Press Release

Review of Barbados' Economic Performance:

January to June 2024

The Path Towards Inclusive and Sustainable Economic Growth: Barbados' Economic Performance and Strategic Outlook

Overview

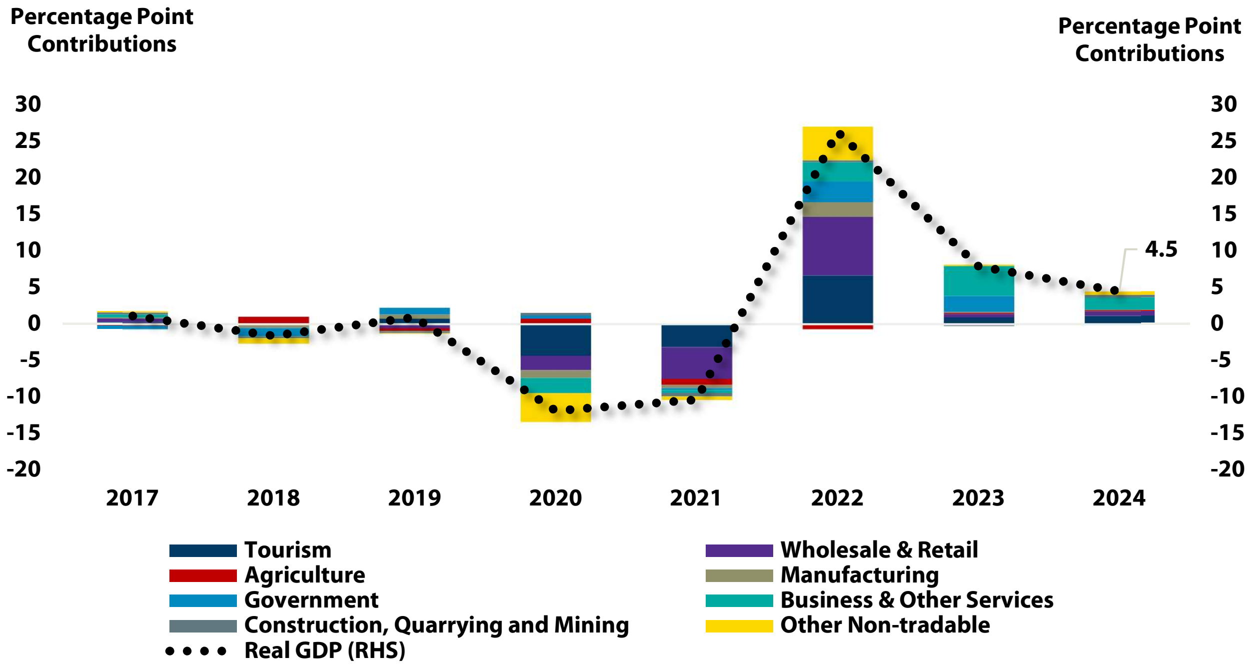
KEY INDICATORS: January to June 2024

Real GDP Growth 4.5 percent	**Inflation[1]** 2.7 percent	**Unemployment[2]** 6.9 percent	**International Reserves** $3.2 billion
Current Account Deficit -$168.1 million	**Primary Surplus (FY)** $509 million (3.5 percent of GDP)	**Fiscal Surplus (FY)** $341.9 million (2.3 percent of GDP)	**Gross Public Sector Debt** 105.3 percent of GDP

Barbados' economy demonstrated robust growth in the first half of 2024, with real GDP increasing by 4.5 percent. Significant expansions in the tourism and construction sectors, underpinned by successful events such as the International Cricket Council (ICC) Men's T20 World Cup, drove this performance. Tourism recorded substantial gains in both long-stay and cruise arrivals, while construction projects, including major infrastructure developments, provided additional support.

Figure 1: Real GDP Growth and Sectoral Contributions

January - June



Sources: Central Bank of Barbados Estimates (2023) and Barbados Statistical Service

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[1] Moving average inflation as at end-May 2024.

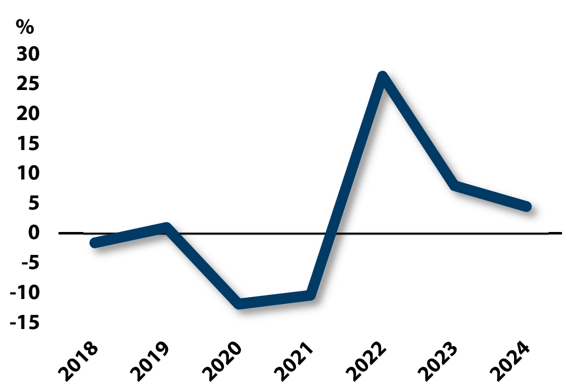
[2] Unemployment as at end-March 2024.

Other key macroeconomic indicators continued to strengthen, demonstrating resilience amid global challenges. Domestic inflation moderated to 2.7 percent by end-May 2024, aided by declines in global energy and food prices. The labour market registered a low unemployment rate of 6.9 percent for the first quarter of 2024, with job growth across various sectors. The fiscal position strengthened significantly, with a primary surplus of $509 million and a fiscal surplus of $341.9 million, reflecting improved revenue collection and disciplined expenditure management. Debt as a percentage of GDP continued to decline, reaching 105.3 percent, supported by strategic debt management and economic growth. Characterised by improvements in capital adequacy and loan quality, the financial sector remained stable. The external sector showed resilience, with the current account deficit narrowing to 2.3 percent of GDP and international reserves remaining robust.

The economic outlook remains positive, with expected continued growth in tourism and construction, alongside stable inflation and a strong external position. The fiscal stance supports debt sustainability and economic resilience.

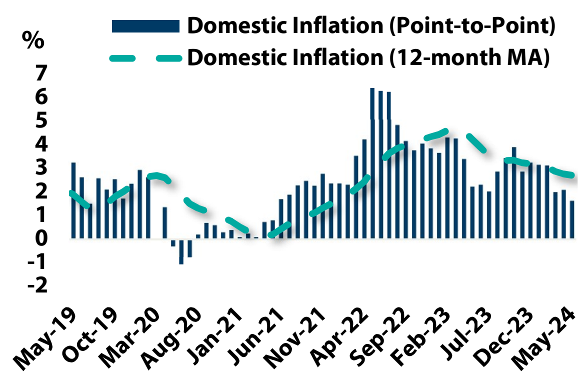
Figure 2: Selected Economic Indicators

Real GDP Growth
January - June



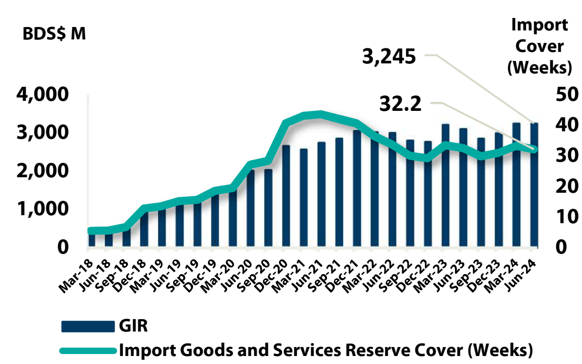
Sources: Central Bank of Barbados and Barbados Statistical Service

Domestic Inflation



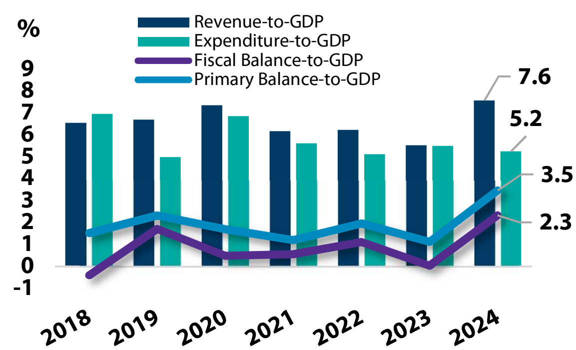
Source: Barbados Statistical Service

Gross International Reserves (GIR) & Import Cover



Source: Central Bank of Barbados

Fiscal Indicators
April – June



Source: Ministry of Finance

Economic Activity

Barbados' economy expanded strongly during the first half of 2024, buttressed by accelerated tourism and construction growth. The performance of tourism spurred growth of 8.8 percent in the traded sector, while increased output in the chicken and fishing industries benefitted agricultural production. Non-traded activity rose by an estimated 3.7 percent over the same timeframe, boosted by substantial growth in the construction and business & other services categories. Overall, total real GDP increased by 4.5 percent for the first six months of the year.

Tourism

The tourism sector experienced vigorous growth, with a record 17.9 percent increase in long-stay arrivals. The successful hosting of the ICC Men's T20 World Cup along with more direct flights from major source markets, facilitated the increase in tourist arrivals. The US remained the fastest growing source market, while Canada and CARICOM markets also recorded impressive increases. Although the UK market experienced a slight decline, it still maintained a strong performance, 14 percent higher than 2019's peak. Other markets demonstrated remarkable growth, further supporting the sector. Travellers arriving for holidays, visiting friends and family, and attending sports events dominated the numbers. The variety of travel categories underscores the resilience and growth potential of the tourism industry.

A higher number of tourists on island translated to a general improvement within the accommodation sector. A 9.7 percent expansion in demand contributed to the average hotel occupancy rates increasing to 68.9 percent, some 2 percentage points above that of the previous year. Revenue per available room (RevPAR) rose by 11 percent relative to 2023 for hotels. The sharing economy recorded gains of 5.5 percentage points in occupancy rates compared to 2023, thereby culminating in an average of 56.9 percent across the six month-period. However, average RevPAR within this subsector fell by 9.7 percent. Restaurants and other food services, as well as recreational activities, benefited from the tourism sector's performance.

Homeporting arrangements and an increase in cruise ship calls underscored the sector's recovery, contributing to overall tourism growth. In-transit cruise arrivals grew by 17.9 percent during the first six months of 2024, totalling 348,316 arrivals. The sector recorded an additional 28 cruise calls over the same period for a total of 273 cruise calls with vessels homeporting accounting for 49 percent (133 calls) of the total. Cruise activity within the month of June also returned to the island for the first time since 2021.

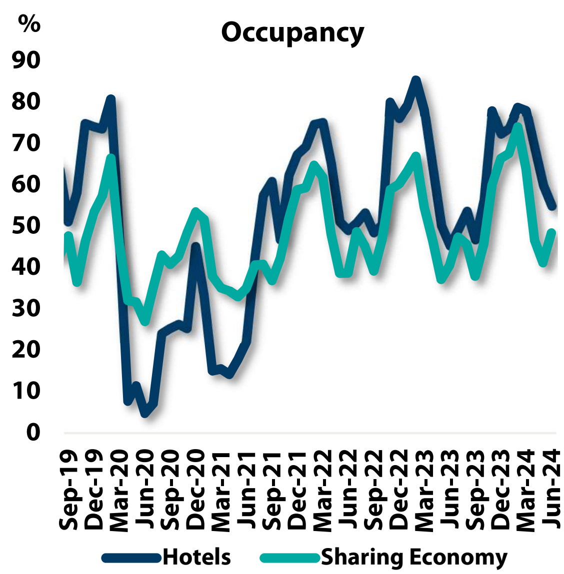
Table 1: Tourism Arrivals by Source Market

January – June

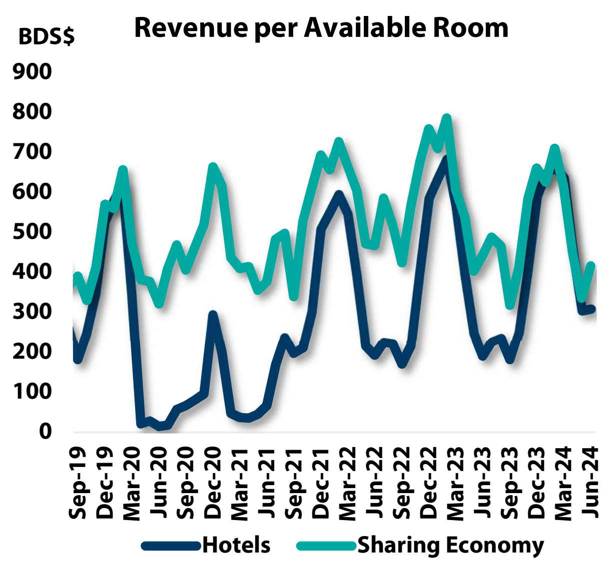
Major Markets	Average (2017-2019)	2020	2021	2022	2023	2024	Absolute Change (2023/24)	2024 as % of 2017-19 Arrivals
United States	107,143	35,345	7,664	72,522	82,413	119,721	37,308	111.7
Canada	52,000	28,035	1,888	28,918	43,260	51,767	8,507	99.6
United Kingdom	119,156	46,318	3,033	131,202	136,721	136,105	(616)	114.2
Europe	20,577	15,836	1,152	14,300	16,617	15,961	(656)	77.6
CARICOM	46,415	15,954	3,639	23,369	35,346	42,363	7,017	91.3
Other	12,973	13,336	1,495	7,643	9,591	16,080	6,489	123.9
Total Arrivals	**358,263**	**154,824**	**18,871**	**277,954**	**323,948**	**381,997**	**58,049**	**106.6**
In-transit Arrivals	**396,098**	**250,532**	**2,013**	**115,988**	**295,386**	**348,316**	**52,930**	**87.9**
Total Cruise Calls	**280**	**225**	**19**	**203**	**245**	**273**	**28**	**97.4**

Source: Barbados Statistical Service

Figure 3: Tourism Accommodation Indicators



Sources: Smith Travel Research and AirDNA



Sources: Smith Travel Research and AirDNA

Transformative Impact of the 2024 ICC Men's T20 Cricket World Cup

Barbados successfully hosted its third ICC Men's Cricket World Cup (CWC) in June 2024. The event included five group-stage matches, three Super-8 matches, and the finals between India and South Africa. This high-profile event brought a surge of visitors from beyond Barbados' traditional tourism markets. Extensive renovations at Kensington Oval and upgrades to three designated fan zones—Oistins, Pelican Village, and Haymans Market—were undertaken to enhance the visitor experience. These investments are expected to benefit both locals and visitors for years to come.

The World Cup led to the highest increase in visitor arrivals for the month of June, excluding the pandemic recovery period. The heightened tourism demand was met by an expansion in airlift seating capacity, which saw an additional 17,807 seats (a 24 percent increase compared to the same period in 2023). This resulted in tourist load factors expanding to 53.5 percent, 4.2 percentage points higher than the previous period. Long-stay tourist arrivals totalled an estimated 49,316 for June 2024, a 34.5 percent increase over June 2023, marking the largest percentage increase on record for June outside of the pandemic recovery periods in 2021 and 2022. Twenty teams participated in the ICC Men's T20 Cricket World Cup, with tourists from 19 of these nations visiting Barbados in June (the exception being Papua New Guinea). The CWC is estimated to be responsible for 78.5 percent of this increase in tourist arrivals, equating to an additional 9,932 tourists. The highest tourist arrivals came from the dominant big four source markets for Barbados: the US, UK, Canada, and CARICOM. Outside the traditional markets, India contributed the largest number of visitors, with an estimated 793 visitors attending the cricket event.

Table 2: June Tourist Arrivals

Country	Jun-23	Jun-24	Change (Jun-23 vs Jun-24)	Percentage Change (Jun-23 vs Jun-24)	Estimated CWC Arrivals
United States	15,326	22,596	7,270	47.4	3,924
United Kingdom	8,922	10,366	1,444	16.2	2,077
Canada	2,778	4,171	1,393	50.1	1,371
CARICOM	7,091	7,562	471	6.6	1,017
India	71	864	793	1,116.9	793
Australia	66	440	374	566.7	374
South Africa	29	128	99	341.4	99
New Zealand	33	105	72	218.2	72
Other	2,354	3,084	730	31.0	205
Total	**36,670**	**49,316**	**12,646**	**34.5**	**9,932**

Source: Barbados Statistical Service and Central Bank Estimates

The surge in tourist arrivals significantly impacted hotels and the sharing economy. Hotel occupancy rates grew by 9.6 percentage points compared to June 2023, moving from 45.3 percent to 54.8 percent in June 2024. Hotel revenue per available room (RevPAR) also saw a significant year-on-year increase of 63.3 percent, while occupancy within the sharing economy expanded by 7.7 percentage points.

Barbados has reaped substantial benefits from hosting the 2024 ICC Men's T20 Cricket World Cup, particularly in the hotel and accommodation sectors. The influx of international cricket fans led to higher airlift capacity, increased hotel occupancy rates, and expanded revenue for the hospitality sector. The sharing economy also registered notable growth. Beyond immediate economic gains, the marketing and global viewership of the World Cup have provided valuable exposure to the country. This exposure will aid in attracting future visitors and investments, enhancing the island's international visibility and reinforcing its reputation as a premier destination for sports tourism and a capable host for major international events.

Global Business Sector

By the end of June 2024, foreign currency permits decreased by 195 to 1,198. During this period, the issuance of new permits dropped by 9.2 percent, and renewals fell by 14.6 percent. Additionally, average salaries of employees within the sector declined by 17.3 percent.

Other Traded Activity

Overall agricultural production increased despite unfavourable weather conditions. Chicken production registered a 12 percent improvement, sufficient to fully meet local and tourist demand throughout the year, while fish landings as at end-May, increased by 37 percent. Root crops rose marginally, on account of higher production of sweet potatoes and yams despite lower levels of onions, carrots, and cassava. Conversely, fruit and vegetable output fell by 9.9 percent, with significant declines in tomatoes, cucumbers, lettuce, thyme, and okras, despite increases in banana and plantain production. Milk production continued to be constricted as herd sizes remained below average and experienced heat stress, resulting in a 26.7 percent decline relative to the comparable period of 2023. Pork, beef, mutton, and eggs production also fell. The combination of these developments contributed to an estimated 5.4 percent rise in total agricultural production at the end of the first half of the year.

Manufacturing

Increased demand for food and beverages drove growth in the manufacturing sector. Over the six-month period, the food and beverages sector collectively accounted for more than 40 percent of the growth in manufacturing output, with food production expanding by 5.5 percent and beverage production by 1.4 percent. Other categories such as furniture, chemicals, and non-metallic mineral products, also registered modest increases, contributing to an overall 1.1 percent rise in manufactured output over the period.

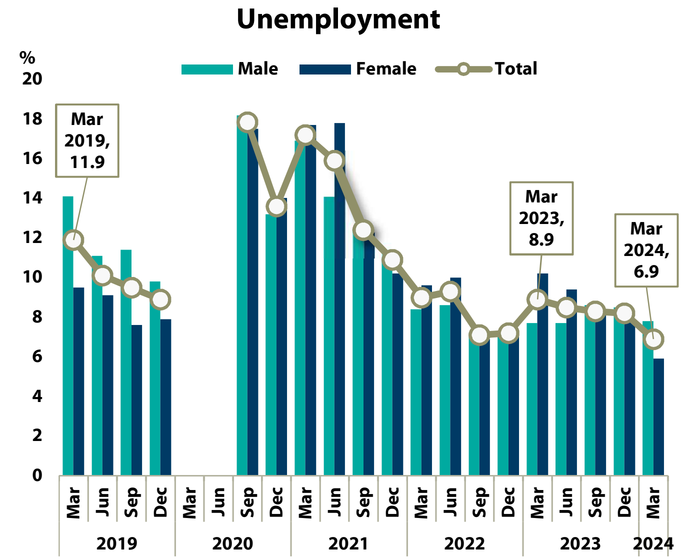
Non-traded Activity

Increased construction and finance & other service-related activities propelled a 3.7 percent expansion in the non-traded sector. Higher demand for services in finance, insurance, and tourism-related services such as travel agency services, tours, parks, and recreational activities, drove a 5.4 percent increase in the business and other services sector. Construction activity also grew by 7.1 percent, buoyed by tourism and commercial-related, utility, and other public sector projects. The public sector works included the Barbados Water Authority's Water Infrastructure Rehabilitation programme, the geriatric hospital, and road resurfacing under the Mill & Pave Programme. Additionally, higher demand for food and beverages, hardware, and motor vehicles led to a 3.6 percent rise in wholesale and retail activity. Higher electricity consumption by the majority of customers increased electricity, gas, and water production by 3.9 percent.

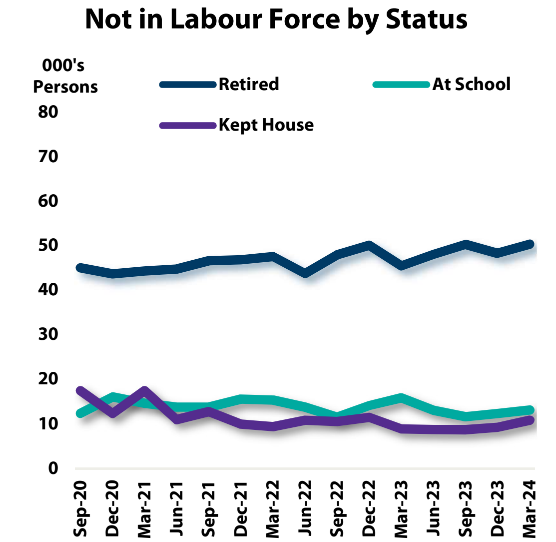
Labour Market

The unemployment rate fell during the first quarter of 2024, the lowest on record for a first quarter. The rate fell from 8.9 percent in the first quarter of 2023 to 6.9 percent at end-March 2024. Higher employment levels in tourism, construction, manufacturing, wholesale & retail, government as well as finance, insurance & other business-related services, contributed to the improved outturn. Despite this positive trend, the labour force contracted by 6,600 persons, primarily due to retirees increasing by 4,900 individuals. Unemployment claims for the first six months of 2024 also decreased by 33.2 percent to 4,132, compared to 6,182 recorded in the same period of 2023.

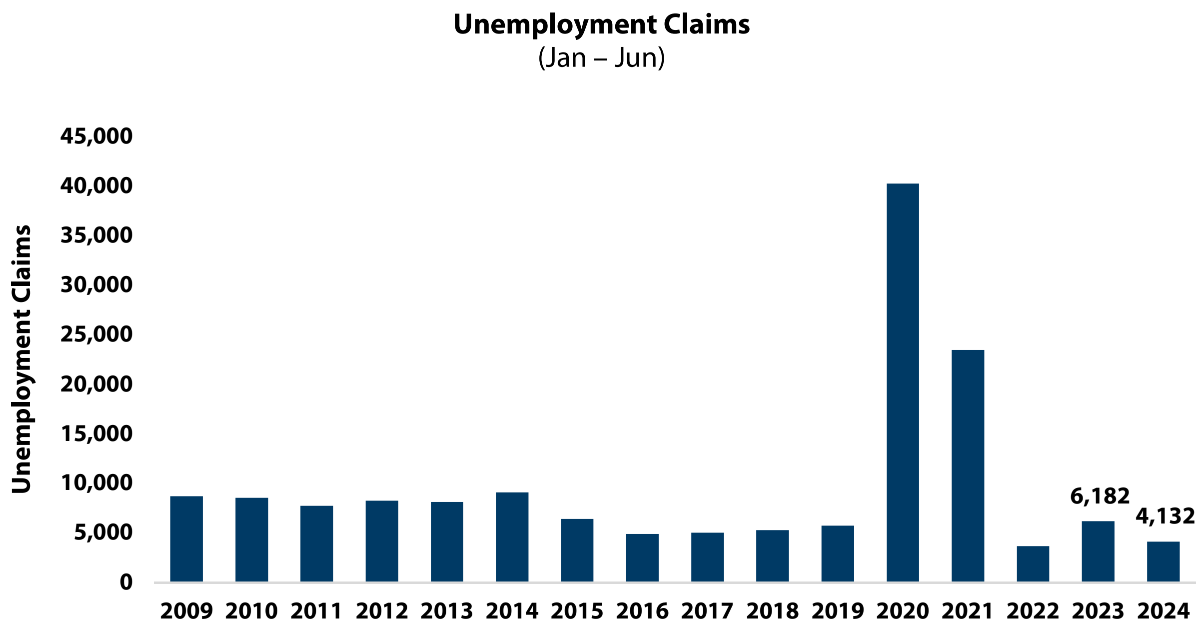
Figure 4: Selected Labour Market Indicators



Source: Barbados Statistical Service



Source: Barbados Statistical Service

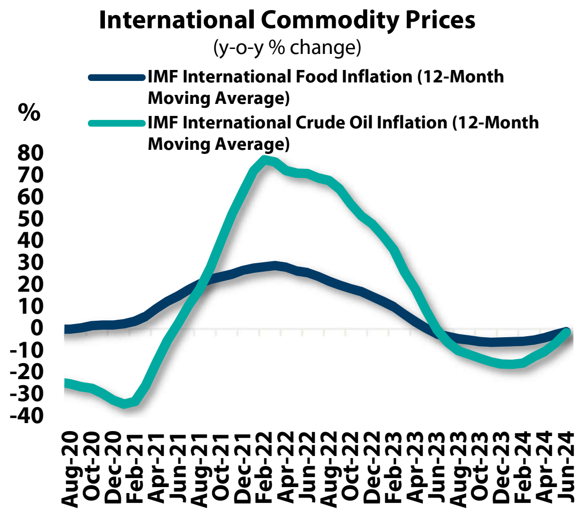


Source: National Insurance Scheme

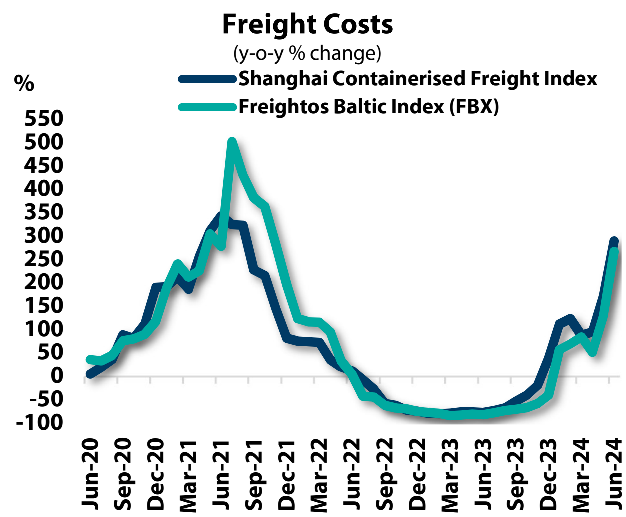
Prices

Domestic inflation moderated, even though some domestic factors affected the prices of vegetables and dining services. The 12-month moving average inflation rate for the period ending May 2024 slowed to 2.7 percent from 4.2 percent recorded a year earlier. On a point-to-point basis, the inflation rate at end-May 2024 stood at 1.6 percent compared to 2.2 percent at end-May 2023. Global energy prices fell from their 2022 peak and helped to moderate domestic energy costs. Shipping rates have escalated but have not yet impacted local prices. Prices for household furnishings & equipment, transportation, and recreational activities also registered smaller increases. Despite lower international food prices, adverse weather throughout 2024 depressed local crop yields thereby pushing up domestic food prices.

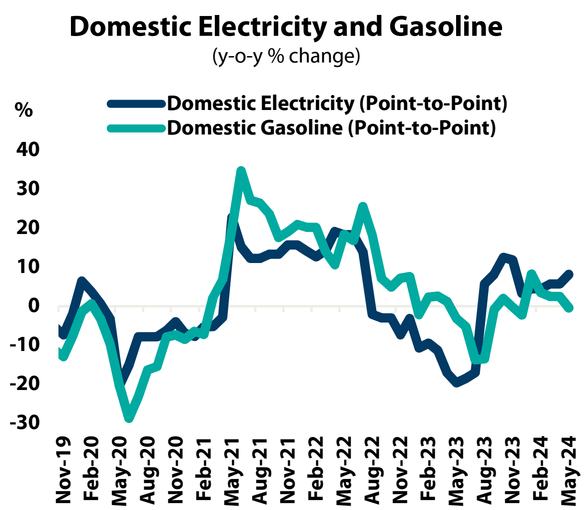
Figure 5: Domestic and International Price Developments



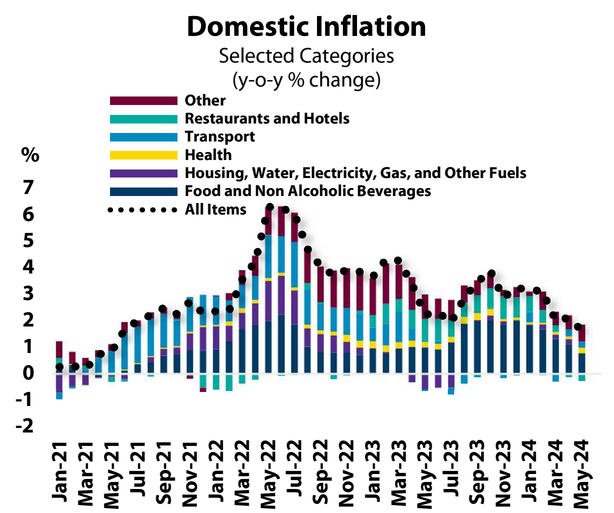
Source: International Monetary Fund



Sources: MacroMicro and Freightos



Source: Barbados Statistical Service

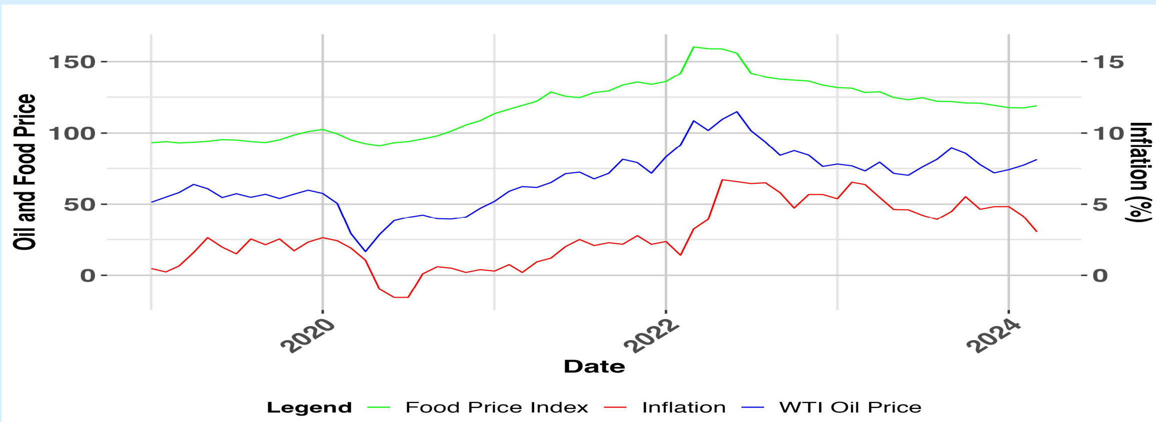


Source: Barbados Statistical Service

Impact of Oil and Food Prices on Inflation in Barbados

Recent analysis of inflation trends in Barbados reveals a downward trajectory from 2022 onward, largely influenced by international oil and food prices (Figure 1). Understanding these dynamics is critical for formulating effective economic policies.

Figure 1: Inflation, Food and Oil price indexes



Source: West Texas Intermediate (WTI) Crude Oil Price, FAO Food Price Index (FFPI), World Bank Food Price Index

Oil and food prices directly affect many economic sectors. An increase in oil prices raises production and transportation costs, leading to higher prices for goods and services. Food prices directly influence the prices seen in restaurants and supermarkets. To investigate how changes in oil and food prices are reflected in domestic inflation, we employed a Vector Autoregressive (VAR) framework.

Both oil and international food price shocks pass through significantly to inflation in Barbados within a short time, but the impact of international food prices is spread over a slightly longer period. The analysis shows that a shock to oil prices is typically reflected strongly in higher inflation shortly thereafter. Specifically, a hike in oil prices passes through to domestic inflation in just a few months (Figure 2). Similarly, international food prices pass through to domestic inflation quickly, with a significant impact on inflation in Barbados. However, the effect is distributed over a slightly longer period. A sharp rise in food prices usually leads to increased inflation within two months, reflecting Barbados' reliance on imported food. As shown in Figure 3, the impact of food price changes affects domestic inflation mostly in the first six months.

Figure 2: Inflation Response from Oil Price Shock

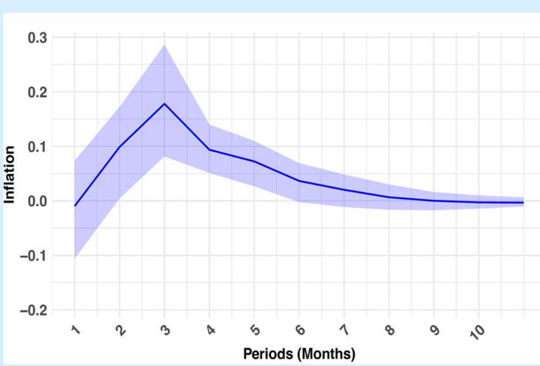
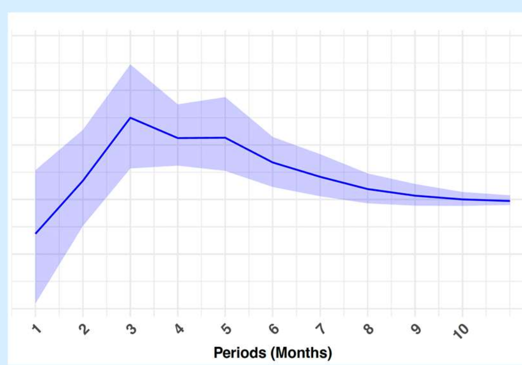


Figure 3: Inflation Response from Food Price Shock



Impact of Oil and Food Prices on Inflation in Barbados

The analysis shows that food prices have slightly higher uncertainty than oil prices after a shock, emphasizing the need to monitor these commodities closely for economic stability. The confidence intervals for both shock response functions suggest slightly higher uncertainty for the impact of food prices after the initial shock. This underscores the importance of monitoring international commodity and oil prices as they have significant impacts on domestic inflation. Our results align with the observed decline in the inflation rate that followed the recent moderation of oil and food prices. This trend supports financial and economic stability by keeping the costs of essential goods steady.

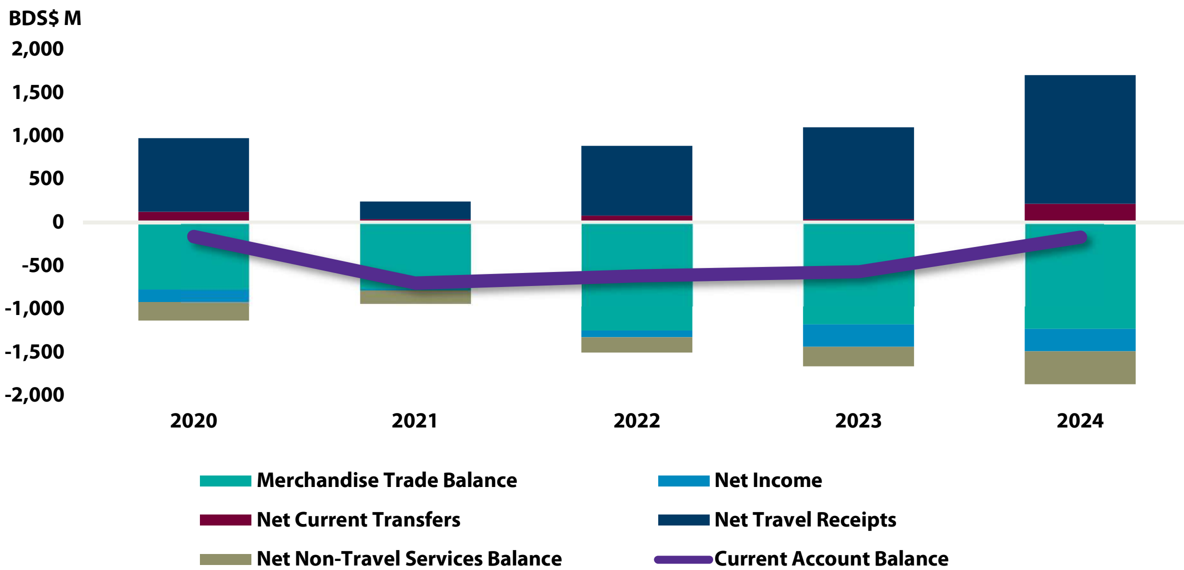
The government is addressing oil and food price volatility with renewable energy investments, improved food security, price monitoring, and targeted support to ensure economic stability. In response to oil and food price volatility, the government is taking several measures to ensure economic stability. By investing in renewable energy sources, the aim is to reduce reliance on imported oil, lower energy costs, and mitigate the effects of global oil price fluctuations. Efforts to boost local agricultural production are underway to decrease dependency on imports and buffer the economy against global food price shocks. The government has implemented continuous monitoring of international commodity prices to allow for prompt policy adjustments, maintaining economic stability. During periods of high inflation, the government has provided targeted support measures such as subsidies, tax relief, and direct financial assistance to help households manage increased living costs, ensuring social stability and consumer confidence. By pursuing these strategies, Barbados strives to better manage the impacts of global commodity price fluctuations and maintain a stable economic environment.

External Position

Barbados' external sector continued to improve in the first half of 2024, with the current account deficit narrowing. The current account deficit for the first six months of the year narrowed to 2.3 percent of GDP from a position of 8.3 percent during the first half of 2023. This improvement was primarily driven by increased tourism receipts and higher current transfers. However, net financial inflows weakened due to a reduction in foreign borrowing by Government and the private sector relative to the comparable period one year earlier.

Figure 6: Current Account Balances

January – June

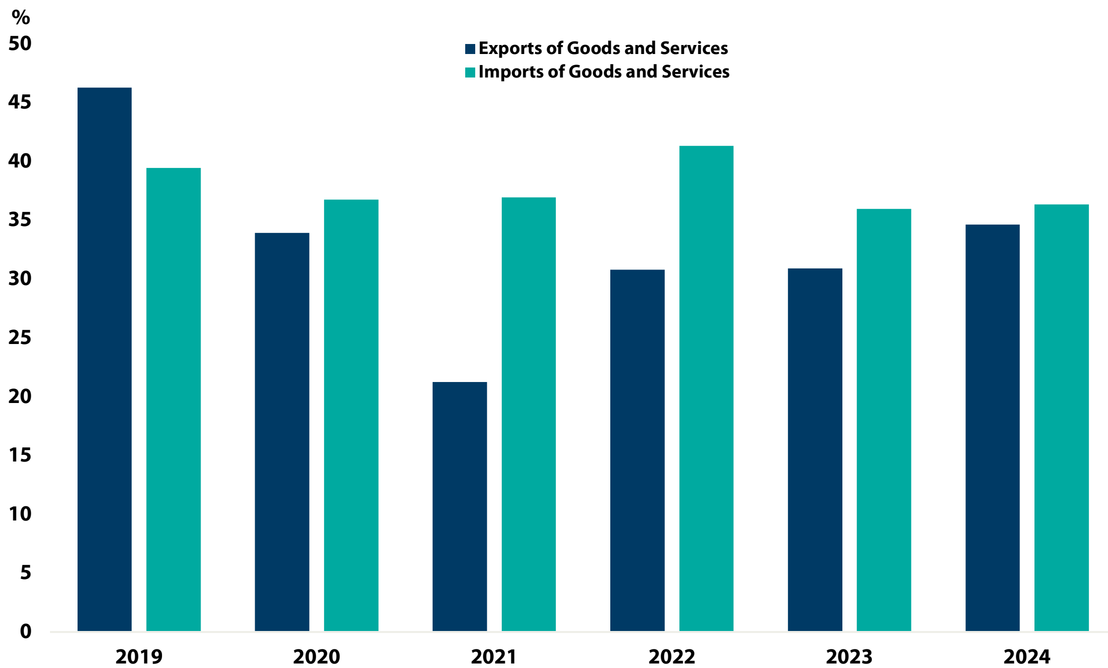


Source: Central Bank of Barbados

Merchandise Trade Developments

Heightened economic activity widened the merchandise trade deficit during the first half of 2024. Merchandise imports increased by an estimated 2.6 percent compared to the same period last year. The rise in imports is mainly due to growth in the importation of food and beverages, hybrid and electric motor vehicles, machinery, and furniture. Total exports were virtually unchanged relative to the same period in 2023. Domestic exports declined by 3.6 percent compared to 2023 due to lower food and beverages exports. Re-exports increased by 2.8 percent during the first half of 2024, partly driven by growth in food and beverages re-exports.

Figure 7: Exports and Imports of Goods and Services
(percent of GDP)
January – June



Source: Central Bank of Barbados

Travel and Other Services

The ICC Men's T20 World Cup boosted travel credits in the second quarter of 2024, contributing to a larger services account surplus than observed during the first half of 2023. Travel credits over the period grew by 41.1 percent relative to the corresponding period in 2023 because of a spurt in long-stay tourist arrivals for the T20 World Cup matches hosted in Barbados. Additionally, service imports grew by 33.4 percent compared to the same period last year, driven by increased demand for transportation, travel, management, and other professional services.

Income and Current Transfers

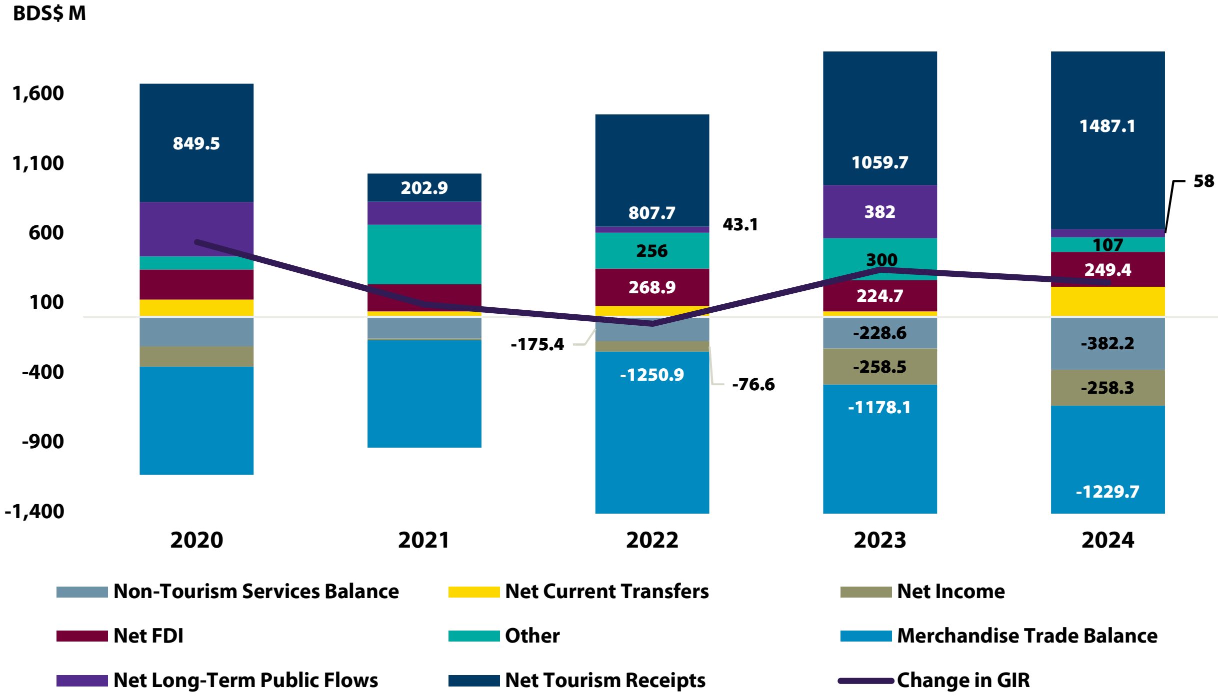
Increased inflows associated with higher foreign corporation tax receipts boosted current transfers, while the income account deficit remained virtually unchanged. The current account recorded greater inflows due to the implementation of a new accounting framework in the insurance sector coupled with the adoption of the global minimum tax rate. Consequently, current transfer inflows more than doubled over the period. In the income account, higher foreign interest payments, primarily associated with rising interest rates on public debt, marginally offset the reduction in dividend payments recorded during the period.

International Reserves

The gross international reserves maintained a strong position at the end of June 2024. Gross international reserves reached $3.2 billion, equivalent to 32.2 weeks of imports of goods and services, representing a very strong external position. The reserve accumulation of $245.4 million over the review period is $93.1 million less than the increase for the corresponding period in 2023, primarily due to reduced net financial inflows to the public and private sectors.

Figure 8: Explanation of Reserve Movements

January – June



Source: Central Bank of Barbados

Fiscal Operations

Increases in revenue aided Government in achieving a primary surplus during the first quarter of FY2024/25, while accommodating higher capital expenditure. Improved tax collections, particularly from corporation and property taxes, along with higher VAT receipts, drove this surplus. Interest payments increased due to higher rates on domestic restructured debt, while capital spending focused on land acquisition and road infrastructure projects. The performance in the first quarter of FY2024/25 resulted in a fiscal surplus of $341.9 million, or 2.3 percent of GDP, and a primary surplus of $509 million, or 3.5 percent of GDP.

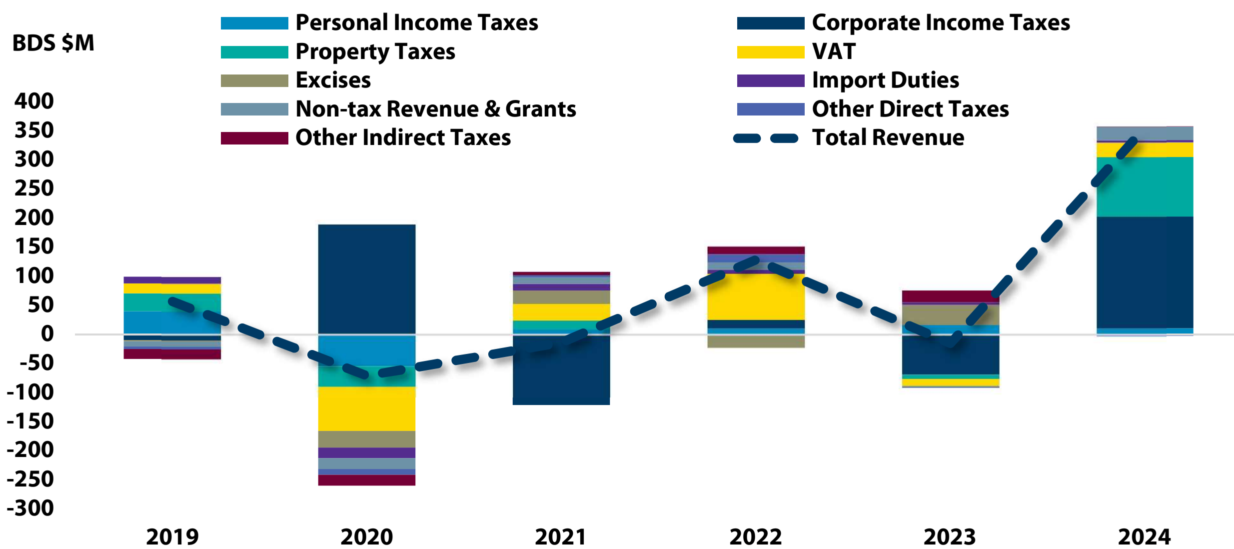
Revenue

Higher corporation and land tax collections increased direct taxes during April to June 2024. Net corporate tax receipts surged by $192.1 million, due to the implementation of a new accounting framework for insurance companies[3] and the corporation tax reform measures introduced in November 2023[4]. These reforms included a new monthly prepayment schedule for corporation taxes, resulting in early tax receipts that were typically collected later in the fiscal year[5]. The early issuance of land tax bills led to a $102.4 million expansion in property tax receipts compared to the corresponding period of FY2023/24. Personal income taxes also grew by $10.4 million, driven by improved timeliness in the settlement of personal income tax obligations.

VAT boosted indirect tax collections during the first quarter of FY2024/25. Domestic VAT grew by $8.6 million, benefitting from increased economic activity in the areas of accommodation & food services as well as construction activity associated with extensive road infrastructure projects. Collections of VAT arrears improved by $8.4 million. External VAT collections, impacted by higher import values, accounted for $5.9 million of the $24.5 million increase in net VAT receipts. Import duties also positively affected the improvement in indirect tax collections.

Figure 9: Changes in Major Revenue Categories

April – June



Source: Ministry of Finance

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[3] Due to the implementation of the IFRS17 accounting framework, effective for annual reporting periods beginning on or after January 1,2023, assets that were previously excluded are no longer deductible for tax purposes.

[4] From Income Year 2024 as of January 1, 2024, companies in scope for the GloBE Rules (including the 15 percent global minimum corporate tax rate) shall be required to pay corporation tax on a monthly basis. All other companies with the exception of small business companies registered under the Small Business Act will be required to prepay in monthly installments with effect from Income Year 2025 as of January 1, 2025.

[5] Prior to the corporation tax reform, all companies were required to prepay 50 percent of the total tax for the previous income year by September 15th if their fiscal period ended between January 1st and September 30th, or by December 15th and March 15th if their fiscal period ended between October 1st and December 31st, with any balance due by March 15th or June 15th, respectively. They will now prepay on a monthly basis.

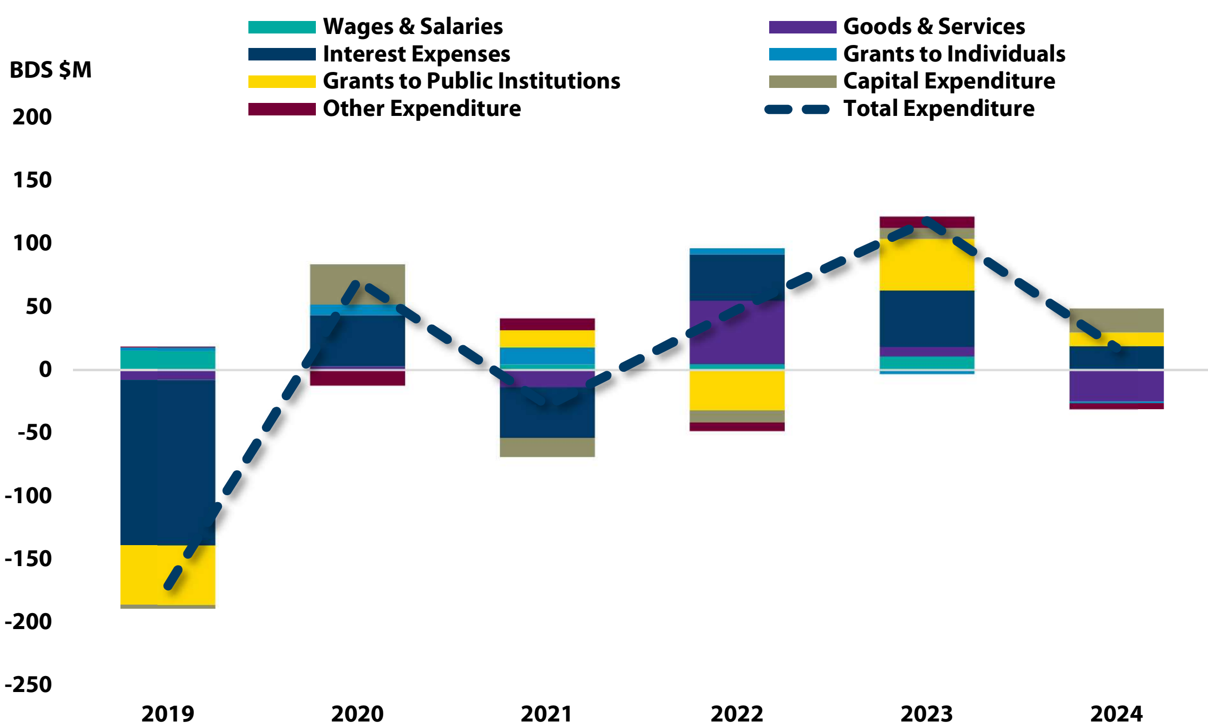
Expenditure

Interest payments continued to climb, driven by higher rates on domestic restructured debt and the accumulation of new debt. External borrowing during the previous fiscal year pushed up external interest by $11 million. Domestic interest expanded by $7.1 million, owing to the step-up rates on domestic restructured debt and the accumulation of domestic debt.

Non-interest current expenditure fell compared to the previous fiscal year. During the first quarter of FY2024/25, expenditure on goods and services fell by $25.1 million, mainly on the account of reduced spending on maintenance of property, operating expenses, and supplies & materials. Conversely, grants to public institutions grew by $10.7 million.

Land acquisition and road infrastructural improvements pushed up capital expenditure. Capital spending, which is typically slow during the first quarter, totalled $46.4 million during the first quarter of FY2024/25, representing an increase of $19.1 million. Government outlays related to the purchase of properties drove capital expenditure over the review period. Capital expenditure also included transfers for a digital innovation and health centre in line with Government's efforts to promote science, technology, and innovation. The on-going Mill & Pave programme, which began in FY2023/24, also aided in boosting capital expenditure during the first three months of the fiscal year.

Figure 10: Changes in Major Expenditure Categories
April – June



Source: Ministry of Finance

Debt and Financing

The Government met its gross financing requirement via a higher primary surplus. For the first quarter of the FY2024/25, Government's financing needs to cover debt service and sinking funds contributions amounted to $328.4 million, a $38.2 million increase over the same period in the previous fiscal year. However, Government's primary surplus of $509 million, which is a $355.4 million increase relative to that of the same period a year ago, more than offset the financing requirement. Consequently, Government significantly reduced its overdraft facility at the Central Bank, with the excess funds available from the higher primary surplus.

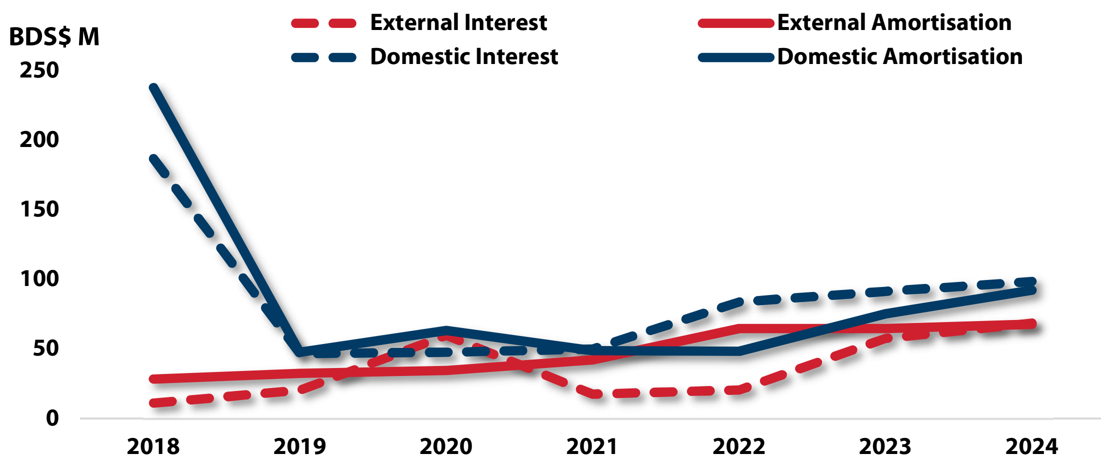
Table 2: Gross Financing Requirement
April–June

	2023		2024	
	BDS $M	**% GDP**	**BDS $M**	**% GDP**
Gross Financing Requirement	**136.5**	**1.0**	**-180.6**	**-1.2**
Primary Surplus	153.6	*1.1*	509	*3.5*
Financing Requirement (1+2+3):	290.2	2.1	328.4	2.2
1. Debt Service	**288.9**	**2.1**	**327.1**	**2.2**
Amortisation	**139.9**	**1.0**	**160**	**1.1**
Domestic	*75.2*	*0.5*	*92.2*	*0.6*
Foreign	*64.7*	*0.5*	*67.8*	*0.5*
Interest	**148.9**	**1.1**	**167.1**	**1.1**
Domestic	*91.4*	*0.7*	*98.5*	*0.7*
Foreign	*57.6*	*0.4*	*68.6*	*0.5*
2. Sinking Fund Contributions	**1.3**	**0.0**	**1.3**	**0.0**
3. Domestic Arrears Repayment	**0.0**	**0.0**	**0**	**0.0**

Sources: Central Bank of Barbados and Ministry of Finance

Interest and amortisation payments expanded during the first three months of the fiscal year. External borrowings obtained during the previous fiscal year increased foreign interest outlays by $11 million. Additionally, domestic interest costs climbed by $7.1 million, as a result of the sale of Barbados Optional Saving Scheme Plus (BOSS+) securities and treasury bills as well as the step-up interest rate feature of the restructured domestic bonds. Amortisation also rose by $20.1 million, with domestic and foreign payments expanding by $17 million and $3.1 million, respectively.

Figure 11: Debt Service
April – June



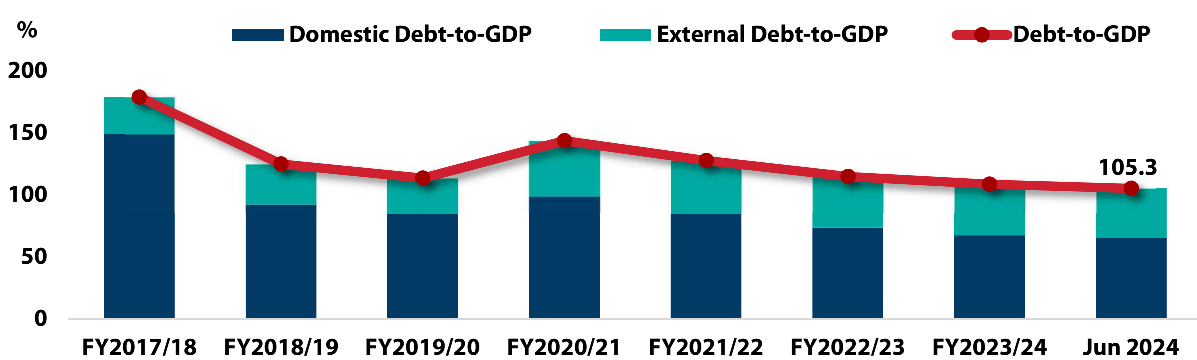
Sources: Central Bank of Barbados and Ministry of Finance

The private sector remained the primary holder of new Government securities. Net proceeds from the resumption of the three-month and six-month treasury bills issuances, generated $11.8 million during the fiscal year's first three months. Additionally, sales of BOSS+ bonds totalled $7.4 million, with households being the predominant holder.

Government received project fund inflows related to development. During the first three months of FY2024/25, funds related to the Scotland District Road Rehabilitation Project were disbursed. Moreover, funds borrowed by Kensington Oval Management Inc. (KOMI) in preparation for the T20 World Cup, added to the public sector external debt stock.

The public sector debt-to-GDP ratio continued its downward trajectory. The debt-to-GDP ratio fell to 105.3 percent, approximately 3.4 percentage points lower than at the end of FY2023/24. A slowdown in the accumulation of debt over the period led to a $205.3 million decline in the outstanding stock. Expanding economic activity also improved the debt ratio.

Figure 12: Debt-to-GDP



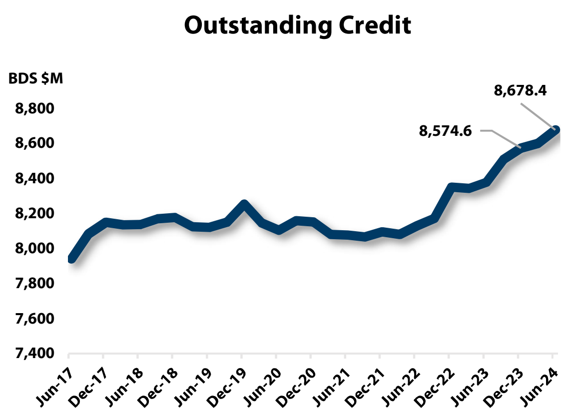
Sources: Central Bank of Barbados and Ministry of Finance

Financial Sector Developments

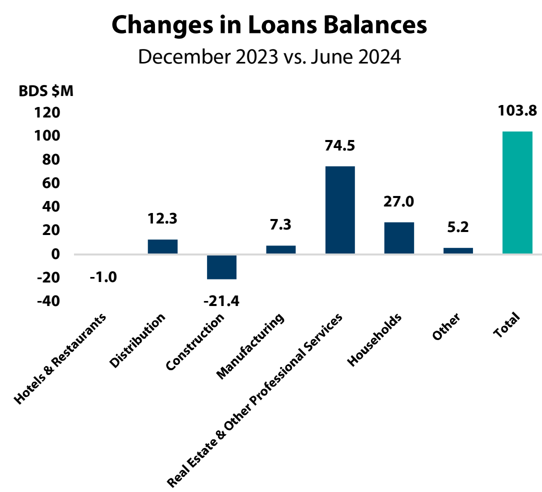
The financial system exhibited stability and growth in the first half of 2024, buttressed by improved economic activity and better loan quality. Credit balances grew mainly on account of increased demand for project financing by businesses, while the stock of non-performing loans (NPLs) declined further. Improved earnings and tourism business fuelled deposit growth and liquidity in the system. Commercial banks' profitability rose, while that of finance companies declined, but capital adequacy ratios exceeded regulatory requirements for both groups.

Outstanding credit to the non-financial private sector (NFPS) increased moderately compared to the figure at the end of 2023. The business sector primarily fuelled this expansion, leading to an overall credit growth of 1.2 percent. During the review period, an increase in lending to real estate & other professional services, households, and distribution, outstripped significant repayments in the construction sector. Credit for the purchase of property, plant and equipment represented the majority of new lending to businesses. Banks and financial institutions primarily supported strong growth in new household credit through miscellaneous loans and advances.

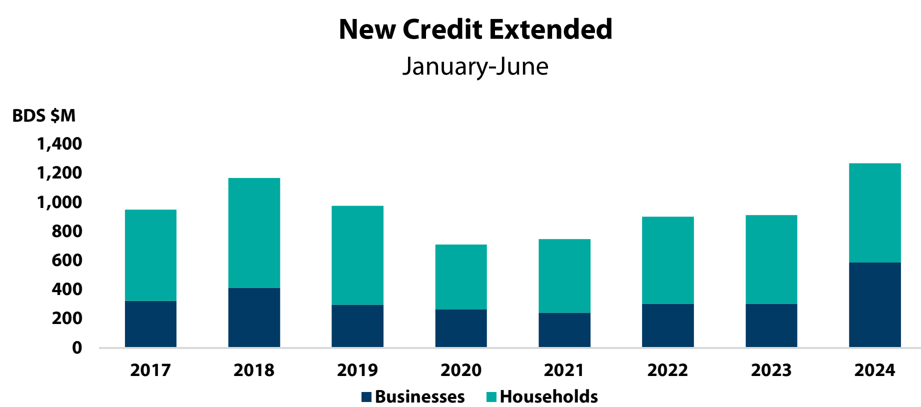
Figure 13: Credit to the Non-Financial Private Sector



Sources: Central Bank of Barbados and Financial Services



Sources: Central Bank of Barbados and Financial Services

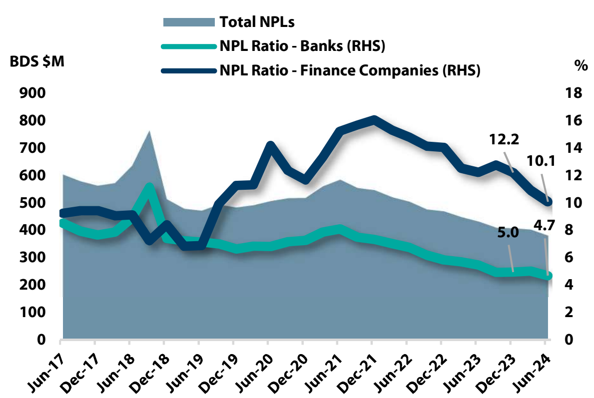


Sources: Central Bank of Barbados and Financial Services

The quality of loans continued to improve, as evidenced by the declining NPLs. At the end of June 2024, the NPL ratio of commercial banks stood at 4.7 percent, compared with 5 percent at end of December 2023, while the ratio for finance companies fell from 12.2 percent to 10.1 percent. The NPL ratio improved across all except hotels & restaurants.

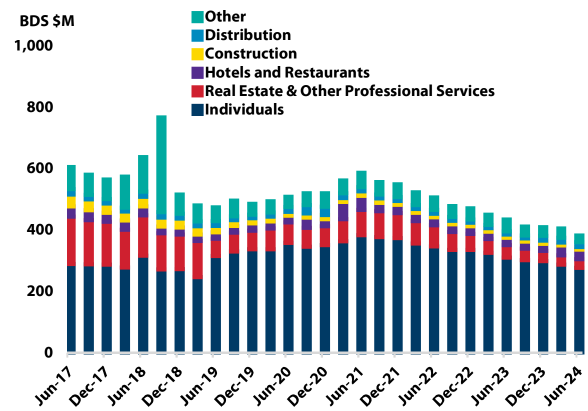
Figure 14: Non-Performing Loans (NPLs) of Commercial Banks and Finance Companies

NPLs of Commercial Banks and Finance Companies



Sources: Central Bank of Barbados and Financial Services Commission

NPLs by Sector



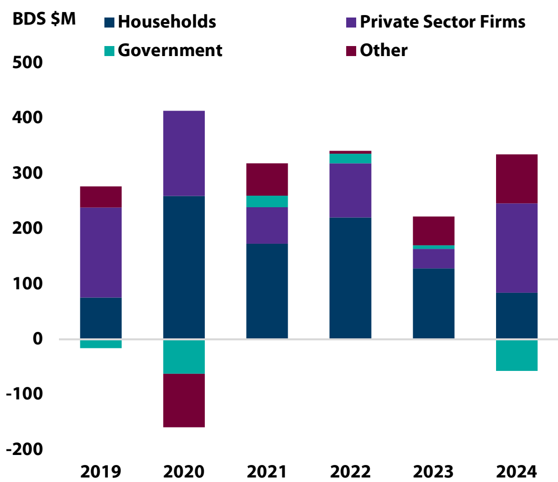
Source: Central Bank of Barbados

Total deposits growth during the first half of 2024 surpassed that of 2023. Deposits increased by an estimated 2.5 percent, compared to the 1.9 percent improvement recorded last year. The build-up in domestic-currency deposits stemmed from greater deposits from real estate & other professional services, manufacturing, and tourism. Heightened economic activity, especially in the tourism sector, along with transactions by non-residents and global business companies, facilitated the rise in foreign-currency deposits.

Figure 15: Deposits Held at Deposit-Taking Institutions (DTIs)

Changes in Domestic-Currency Deposits

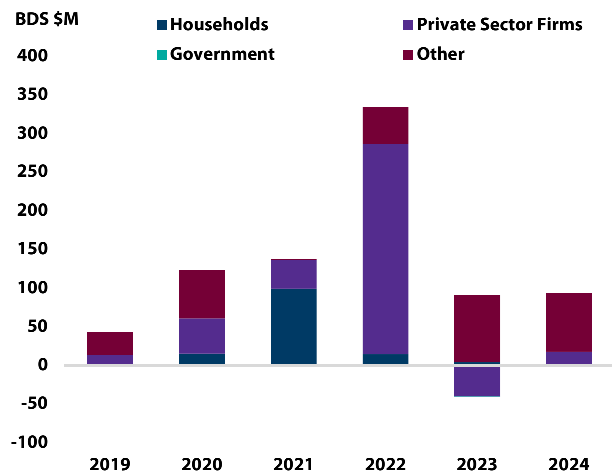
January- June



Sources: Central Bank of Barbados and Financial Services Commission

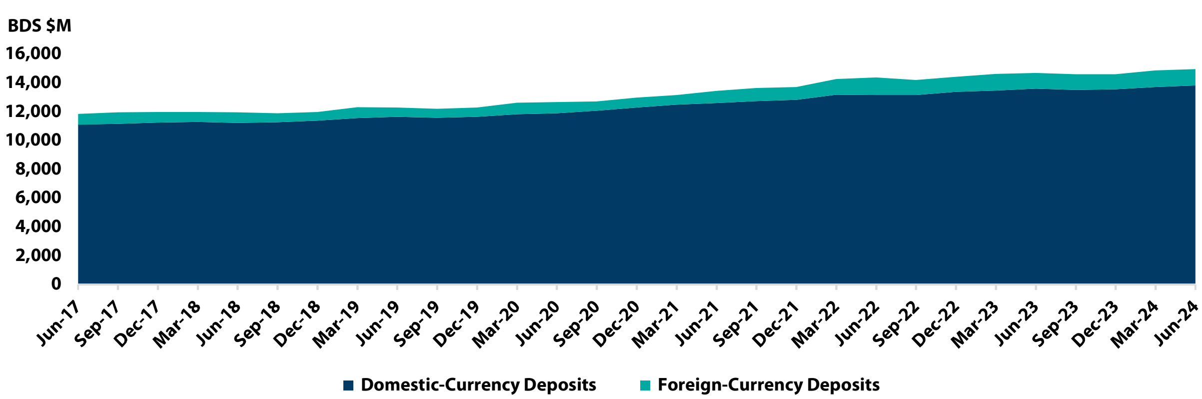
Changes in Foreign-Currency Deposits

January- June



Sources: Central Bank of Barbados and Financial Services Commission

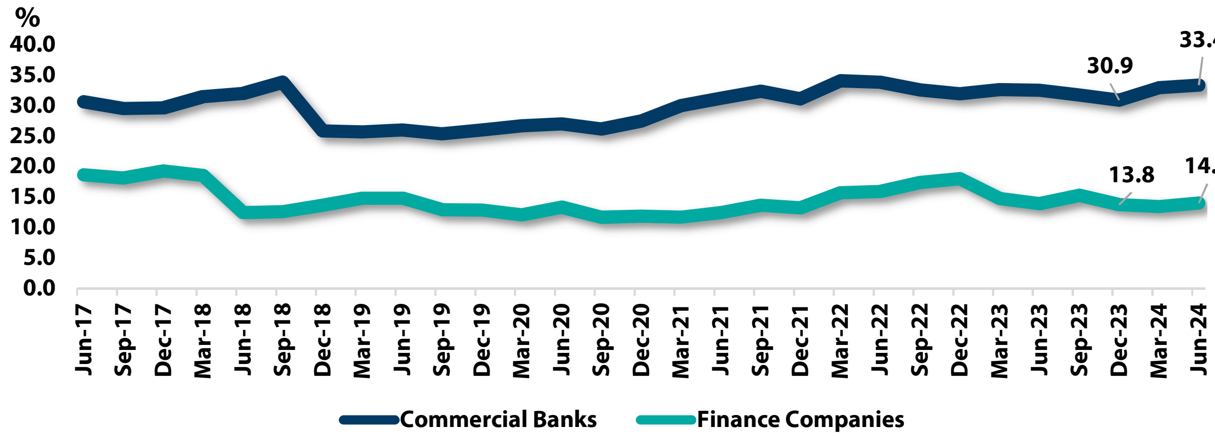
Deposits by Currency



Sources: Central Bank of Barbados and Financial Services Commission

Liquidity in deposit-taking institutions (DTIs) remained high. At the end of the first half of 2024, the liquid asset ratio of banks stood at 33.4 percent, representing an increase of 2.5 percentage points relative to the end of December 2023. Deposit growth fuelled this increase in the liquid asset ratio of banks. The liquid asset ratio of finance companies edged upwards by 0.3 percentage points to reach 14 percent.

Figure 16: Liquid Asset Ratio

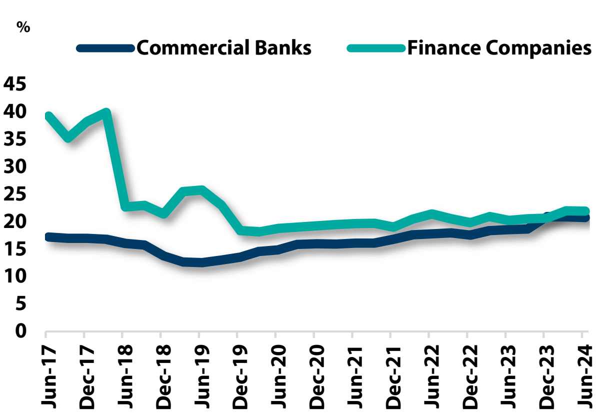


Source: Central Bank of Barbados

Capital levels at DTIs improved during the first half of 2024. Banks recorded profits and capital growth, maintaining a capital adequacy ratio of around 21 percent, well above the 8 percent minimum requirement. Banks' profitability increased due to higher interest income, particularly from deposits held abroad and investment income. Capital adequacy among finance companies increased to 22 percent, up from 20.6 percent at the end of 2023. The profitability of finance companies decreased when compared to the December 2023 outcome, because of lower non-interest income.

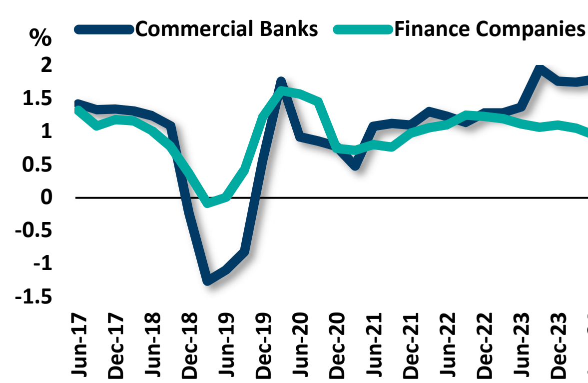
Figure 17: Capital Adequacy and Profitability

Capital Adequacy Ratios



Source: Central Bank of Barbados

Return on Average Assets



Source: Central Bank of Barbados

Financial Sector Risk Assessment using Stress Testing[1]

The objective of stress testing is to evaluate the resilience and stability of financial institutions and systems under hypothetical adverse conditions. In 2024, the Bank employed a comprehensive stress testing methodology to assess how well the financial sector could withstand a potential global economic slowdown. This method included three scenarios: a baseline scenario based on the Bank's current forecasts for 2024-2026 and two adverse scenarios—moderate and severe—representing different levels of economic recession.

The baseline scenario aligned with the Bank's economic predictions for 2024-2026, indicating a moderation in economic growth, a slight rise in unemployment, and easing inflation due to stable international commodity prices.[2] The adverse scenarios examined potential risks by adding permanent changes to key economic variables based on past trends. In the severe scenario, a 50 percent drop in tourist arrivals led to significant GDP contractions of 4.3 percent in 2024, 4 percent in 2025, and 3.7 percent in 2026. The moderate scenario projected a milder recession, with GDP growth falling between those for the baseline and severe scenarios.

The severe scenario examined the impact of a global economic slowdown on tourism and the broader economy. Reduced tourist numbers would result in decreased local business revenues, increased debt levels, and difficulty in meeting financial obligations. Intensifying geopolitical conflicts could exacerbate these challenges by affecting energy and food prices, resulting in higher imported inflation. Other domestic risks include lower-than-expected investments, economic downturns, higher unemployment, and reduced government tax revenues, further hampering economic growth.

For commercial banks and finance companies, the non-performing loan (NPL) ratio reached 8.4 percent in the severe scenario, compared to 6.9 percent in the baseline. Loan losses in the baseline scenario were minor but grew significantly in the severe scenario, with loan loss provisions increasing nearly five-fold over the three-year forecast horizon. Despite these challenges, commercial banks and finance companies demonstrated resilience. The sector's capital adequacy ratio (CAR) declined in the severe scenario but remained above the 8 percent minimum threshold.[3] In the severe scenario, two institutions would require capital injections equivalent to 0.5 percent of GDP to meet the minimum capital requirement. **Figure 1** illustrates the individual factors contributing to changes in capital adequacy across all scenarios over the three-year forecast horizon.

The stress tests suggest that the financial sector is robust enough to handle economic stress, supported by high initial capital adequacy and good profitability. Notably, this strength depends on the stability of major borrowers and the absence of losses on government bonds.

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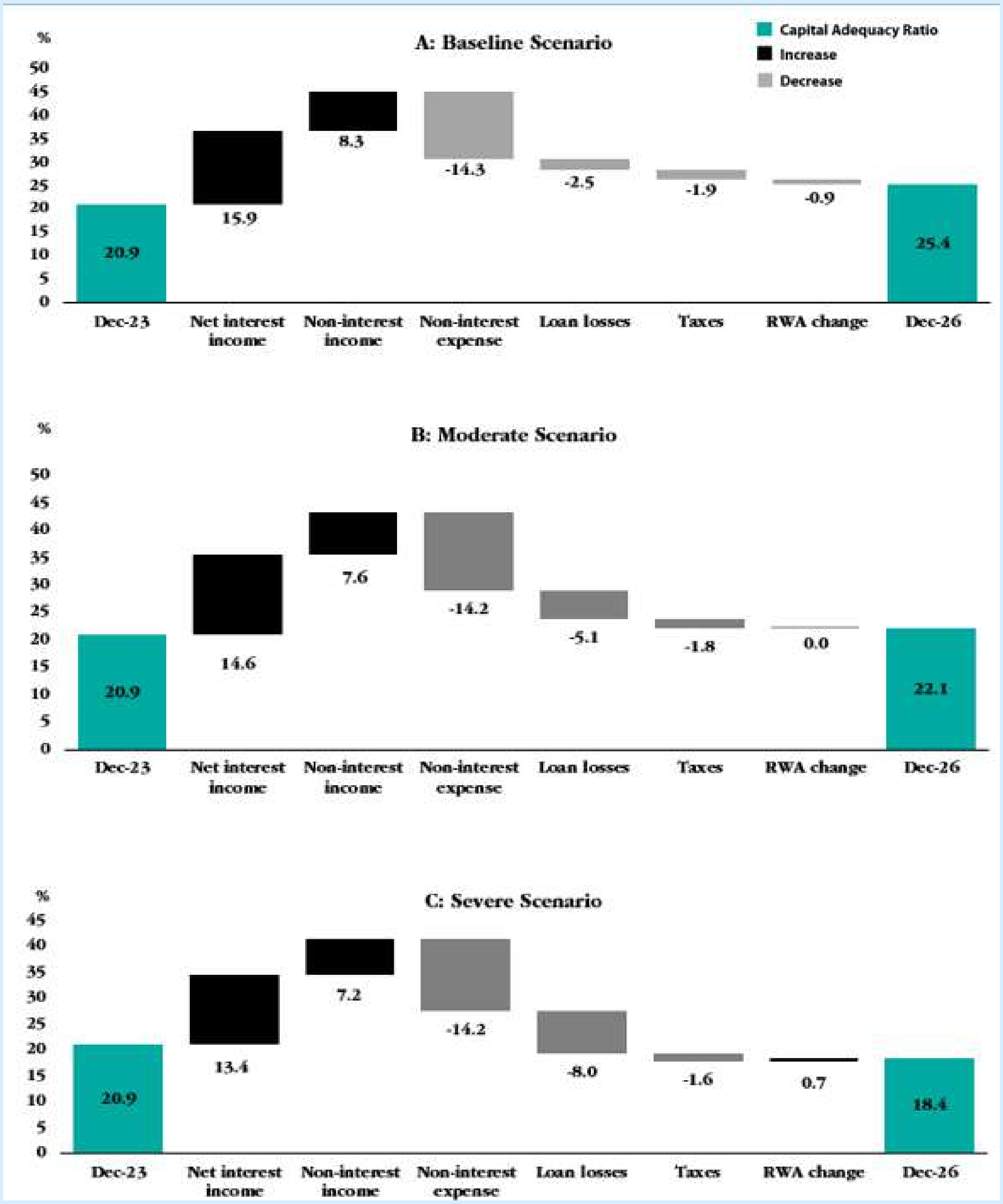
[1] For further details concerning the stress testing methodology, key financial stability risks, assumptions, and results see 2023 Financial Stability Report.

[2] Forecasts were prepared in February 2024.

[3] The capital adequacy ratio (CAR) is a measure used to assess the financial strength of a bank or financial institution. Regulatory authorities, such as central banks, set minimum CAR requirements to ensure that institutions maintain a buffer to protect depositors and promote the stability and efficiency of the financial system.

Financial Sector Risk Assessment using Stress Testing

Figure 1: Factors Contributing to Changes in Capital Adequacy



Source: Central Bank of Barbados' calculations

Outlook

The Barbados economy is expected to maintain its growth momentum over the second half of 2024, driven by increased activity across the traded and non-traded sectors. Economic growth in 2024 is anticipated to reach approximately 3.9 percent, driven by an expansion in tourism, which will stimulate growth in the non-traded sectors of the economy. Ongoing private and public sector investments are expected to lead to growth in the short to medium term. These investments include continued infrastructural development in the travel industry, renewable energy projects, digitization of public sector services, public utility upgrades, and the enhancement of individual skills through increased education and training initiatives.

Tourist arrivals are expected to surpass pre-pandemic averages in all markets. By the end of 2024, it is anticipated that visitors from all markets will surpass pre-pandemic averages, supported by the Crop Over festivities and increased airlift capacity. The appetite for Barbados' tourism product is strong, with early forward bookings from major source markets exceeding the previous year by over 18 percent. 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 last quarter.

While the growth outlook is promising there are several risks. According to the July 2024 World Economic Outlook, global growth is projected to hold steady at 3.2 percent during 2024, which is lower than the average of 3.8 percent between 2000 and 2019. The slowdown is attributed to higher borrowing costs, geopolitical tensions, and weaker productivity growth. Stronger-than-expected global growth could further boost demand for Barbados' tourism product and exported goods. However, several downside risks could derail domestic growth projections, including slower-than-anticipated global growth, which could reduce exports and tourism demand from major source markets. Additionally, high airline ticket prices, are likely to negatively impact the tourism sector's continued growth and recovery. Environmental risks such as extreme weather events due to climate change also pose significant threats, with the potential for hurricanes, floods, and other natural disasters to disrupt travel plans and damage infrastructure. These environmental risks also pose a threat to the viability of the agricultural sector.

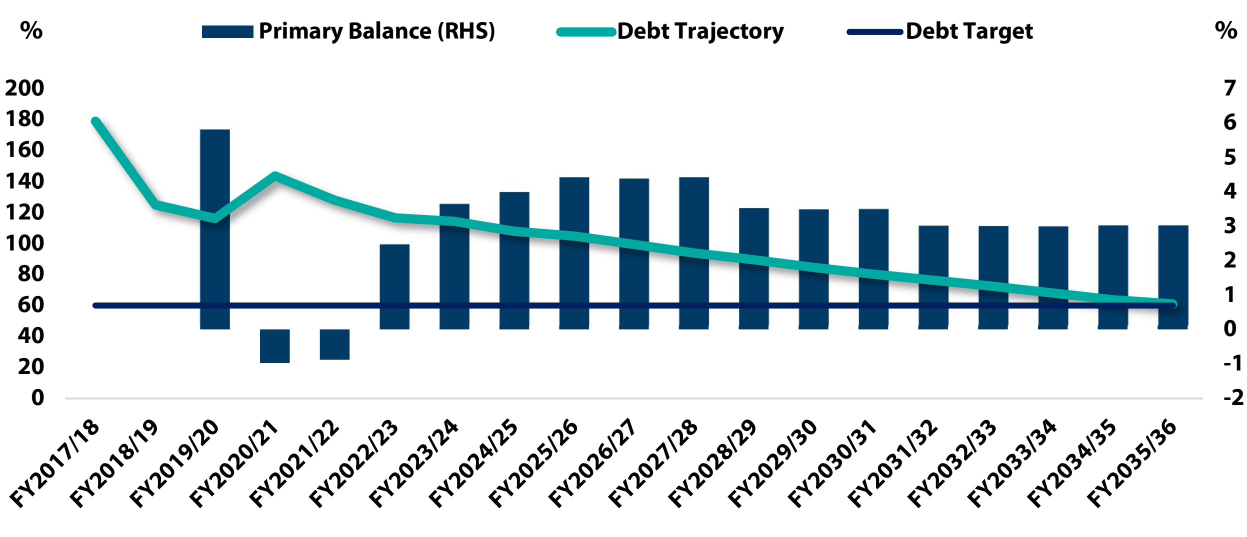
Domestic inflation is projected to slow over the medium term. The 12-month moving average inflation rate is anticipated to settle between 3 and 3.5 percent by the end of 2024. The outlook is underpinned by the expected decline in international food prices and the easing of global oil prices from peak levels recorded in 2022. However, global developments such as the potential extension of voluntary oil production cuts by members of the Organisation of Petroleum Exporting Countries (OPEC+) and heightened geopolitical tensions could trigger an increase in international oil prices. Additionally, the Red Sea crisis, water shortages in the Panama Canal, and port congestions may lead to a surge in freight costs. On the domestic front, adverse weather conditions could result in agricultural product shortages, placing upward pressure on local prices. The impact of Hurricane Beryl on the fishing industry during July 2024 poses another threat.

Barbados' external position is set to remain strong over the medium-term. Forecasted growth in tourism along with anticipated foreign direct investment inflows supporting local construction and tourism-related projects are expected to strengthen the country's foreign exchange position. Additionally, the initiative to encourage the use of electric vehicles and other sustainable products will cushion the economy against fuel price volatility. These combined factors should aid in strengthening Barbados' external position, enhancing long-term economic stability and growth.

The Government remains committed to the long-term goals outlined in the BERT-2022 programme inclusive of the maintenance of fiscal and debt sustainability. Efforts to streamline expenditure and boost revenue collection are ongoing, including reducing significant revenue losses through the reform of the approval of waivers. The 2024 Budgetary Proposals outlined the timeline for the transition to the modernised duty and tax exemptions approvals framework. Revisions to the tax exemptions regime featured the requirement for entities to requalify for concessions under new terms, with validity subject to continued compliance with stipulated terms. The modernised waiver regime is expected to reduce detrimental revenue leakage and ensure the realisation of desired economic dividends upon which waivers are based. Additionally, the reform and modernisation of the corporation tax structure, aimed at meeting the OECD Inclusive Framework Global Rules, is anticipated to yield a net tax-positive impact on the medium-term revenue outturn. Simultaneously, efficiency gains over time are expected to reduce Government expenditure. Continued restructuring of key state-owned enterprises is expected to achieve operating efficiencies and ultimately reduce subventions to public entities.

The debt-to-GDP ratio is expected to remain sustainable and on its downward path. Continued economic growth and sustained primary surpluses are expected to pave the way for achieving the debt target by FY2035/36. However, the unpredictable nature of climatic events and other shocks poses risks to the downward trajectory because of the unexpected financing needs they generate. Government's commitment to invest in climate resilient infrastructure as a preventative measure, through its partnership with the IMF's (Resilience and Sustainability Facility (RSF)) as well as project funds associated with the renewable energy development and marine protection are examples of risk mitigation in managing its debt portfolio.

Figure 18: Debt-to-GDP Trajectory and Primary Balance



Sources: Central Bank of Barbados and Ministry of Finance

Given the combination of robust levels of capital and the positive macroeconomic outlook over the latter half of 2024, the financial system is expected to remain stable. NPLs are projected to remain at low levels and profitability should remain relatively steady. Further improvements in economic activity in tourism and other sectors throughout the year, should lead to increased demand for credit. Notwithstanding the expected increase in imports, deposits are earmarked to grow during the latter portion of the year, on account of improved labour market conditions.

As Barbados continues on the path to inclusive and sustainable economic growth and resilience building, it is imperative for all stakeholders to remain vigilant and proactive in addressing the challenges and seizing the opportunities ahead. The sustained growth in tourism, robust foreign direct investments, and the strategic initiatives outlined by the government, provide a strong foundation for future prosperity. However, realising this potential requires concerted efforts from the public and private sectors, civil society, and the international community. Let us collaborate to foster innovation, enhance productivity, and build a resilient economy that can withstand global uncertainties. Together, we can drive sustainable development, improve the quality of life for all Barbadians, and secure a prosperous future for our nation. Now is the time to act decisively, invest wisely, and work collectively towards our shared goals.

Appendix 1 – Economic Indicators

	2018	2019	2020	2021(p)	2022(p)	2023(e)	June 2023(e)	June 2024(e)
Nominal GDP ($ Million)[1]	11,259.8	11,576.6	10,336.7	10,550.5	12,514.6	13,441.5	6,833.4	7,348.1
Real Growth (%)	(1.1)	0.4	(13.7)	(0.2)	16.3	4.2	7.9	4.5
Inflation (M.A., %)[2]	3.0	1.7	0.7	1.5	4.3	3.2	4.2	2.7
Unemployment (Annual, %)[3]	9.7	10.1	-	14.1	8.4	7.9	8.9	6.9
Gross International Reserves ($ Million)	999.6	1,481.0	2,660.7	3,058.8	2,770.3	2,999.5	3,108.8	3,245.0
Gross International Reserves Cover, Weeks	12.8	18.6	40.7	40.6	29.2	31.0	32.6	32.2
BoP Current Account (% of GDP)	(4.3)	(1.7)	(5.3)	(10.9)	(10.6)	(8.6)	(8.3)	(2.3)
Total Imports of Goods (% of GDP)	29.2	28.0	29.7	32.1	34.9	29.8	28.9	27.6
Travel Credits (% of GDP)	21.8	24.2	12.6	12.6	16.0	17.2	15.9	20.9
Financial Account ($ Millions)	862.6	776.4	1,621.6	1,207.6	934.9	1,289.1	832.1	482.9
Gross Public Sector Debt (% of GDP)[4]	125.3	116.4	134.1	135.1	120.3	109.8	113.8	105.3
Central Government External Debt (% of GDP)	31.2	28.8	41.6	45.3	40.7	40.5	40.5	39.8
External Debt Service to Curr. Acct. Cred.	5.0	3.5	8.9	7.0	7.8	9.4	9.3	8.8
Treasury-Bill Rate[5]	0.5	0.5	0.5	0.5	0.5	0.7	0.5	1.1
Weighted-Average Deposit Rate	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Weighted-Average Loan Rate	6.7	6.4	5.9	5.7	5.5	5.4	5.5	5.4
Excess Domestic Cash Ratio	16.1	18.5	22.4	26.8	27.0	26.6	29.0	28.6
Private Sector Credit Growth (%)[6]	0.3	0.9	(1.2)	(0.7)	3.1	2.7	0.3	1.2
Private Sector Credit (% of GDP)[6]	80.2	76.9	85.3	81.9	71.5	63.8	66.3	62.2
Domestic Currency Deposits (% of GDP)[6]	111.5	96.3	128.5	129.5	114.5	100.8	107.6	99.1
Fiscal Year	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**Apr-Jun 2023**	**Apr-Jun 2024(p)**
Fiscal Balance (% of GDP)	(0.3)	3.5	(4.8)	(4.7)	(2.0)	(1.7)	0.0	2.3
Primary Balance (% of GDP)	3.4	5.8	(1.0)	(0.9)	2.5	3.5	1.1	3.5
Interest (% of GDP)	3.7	2.3	3.8	3.8	4.4	5.2	1.1	1.1
Fiscal Current Account (% of GDP)	1.6	5.3	(1.7)	(0.6)	1.9	1.0	0.3	2.7
Revenue (% of GDP)	29.1	27.4	28.6	27.0	26.8	24.6	5.5	7.6
Expenditure (% of GDP)	29.4	23.8	33.4	31.7	28.7	26.3	5.5	5.2
Non-interest Expenditure (% of GDP)	25.7	21.6	29.6	27.9	24.3	21.2	4.4	4.1
Capital Expenditure (% of GDP)	1.9	1.8	3.1	4.1	3.8	2.7	0.3	0.3
Gov't Interest Payments (% of Revenue)	12.9	8.4	13.4	14.1	16.5	20.9	19.7	15.0

(e) – Estimate
(p) – Provisional
1 - Central Bank of Barbados and Barbados Statistical Service
2 - Twelve Month Moving Average - Data as at May 2023 and 2024
3 - Unemployment Rate as at March 2024
4 - Gross Public Sector Debt = Gross Central Government Debt + Other Public Sector Debt (Guaranteed Contingent Liabilities)
5 - 0.5 rate represents the T-bills rolled over at a fixed rate during the 2018 debt restructuring
6 - Based on consolidated data for deposit-taking Institutions (Commercial Banks, Finance & Trust Companies and Credit Unions)
Sources: Barbados Statistical Service, Ministry of Finance, Accountant General and Central Bank of Barbados

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

	2018	2019	2020	2021	2022	2023^(p)^	Jun 2023^(p)^	Jun 2024^(e)^
Tradeables	**1,535.5**	**1,628.8**	**1,082.9**	**971.6**	**1,379.6**	**1,469.2**	**765.7**	**833.5**
Tourism	**664.1**	**736.2**	**238.3**	**206.6**	**554.6**	**627.6**	**322.4**	**380.6**
Agriculture	**259.0**	**264.9**	**307.2**	**219.1**	**179.7**	**196.5**	**107.2**	**113.0**
Sugar	7.7	4.0	4.7	4.7	4.9	5.7	5.7	7.6
Non-Sugar Agriculture	251.3	261.0	302.5	214.4	174.8	190.8	101.4	105.4
Manufacturing	**612.4**	**627.7**	**537.3**	**545.8**	**645.3**	**645.0**	**336.2**	**339.9**
of which:								
Rum & Other Beverages	90.6	76.8	76.1	78.1	84.8	87.7	*21.7*	*22.0*
Food	117.3	116.7	99.3	107.7	113.4	116.4	*26.9*	*28.4*
Furniture	12.3	12.0	11.5	12.2	12.4	12.7	*3.2*	*3.2*
Chemicals	28.8	27.4	28.1	27.7	29.6	30.0	*7.6*	*7.6*
Other Non-Metallic Mineral Products	138.7	136.8	137.9	148.6	163.9	131.5	*60.6*	*60.8*
Non-tradeables	**7,775.4**	**7,722.1**	**6,984.5**	**7,081.1**	**7,983.1**	**8,285.5**	**4,282.6**	**4,439.8**
Mining & Quarrying	80.7	83.5	70.8	65.3	74.4	76.4	39.1	39.9
Electricity, Gas & Water	249.1	248.6	238.1	251.6	254.1	263.1	127.0	131.9
Construction	490.9	479.3	498.3	487.6	491.1	463.3	230.6	246.9
Distribution	1,664.9	1,625.3	1,384.7	1,359.3	1,699.4	1,734.1	877.6	909.1
Transport, etc	1,185.4	1,131.0	800.4	919.2	1,076.8	1,122.6	558.5	577.7
Finance and Other Services	2,820.9	2,799.3	2,637.8	2,626.6	2,841.5	2,936.5	1,570.3	1,654.7
Government	1,283.6	1,355.1	1,354.4	1,371.5	1,545.8	1,689.4	879.5	879.6
Total	**9,310.9**	**9,350.9**	**8,067.4**	**8,052.7**	**9,362.7**	**9,754.6**	**5,048.3**	**5,273.3**
Nominal GDP	**11,259.8**	**11,576.6**	**10,336.7**	**10,550.5**	**12,514.6**	**13,441.5**	**6,833.4**	**7,348.1**
Real Growth Rates	**(1.1)**	**0.4**	**(13.7)**	**(0.2)**	**16.3**	**4.2**	**7.9**	**4.5**
Tradeables	2.4	6.1	(33.5)	(10.3)	42.0	6.5	8.0	8.8
Non-tradeables	(1.8)	(0.7)	(9.6)	1.4	12.7	3.8	7.9	3.7

(p) - Provisional
(e) - Estimate
1 - BSS' 2016 Base Year Series
Sources: Barbados Statistical Service and Central Bank of Barbados

Appendix 3 – Balance of Payments (BDS $Millions)

	2018	2019	2020(p)	2021(p)	2022 (e)	2023 (e)	Jun 2023(e)	Jun 2024(e)
Current Account Balance	**(445.0)**	**(185.2)**	**(506.7)**	**(1,082.8)**	**(1,237.7)**	**(1,155.2)**	**(568.0)**	**(168.1)**
o/w Exports of Goods and Services	4,213.2	4,582.6	2,838.7	2,964.2	3,996.9	4,441.3	2,109.8	2,544.3
o/w Imports of Goods and Services	4,071.6	4,142.4	3,397.3	3,920.7	4,934.5	5,029.9	2,456.8	2,669.1
Merchandise Trade Balance	**(1,467.9)**	**(1,477.7)**	**(1,605.9)**	**(1,900.0)**	**(2,456.1)**	**(2,423.5)**	**(1,178.1)**	**(1,229.7)**
Exports of Goods	1,529.8	1,526.0	1,238.1	1,277.4	1,622.2	1,584.2	796.6	796.5
o/w Domestic	510.2	507.4	449.4	444.3	501.9	480.6	250.1	241.0
o/w Re-exports	385.7	380.8	241.0	237.7	493.4	440.5	251.8	259.0
o/w Net Export of Goods under Merchanting	633.8	637.6	547.6	595.4	626.8	663.0	294.7	296.6
Imports of Goods	2,997.7	3,003.7	2,843.9	3,177.4	4,078.3	4,007.7	1,974.8	2,026.3
o/w Fuel	712.2	728.0	510.6	685.8	1,122.8	1,010.6	523.4	270.7
Services Balance	**1,609.5**	**1,917.9**	**1,047.3**	**943.5**	**1,518.5**	**1,835.0**	**831.1**	**1,105.0**
Exports	2,683.4	3,056.6	1,600.6	1,686.8	2,374.7	2,857.2	1,313.1	1,747.8
o/w Travel	2,238.8	2,598.1	1,203.2	1,245.7	1,869.9	2,313.9	1,086.5	1,533.0
Imports	1,073.9	1,138.7	553.3	743.3	856.2	1,022.2	482.0	642.8
Income Account Balance	**(499.6)**	**(533.8)**	**(134.9)**	**(192.5)**	**(331.6)**	**(558.2)**	**(258.5)**	**(258.3)**
Credits	543.0	565.4	338.7	412.4	460.5	497.0	241.0	252.5
Debits	1,042.6	1,099.2	473.7	604.8	792.1	1,055.2	499.5	510.7
Current Transfers Balance	**(87.0)**	**(91.6)**	**186.8**	**66.2**	**31.5**	**(8.5)**	**37.6**	**214.9**
Credits	107.0	110.1	396.6	284.4	276.4	253.1	172.6	352.7
Debits	194.0	201.7	209.8	218.2	244.9	261.6	135.1	137.8
Capital Account	**50.9**	**(5.3)**	**(4.5)**	**0.5**	**15.0**	**(4.9)**	**(3.4)**	**(3.5)**
Financial Account	**862.6**	**776.4**	**1,621.6**	**1,207.6**	**934.9**	**1,289.1**	**832.1**	**482.9**
Net Foreign Direct Investment	464.8	375.3	509.2	417.8	528.9	449.8	224.7	249.4
All Other Investment Flows	397.8	401.1	1,112.4	789.8	406.0	839.3	607.3	233.5
Net Long-term Public	426.0	371.5	937.7	734.6	123.7	599.4	381.6	57.5
o/w: IMF	101.2	202.5	101.2	0.0	83.6	227.6	76.0	-
Net Long-term Private	(3.8)	113.0	251.3	99.5	310.1	256.0	230.2	189.3
Net Short-term	(24.4)	(83.5)	(76.7)	(44.3)	(27.8)	(16.1)	(4.5)	(13.3)
Net Errors & Omissions	**121.6**	**(104.6)**	**66.9**	**317.4**	**189.0**	**17.2**	**46.9**	**(56.8)**
Overall Balance	**589.9**	**481.4**	**1,177.3**	**442.8**	**(98.9)**	**146.0**	**307.5**	**254.5**
							-	-
Change in GIR: - increase/+ decrease	**(588.3)**	**(481.4)**	**(1,179.7)**	**(398.2)**	**288.6**	**(229.3)**	**(338.5)**	**(245.4)**
BOP change in GIR (-increase/+decrease)	**(589.9)**	**(481.4)**	**(1,177.3)**	**(442.8)**	**98.9**	**(146.0)**	**(307.5)**	**(254.5)**
Memorandum Items:								
Gross International Reserves (GIR)	**999.6**	**1,481.0**	**2,660.7**	**3,058.8**	**2,770.3**	**2,999.5**	**3,108.8**	**3,245.0**
Gross International Reserves Cover, Weeks	**12.8**	**18.6**	**40.7**	**40.6**	**29.2**	**31.0**	**32.6**	**32.2**

(p) – Provisional
(e) – Estimate
o/w – Of which
Source: Central Bank of Barbados

Appendix 4 -Summary of Government Operations (BDS$ Millions)

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Apr-Jun 2023	Apr-Jun 2024 [p]
Total Revenue	**2,993.6**	**2,984.2**	**2,563.3**	**2,823.8**	**3,320.0**	**3,378.0**	**756.3**	**1,111.0**
Tax Revenue	**2,812.4**	**2,771.2**	**2,387.8**	**2,646.1**	**3,110.6**	**3,205.5**	**713.6**	**1,044.9**
i) Direct Taxes	**1,126.9**	**1,084.7**	**1,202.9**	**1,148.2**	**1,381.2**	**1,379.8**	**276.4**	**578.6**
Personal	482.1	454.7	308.1	385.0	393.4	443.4	134.2	144.6
Corporate	355.5	309.0	612.9	450.5	548.8	563.1	93.6	285.7
Pandemic Levy (Individuals)	0.0	0.0	0.0	0.0	13.5	3.7	3.3	0.0
Pandemic Levy (Corporations)	0.0	0.0	0.0	0.0	74.7	0.0	0.0	0.0
Property	161.3	214.7	181.6	205.2	217.0	218.7	14.2	116.5
Financial Institutions Asset Tax	44.6	47.4	45.6	46.2	53.0	53.5	13.2	13.8
Other	83.4	58.9	54.7	61.4	80.8	97.4	18.0	18.0
ii) Indirect Taxes	**1,685.6**	**1,686.5**	**1,185.0**	**1,497.9**	**1,729.5**	**1,825.7**	**437.2**	**466.3**
Stamp	10.9	11.4	7.6	13.4	21.6	18.2	3.1	4.0
VAT	940.9	966.9	706.3	884.6	1,022.6	1,095.5	248.6	273.1
Excises	271.2	250.9	154.1	212.3	247.2	228.6	57.5	58.5
Import Duties	213.8	231.6	191.9	220.6	241.9	257.2	60.5	64.1
Social Responsibility Levy	49.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Other of which:	199.4	225.6	124.9	167.0	196.1	226.2	67.5	66.7
Fuel Tax	68.6	82.1	63.8	70.2	80.9	76.8	17.1	19.2
Room Rate/Shared Accommodation	10.1	28.1	9.5	25.2	40.2	42.4	12.5	13.3
Non-tax Revenue & Grants	**181.2**	**213.0**	**175.4**	**177.8**	**209.4**	**172.5**	**42.7**	**66.1**
Non-tax Revenue of which:	161.5	201.3	169.5	159.7	173.4	159.4	39.0	65.8
Foreign Exchange Fee	74.5	79.4	65.2	78.7	94.4	101.1	24.2	26.8
Grants	0.1	11.8	0.0	5.7	20.0	1.0	0.0	0.0
Post Office - Revenue	19.6	0.0	5.9	12.3	16.0	12.1	3.6	0.3
Current Expenditure	**2,826.4**	**2,407.9**	**2,716.8**	**2,889.2**	**3,088.7**	**3,238.9**	**716.9**	**718.4**
Wages & Salaries	811.9	807.4	808.0	834.8	854.6	852.4	217.5	218.2
Goods & Services	356.3	375.5	399.8	493.2	529.0	522.4	109.1	84.0
Interest	384.9	249.7	342.6	398.9	549.2	707.3	148.9	167.1
External	48.0	62.7	144.1	132.4	196.0	308.4	57.6	68.6
Domestic	336.9	187.0	198.5	266.5	353.3	398.9	91.4	98.5
Transfers & Subsidies	1,273.3	975.3	1,166.3	1,162.3	1,155.9	1,156.8	241.3	249.1
Grants to Individuals	362.8	389.2	423.7	454.2	475.0	413.8	96.7	95.4
Grants to Public Institutions	814.8	517.6	657.3	631.8	581.4	661.9	130.4	141.1
Subsidies	51.8	31.8	49.7	33.6	48.2	46.3	4.4	5.8
Subscriptions & Contributions	25.7	20.3	20.3	21.9	23.7	21.1	5.2	2.7
Non-Profit Agencies	18.3	16.4	15.3	20.7	27.7	13.7	4.6	4.1
Capital Expenditure & Net Lending	**197.8**	**191.8**	**276.1**	**425.2**	**476.2**	**369.6**	**34.7**	**50.7**
Capital Expenditure	184.9	185.1	278.3	421.6	449.5	357.6	27.3	46.4
Net Lending	12.9	6.7	-2.2	3.6	26.7	12.0	7.5	4.3
Fiscal Balance	**(30.5)**	**384.5**	**(429.6)**	**(490.6)**	**(244.9)**	**(230.5)**	**4.7**	**341.9**
Primary Balance	**354.3**	**634.2**	**(87.0)**	**(91.6)**	**304.3**	**476.8**	**153.6**	**509.0**
Fiscal Balance-to-GDP (%)	**(0.3)**	**3.5**	**(4.8)**	**(4.7)**	**(2.0)**	**(1.7)**	**0.0**	**2.3**

[p]-Provisional
Source: Ministry of Finance

Appendix 5 -Government Financing (BDS$ Millions)

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Apr-Jun 2023	Apr-Jun 2024 (p)
Fiscal Balance	**(30.5)**	**384.5**	**(429.6)**	**(490.6)**	**(244.9)**	**(230.5)**	**4.7**	**341.9**
Arrears Payments	(10.0)	(208.3)	(61.9)	(41.1)	(38.2)	(21.0)	0.0	0.0
Financing	**40.5**	**(176.2)**	**491.5**	**531.7**	**283.1**	**251.5**	**(4.7)**	**(340.6)**
Domestic Financing (Net)	**(272.3)**	**(274.9)**	**(340.1)**	**107.0**	**(240.0)**	**(278.0)**	**(25.3)**	**(275.9)**
Central Bank	(166.4)	164.7	(66.6)	331.6	(132.6)	(174.6)	183.4	109.6
Commercial Banks	82.8	(86.3)	106.6	(24.5)	99.9	131.3	29.3	(32.1)
National Insurance Board	8.9	(85.2)	(207.9)	15.3	(60.2)	(83.3)	(15.4)	(26.6)
Private Non-Bank	(119.6)	(217.7)	(34.9)	(47.1)	(136.8)	76.2	29.4	(59.8)
Other	(77.9)	(50.4)	(137.3)	(168.3)	(10.4)	(227.6)	(252.0)	(267.0)
Foreign Financing (Net)	**312.8**	**98.7**	**831.6**	**424.7**	**523.2**	**529.5**	**20.6**	**(64.8)**
Capital Markets	0.0	0.0	0.0	0.0	146.5	0.0	0.0	0.0
Project Funds	57.1	64.1	51.2	91.4	94.7	113.1	9.3	3.0
Policy Loans	350.0	150.0	968.1	496.6	483.6	627.6	76.0	0.0
Amortisation	(94.3)	(115.4)	(187.7)	(163.3)	(201.7)	(211.2)	(64.7)	(67.8)

(p)-Provisional
Source: Central Bank of Barbados

Appendix 6 -Public Debt Outstanding (BDS$ Millions)

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Jun 2023	Jun 2024 (p)
Gross Central Government Debt[1]	**12,755.0**	**12,322.6**	**12,819.1**	**13,310.3**	**14,224.8**	**14,872.5**	**14,349.0**	**14,637.3**
Gross Central Government Debt/GDP (%)	124.1	113.0	143.1	127.5	114.7	108.5	113.5	104.9
Domestic Debt	**9,512.9**	**9,226.4**	**8,872.7**	**8,824.1**	**9,117.9**	**9,250.0**	**9,228.0**	**9,080.9**
Short Term	**598.4**	**697.0**	**708.1**	**710.1**	**662.3**	**822.9**	**701.2**	**742.8**
Treasury Bills[2]	**495.1**	**495.1**	**495.1**	**495.1**	**495.1**	**667.7**	**495.1**	**679.2**
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	432.9	285.1	455.0
Other	2.8	2.8	2.8	2.8	2.8	27.6	2.8	16.9
Loans	**103.3**	**201.9**	**213.0**	**215.0**	**167.2**	**155.2**	**206.1**	**63.6**
Central Bank	103.3	201.9	213.0	215.0	167.2	155.2	206.1	63.6
Long Term	**8,914.5**	**8,529.4**	**8,164.6**	**8,113.9**	**8,455.6**	**8,427.0**	**8,526.8**	**8,338.1**
Bonds	**8,621.0**	**8,358.6**	**8,083.7**	**8,091.2**	**8,051.6**	**8,047.0**	**8,133.5**	**7,966.7**
Central Bank	414.4	414.4	414.4	444.4	626.8	626.8	626.8	631.1
Commercial Bank	2,052.5	2,048.0	2,048.8	2,058.3	2,034.2	2,061.5	2,102.1	2,040.6
NIS	2,943.8	2,858.7	2,650.2	2,665.4	2,605.2	2,521.9	2,589.8	2,495.3
Insurance Companies	1,179.6	821.5	815.8	815.1	810.6	782.1	818.0	765.9
Pension Funds	296.6	304.8	311.7	321.9	317.1	315.3	316.1	314.7
Other	1,734.0	1,911.2	1,842.7	1,786.1	1,657.6	1,739.4	1,680.8	1,719.1
Loans & Tax Certificates	**0.1**	**17.9**	**1.5**	**0.1**	**146.6**	**146.6**	**146.6**	**146.6**
Commercial Banks	-	17.8	1.4	(0.0)	146.5	146.5	146.5	146.5
Other	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Arrears	**293.4**	**152.9**	**79.4**	**22.6**	**257.5**	**233.4**	**246.7**	**224.8**
External Debt	**3,242.1**	**3,096.2**	**3,946.4**	**4,486.2**	**5,106.8**	**5,622.5**	**5,120.9**	**5,556.4**
Long Term	**3,242.1**	**3,096.2**	**3,946.4**	**4,486.2**	**5,106.8**	**5,622.5**	**5,120.9**	**5,556.4**
International Bonds	1,161.4	1,137.9	1,072.9	1,072.9	1,070.7	1,069.3	1,070.7	1,069.3
Bilateral	204.4	242.9	244.4	312.6	376.3	384.9	369.2	377.8
Multilateral	1,292.5	1,431.1	2,381.3	2,882.4	3,323.3	3,861.0	3,351.8	3,809.7
IMF (Budget Support)	-	-	368.2	464.8	530.8	744.7	600.6	744.0
Commercial	421.2	237.0	247.8	218.3	336.5	307.2	329.3	299.7
Arrears	162.6	47.3	-	-	-	-	-	-
Other Public Sector Debt (Guaranteed Contingent Liabilities)	**98.3**	**57.9**	**51.9**	**46.0**	**36.2**	**26.3**	**32.8**	**56.1**
Domestic Debt	-	-	-	-	-	-	-	-
External Debt	**98.3**	**57.9**	**51.9**	**46.0**	**36.2**	**26.3**	**32.8**	**56.1**
Long Term	**98.3**	**57.9**	**51.9**	**46.0**	**36.2**	**26.3**	**32.8**	**56.1**
Bonds	65.4	31.1	31.1	31.1	26.0	23.3	25.3	22.6
Multilateral	32.9	26.8	20.9	14.9	10.2	3.0	7.5	33.5
Gross Public Sector Debt[3]	**12,853.3**	**12,380.5**	**12,871.1**	**13,356.3**	**14,261.0**	**14,898.8**	**14,381.8**	**14,693.4**
Gross Public Sector Debt/GDP (%)	125.0	113.6	143.6	127.9	115.0	108.7	113.8	105.3

(p) -Provisional
[1] Gross Central Government Debt = Domestic Debt + External Debt
[2] Treasury Bills - Inclusive of 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, Accountant General and Central Bank of Barbados

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

	2018	2019	2020	2021	2022	2023	Jun 2023	Jun 2024 (p)
Monetary Authorities								
Net International Reserves	832.5	1,130.8	2,195.0	2,594.6	2,354.5	2,560.2	2,700.7	2,827.7
Monetary base	2,659.0	2,938.8	3,551.8	4,132.8	4,389.2	4,401.1	4,613.8	4,459.2
Net Domestic Assets	1,788.8	1,761.6	1,296.2	1,479.0	1,978.4	1,738.7	1,857.6	1,528.9
Deposit-taking Institutions[1]								
Credit to Public Sector[2]								
Central Government (net)	1,896.4	1,886.7	2,056.5	2,100.1	2,249.8	2,418.0	2,327.2	2,584.0
Rest of the Public Sector	107.9	65.0	85.3	144.5	157.1	142.6	163.2	132.6
Credit to Rest of Financial System	274.5	255.7	262.8	246.3	288.8	298.0	284.5	330.7
Credit to the Non-Financial Private Sector[3]	8,179.1	8,254.4	8,153.7	8,096.8	8,350.7	8,574.6	8,378.3	8,678.4
Total Deposits	11,967.1	12,284.6	12,976.2	13,697.0	14,413.4	14,582.5	14,685.3	14,952.8
Transferable Deposits[4]	9,844.5	10,394.3	11,178.9	11,855.8	12,643.9	12,900.2	12,939.8	13,206.1
Non-Transferable Deposits	2,122.6	1,890.3	1,797.3	1,841.1	1,769.4	1,682.3	1,745.4	1,746.7
Memo Items								
Domestic Currency Deposits	11,365.1	10,337.2	12,283.2	12,809.9	13,376.8	13,547.9	13,598.4	13,824.5
Foreign Currency Deposits	602.0	576.2	693.0	887.0	1,036.5	1,034.6	1,086.8	1,128.3
Banking System Financial Stability Indicators[5]								
Capital Adequacy Ratio (CAR)	13.8	13.5	16.0	16.8	17.6	20.9	18.6	20.8
Loan to Deposit Ratio	63.0	61.7	57.1	53.0	53.1	54.3	52.2	53.6
Liquid Assets to Total Assets	25.9	26.0	27.5	31.1	32.0	30.9	32.5	33.4
Non-Performing Loans Ratio	7.4	6.6	7.3	7.3	5.9	5.0	5.5	4.7
Provisions to Non-Performing Loans	67.3	59.4	62.0	60.3	53.1	54.1	54.7	53.9
Return on Average Assets (12-month)	(0.2)	0.6	0.8	1.1	1.3	1.8	1.4	1.8

(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