



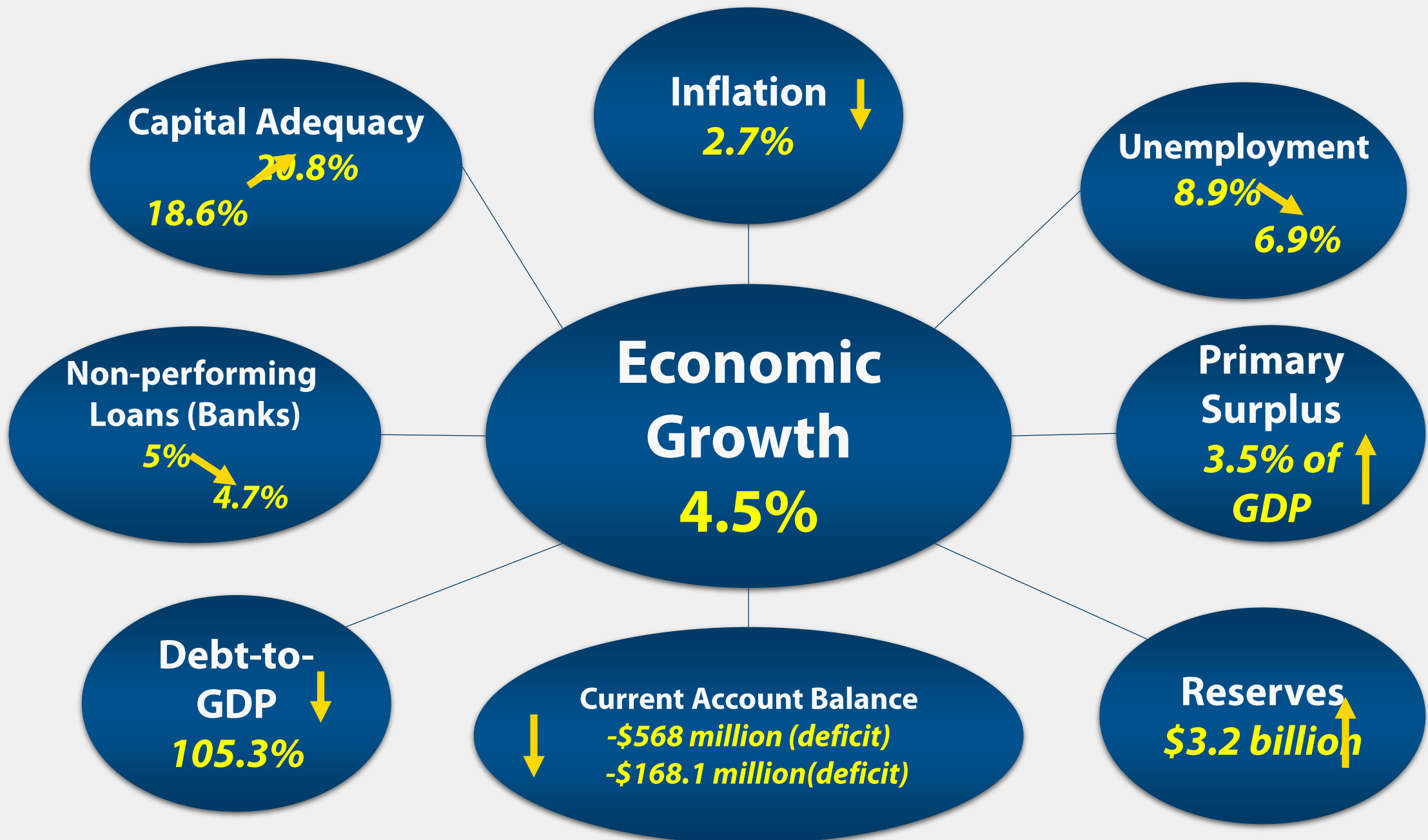
BARBADOS' ECONOMIC REVIEW





OVERVIEW OF THE ECONOMY

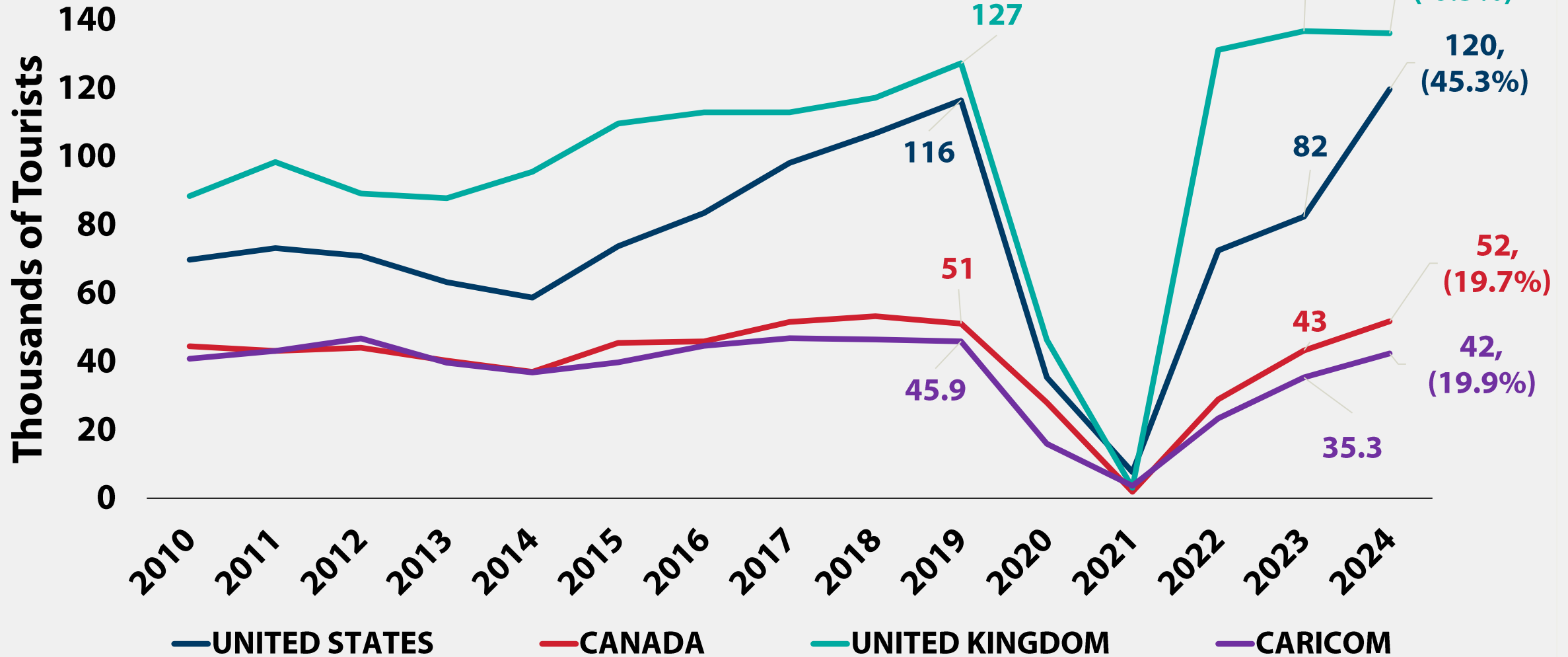
Economic growth continued, further strengthening resilience



With record half-year tourist arrivals

Arrivals up 17.9% year-on-year

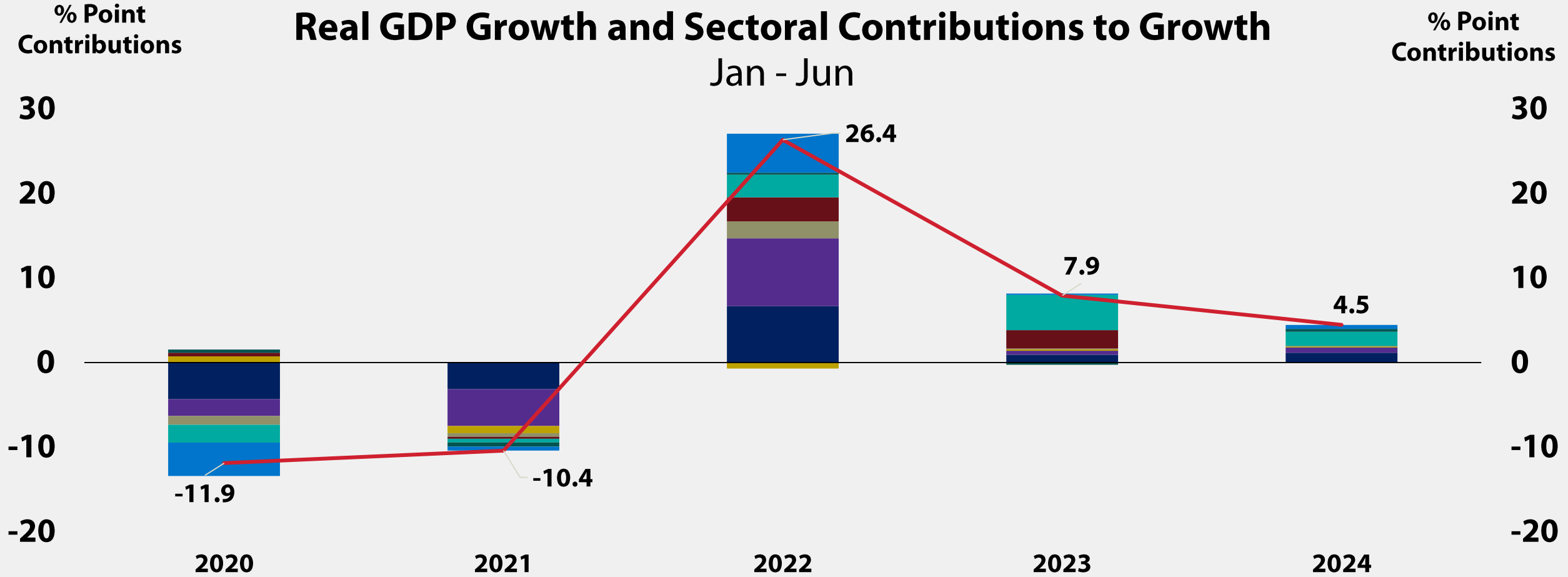
January - June



All major sectors contributed to the economic expansion.

Real GDP Growth and Sectoral Contributions to Growth

Jan - Jun

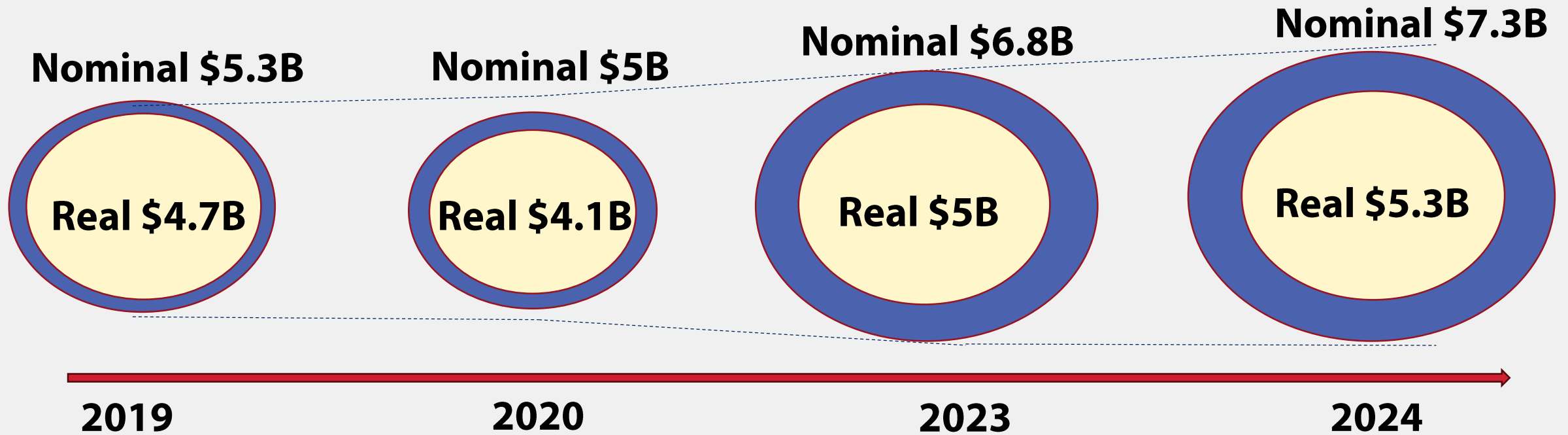


- Tourism 18.1%
- Wholesale & Retail 3.6%
- Agriculture 5.4%
- Manufacturing 1.1%
- Government
- Business & Other Services 5.4%
- Construction, Quarrying and Mining 7.1%
- Other Non-tradable
- Real GDP (RHS)

13 consecutive quarters of real GDP growth

GDP continued to expand in both Real & Nominal Terms

Jan-Jun

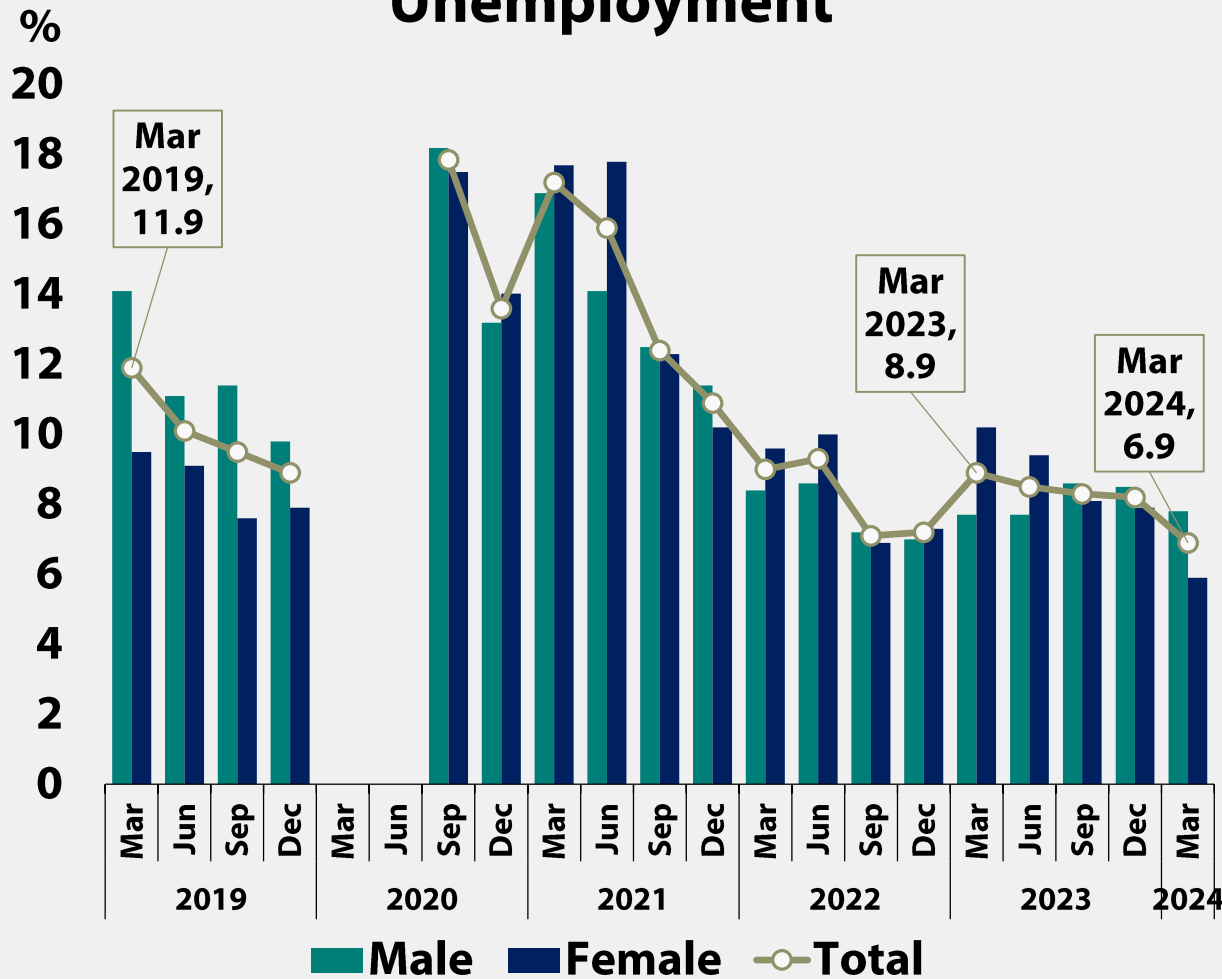


Labour market conditions remained stable.

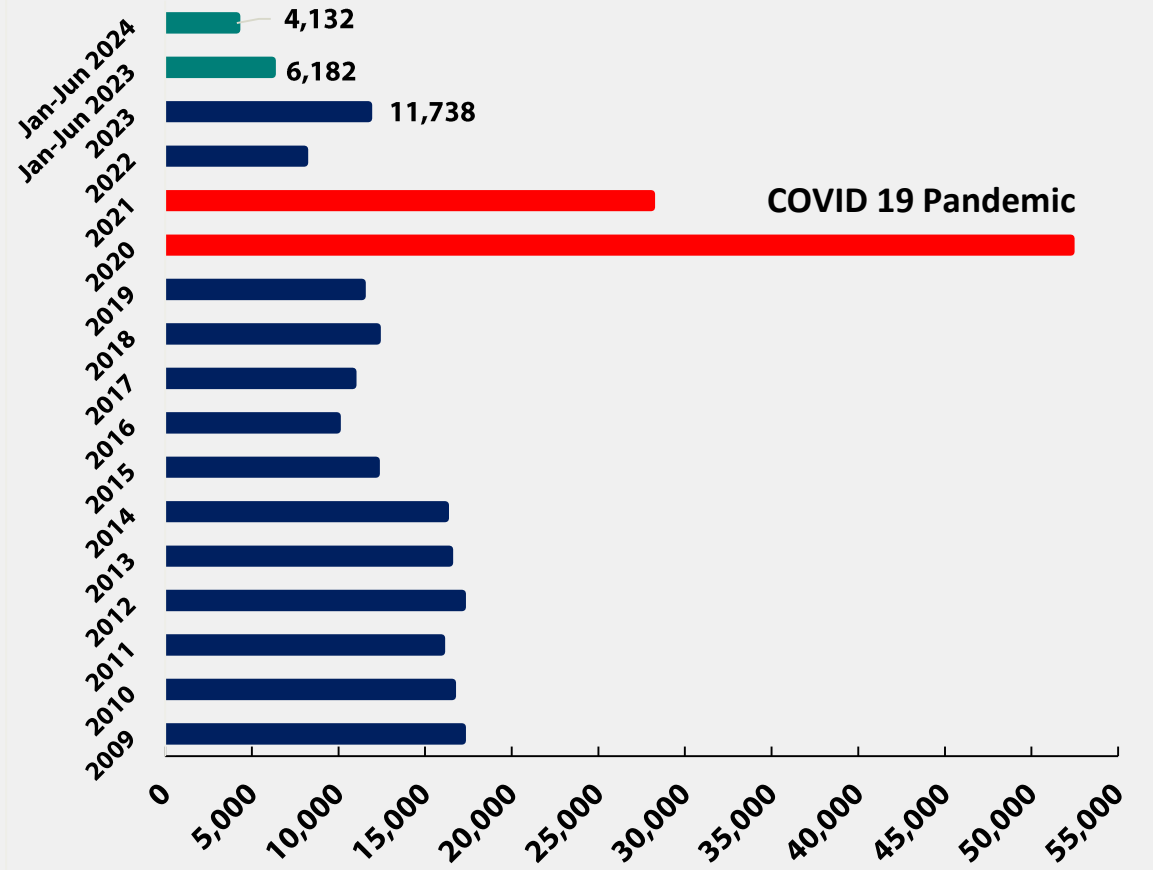
The unemployment rate decreased.

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

Unemployment



Number of Claims

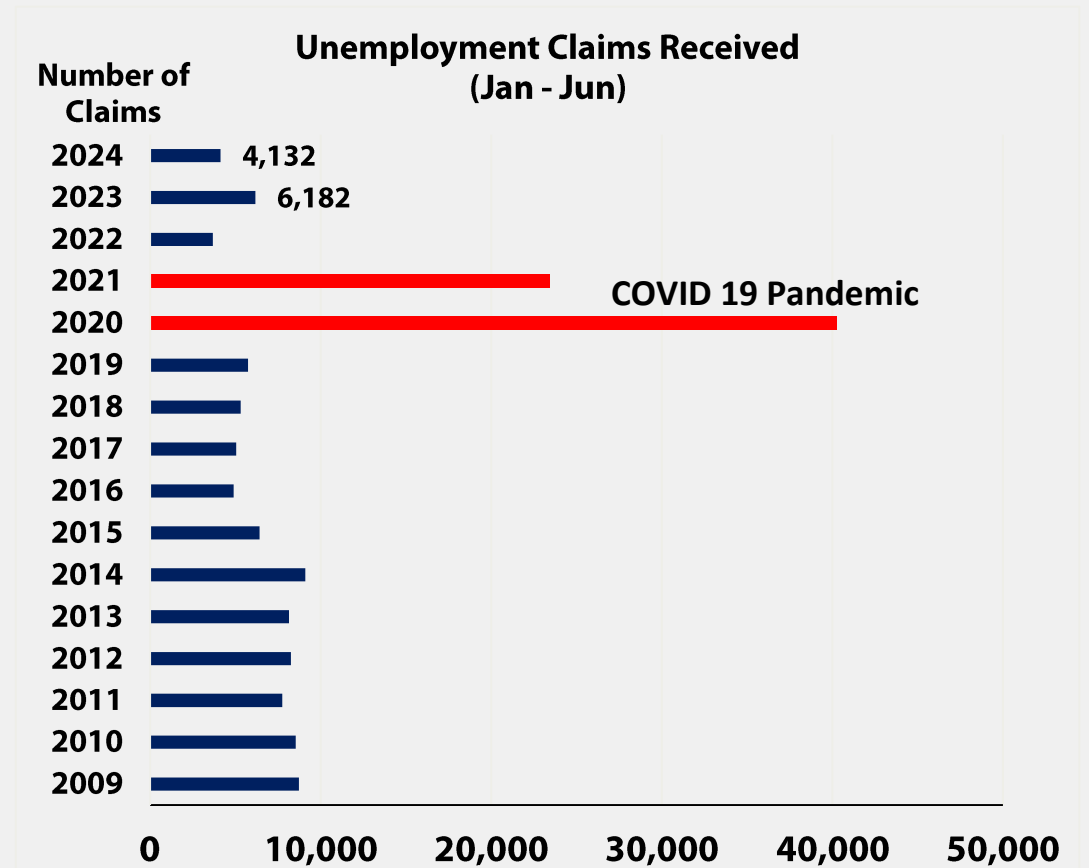
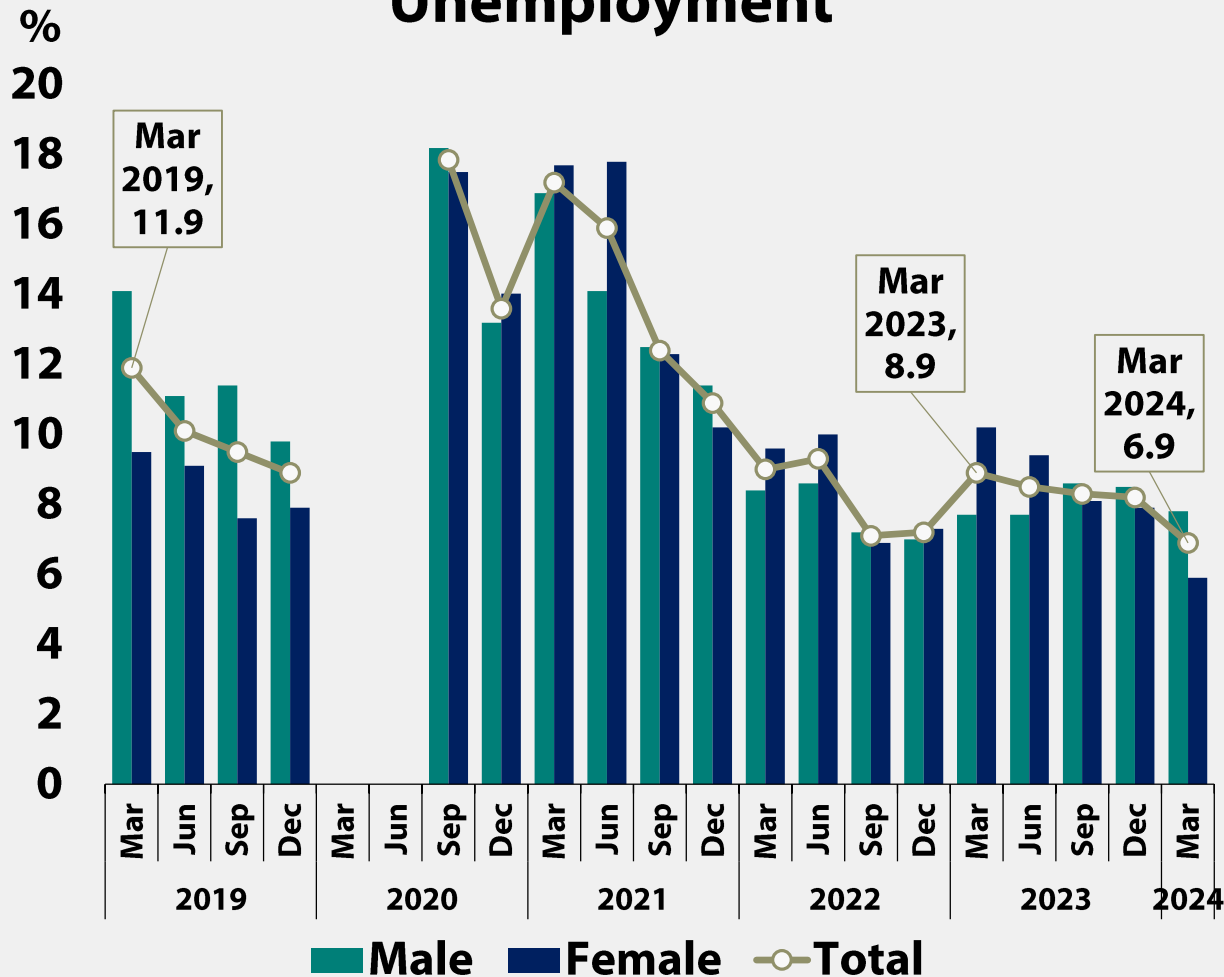


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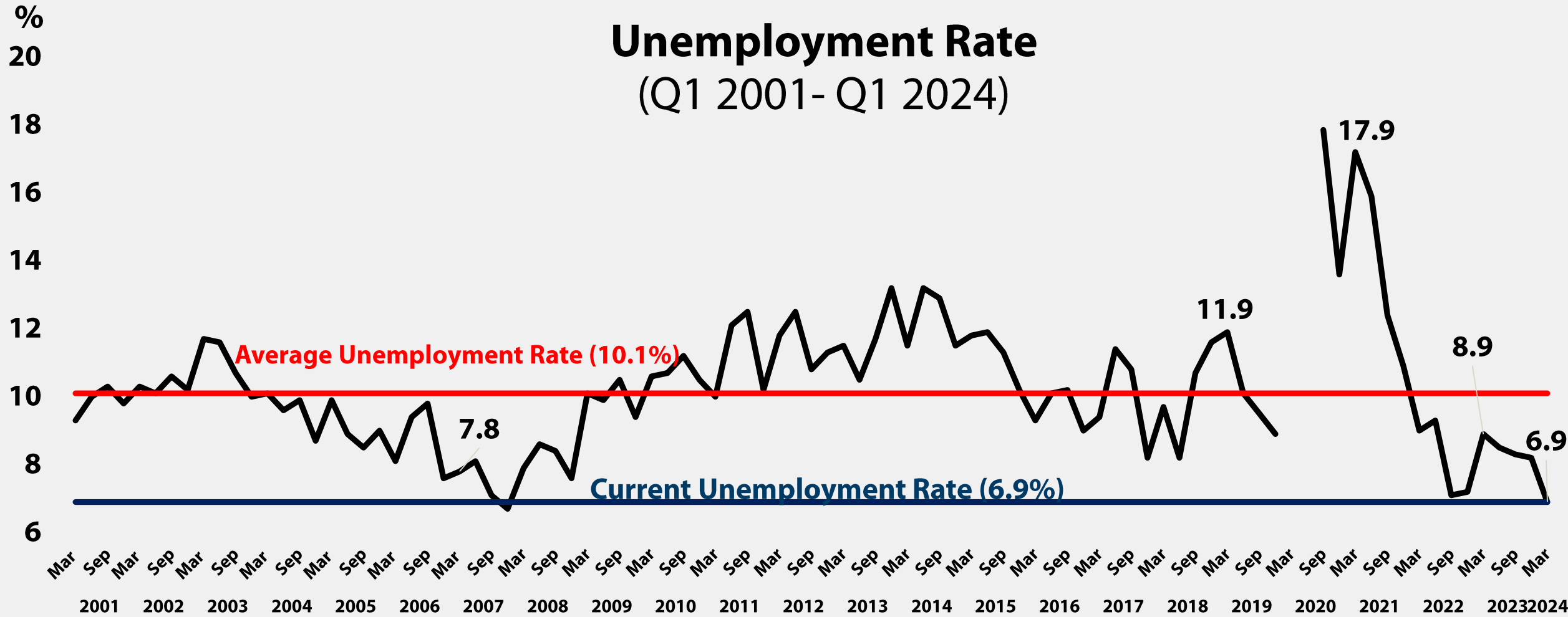
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Unemployment

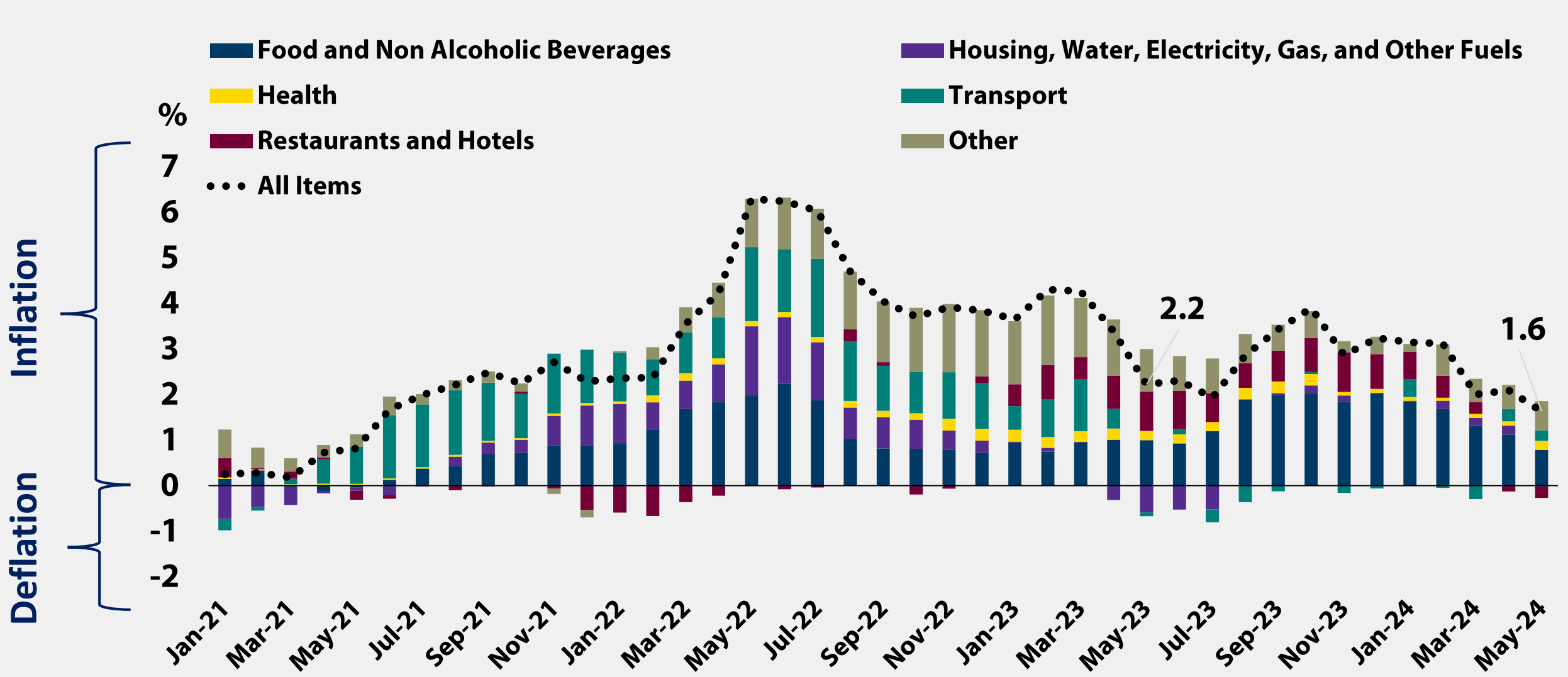


The unemployment rate remains below the historical average.

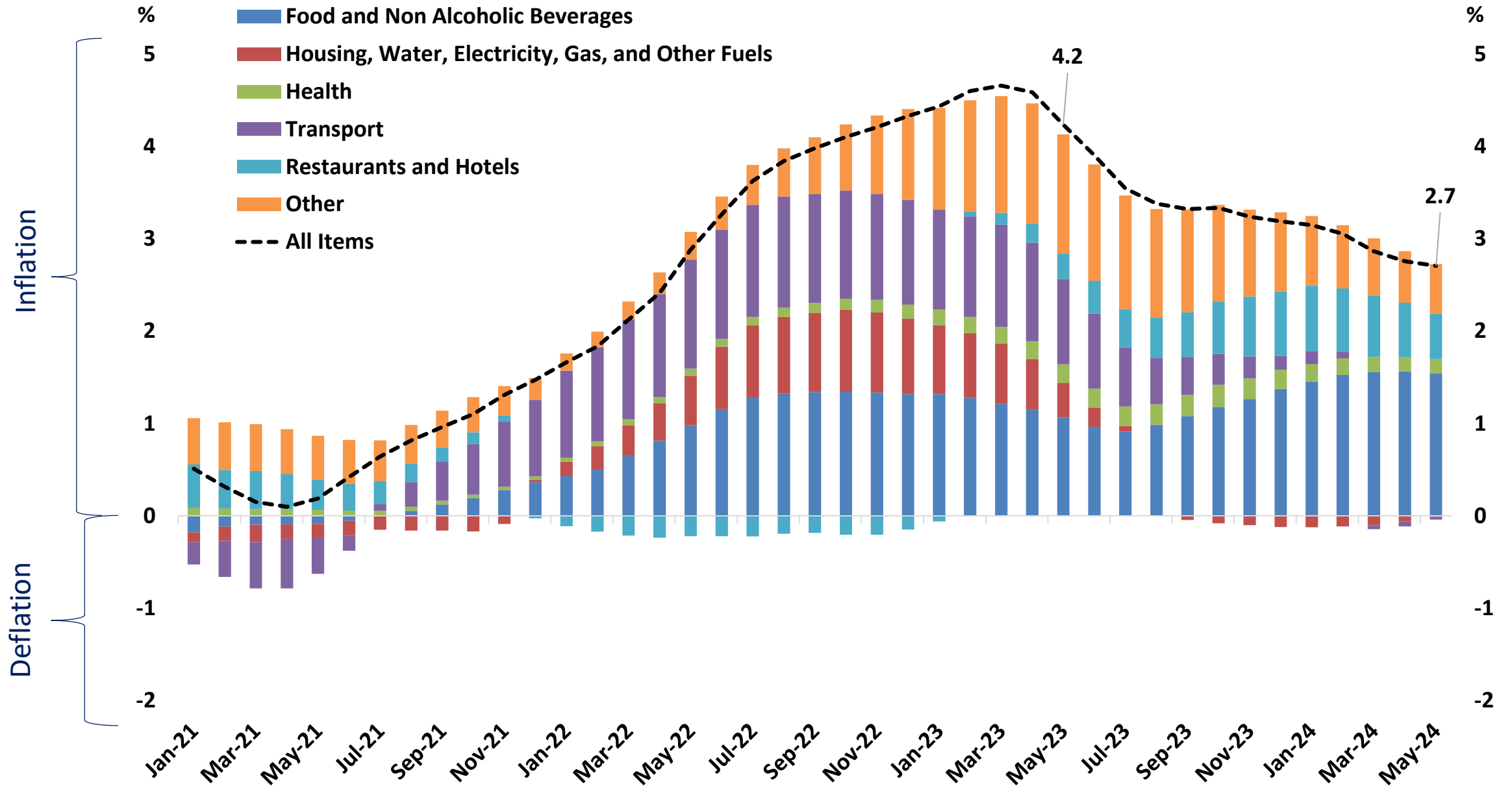


Inflation slowed but remained elevated, primarily due to local factors:

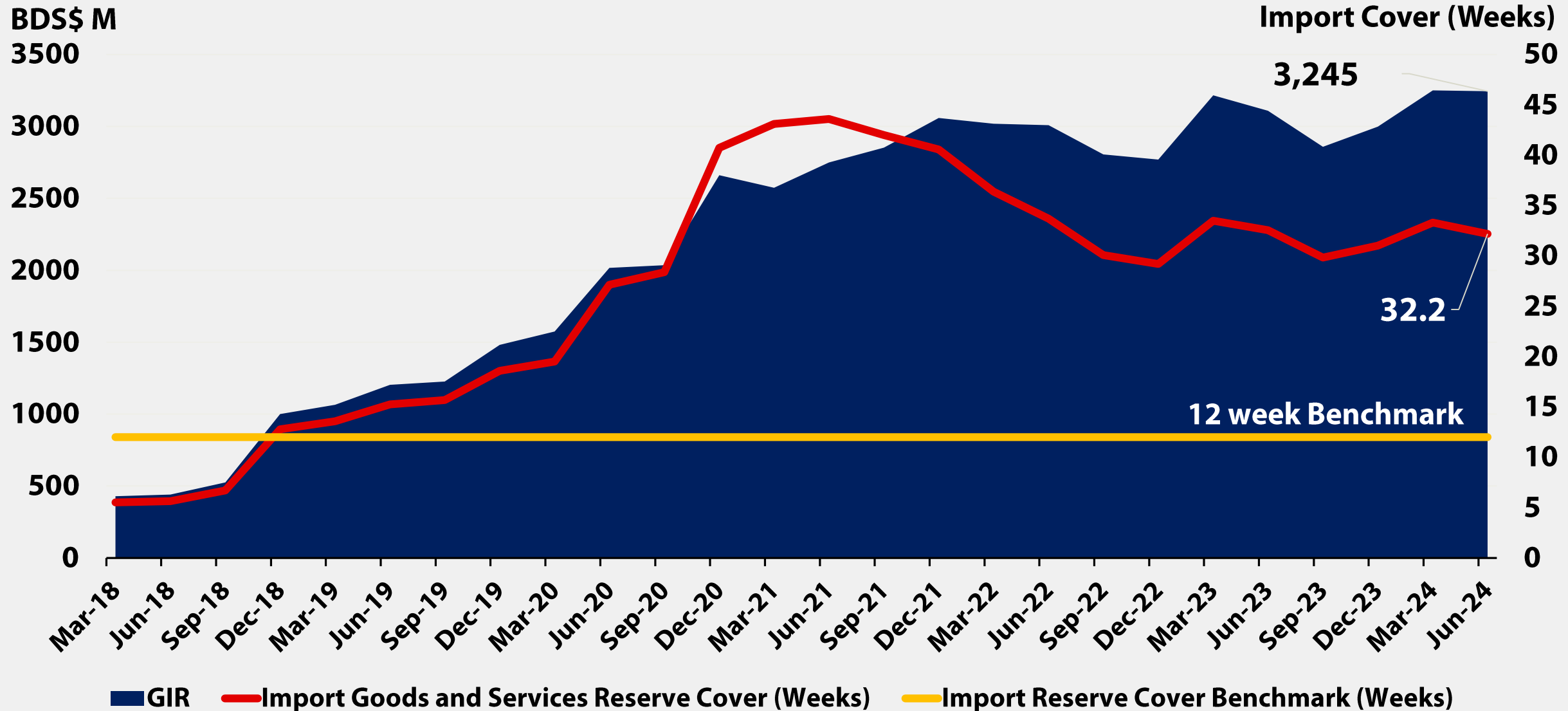
- 1) adverse weather conditions impacting supply of certain crops*
- 2) higher demand for dining services*



12-month MOVING AVERAGE INFLATION slowing

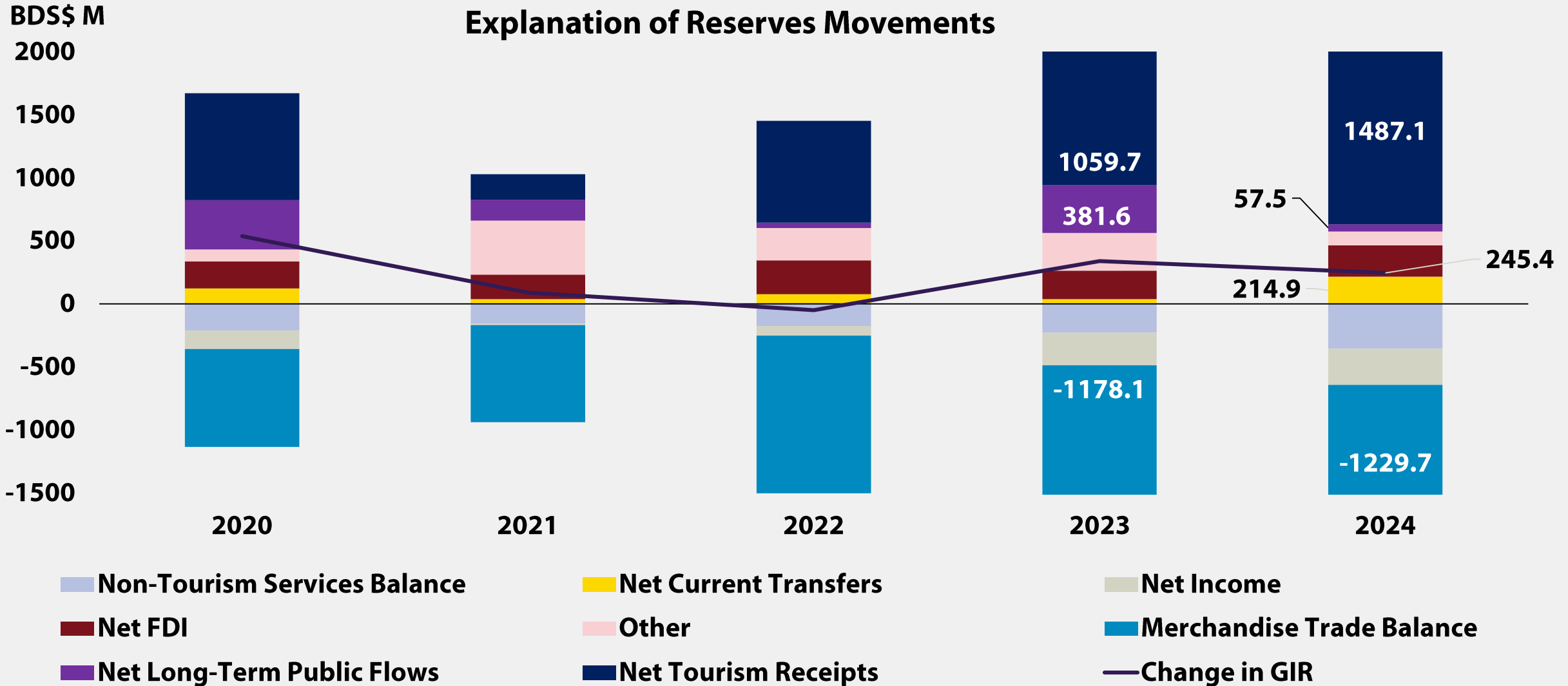


Foreign reserves remain high 32.2 weeks of import cover!

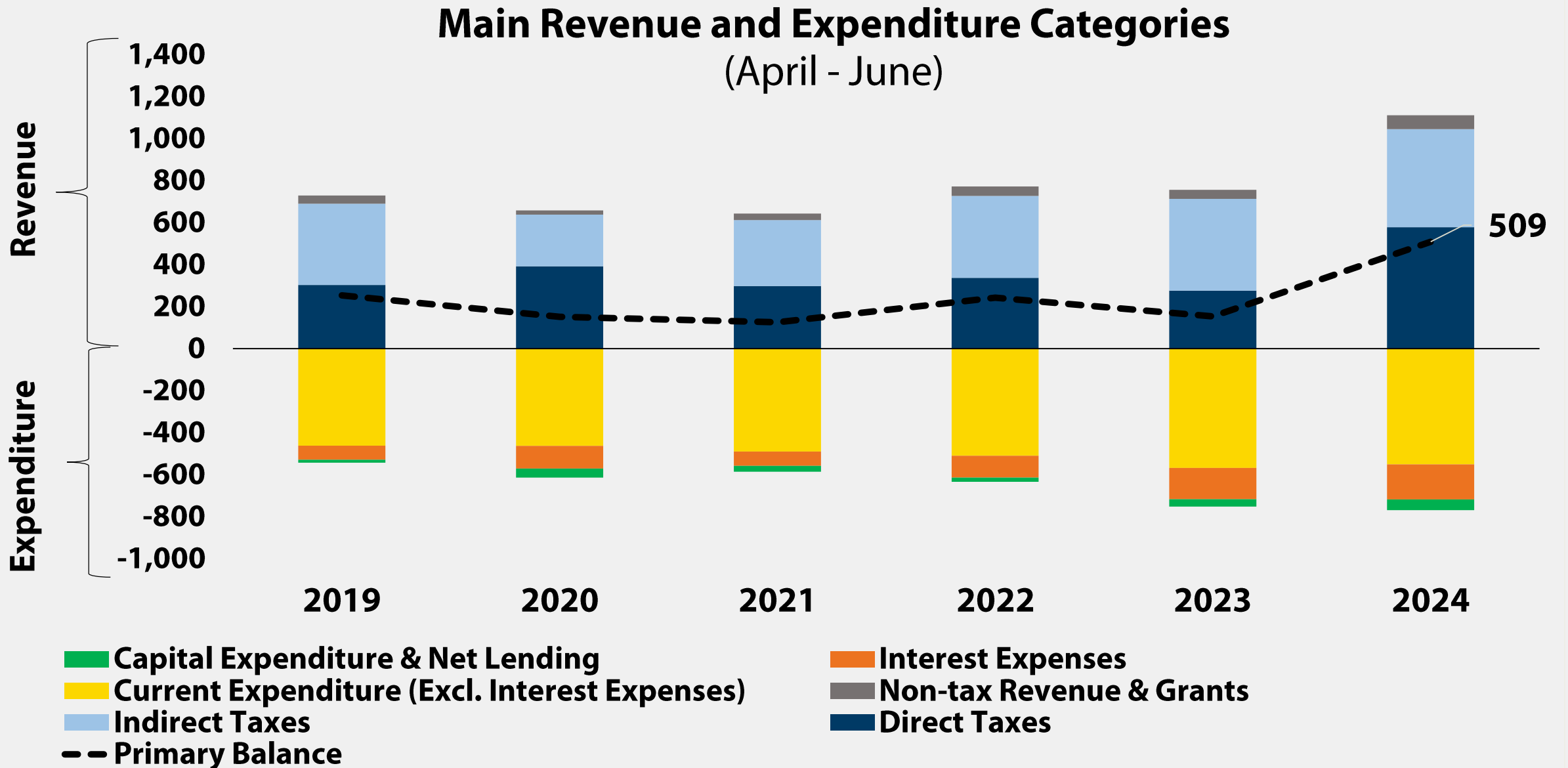


Increased tourism earnings and foreign tax receipts drove the reserve accumulation.

Explanation of Reserves Movements

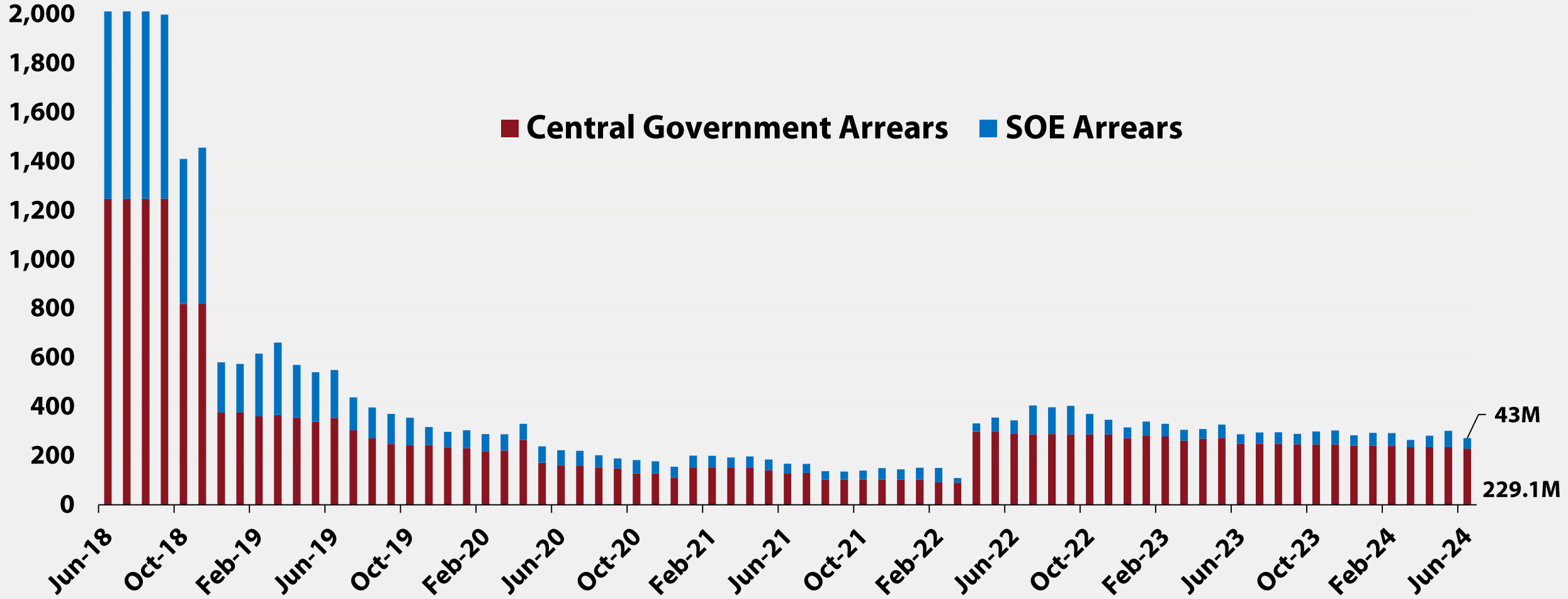


Fiscal operations resulted in a primary surplus.



Central Government arrears continued to decline.

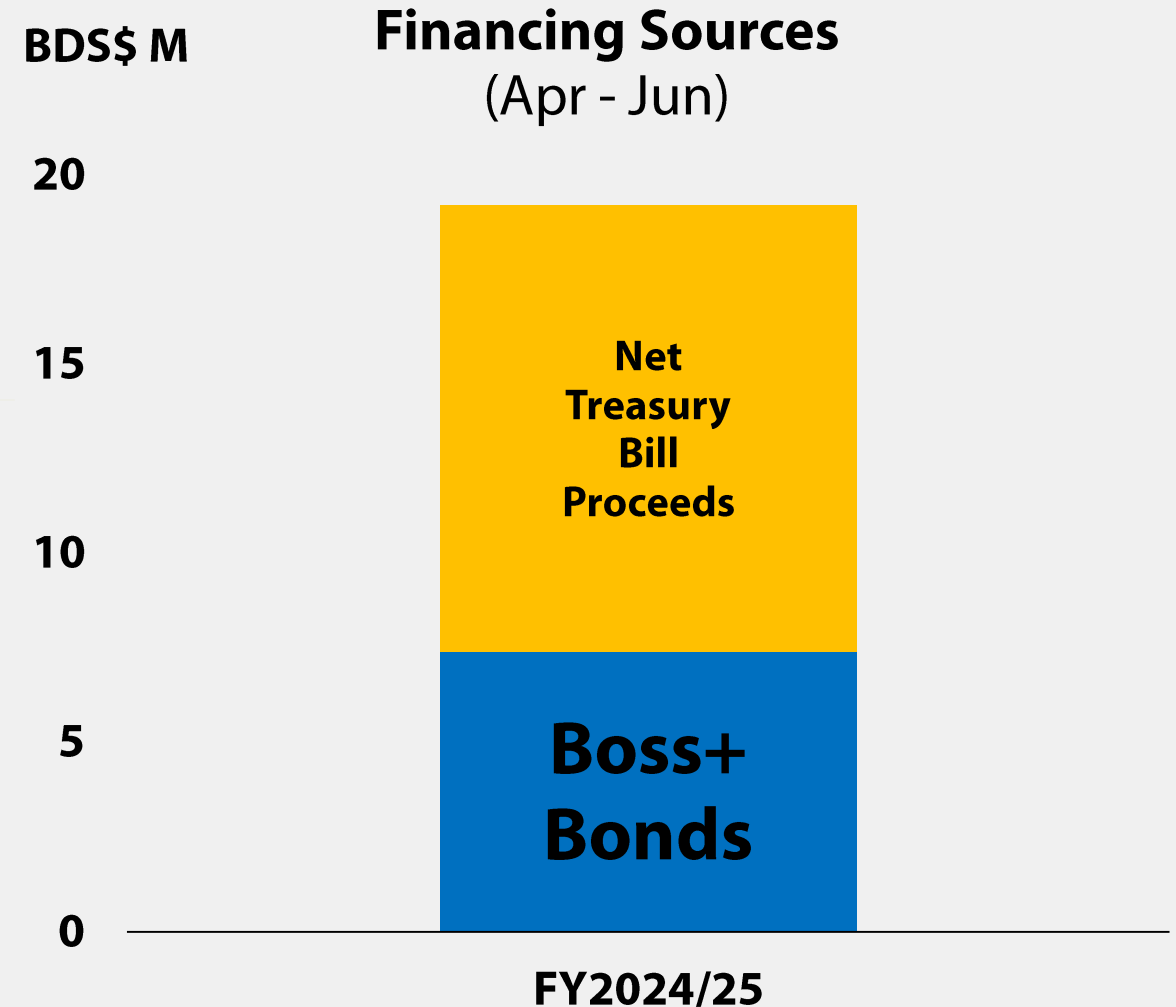
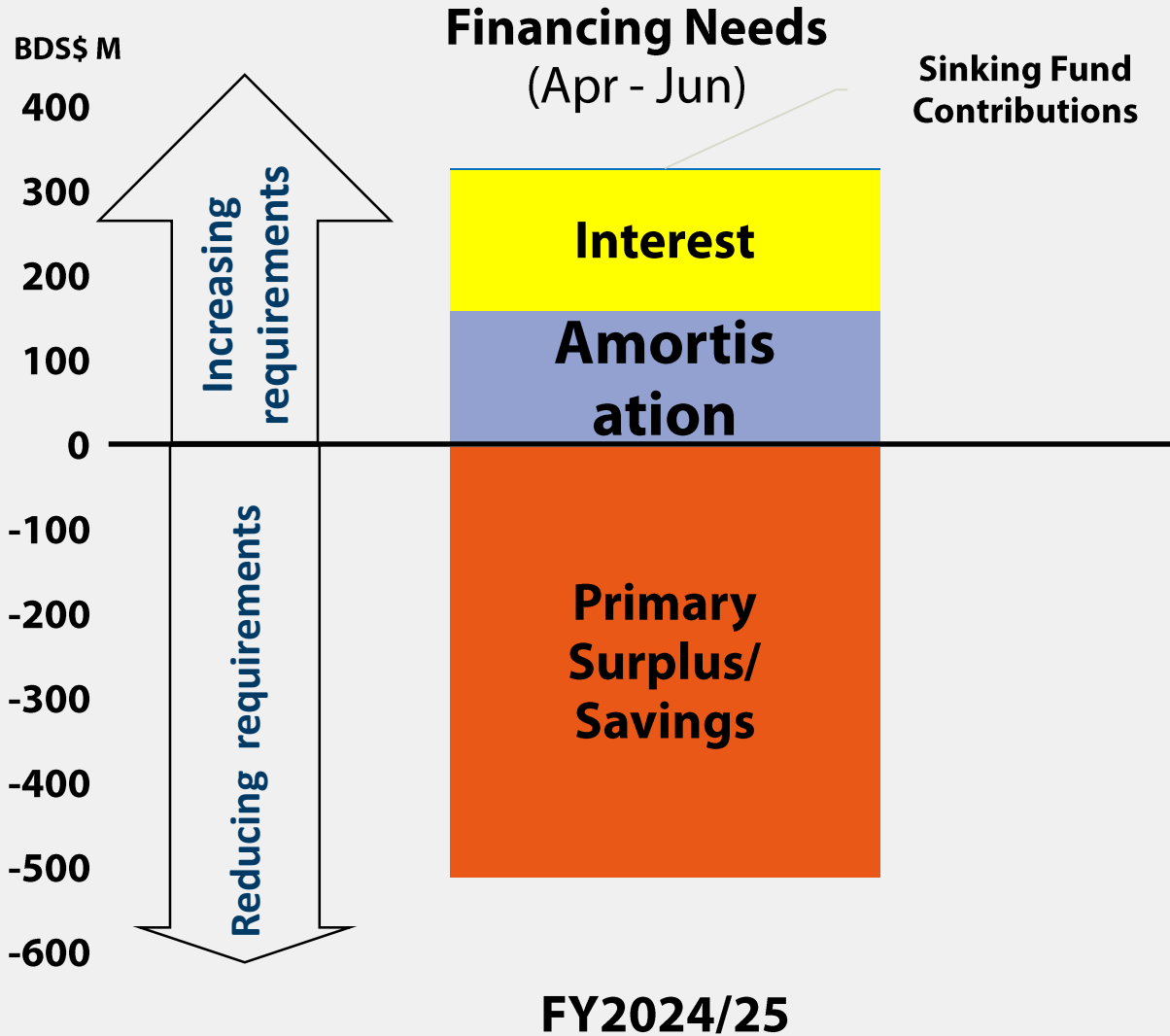
Central Government Arrears and Total SOE Arrears



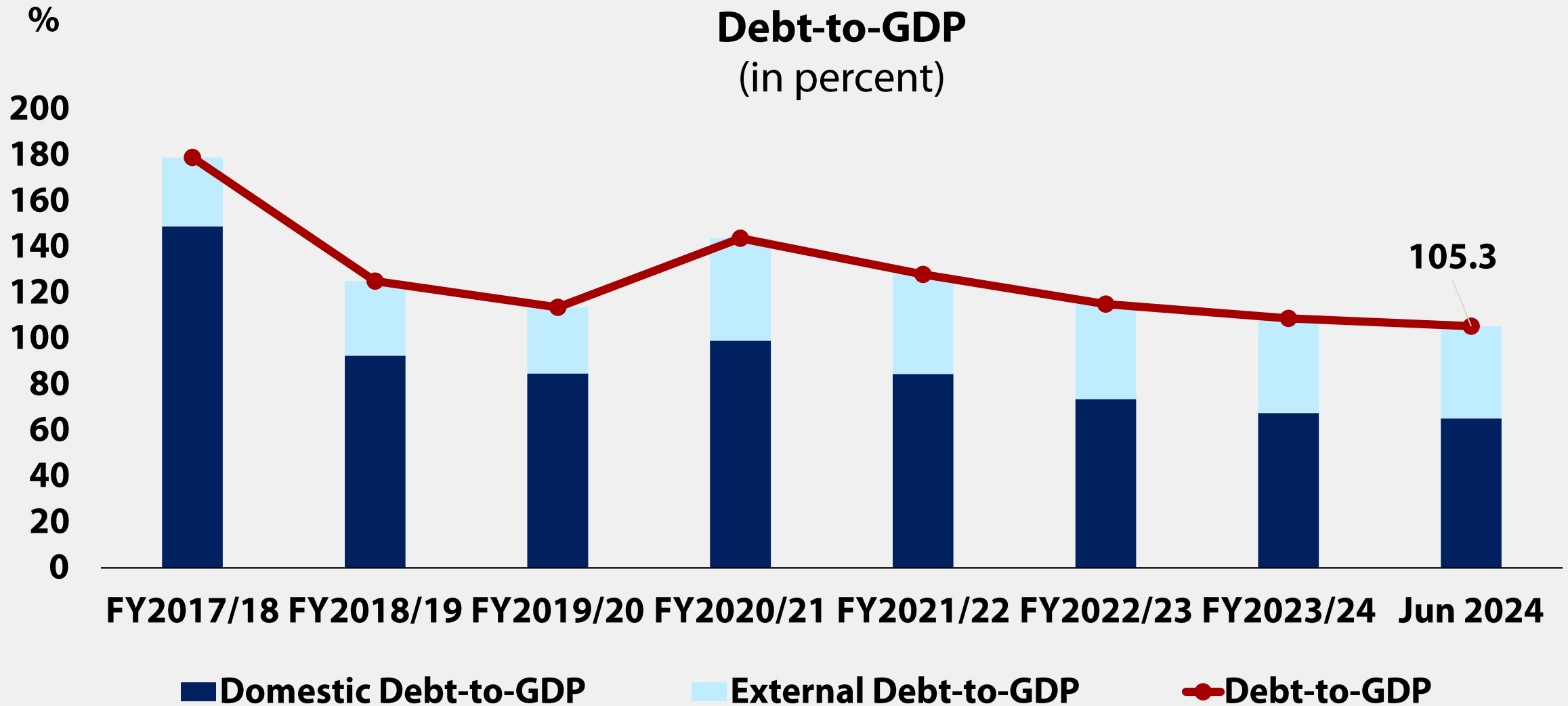
Government's financing needs were fully covered.

The primary surplus more than covered increasing financing needs...

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

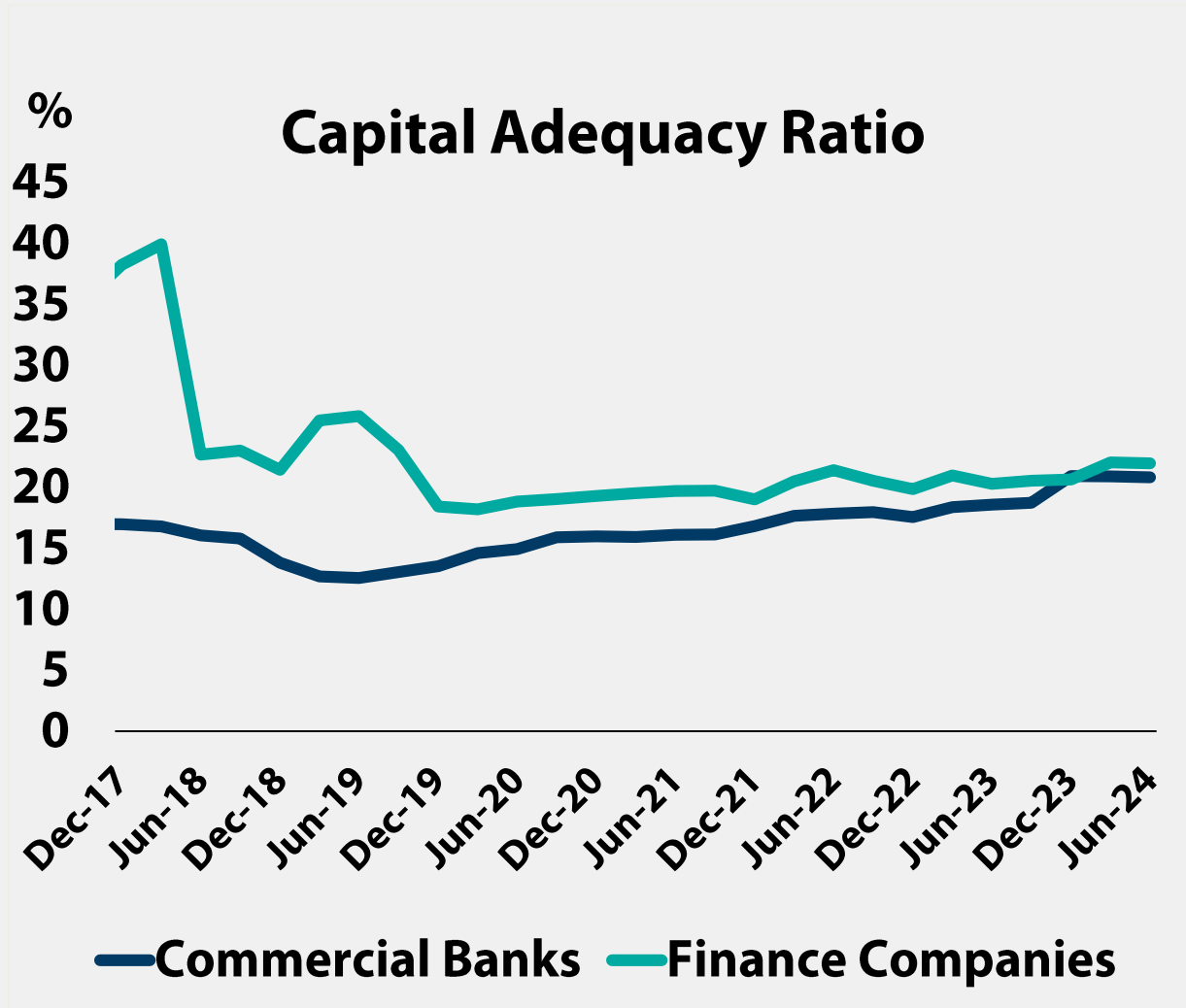


Debt-to-GDP ratio continues to decline as the economy expands.

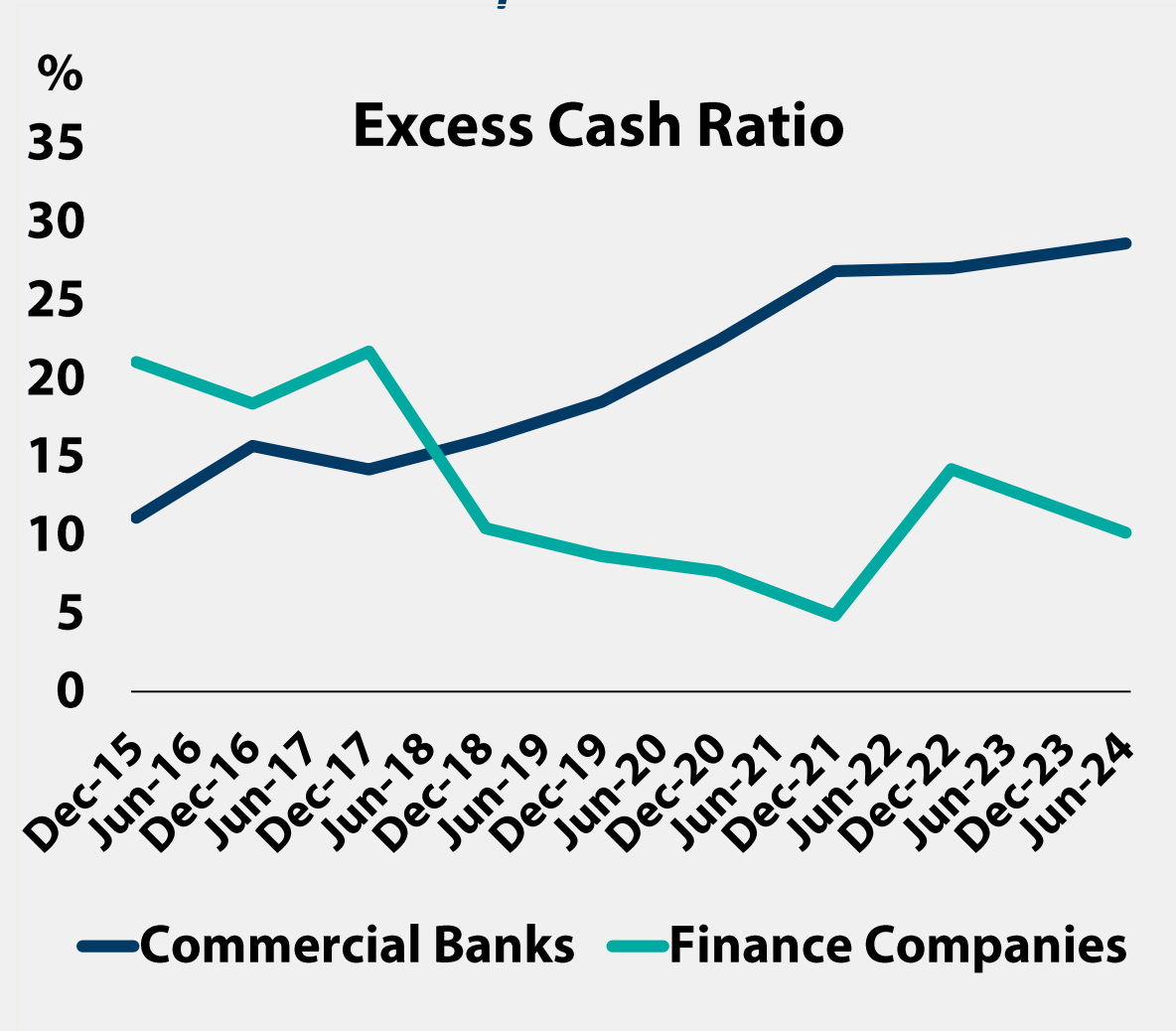


The financial system remains stable and healthy.

Financial institutions are well capitalised.



Liquidity is high and remains above statutory requirements.

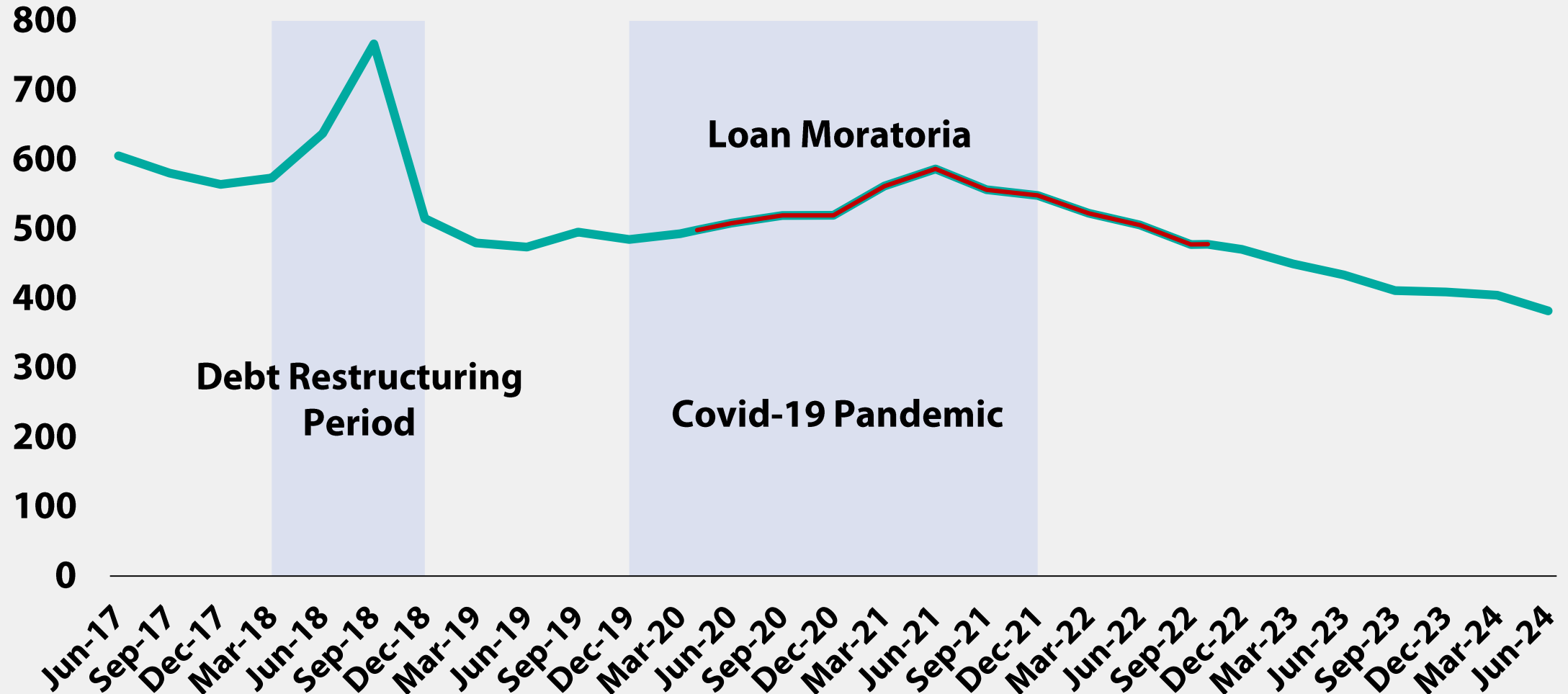


Credit quality continues to improve.

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

BDS \$M

Total NPLs

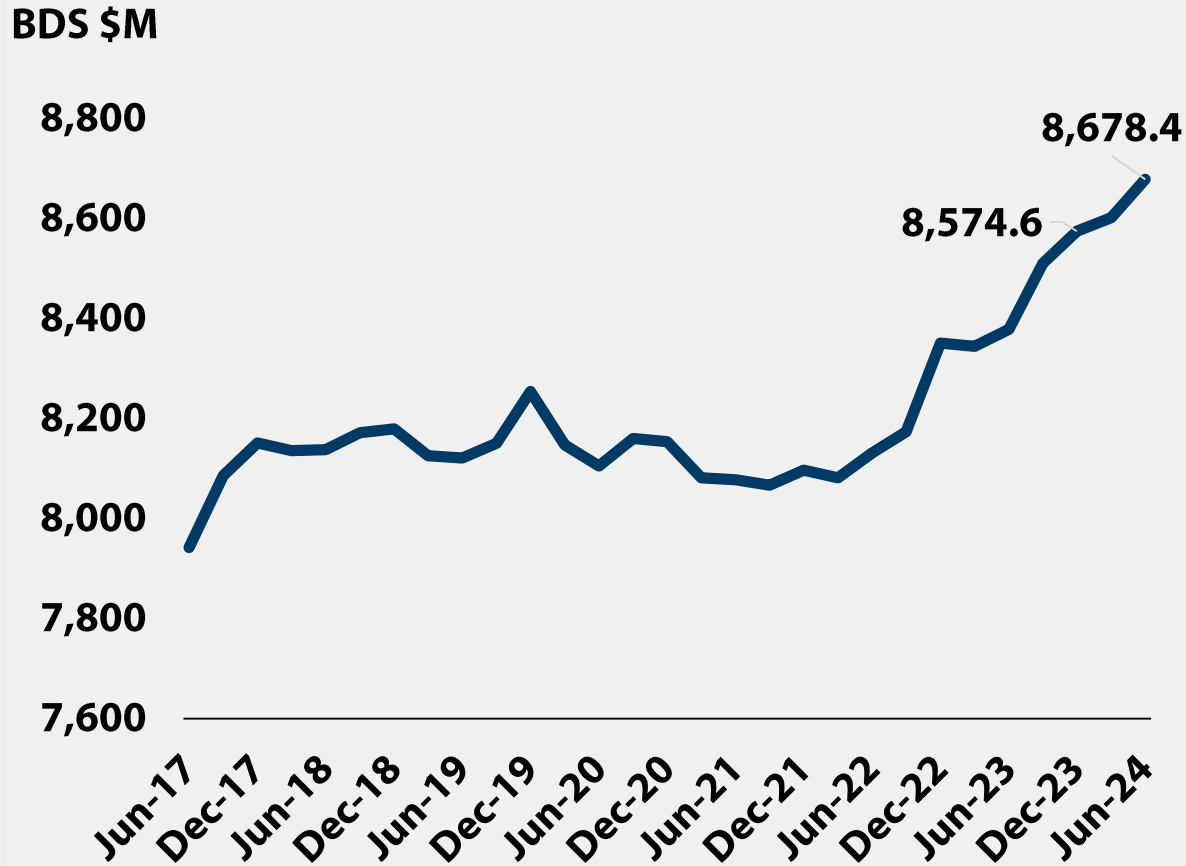


Credit performance was uneven.

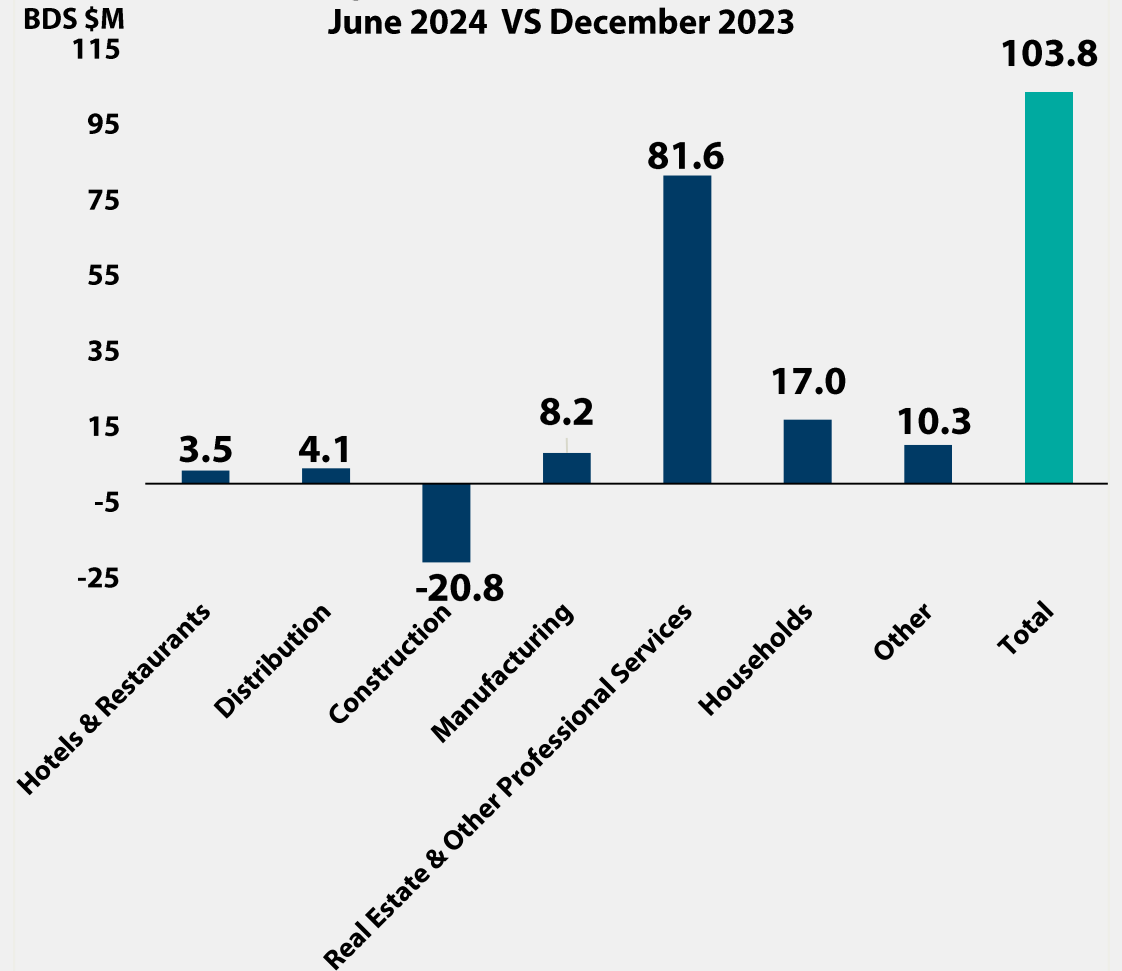
Overall credit to the non-financial private sector grew moderately over the 6-month period...

..credit to hotels & restaurants, households, and the real estate sectors offset repayments of loans by the construction sectors.

Outstanding Credit to the NFPS



Changes in Loan Balances of the NFPS June 2024 VS December 2023

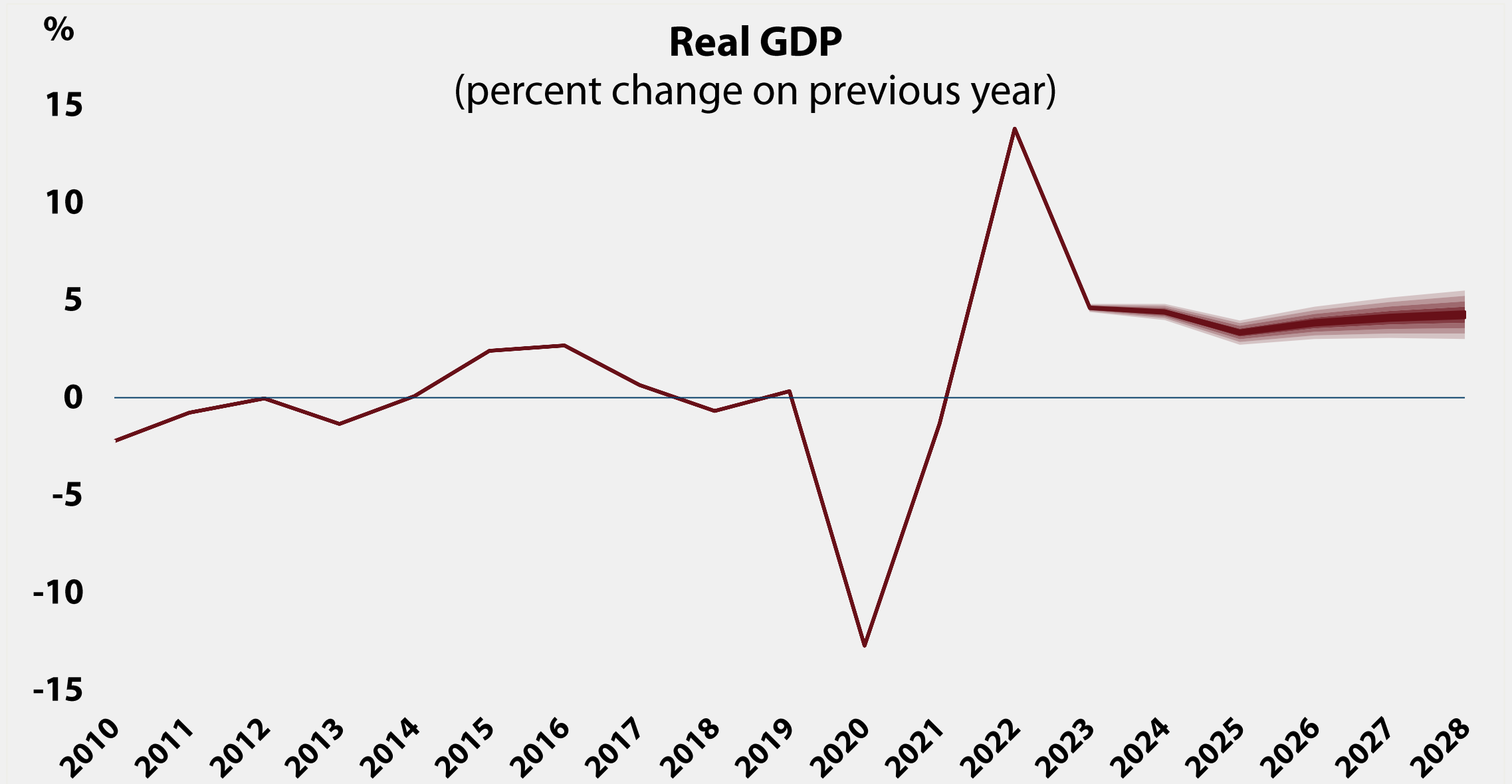




OUTLOOK FOR THE ECONOMY

Growth should remain robust.

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



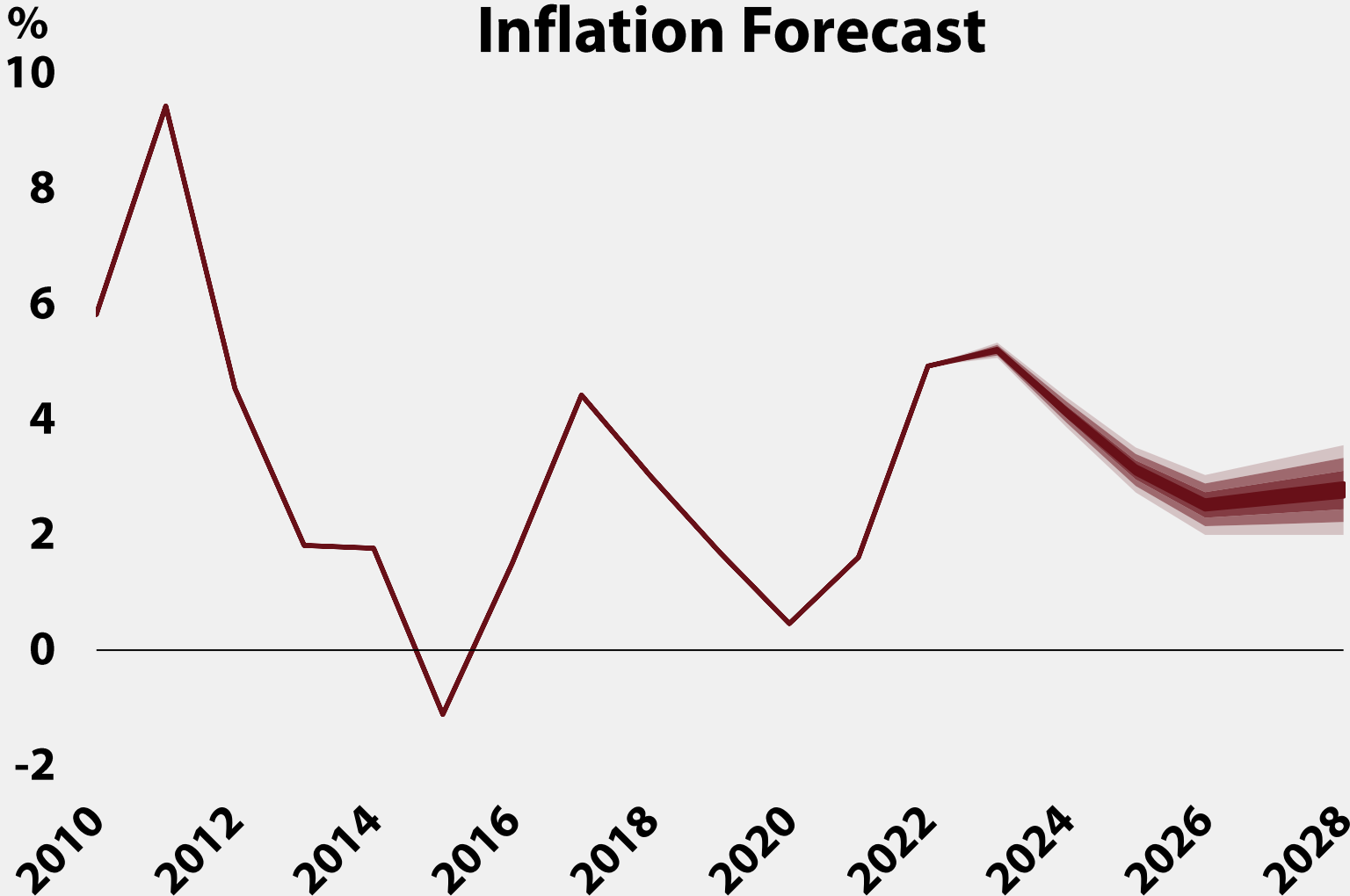
Tourism will drive the 2024 performance

Anticipated to surpass Pre-Pandemic Levels in all markets.

- **Renewed Interest in Travel to Barbados:** Early forward bookings from major source markets exceed the previous year by over 18 percent.
- **Increased Airline Capacity:** Airlines demonstrate growing confidence with continuous growth in seating capacity to Barbados.
- **Cruise activity:** Cruise activity is projected to continue to recover from pandemic setbacks, buoyed by the return of summer cruise activity and an increase in cruise calls in the fourth 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 to support this growth.

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

Inflation Forecast



□ Current 12-month moving average domestic inflation of 3-3.5%.

□ Risks to Inflation:

□ Potential risks from events like voluntary oil production cuts by OPEC+, the Russia-Ukraine War, conflicts in the Red Sea region, and congestion in the Panama Canal.

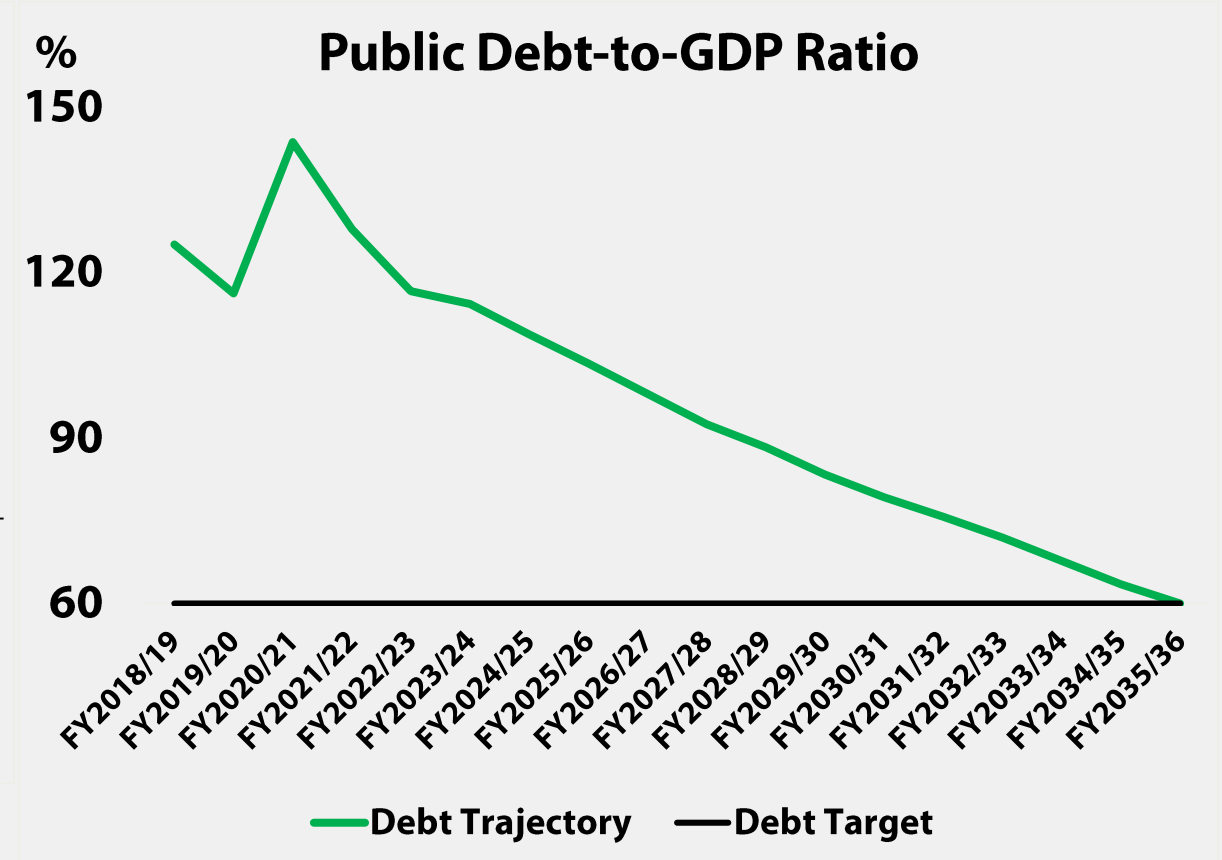
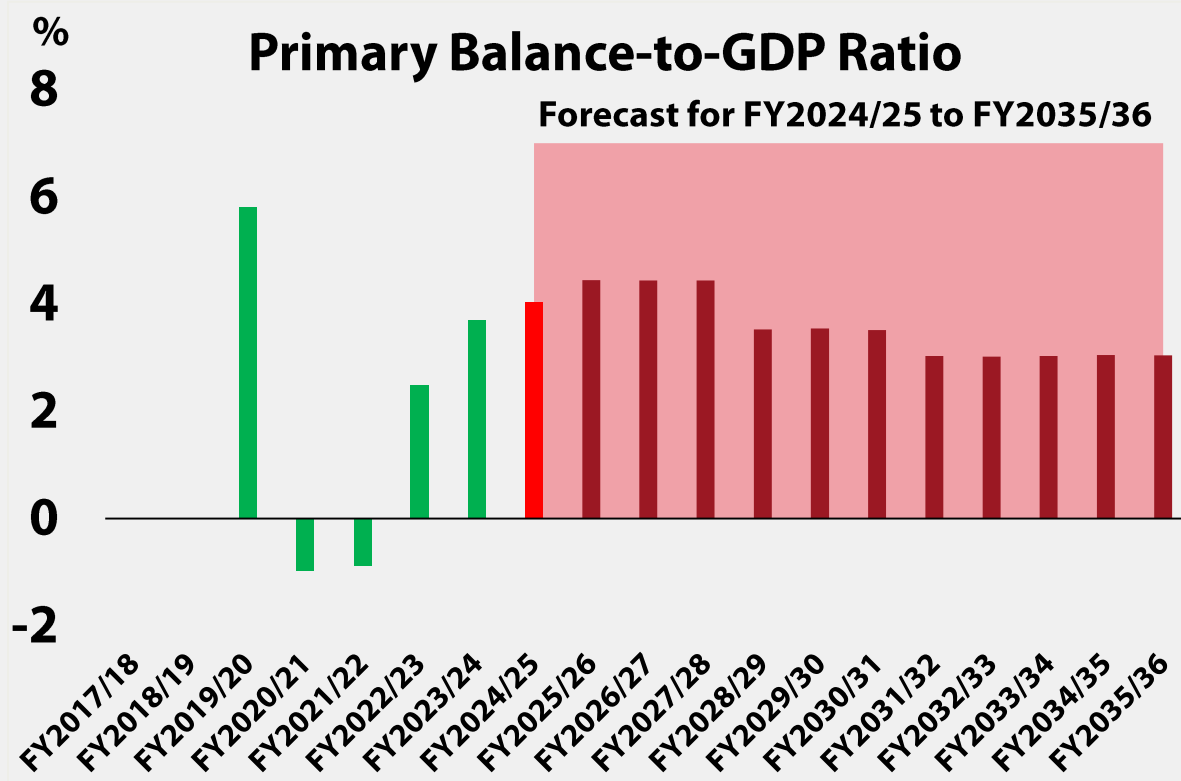
□ Adverse weather and food inflation: Local weather conditions could lead to food shortages, escalating food price inflation.

□ 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 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 negatively impact the tourism sector's continued growth and recovery.
- ❑ **Environmental 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 efficient reform of state-owned-enterprises.

An aerial photograph of a city at dusk, with a large yellow triangle in the bottom left corner. The text "THANK YOU" is overlaid in the center.

THANK YOU