



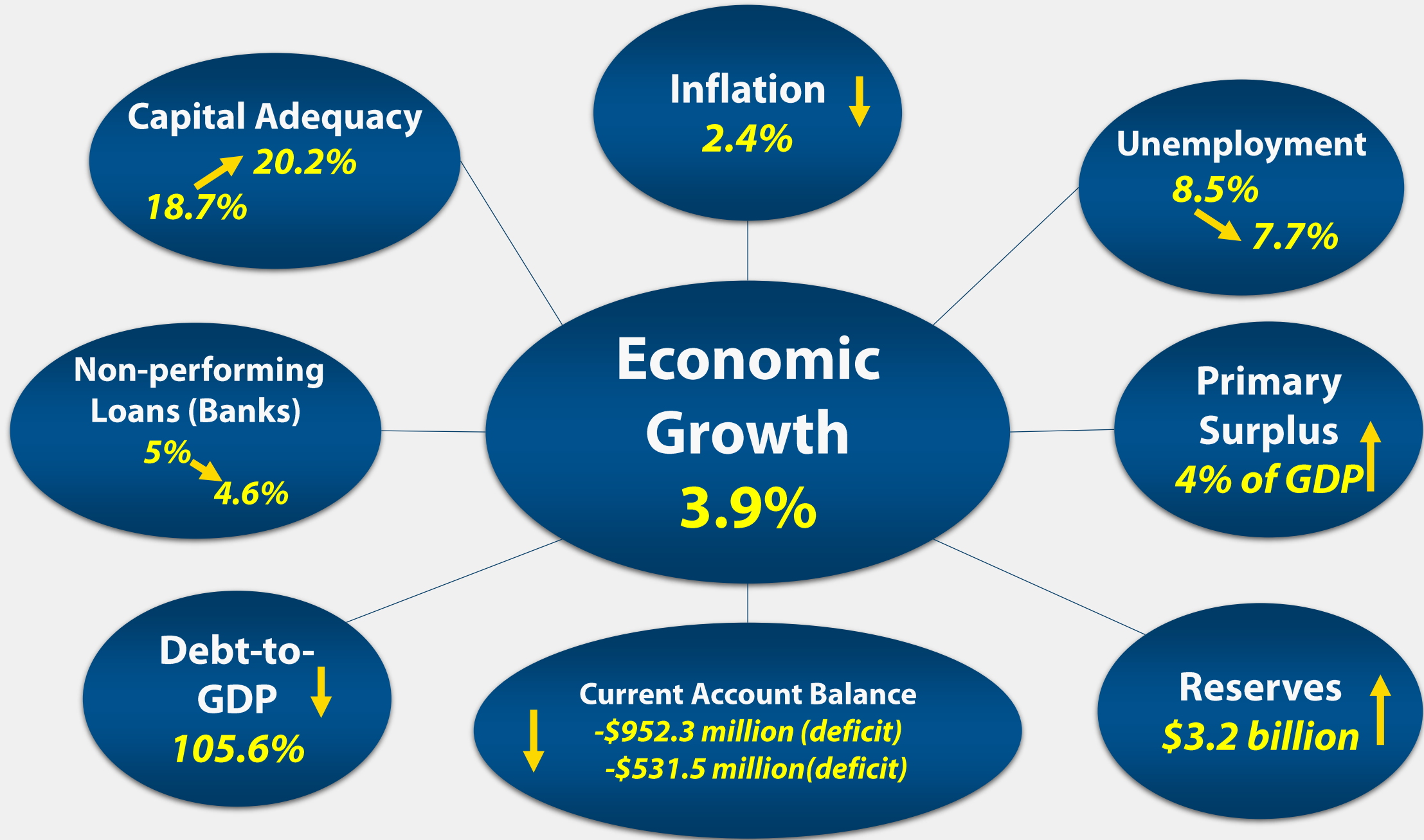
BARBADOS' ECONOMIC REVIEW





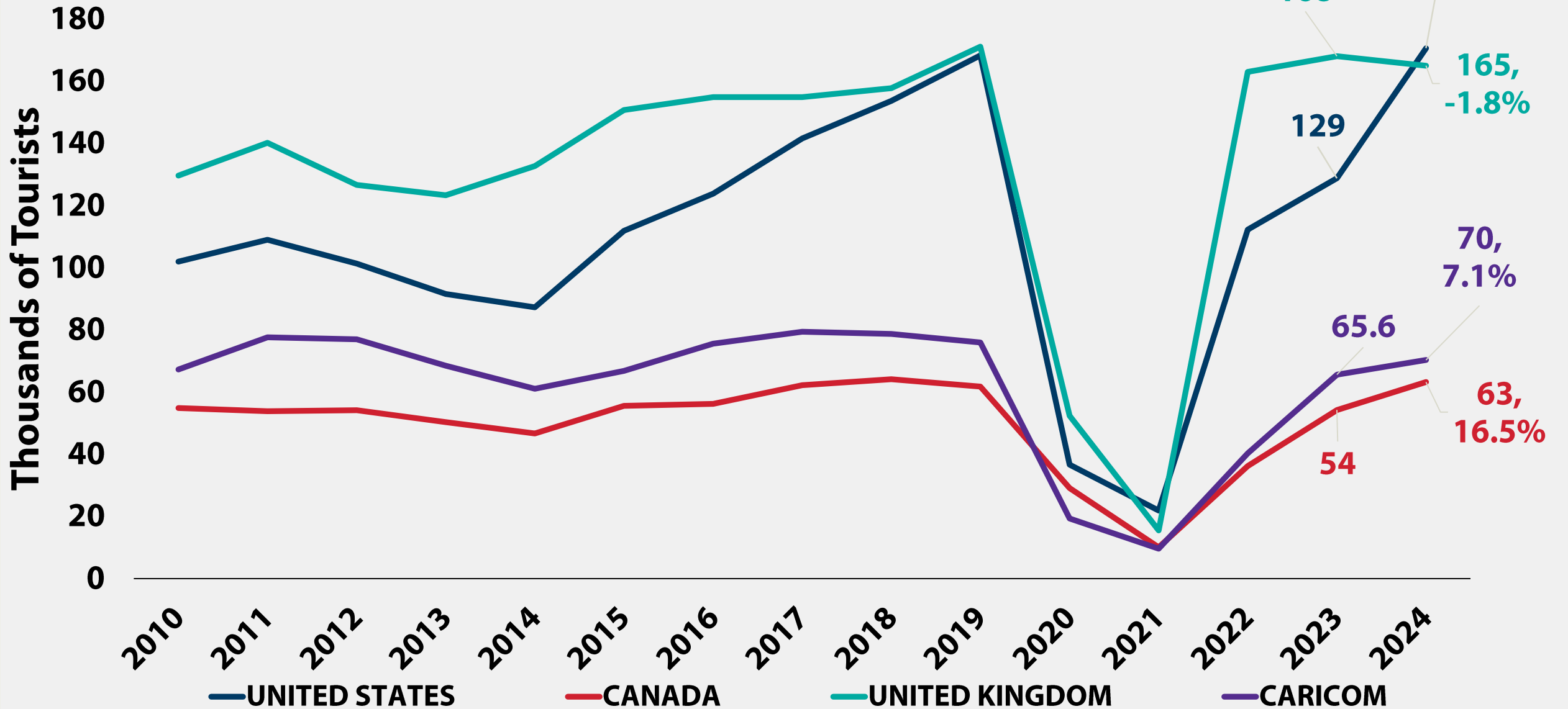
OVERVIEW OF THE ECONOMY

Economic growth continued, further strengthening resilience

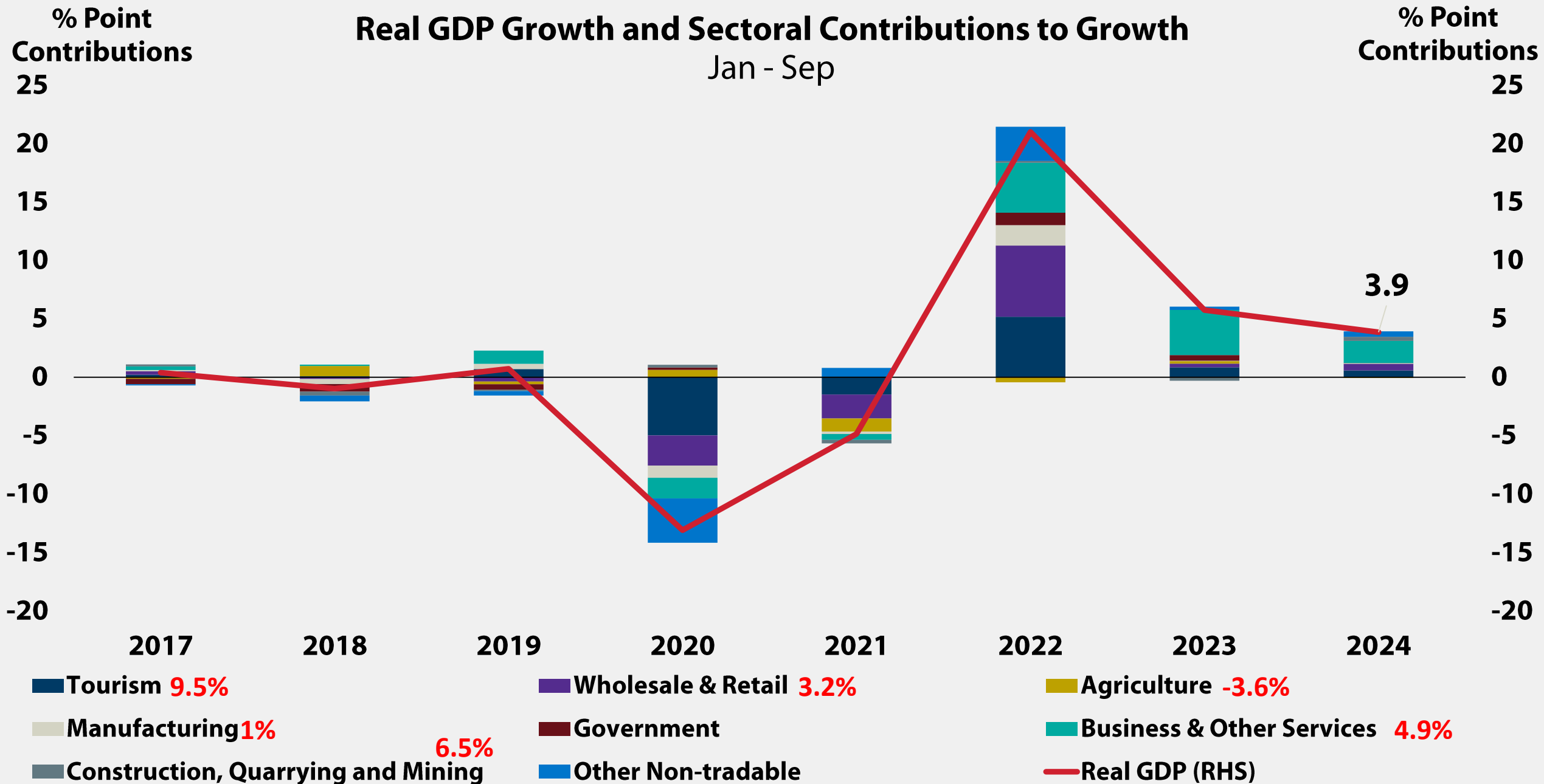


Robust 9-month tourist arrivals - *12.9% year-on-year*

Jan - Sep

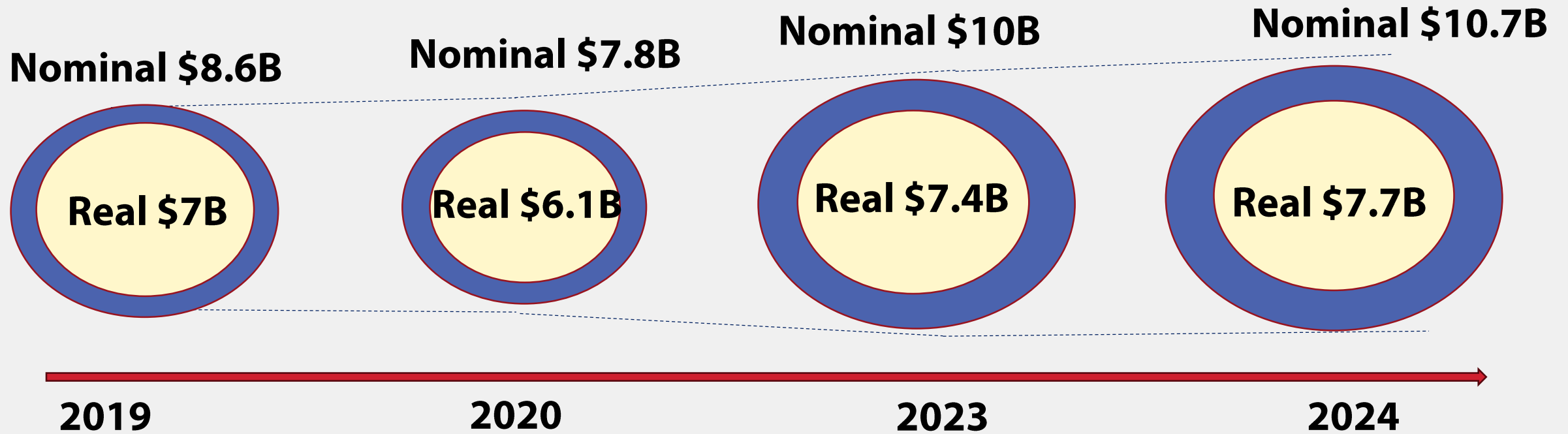


All major sectors contributed to the economic expansion



GDP continued to expand in both Real & Nominal Terms

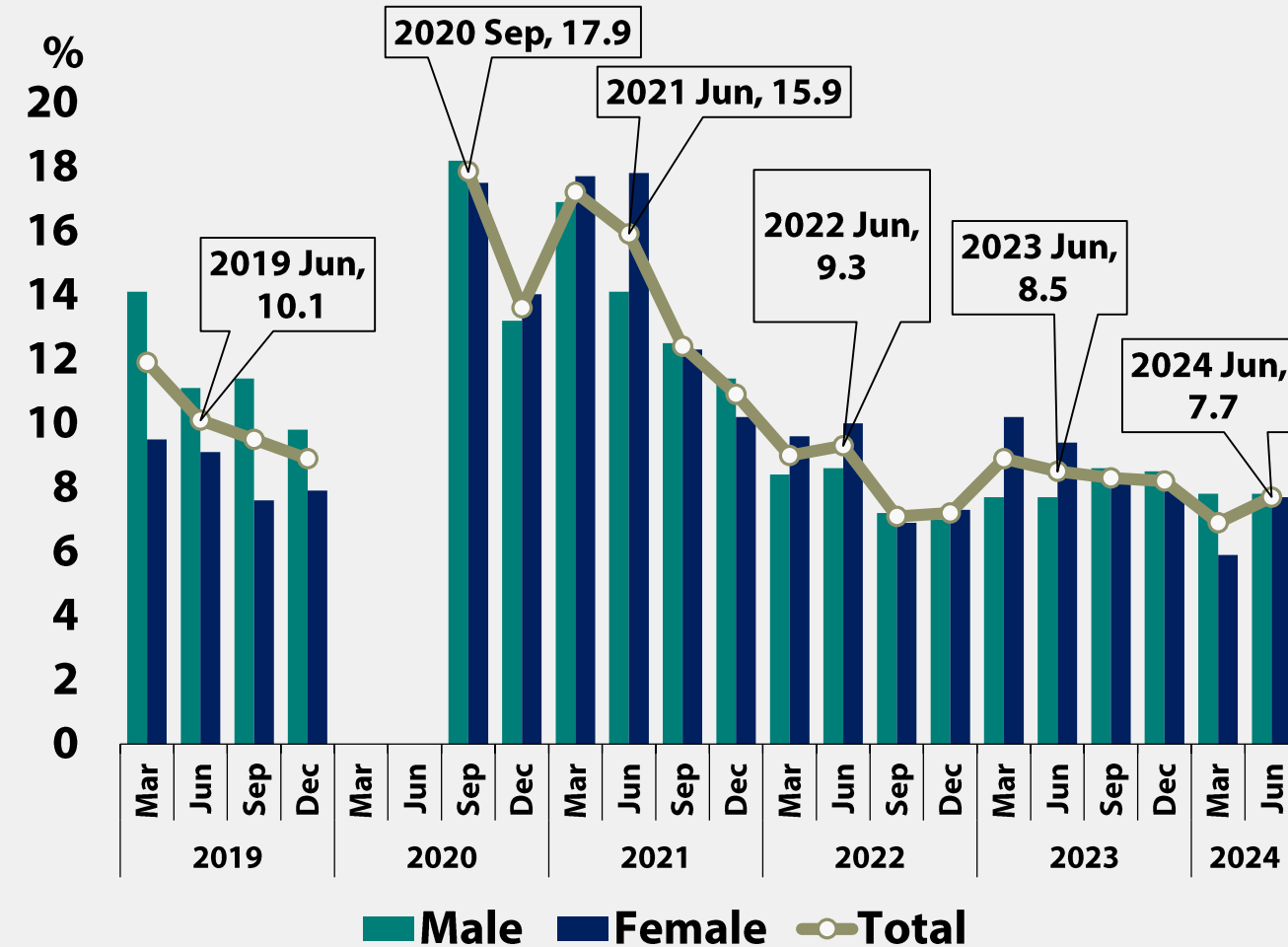
Jan-Sep



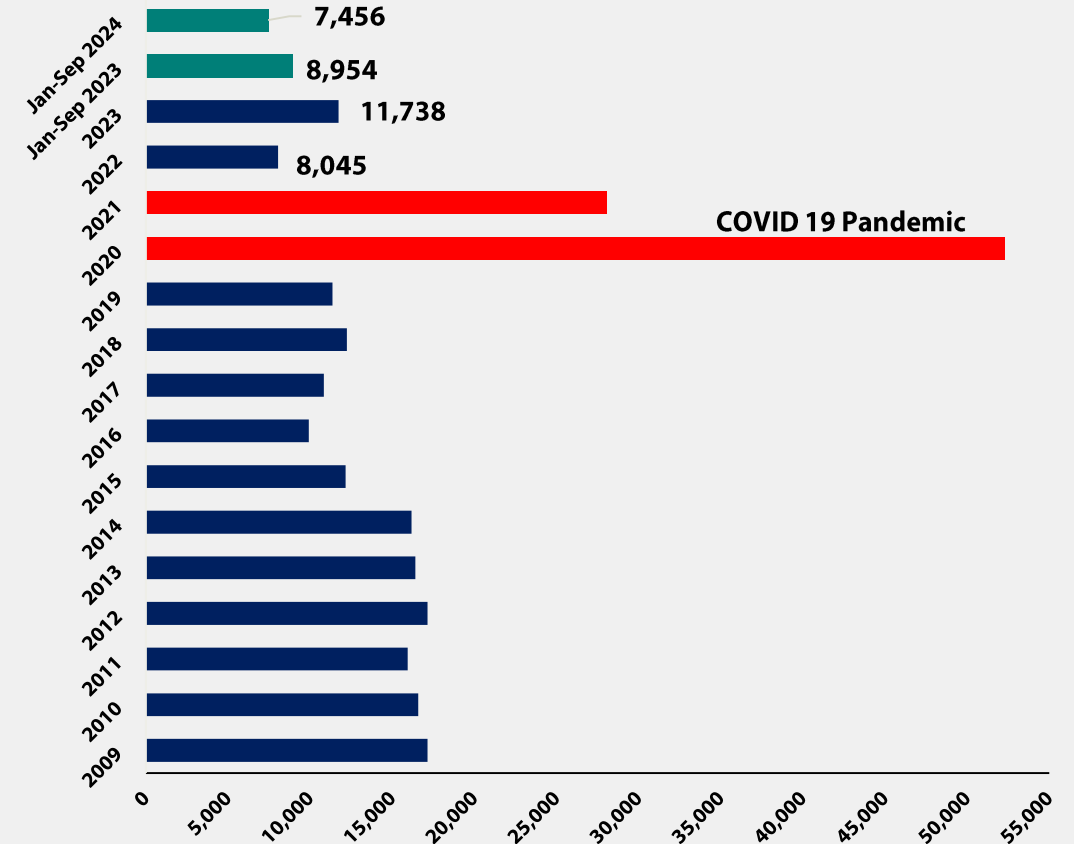
Labour market conditions remained stable

The unemployment rate decreased.

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

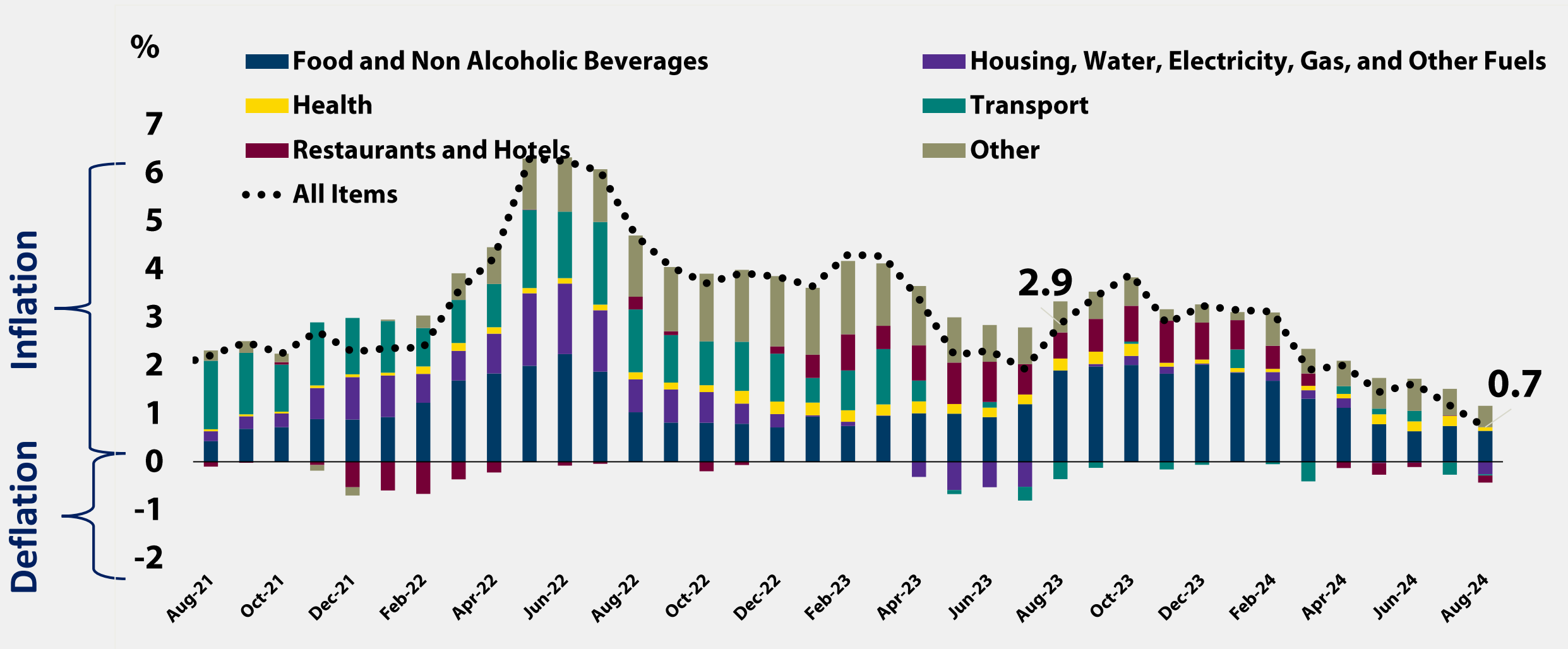


Number of Claims (Jan. to Sept.)

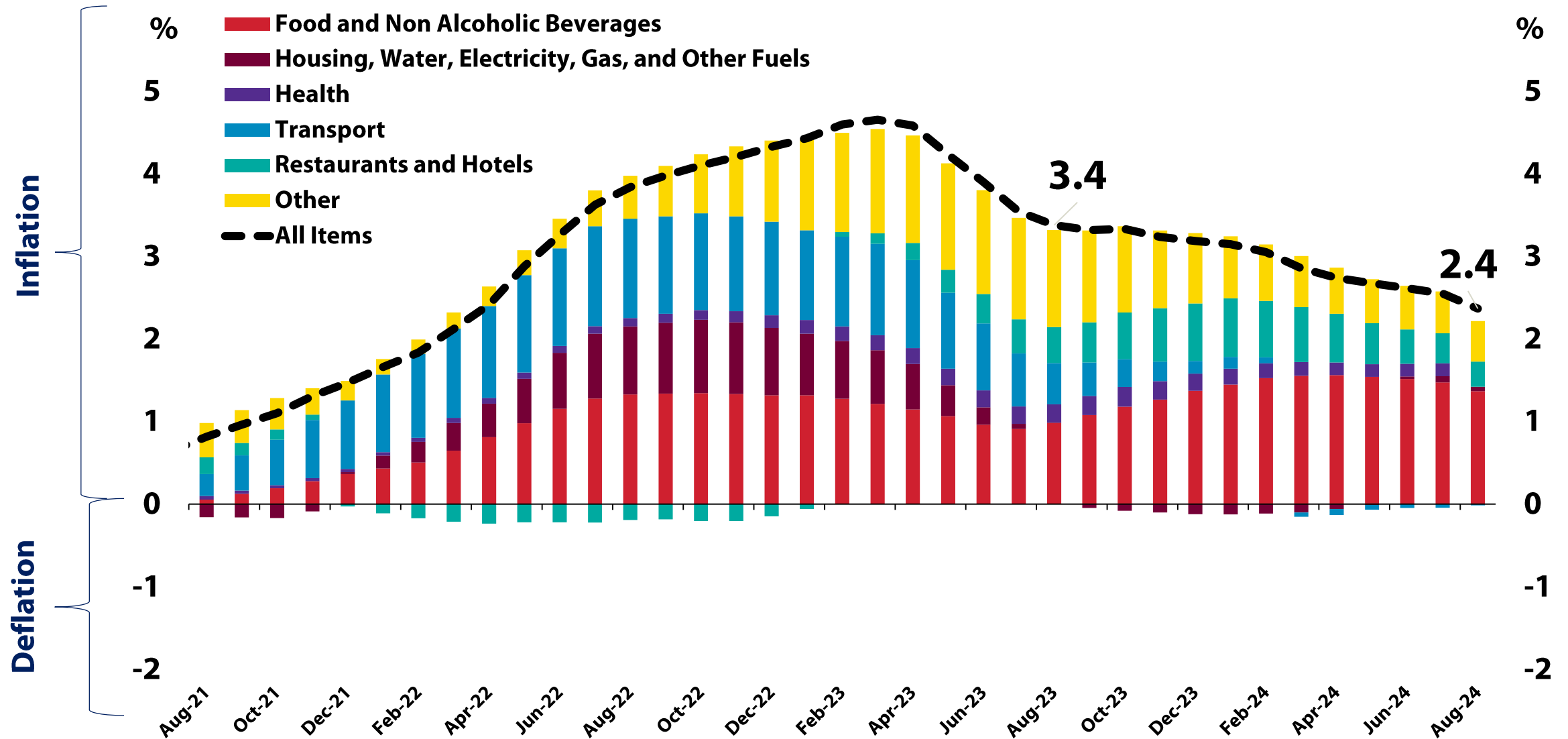


Inflation slowed primarily due to:

- 1) declines in prices for transportation, communication, and recreation.
- 2) However, adverse weather conditions continued to inflate domestic prices for dairy, fruits, and vegetables

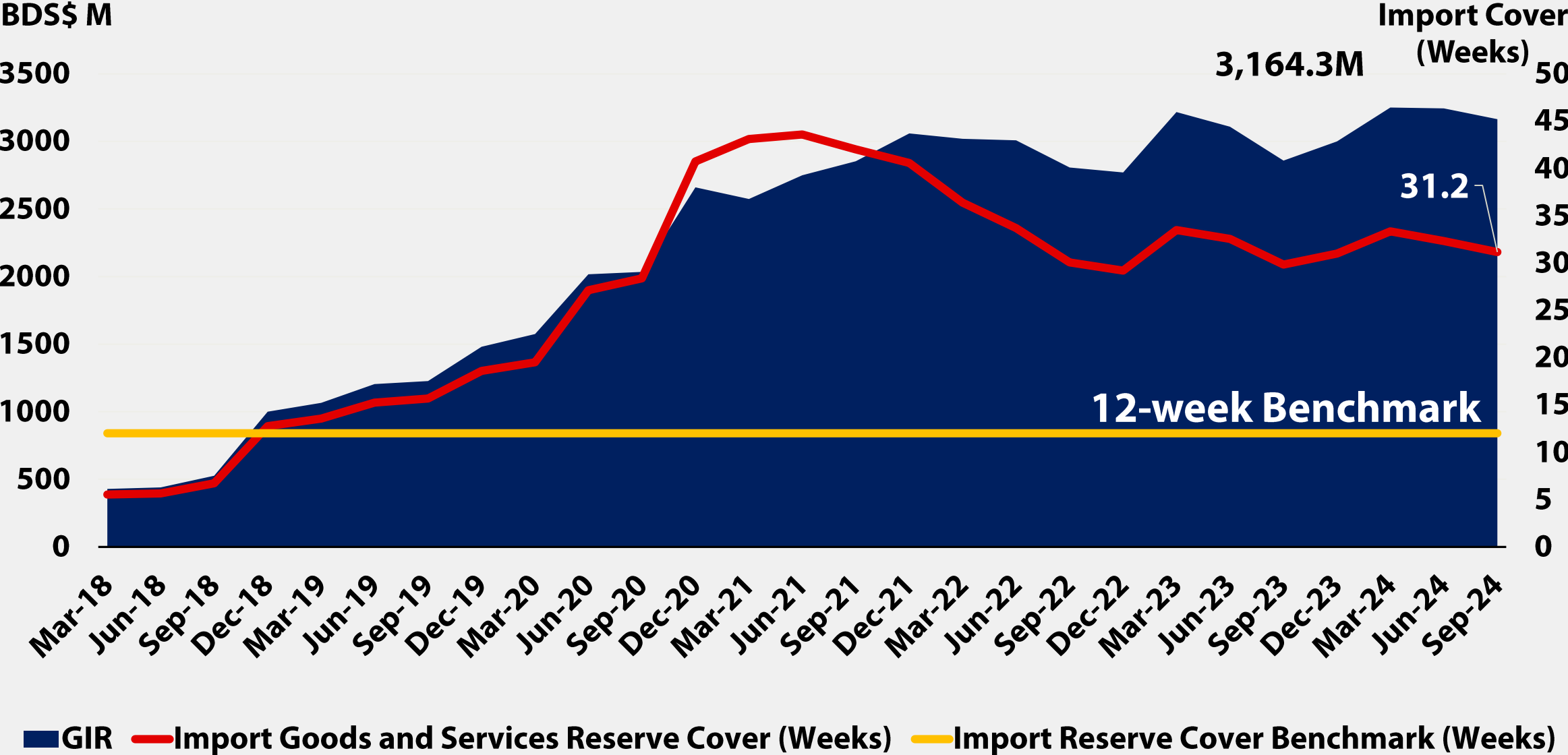


12-month moving average inflation slowed

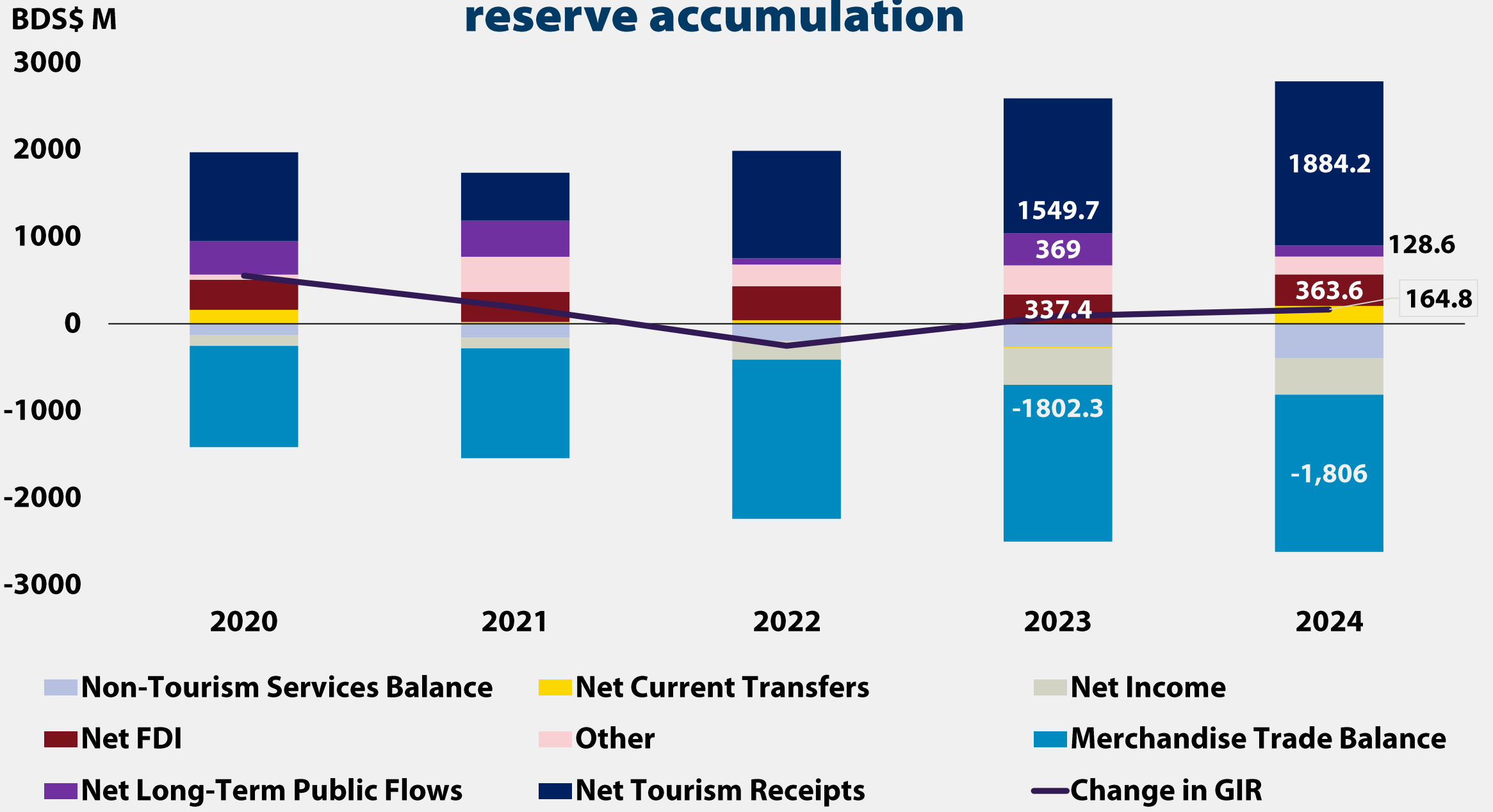


Foreign reserves hit record nine-month high

31.2 weeks of import cover

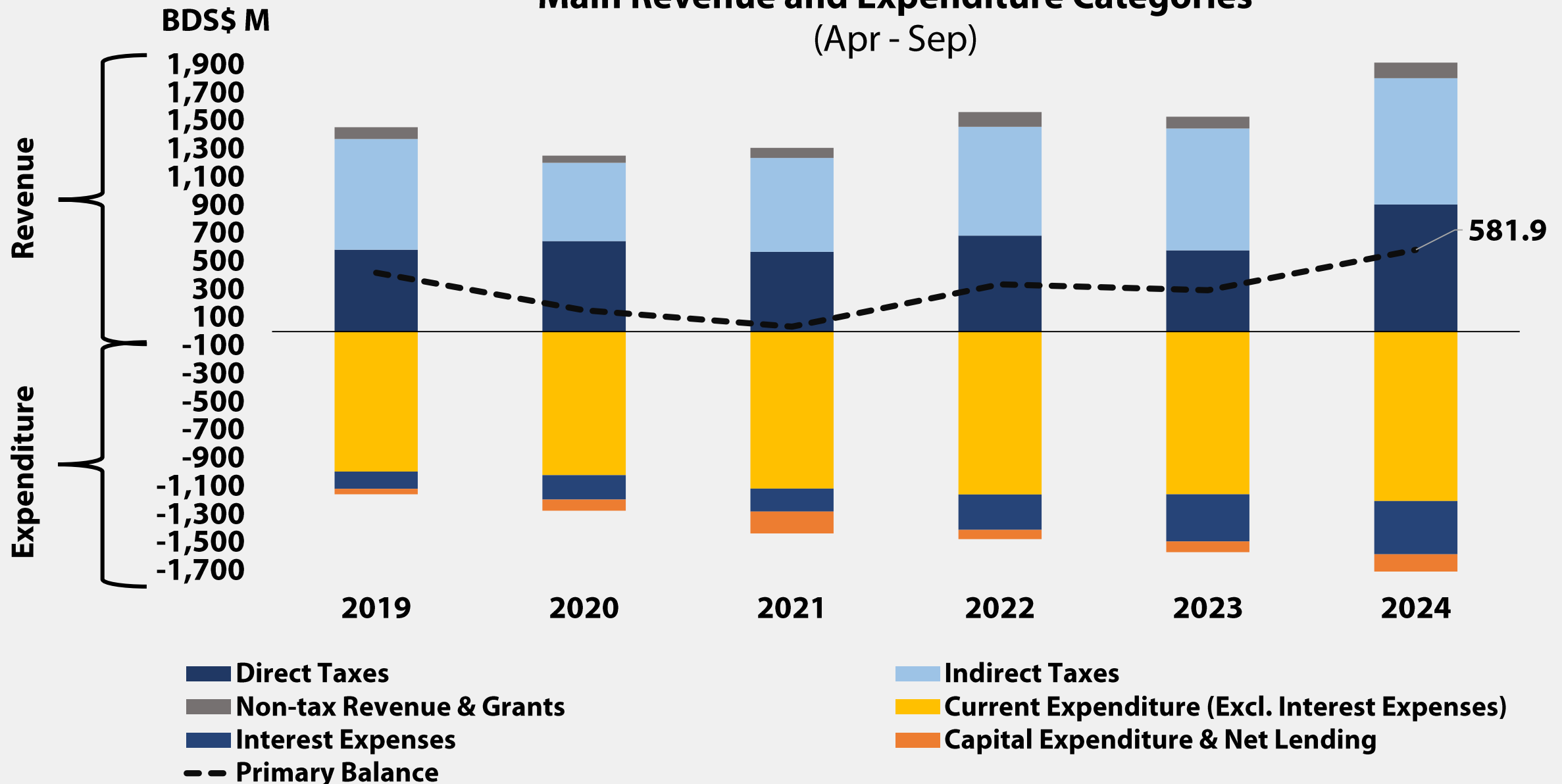


Increased tourism earnings and foreign tax receipts drove the reserve accumulation



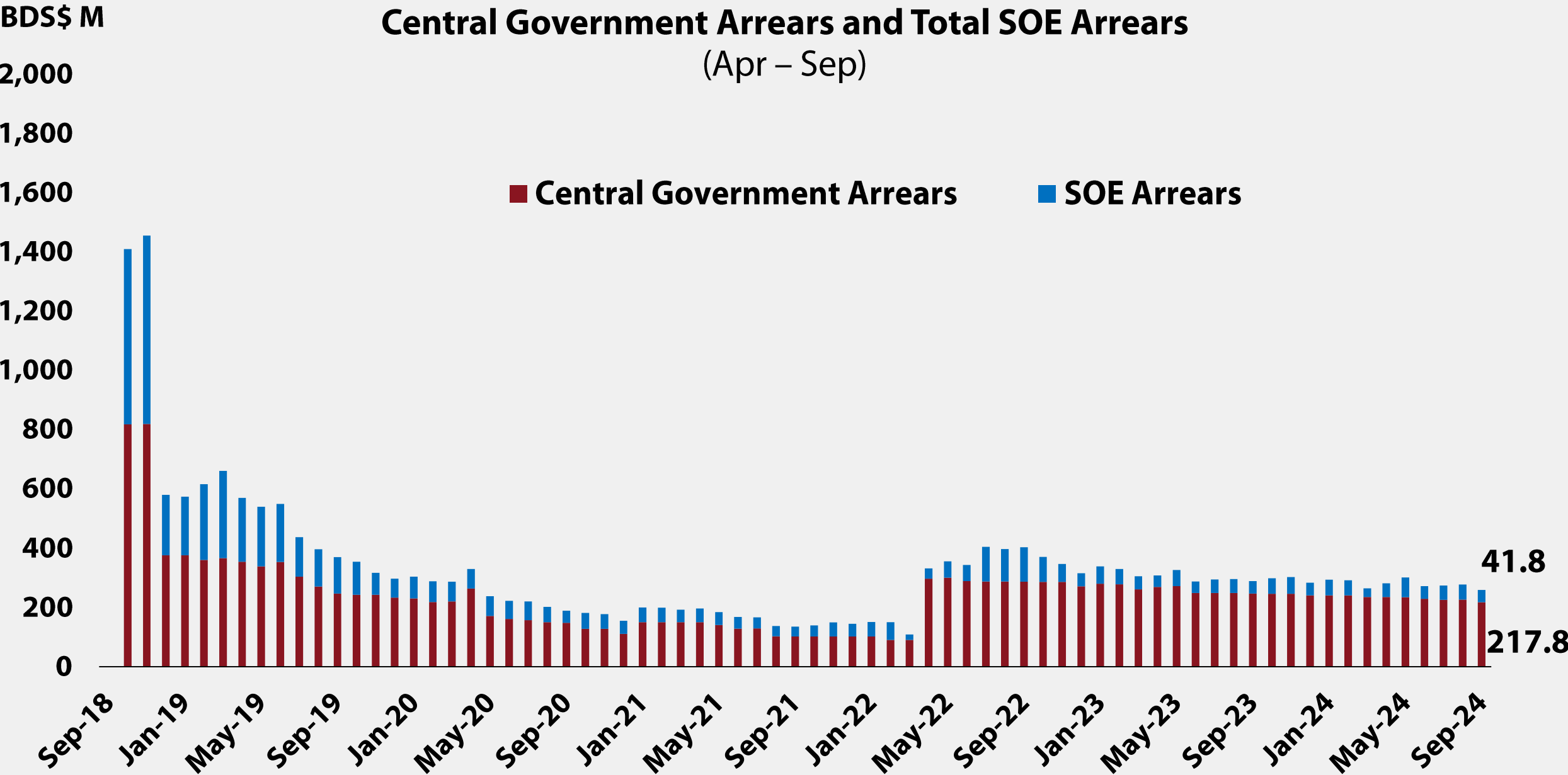
Fiscal operations resulted in a primary surplus

Main Revenue and Expenditure Categories (Apr - Sep)



Central Government arrears continued to declined

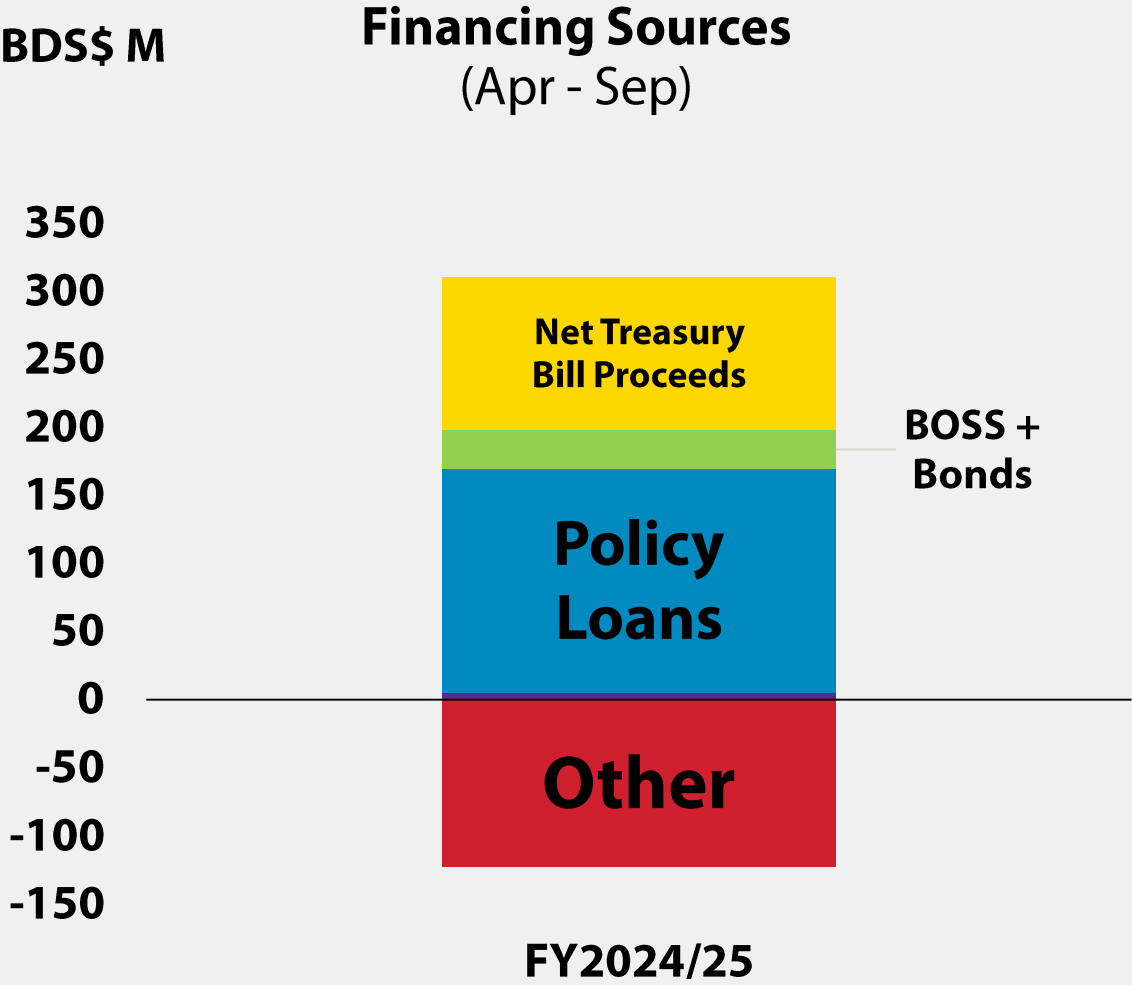
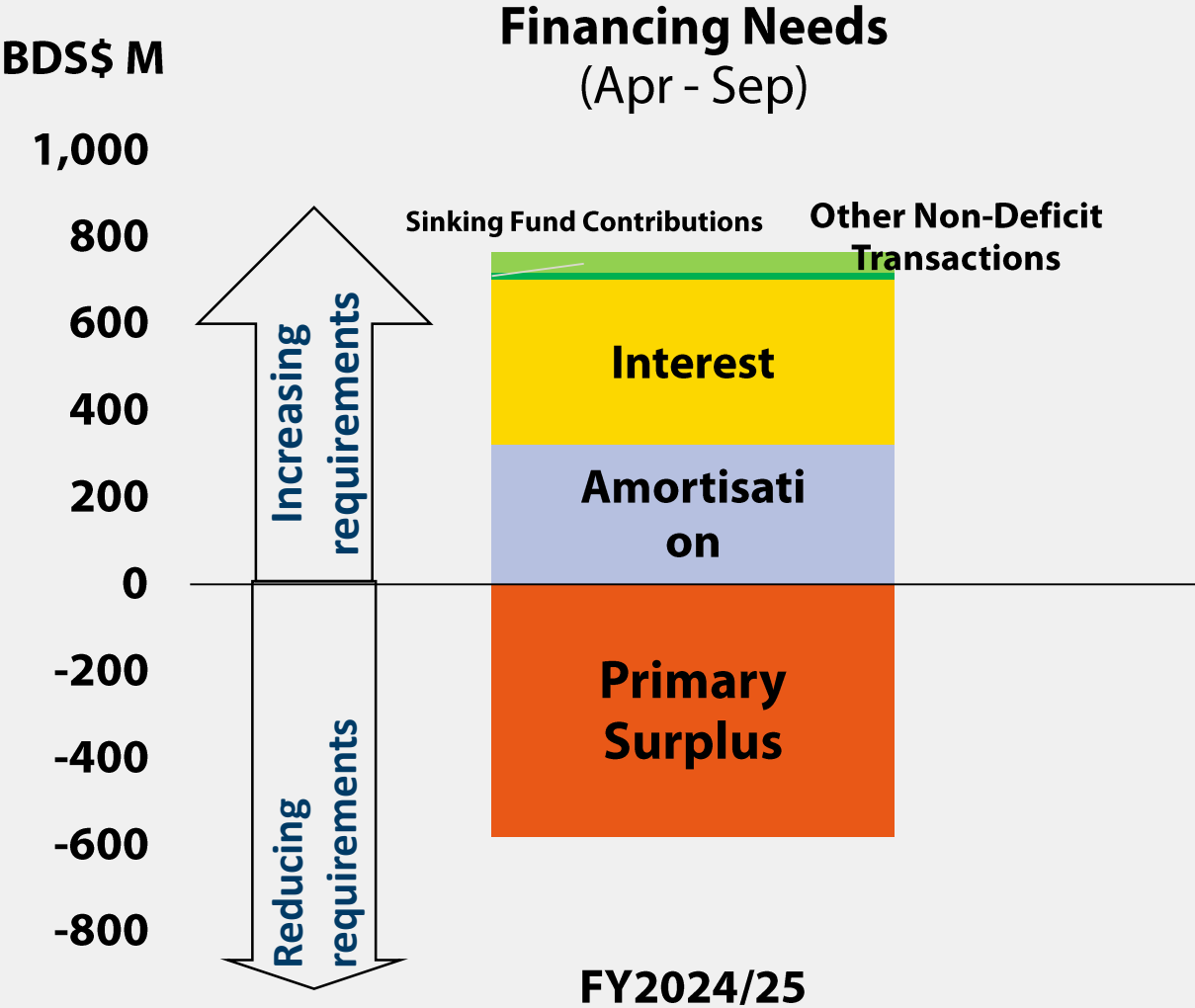
Central Government Arrears and Total SOE Arrears
(Apr – Sep)



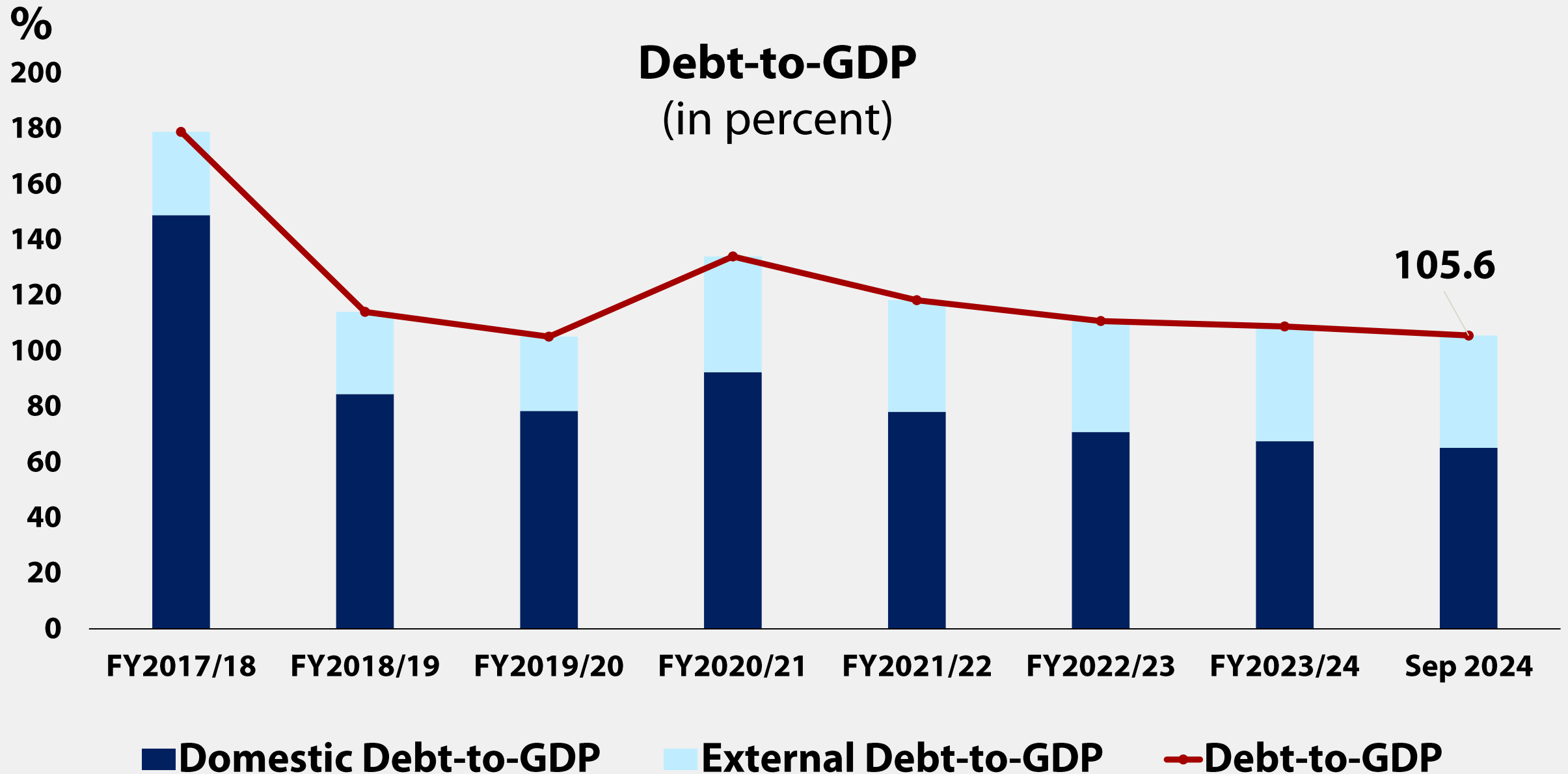
Government's financing needs were covered

The primary surplus offset increasing financing needs...

...further financing was sourced from policy loans, T-Bills, and BOSS+ Bonds.

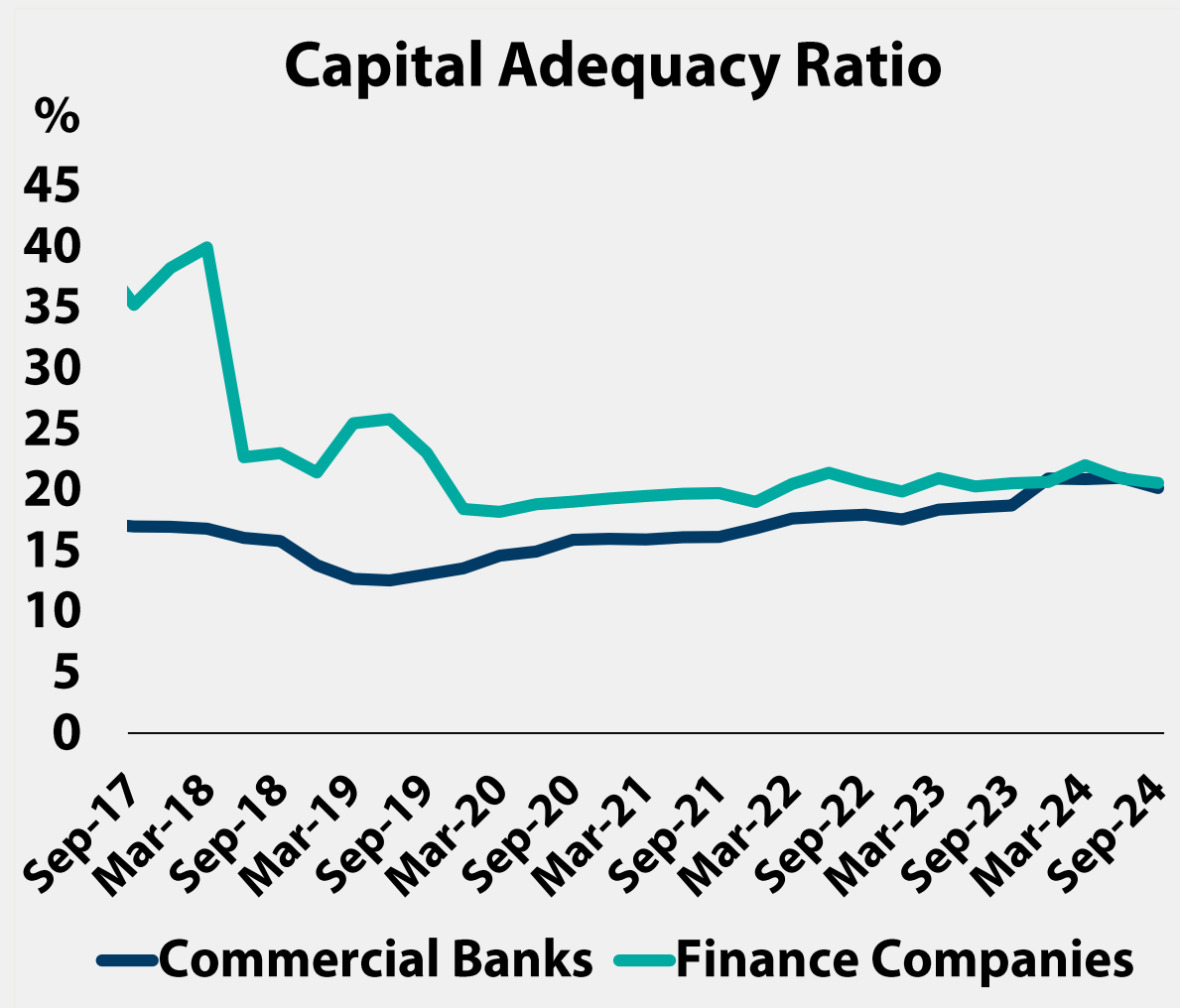


Debt-to-GDP ratio continues to decline as the economy expands

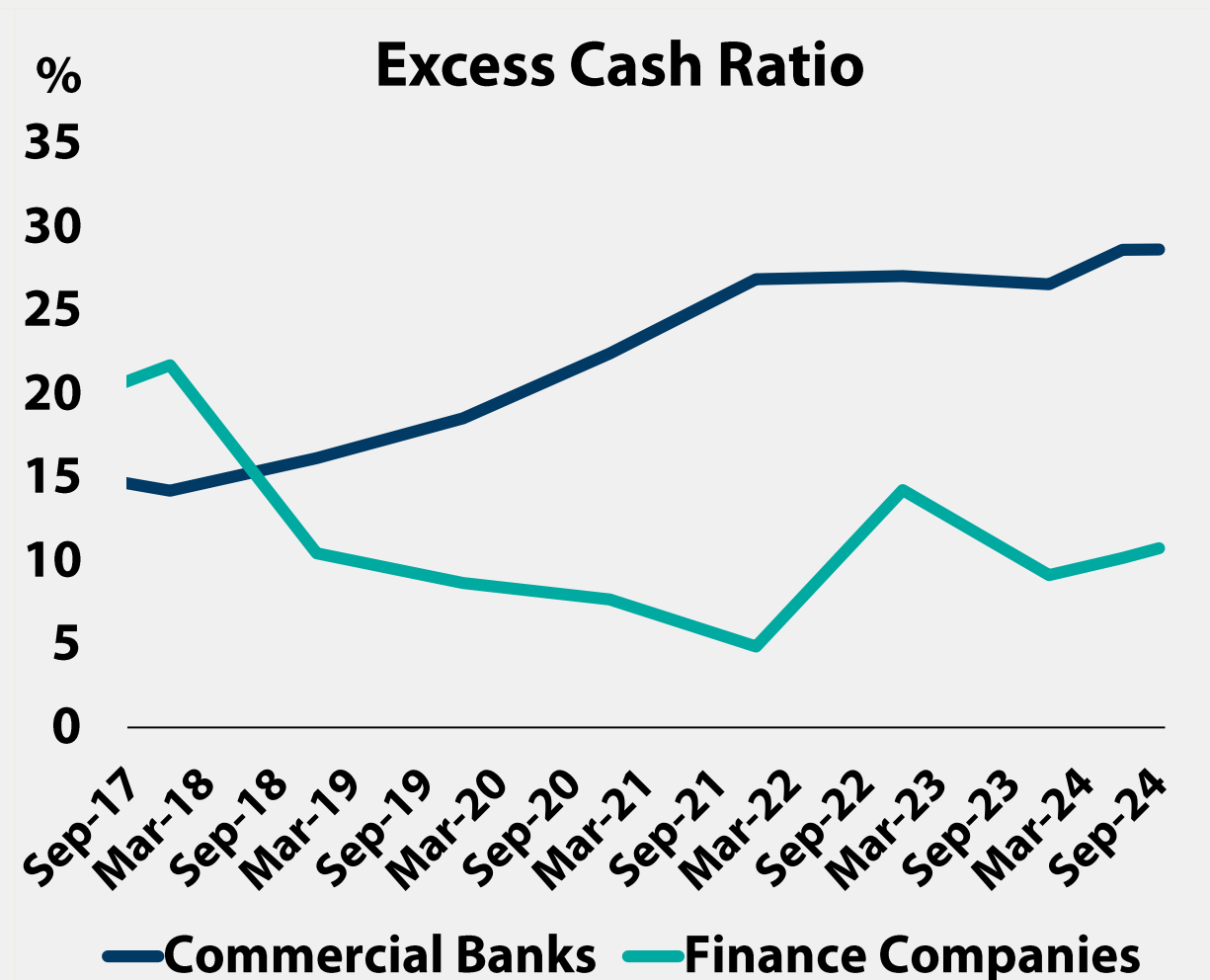


The financial system remains stable and healthy

Financial institutions are well capitalised

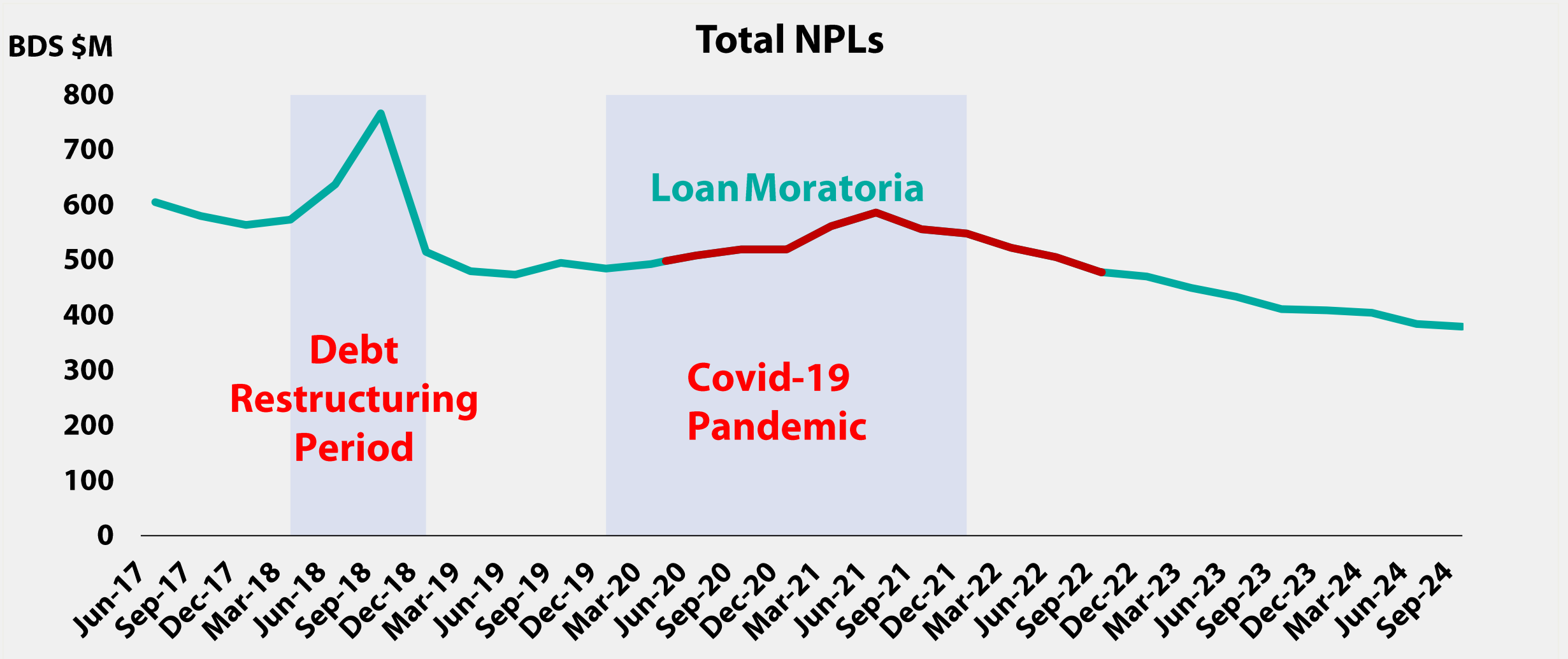


Liquidity is high and remains above statutory requirements



Credit quality continues to improve

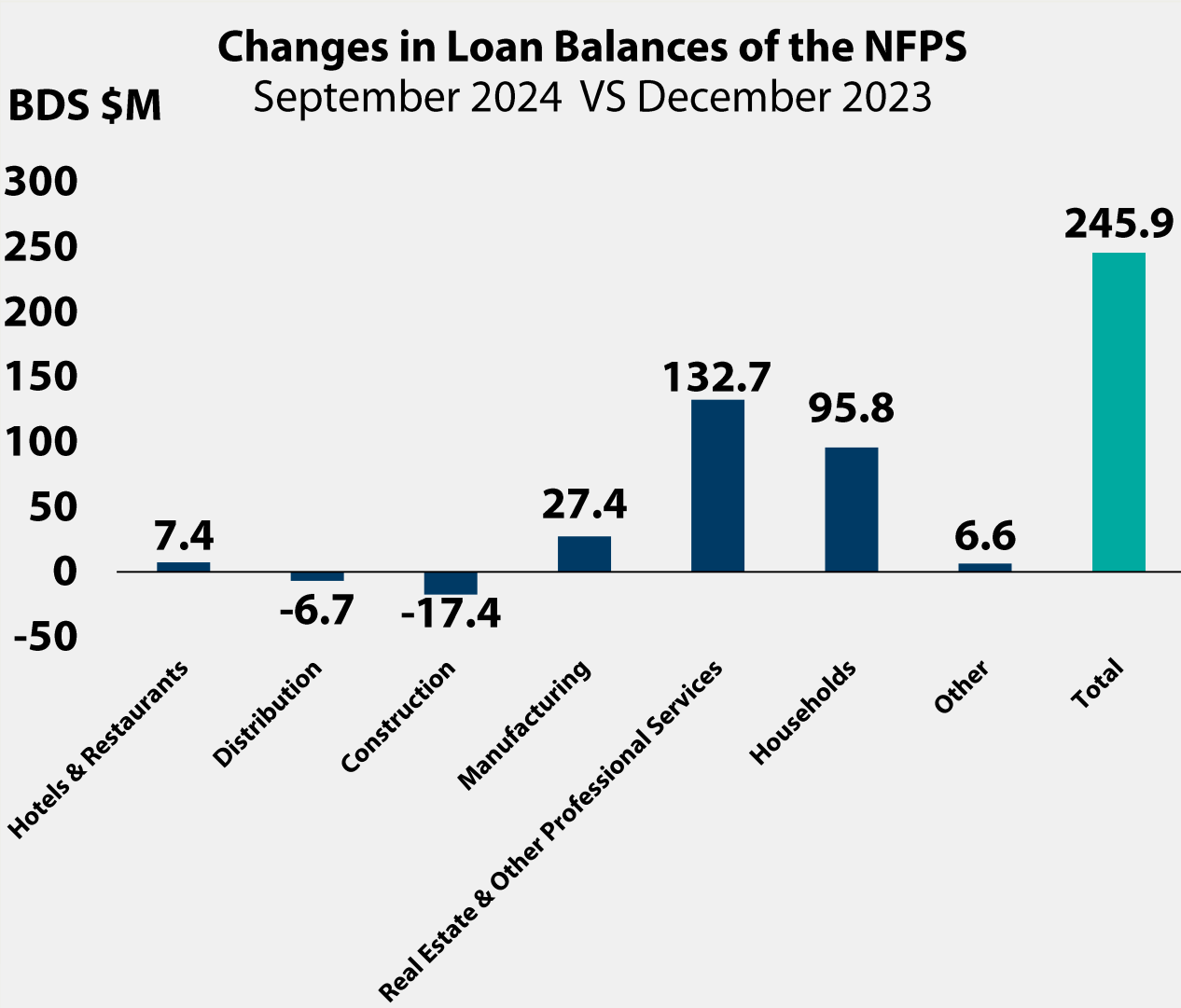
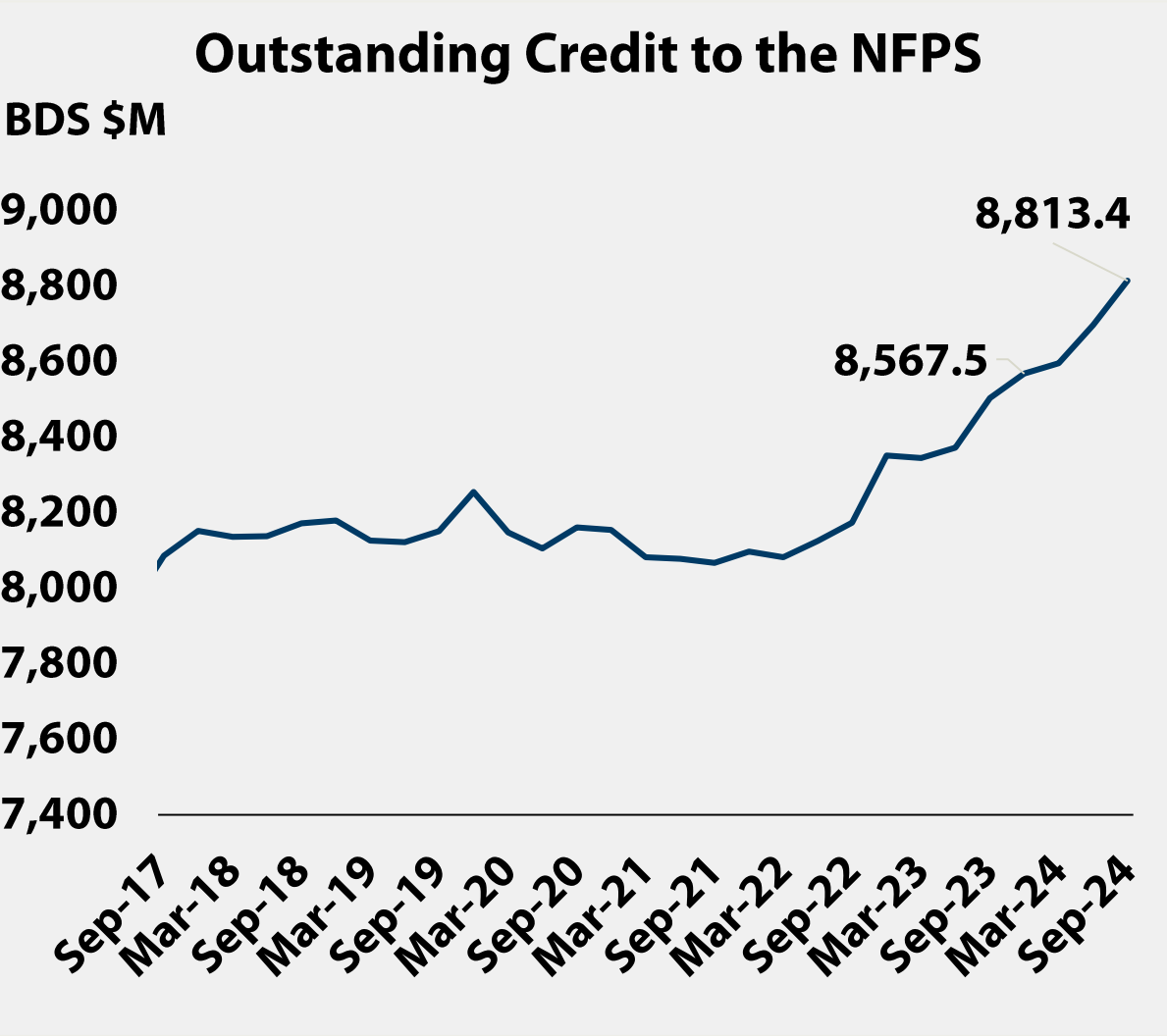
Total NPLs continue to fall, reflecting substantial improvements in the household sector



Credit performance was uneven

Overall credit to the non-financial private sector grew moderately over the 9-month period...

...credit to the real estate and household sectors offset repayments of loans by the construction and distribution sectors

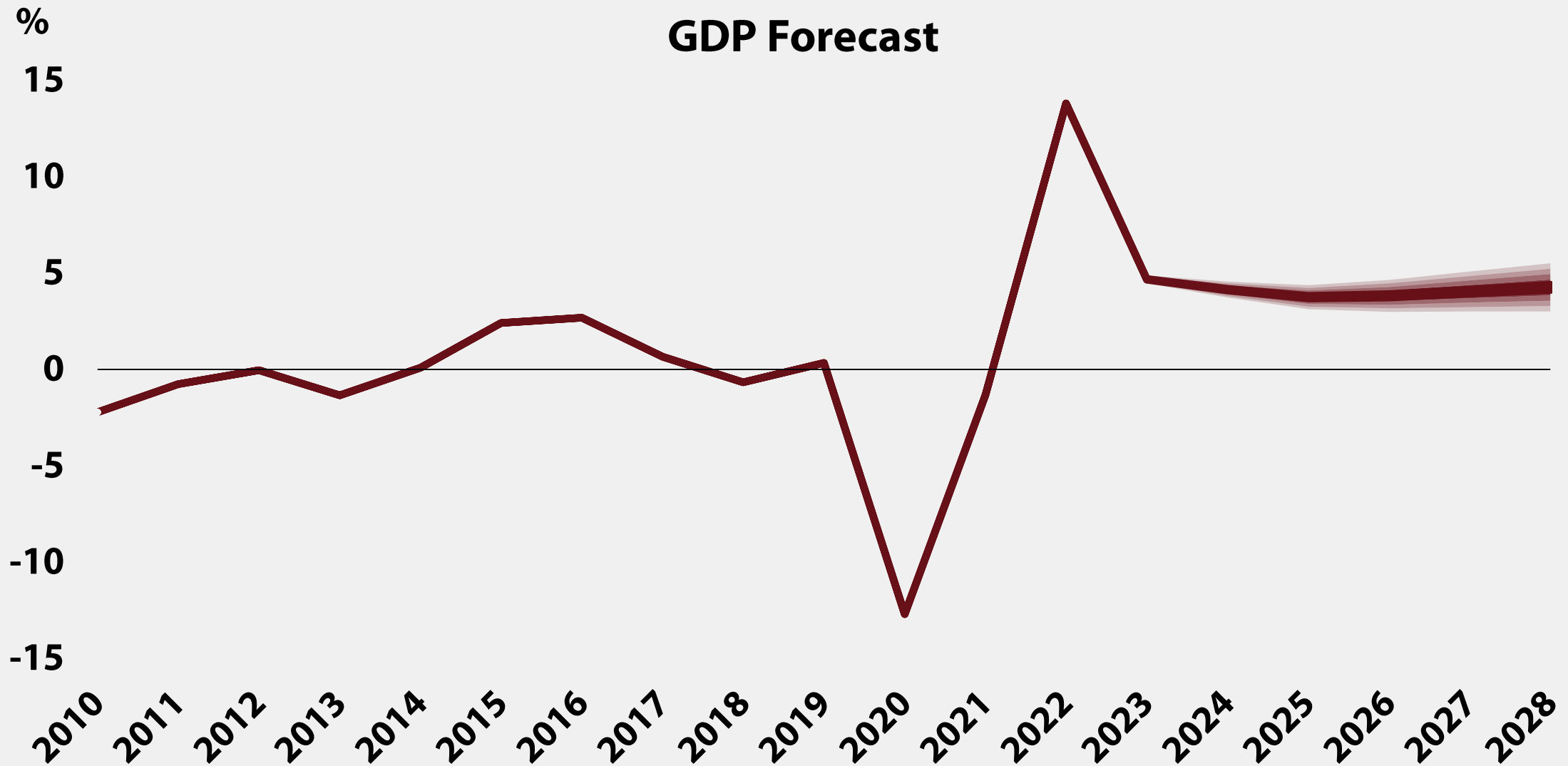




OUTLOOK FOR THE ECONOMY

Growth should remain robust

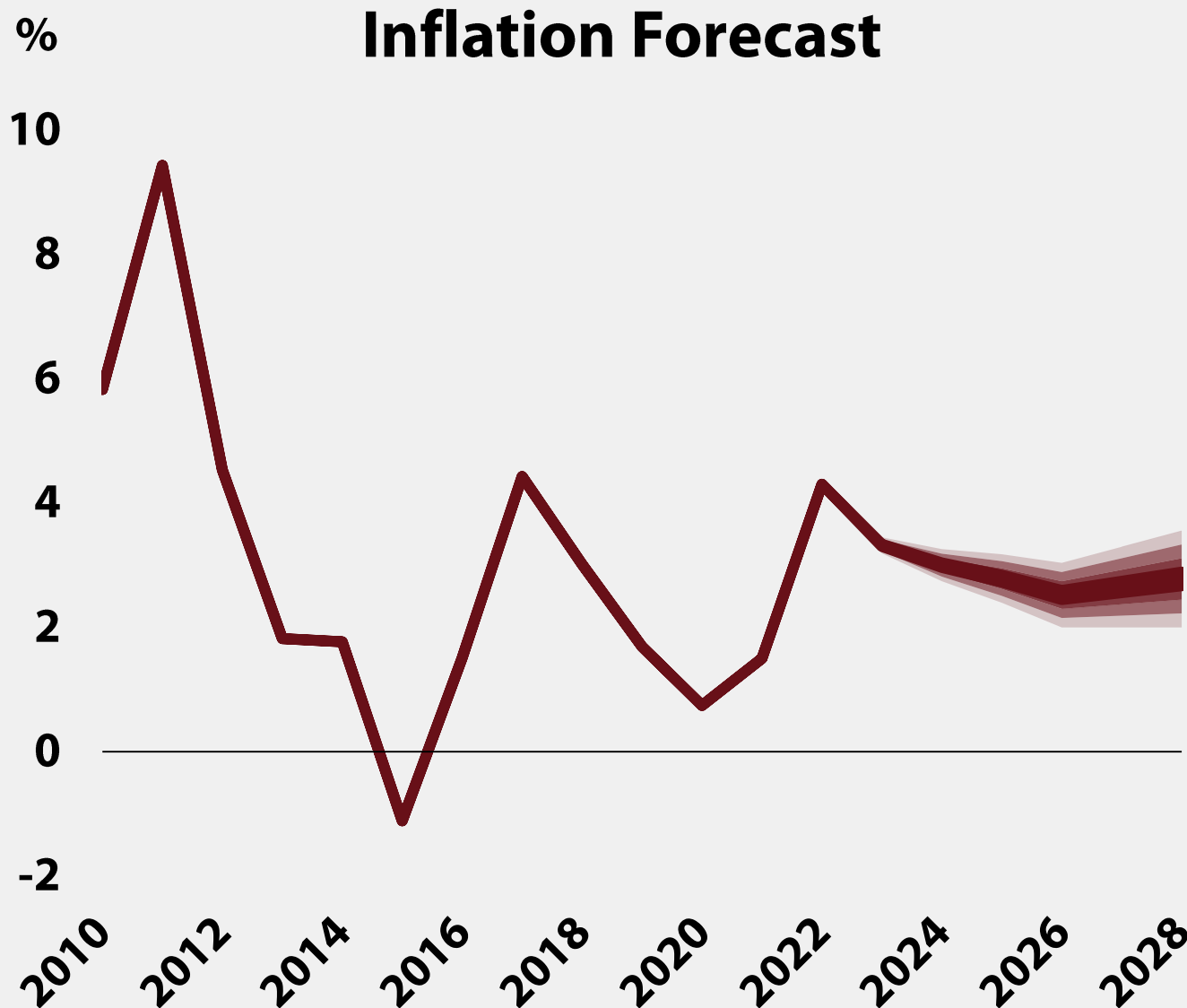
Real GDP should continue to expand by about 3.8 percent in 2024 and into the medium-term



Tourism will drive the 2024 performance

- **Renewed Interest in Travel to Barbados:** The fourth quarter forward bookings for air travel are currently 9 percent higher than the comparable period of 2023.
- **Increased Airline Capacity:** Airlines demonstrate growing confidence with continuous growth in seating capacity to Barbados.
- **Cruise activity:** Cruise activity is projected to continue its recovery and surpass the prior year's totals based on the 11.5 percent increase in cruise calls scheduled for the last quarter.
- **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, including renewable energy, to support this growth.

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



□ Current 12-month moving average domestic inflation set to stabilise between 2 and 3%.

□ Risks to Inflation:

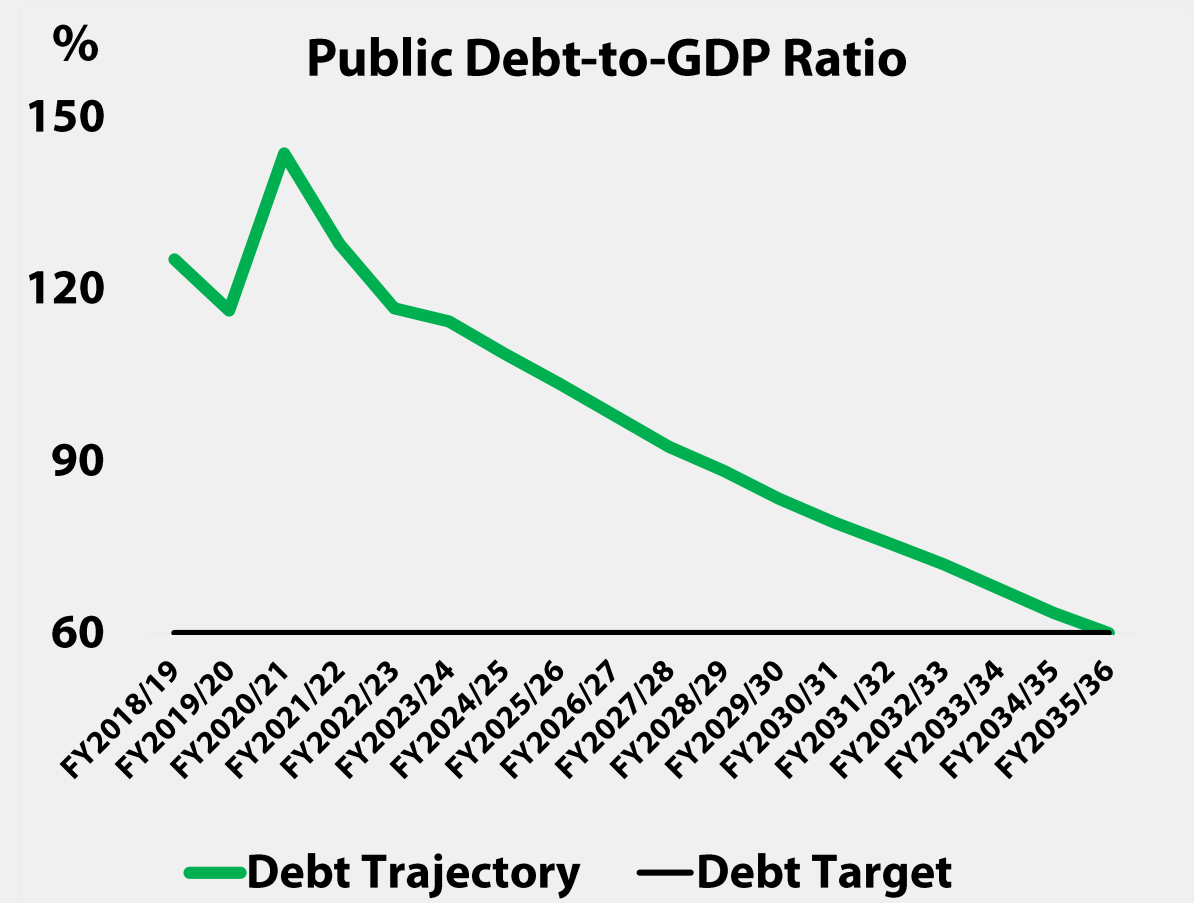
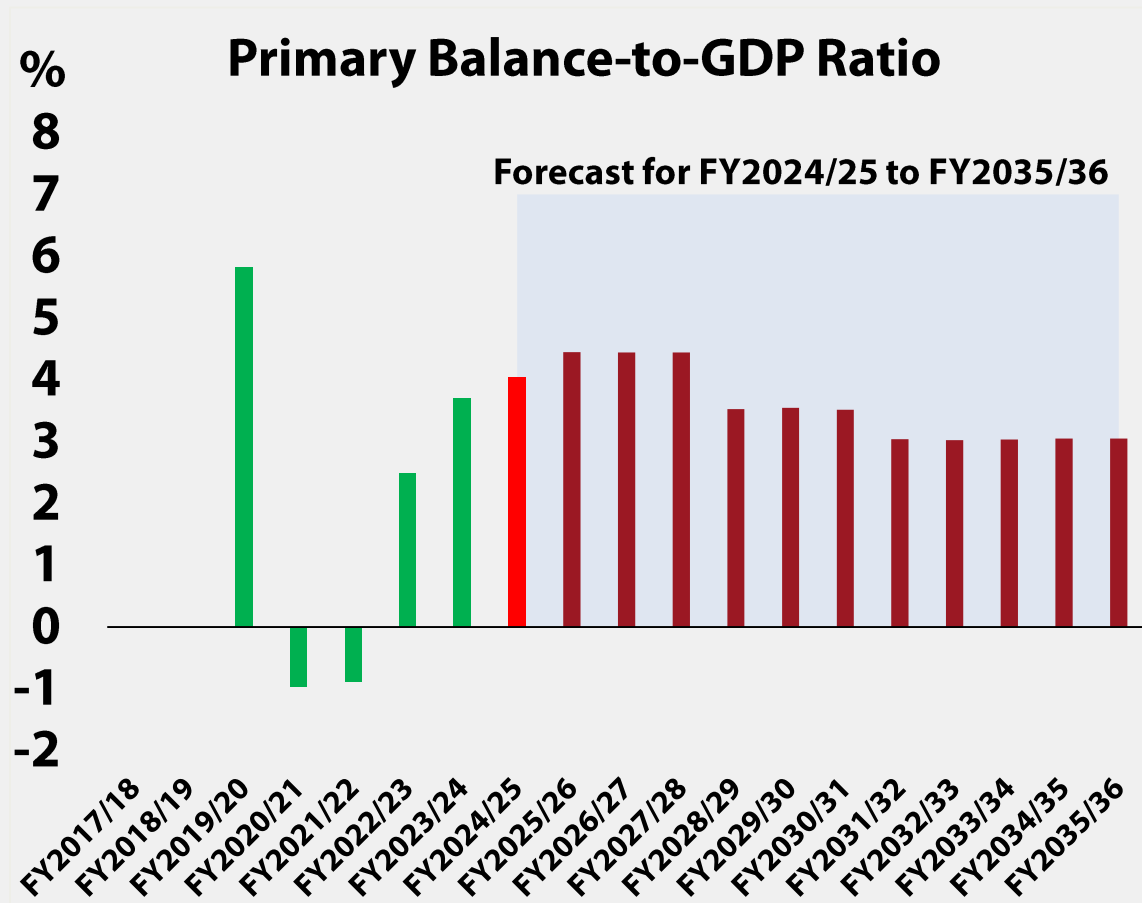
□ Escalating geopolitical tensions may cause international oil price volatility. Additionally, the Red Sea crisis and water shortages in the Panama Canal could increase freight costs, adding further strain to global supply chains.

□ Domestically, adverse weather conditions could potentially worsen agricultural shortages and place upward pressure on local food prices.

Debt should remain sustainable on its downward trajectory.

Robust growth and a strong fiscal stance will continue to 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 growth forecast is expected to hold steady at 3.2 percent, although still below the 2000-2019 historical average of 3.8 percent.
- ❑ **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.
- ❑ **Travel:** High airline ticket prices could hinder the tourism sector's robust performance.
- ❑ **Climate Risks:** Hurricanes, floods, and other natural disasters can disrupt travel plans, damage infrastructure, and negatively impact the tourism sector. These environmental risks also threaten productivity in the agricultural sector.
- ❑ **Investment and SOE Reforms:** Crucial risks include failure to increase private and FDI investments and the need for continued SOE reform.



THANK YOU