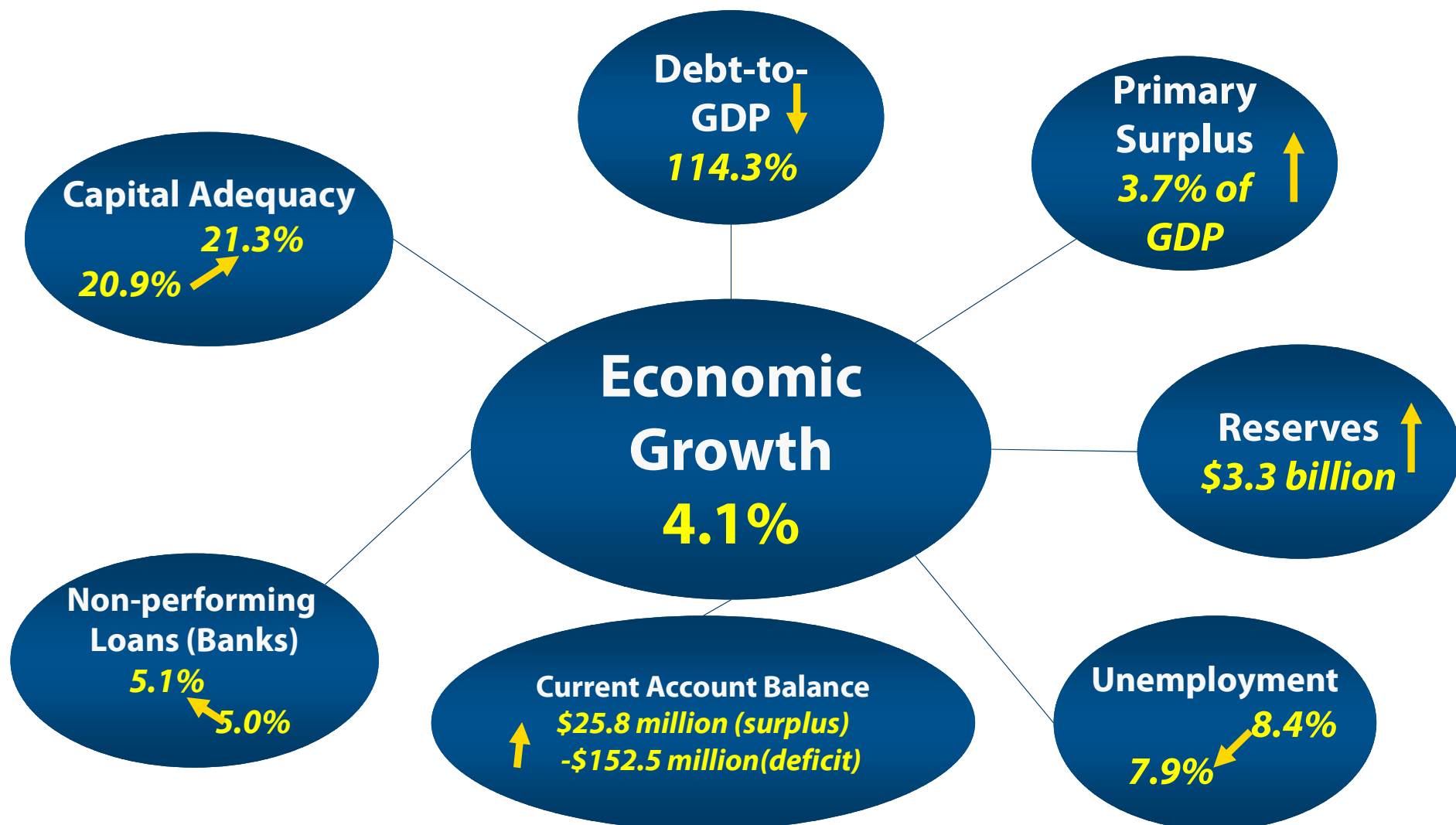
BARBADOS' ECONOMIC REVIEW



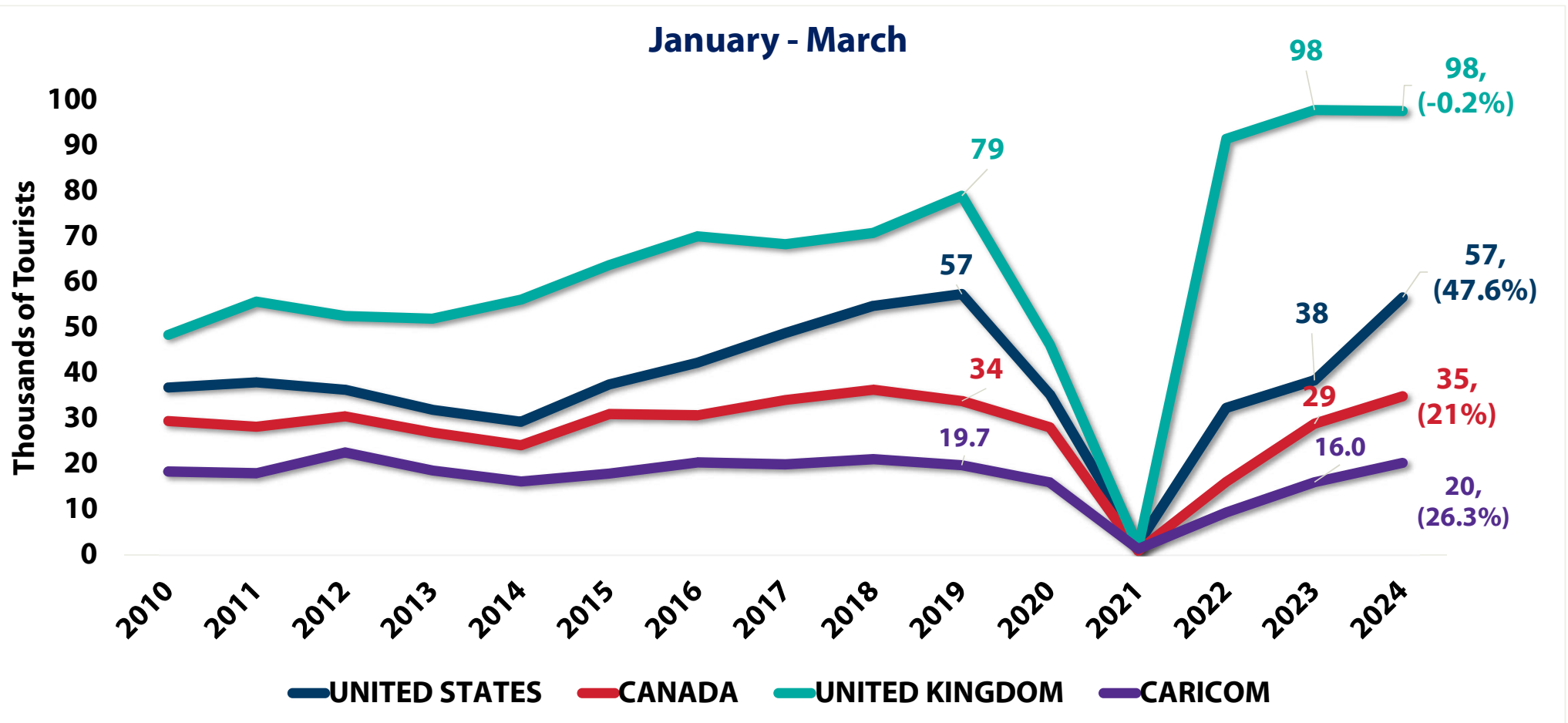
An aerial photograph of a city at dusk, with a prominent yellow triangle in the bottom-left corner. The text 'OVERVIEW OF THE ECONOMY' is overlaid in the center in a bold, yellow, sans-serif font with a white outline. The background shows a mix of residential and commercial buildings under a dark, cloudy sky.

OVERVIEW OF THE ECONOMY

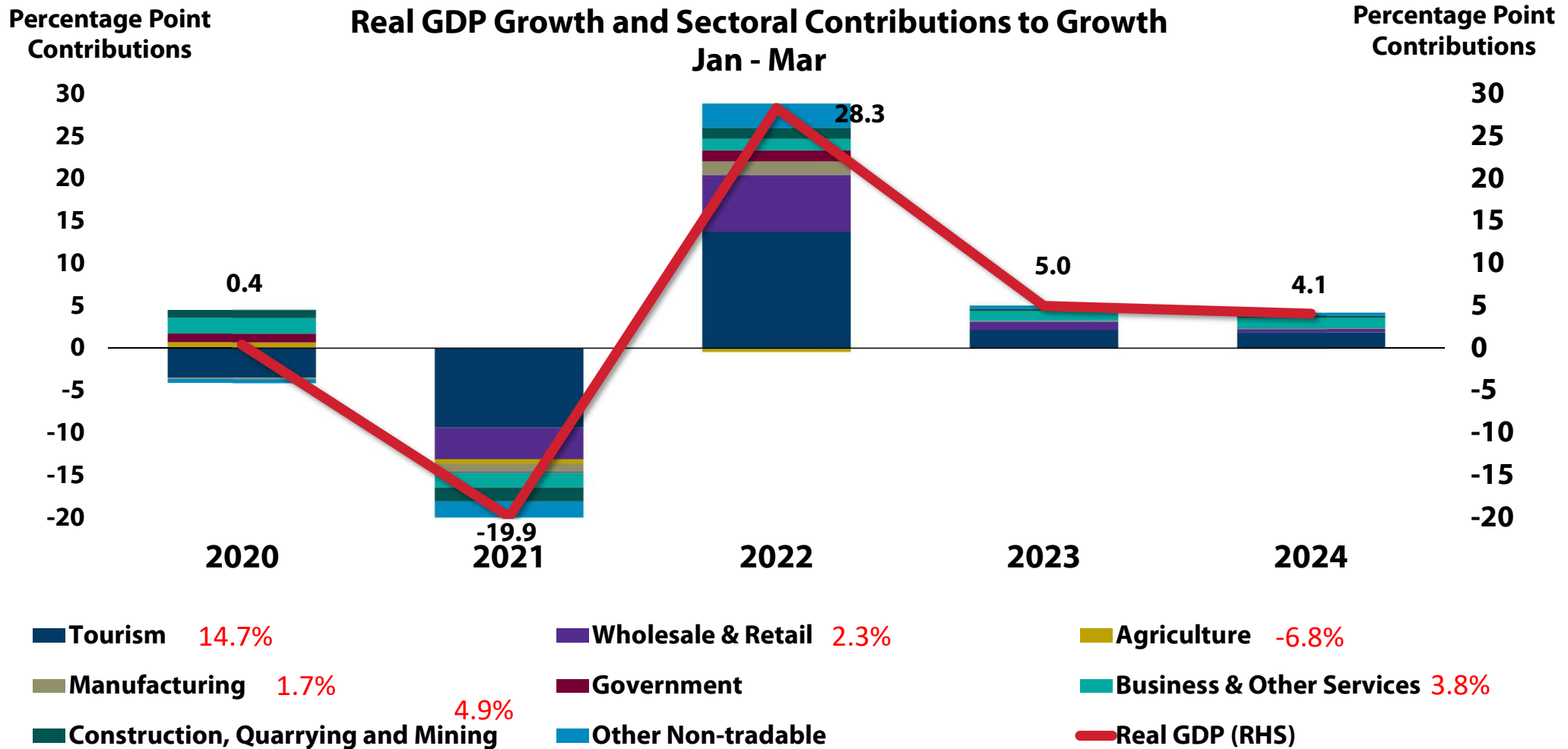
Economic growth continued, further strengthening resilience despite challenges



With record first quarter tourist arrivals
Arrivals up 14.8% year-on-year



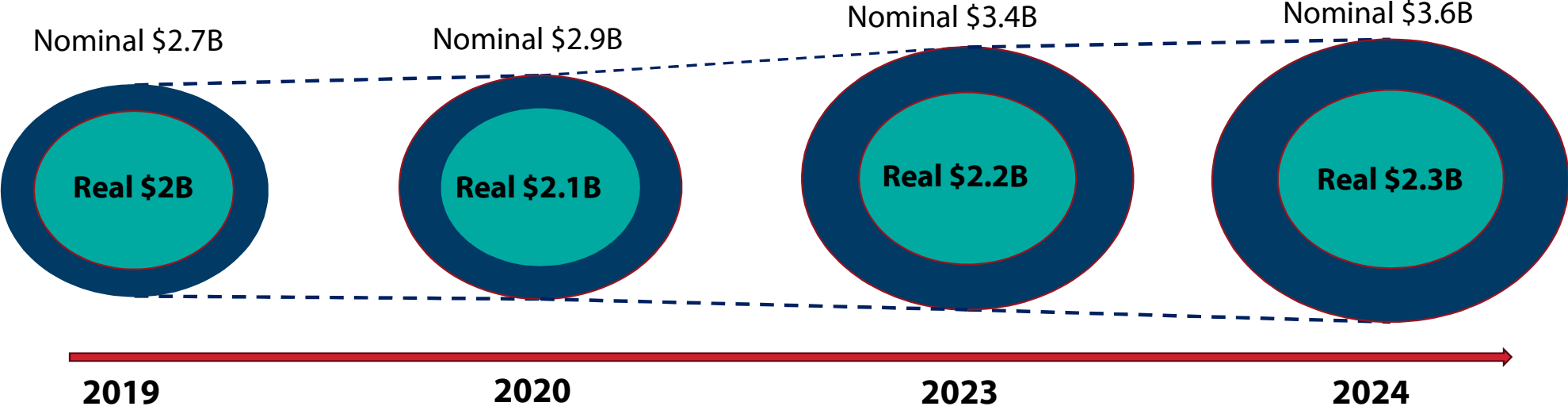
Most sectors contributed to the economic expansion.



12 consecutive quarters of real GDP growth

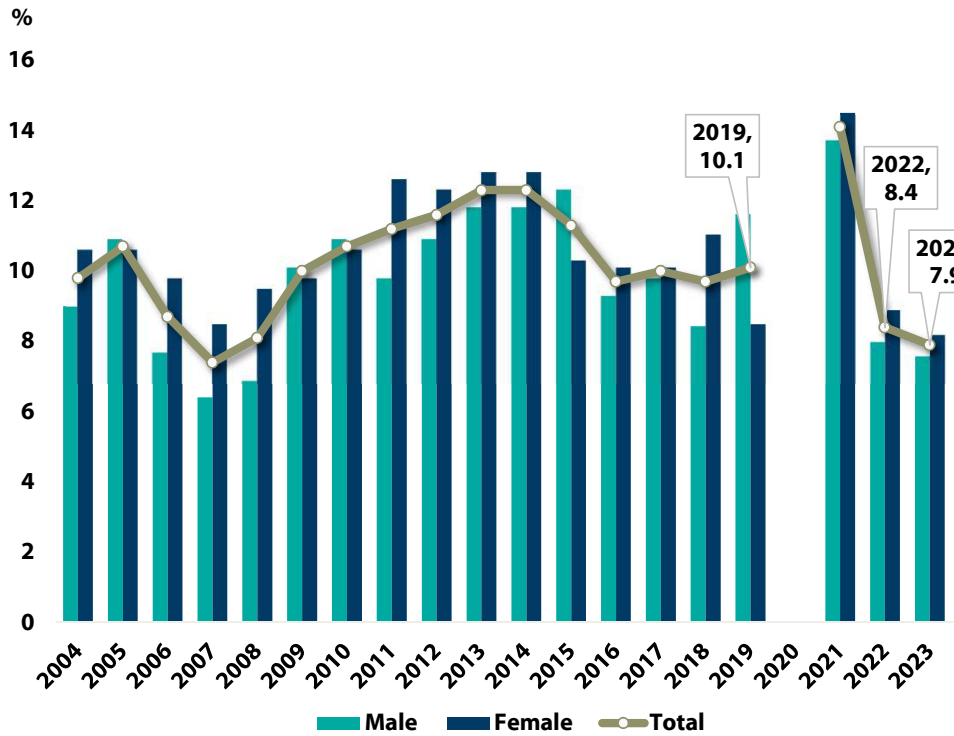
GDP continued to expand in both Real & Nominal Terms

Jan-Mar

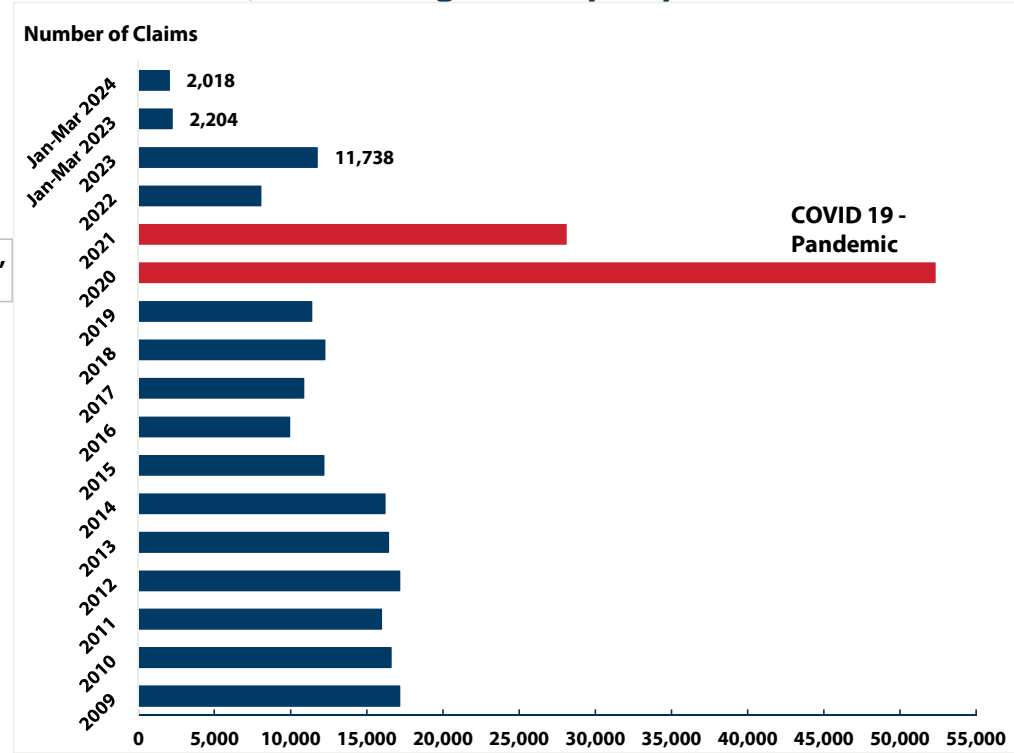


Labour market conditions remained stable.

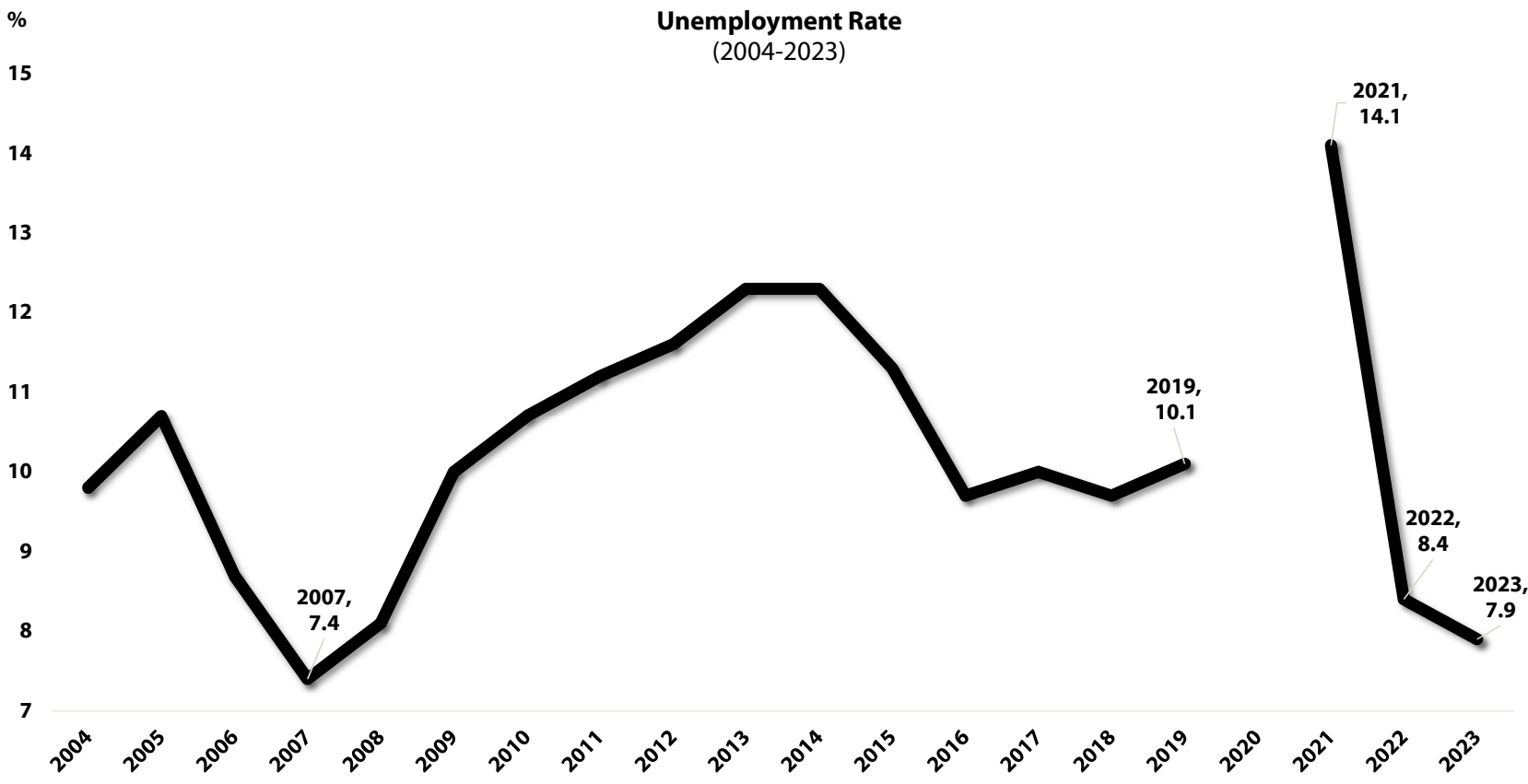
The annual unemployment rate decreased slightly.



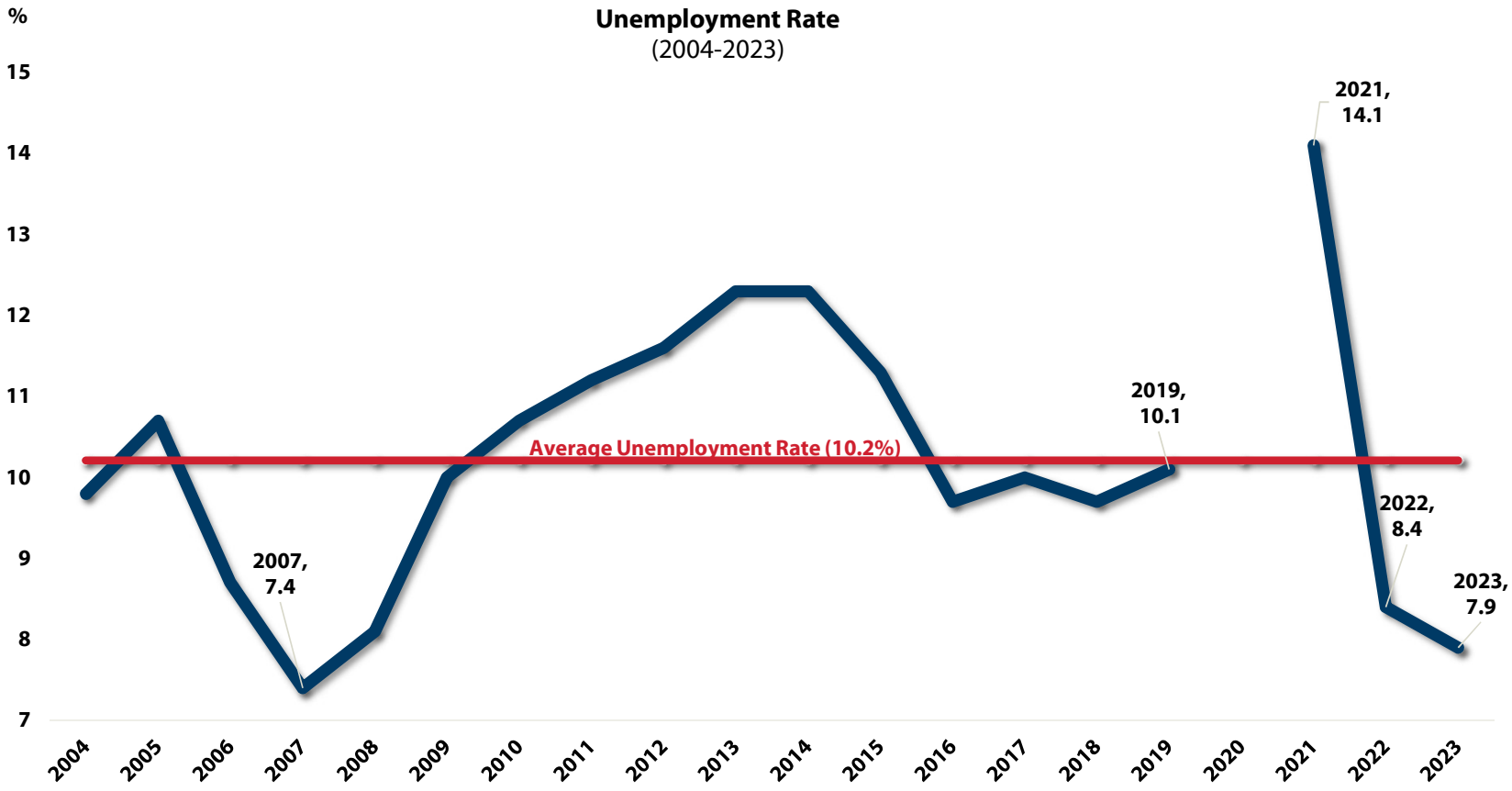
Number of unemployment claims was lower than 2023, remaining below pre-pandemic levels.



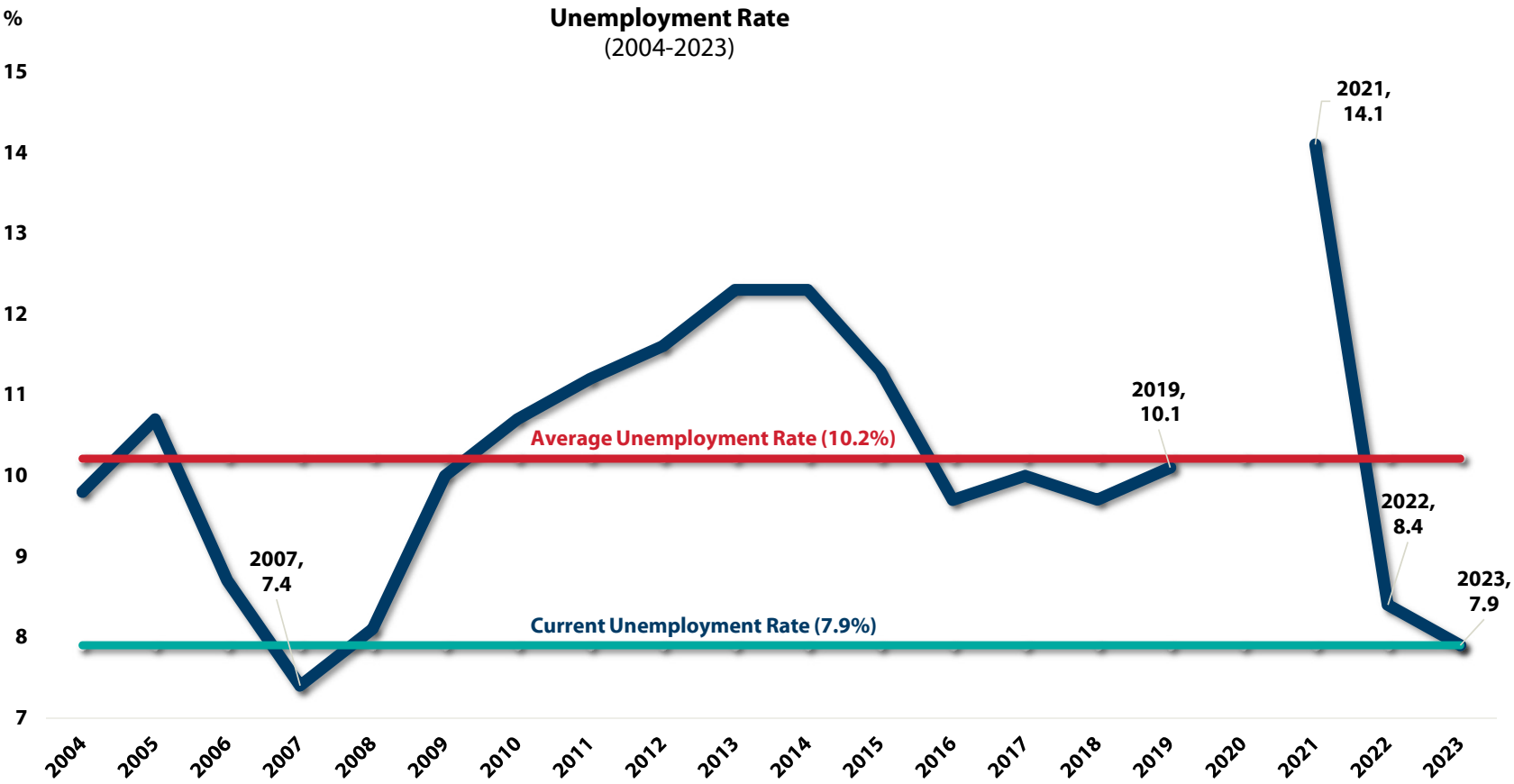
The annual unemployment rate remains below the historical average.



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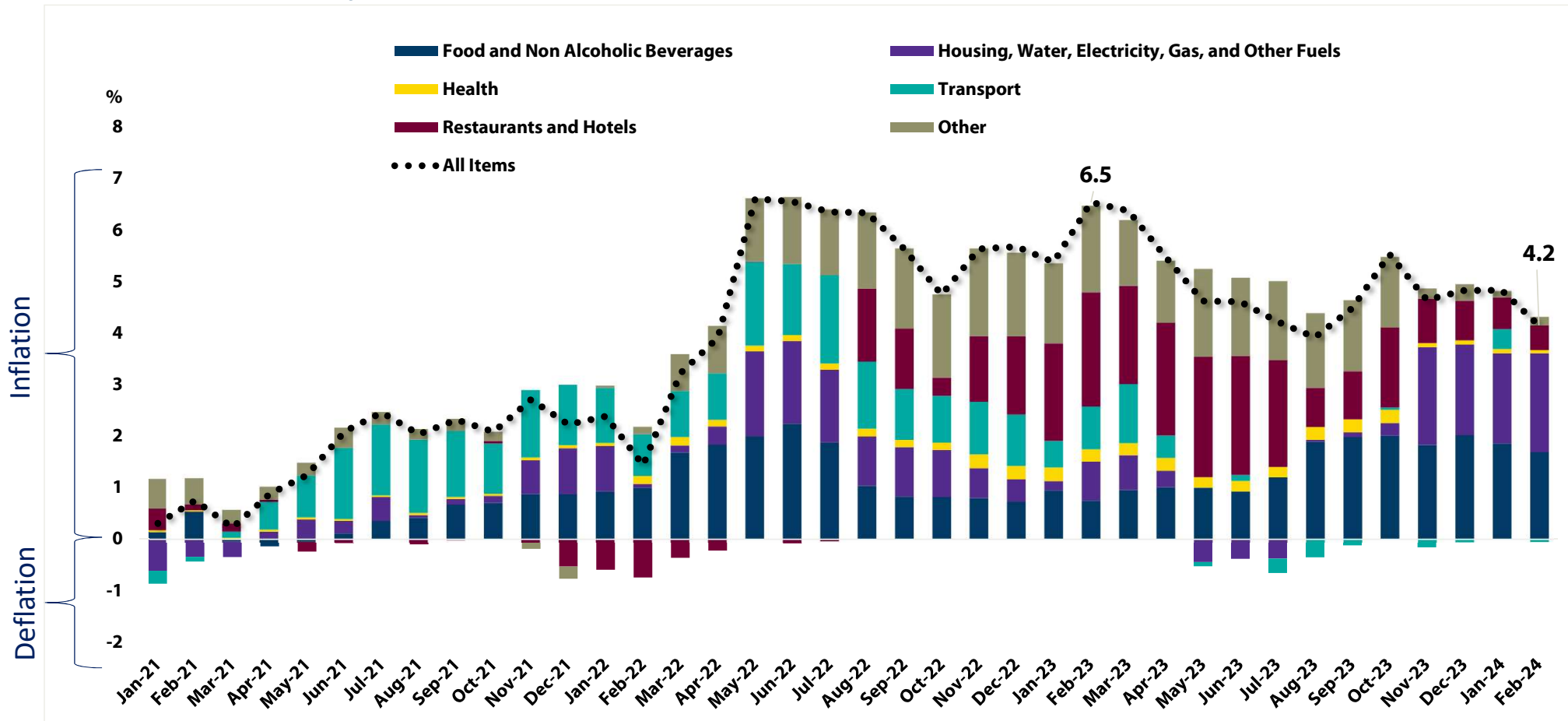


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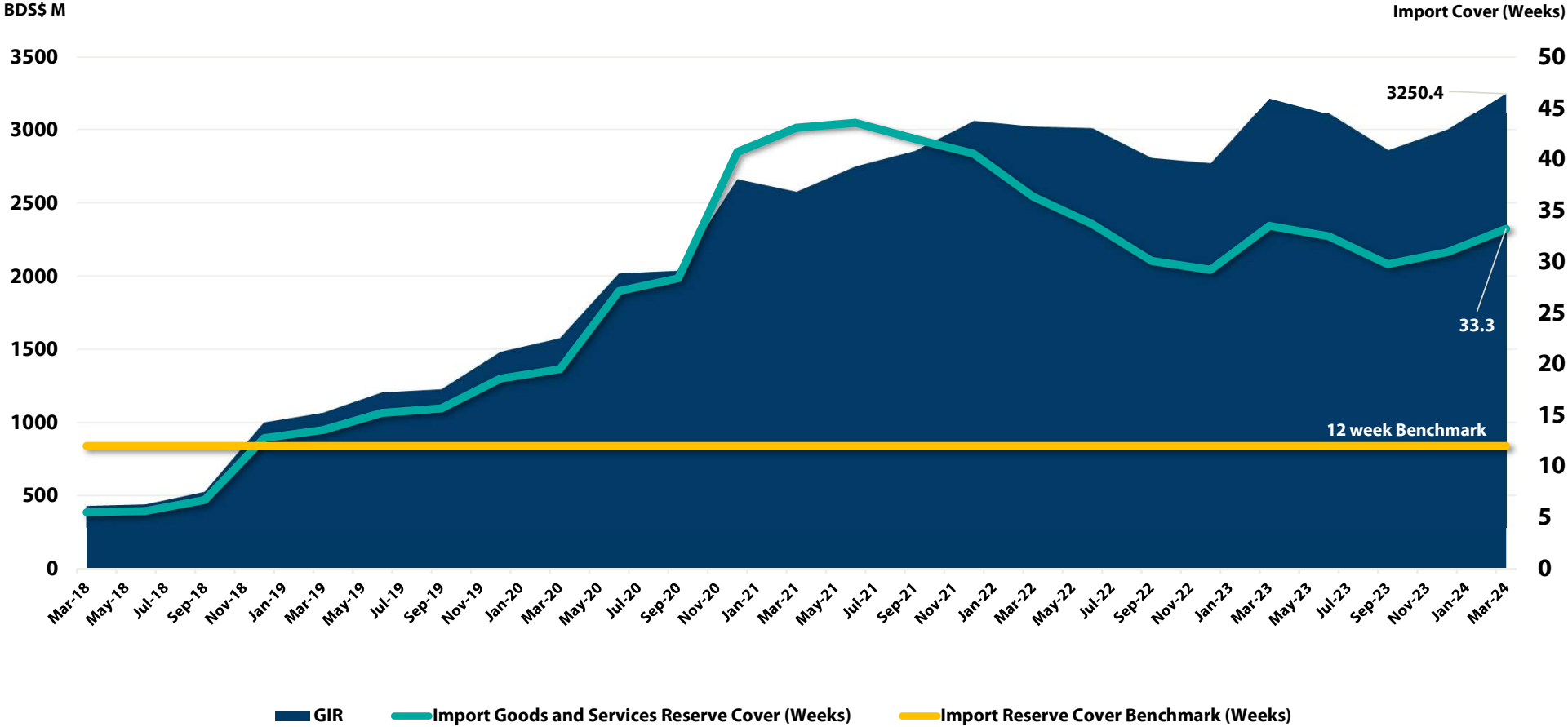


Inflation slowed but remain elevated, primarily due to local factors.

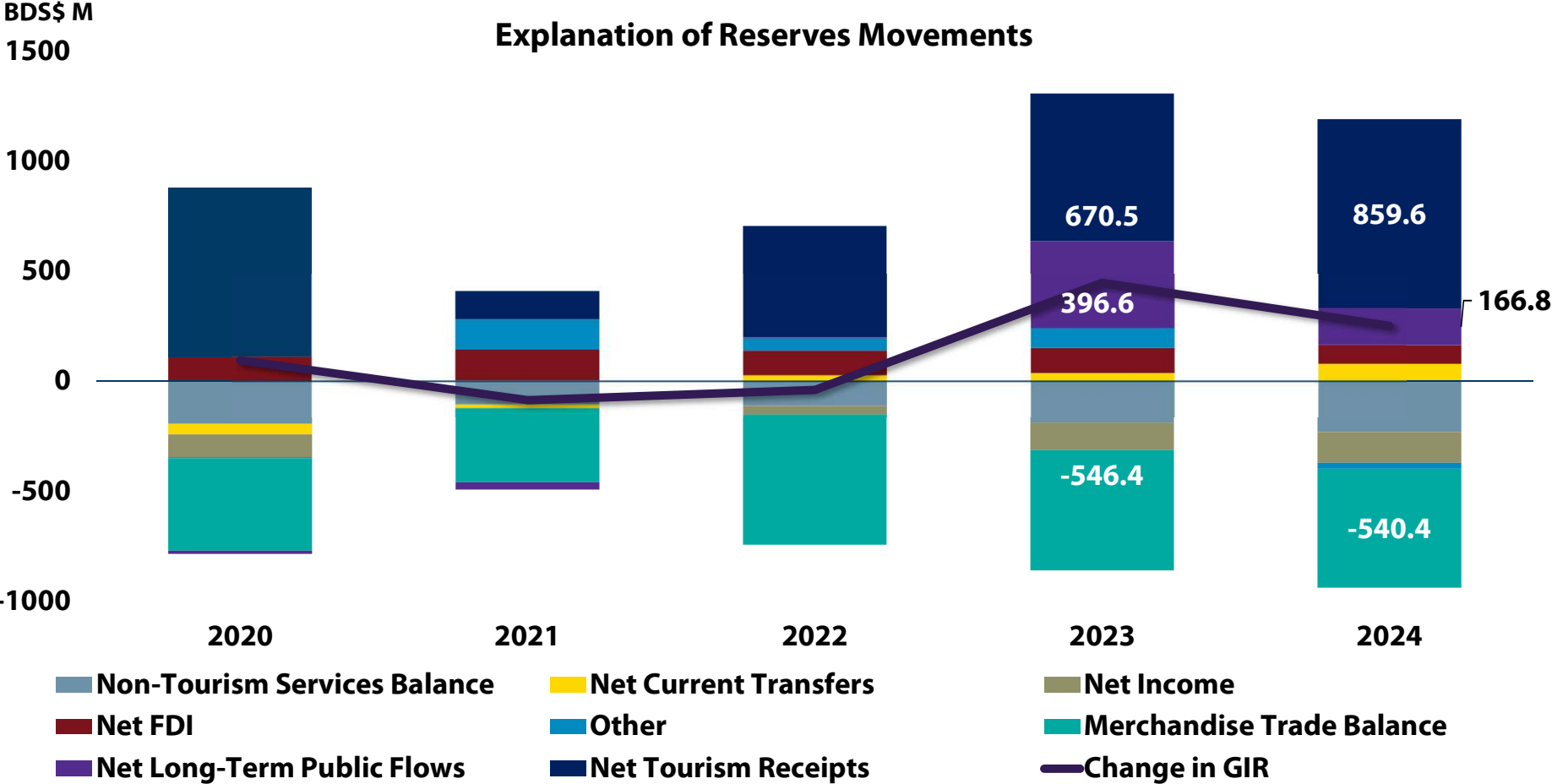
- 1) adverse weather conditions impacting supply of certain crops and livestock
- 2) higher demand for dining and alcoholic beverages.
- 3) rental prices



Foreign reserves are at a record high 33.3 weeks of import cover!

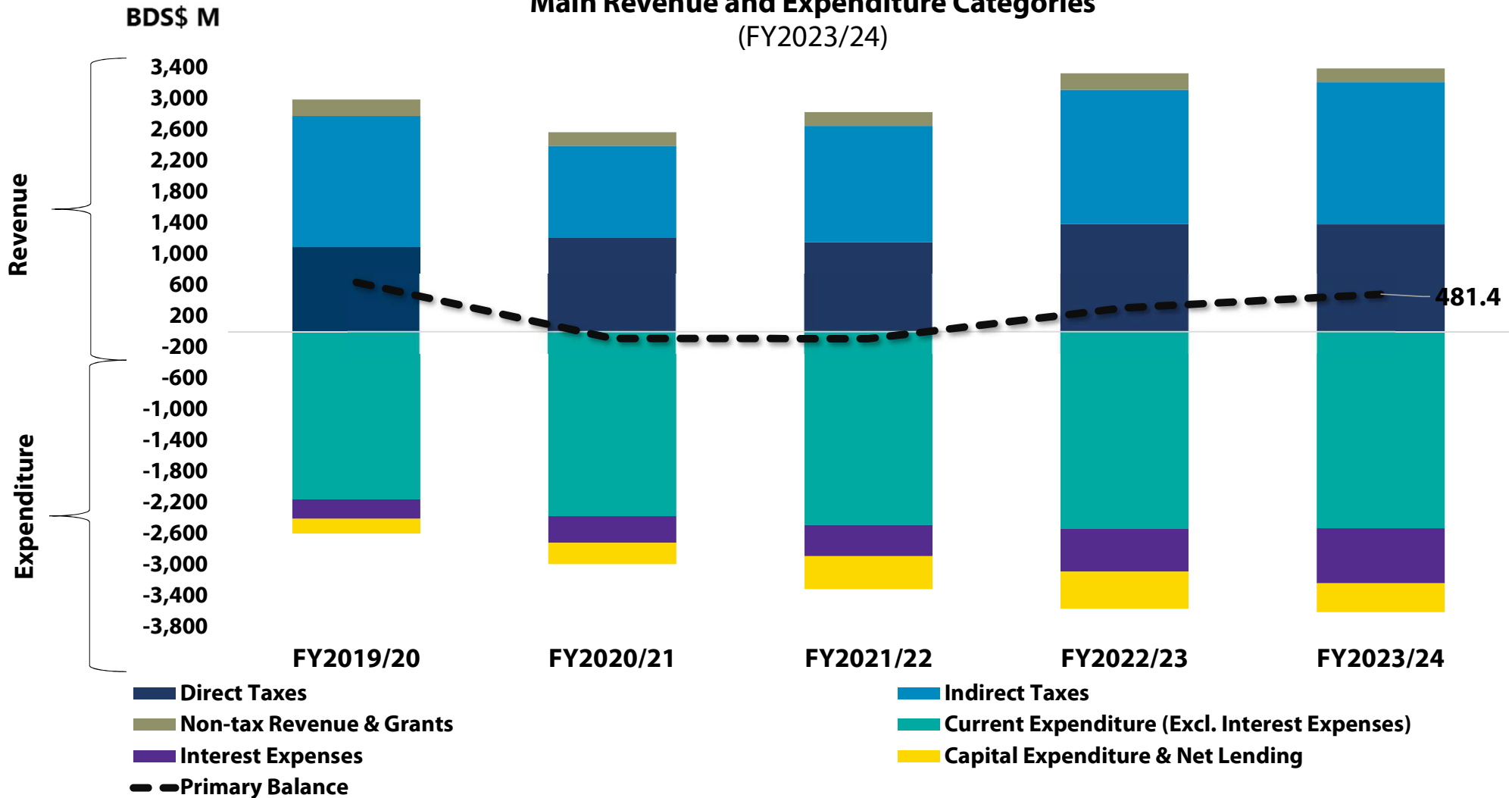


Increased tourism earnings, foreign tax receipts, and policy support from multilateral development banks drove the reserve accumulation



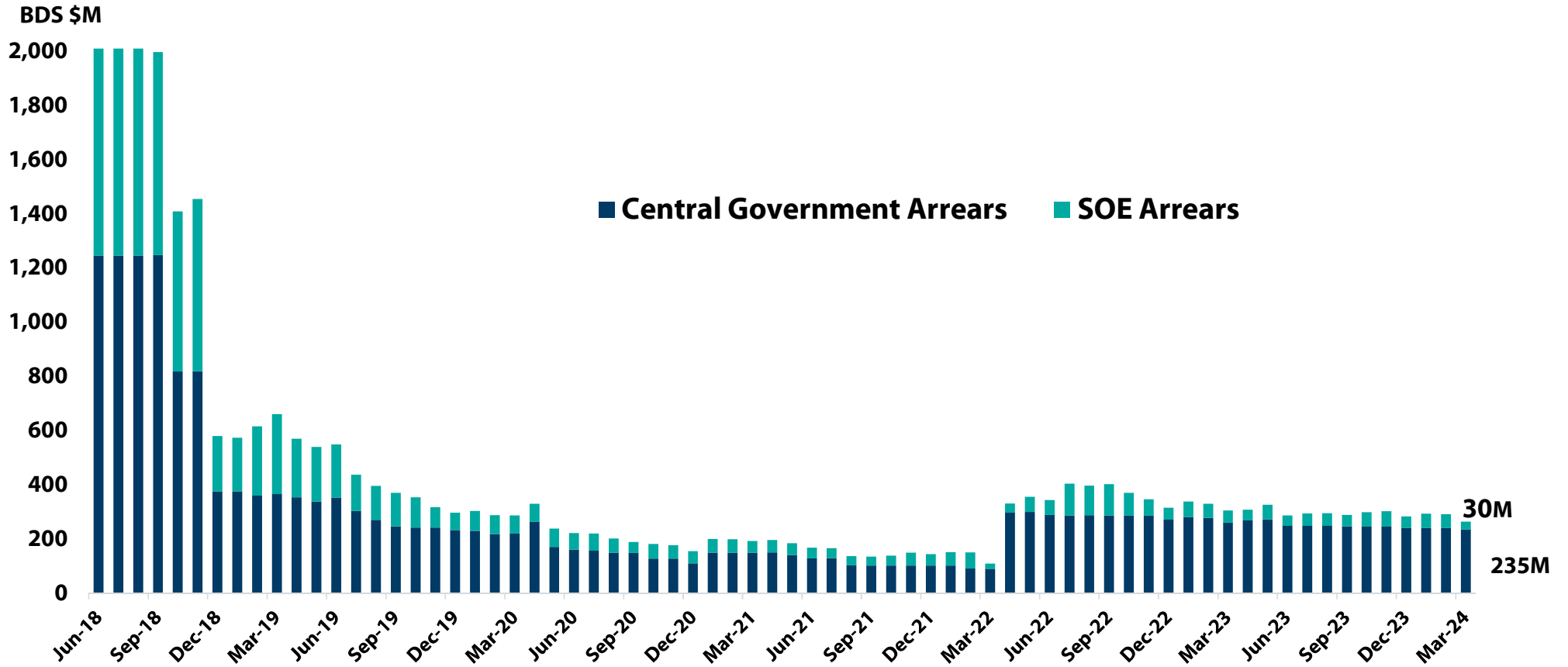
Fiscal operations resulted in a primary surplus.

Main Revenue and Expenditure Categories (FY2023/24)



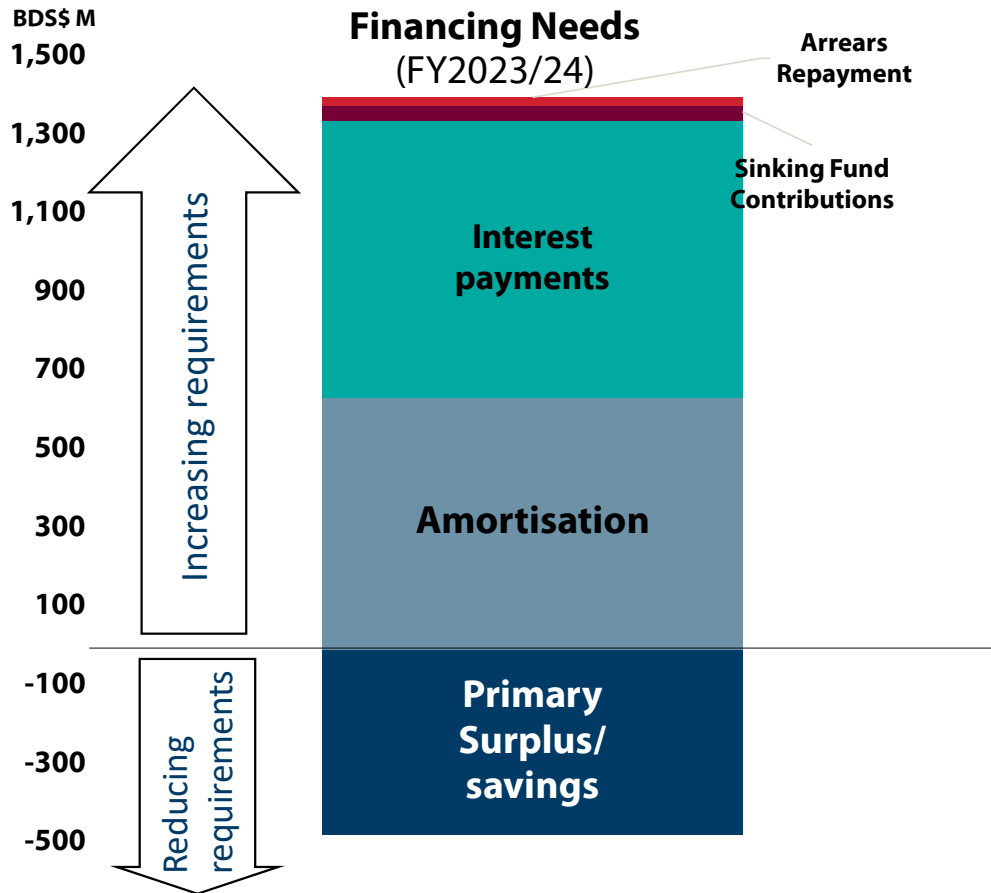
Central Government and SOE arrears continued to decline.

Central Government Arrears and Total SOE Arrears

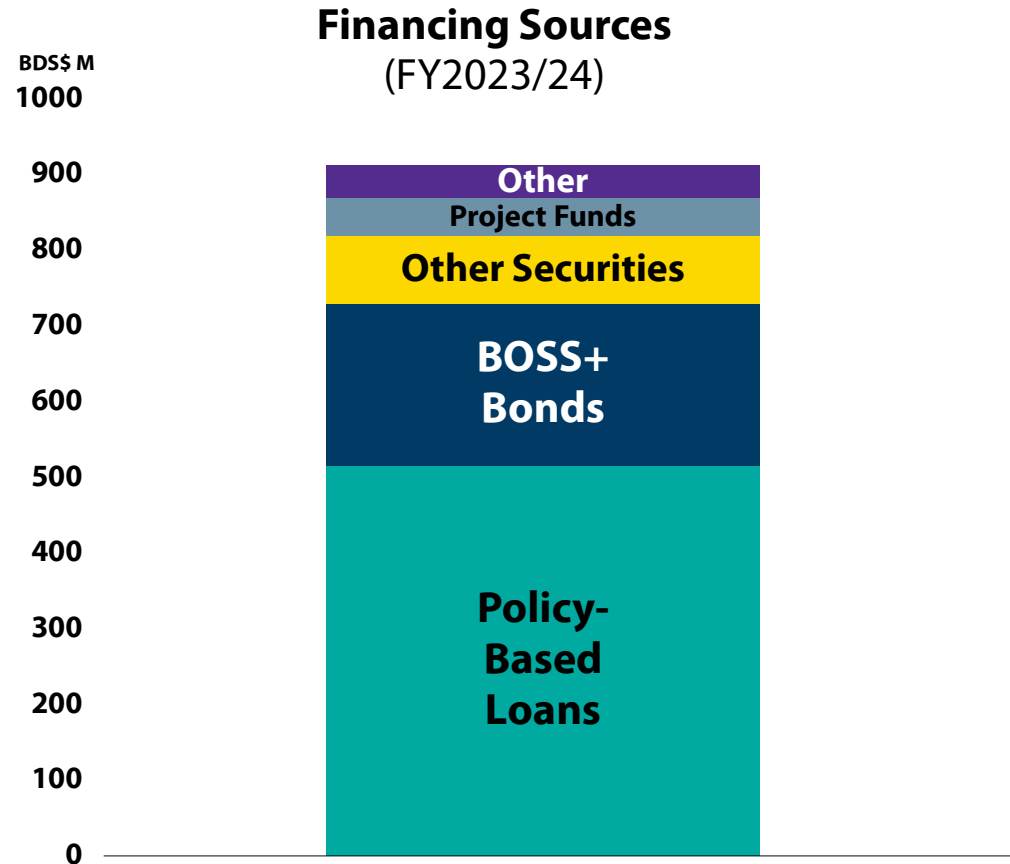


Government's financing needs were fully covered.

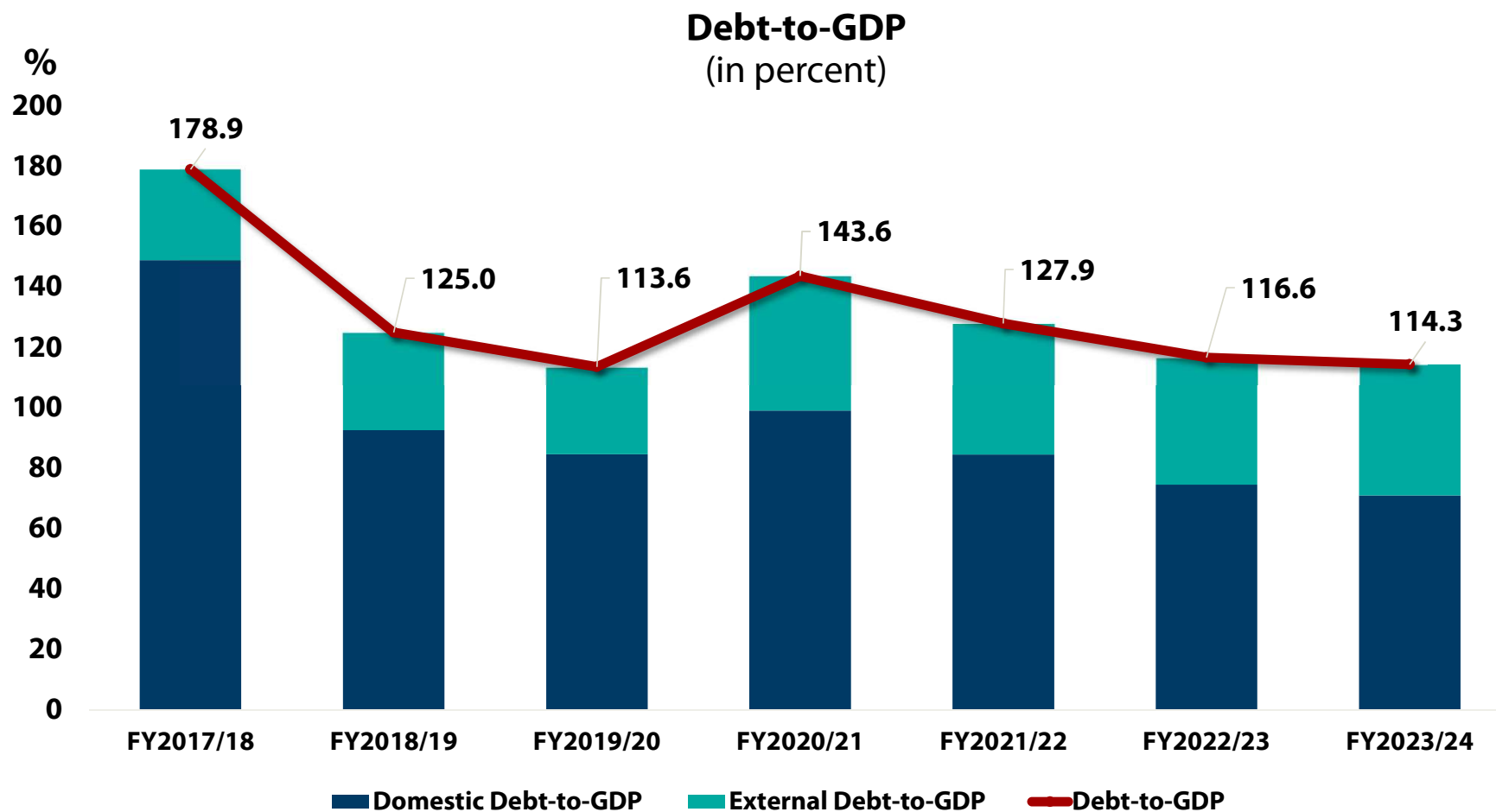
Higher debt service increased financing needs...



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

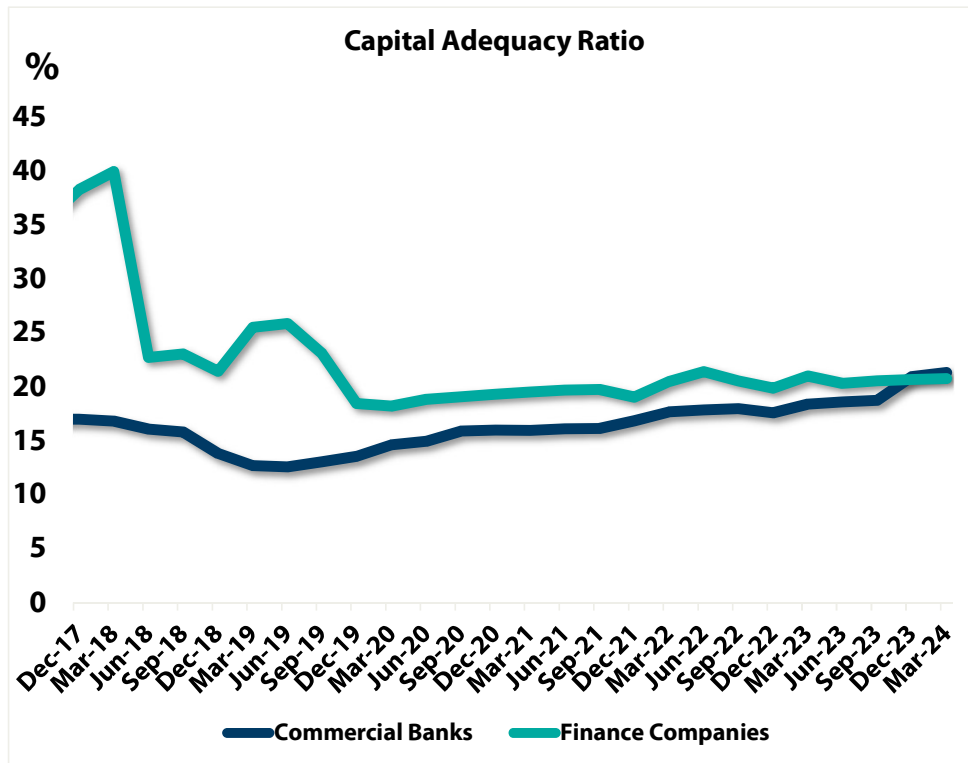


Debt-to-GDP ratio continues to decline as the economy expands.

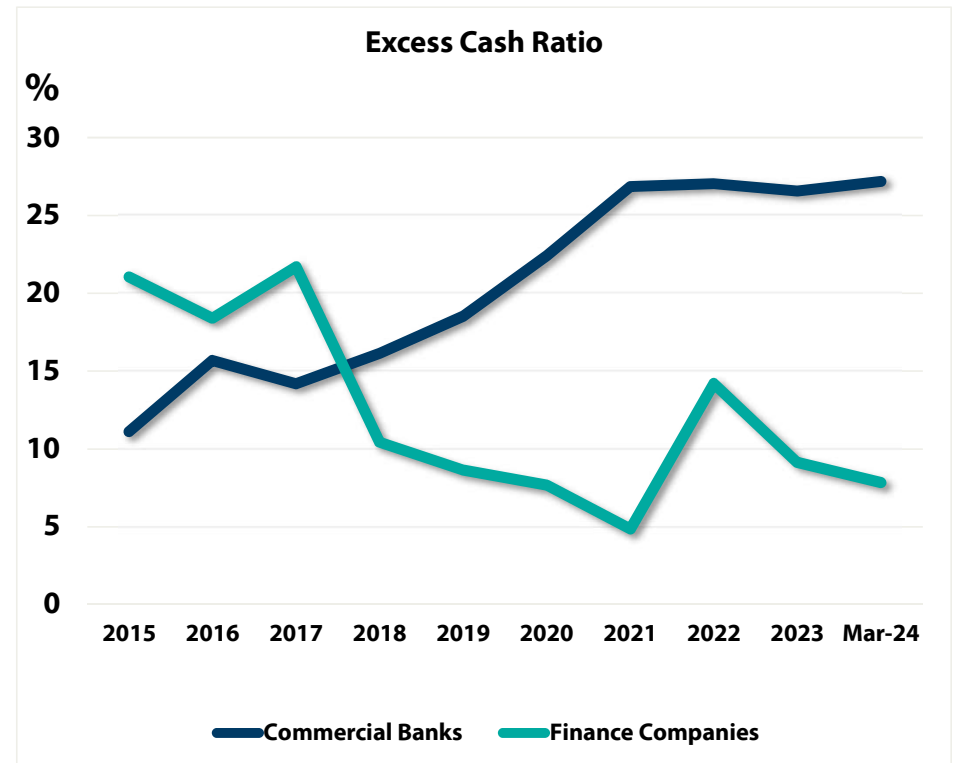


The financial system remains stable and healthy.

Financial institutions are well capitalised.

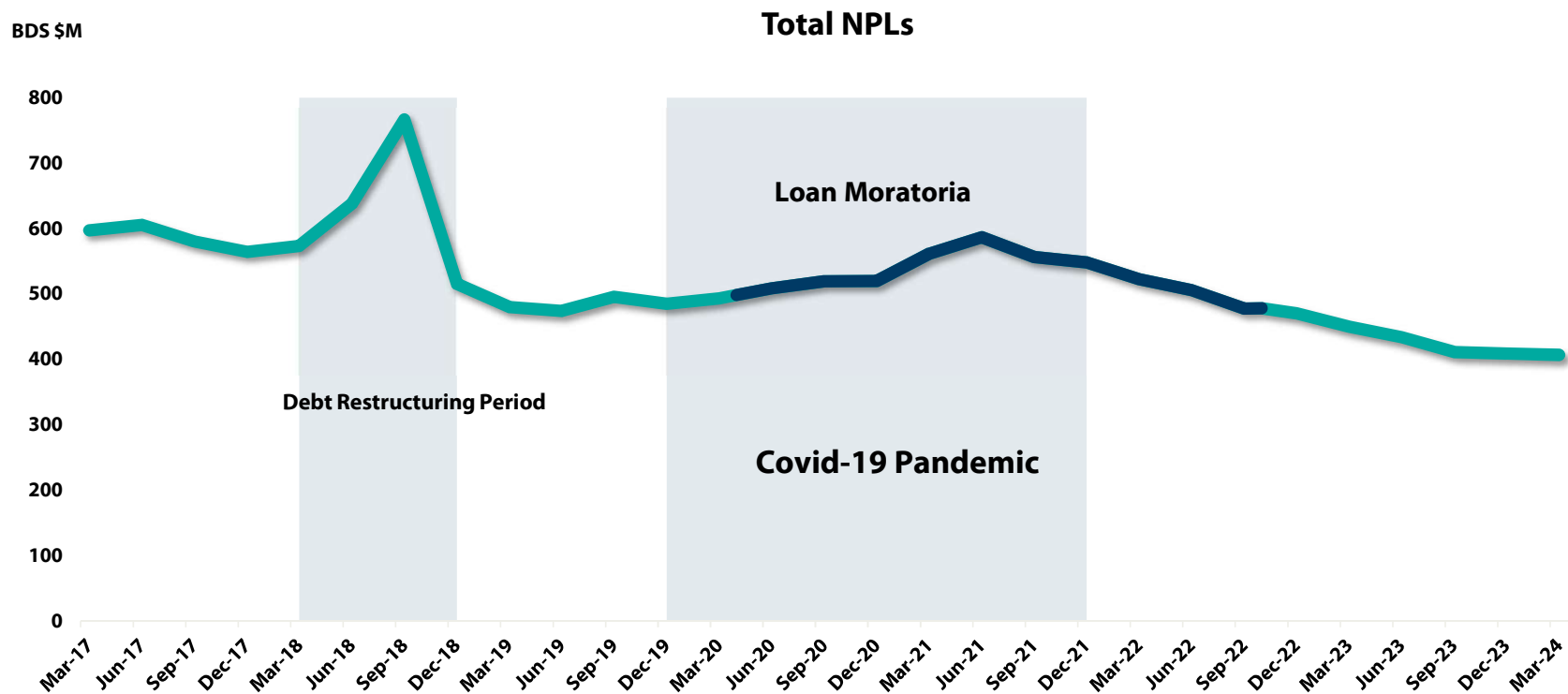


Liquidity is high and remains above statutory requirements.



Credit quality continues to improve.

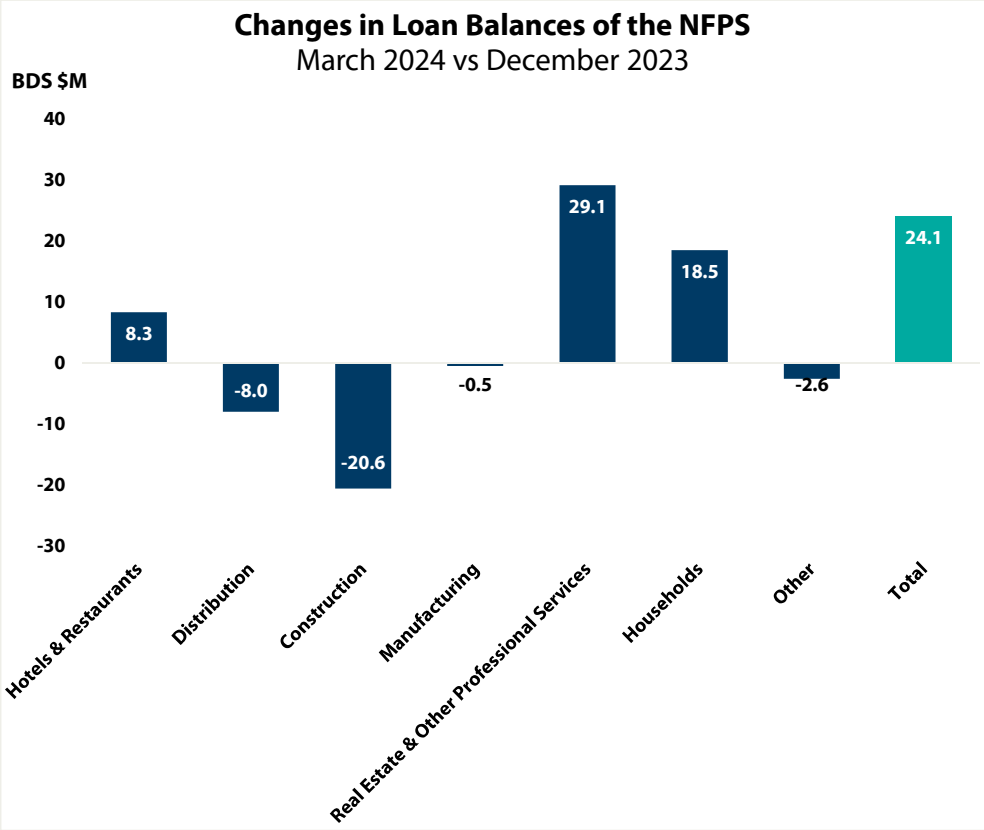
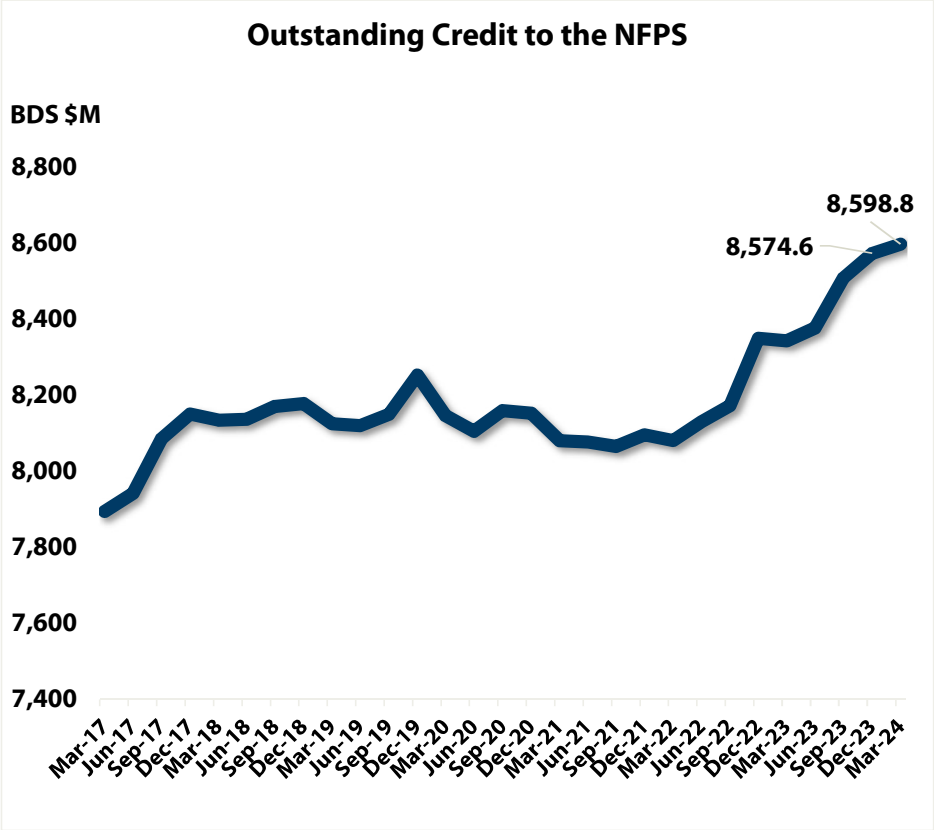
Total NPLs have fallen to their lowest levels in recent years, declined across all sectors except hotels & restaurants



Credit performance was uneven.

Overall credit to the non-financial private sector grew marginally over the 3-month period...

credit to hotels & restaurants, households, and the real estate sectors offset the declines in loans to the distribution & construction sectors

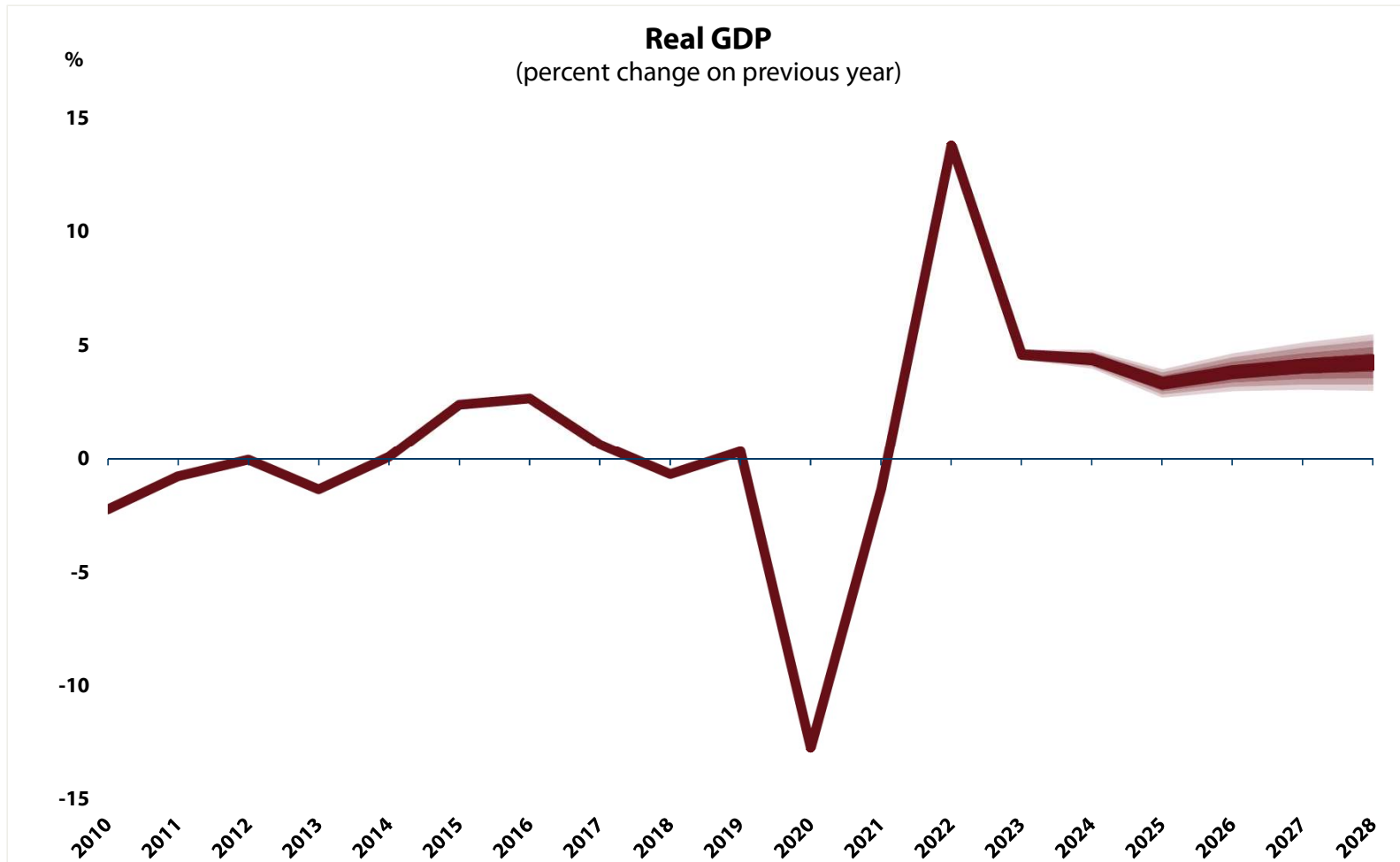


An aerial photograph of a city at dusk, with a blue color overlay. A large yellow triangle is positioned in the bottom-left corner. The text "OUTLOOK FOR THE ECONOMY" is centered in the image in a bold, yellow, sans-serif font with a white outline.

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.

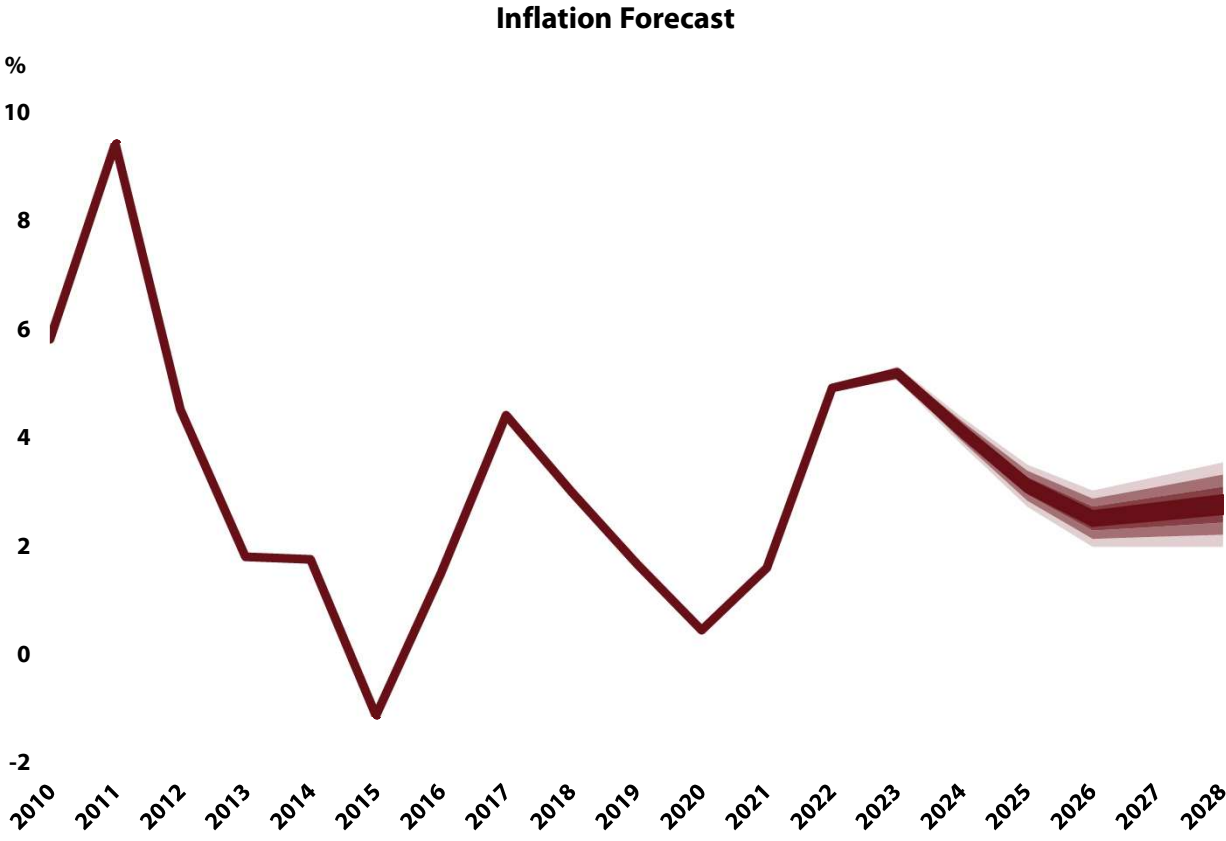


Tourism will drive the 2024 performance

Anticipated Return to Pre-Pandemic Levels

- **Renewed Interest in Travel to Barbados:** Half-year 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 **more tourists** 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:** The country needs investment in areas such as tourism, infrastructure, and the energy sector to support this growth.

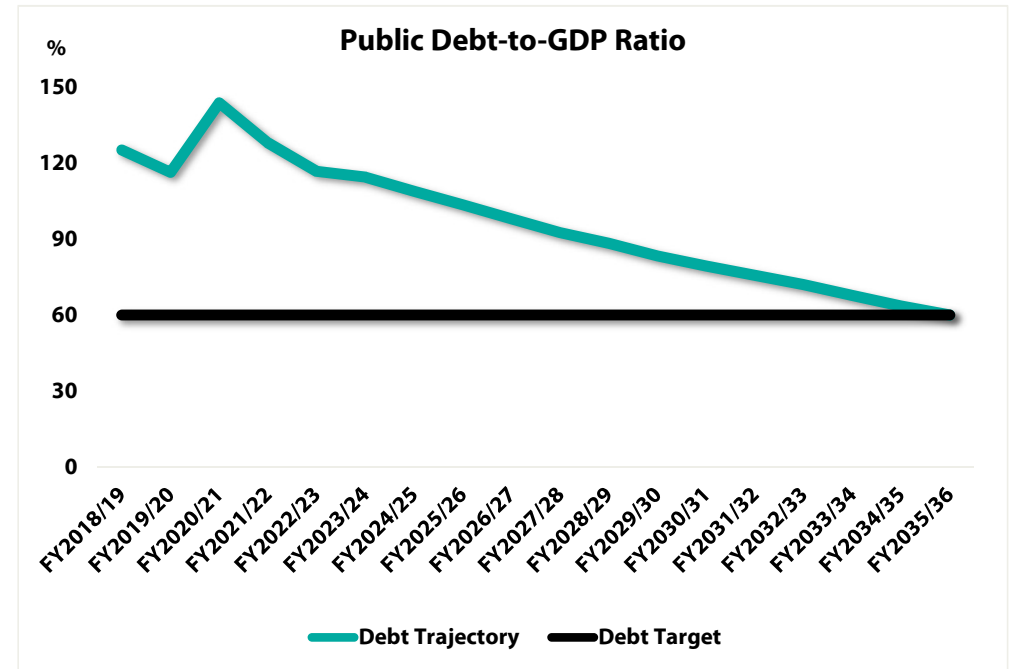
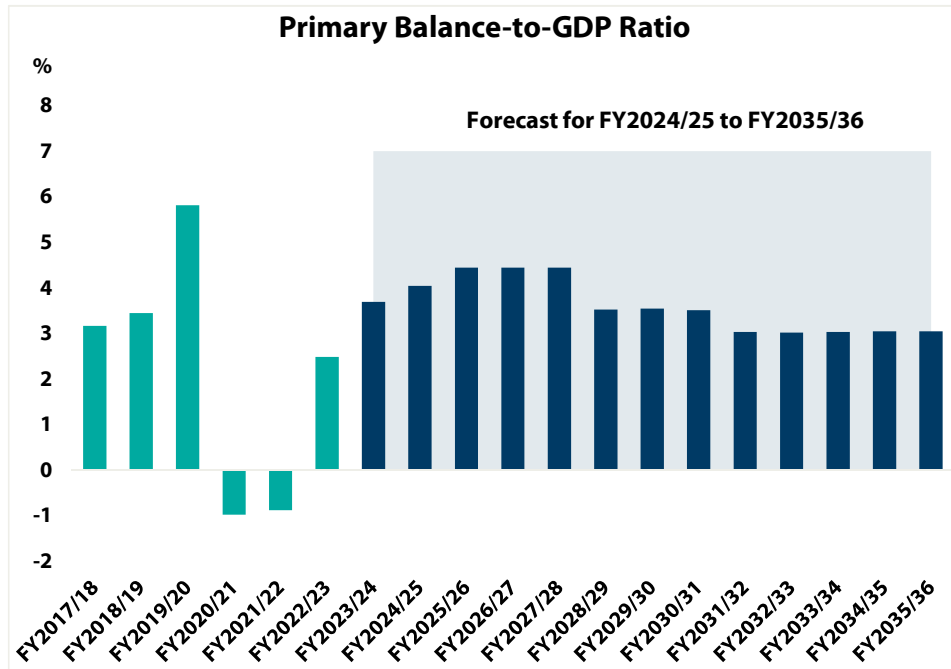
Inflation should moderate in the short- to medium-term.



- 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.



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

- ❑ **Global Economic Outlook:** The IMF's forecast suggests more favourable global growth prospects, although still below the 2000-2019 historical average of 3.8 percent, potentially impacting international travel demand.
- ❑ **Geo-political Conflicts:** Conflicts in the Middle East and Europe pose risks to trade and inflation through rising freight costs and potential shocks to international commodity prices.
- ❑ **Adapting Tourism Strategies:** Emphasis on unique experiences beyond conventional beach holidays, offering more diversified tourism services 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.

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.

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 white building with a tower is visible on the left. The text "THANK YOU" is centered in the middle of the image.

THANK YOU