



# BARBADOS' ECONOMIC REVIEW

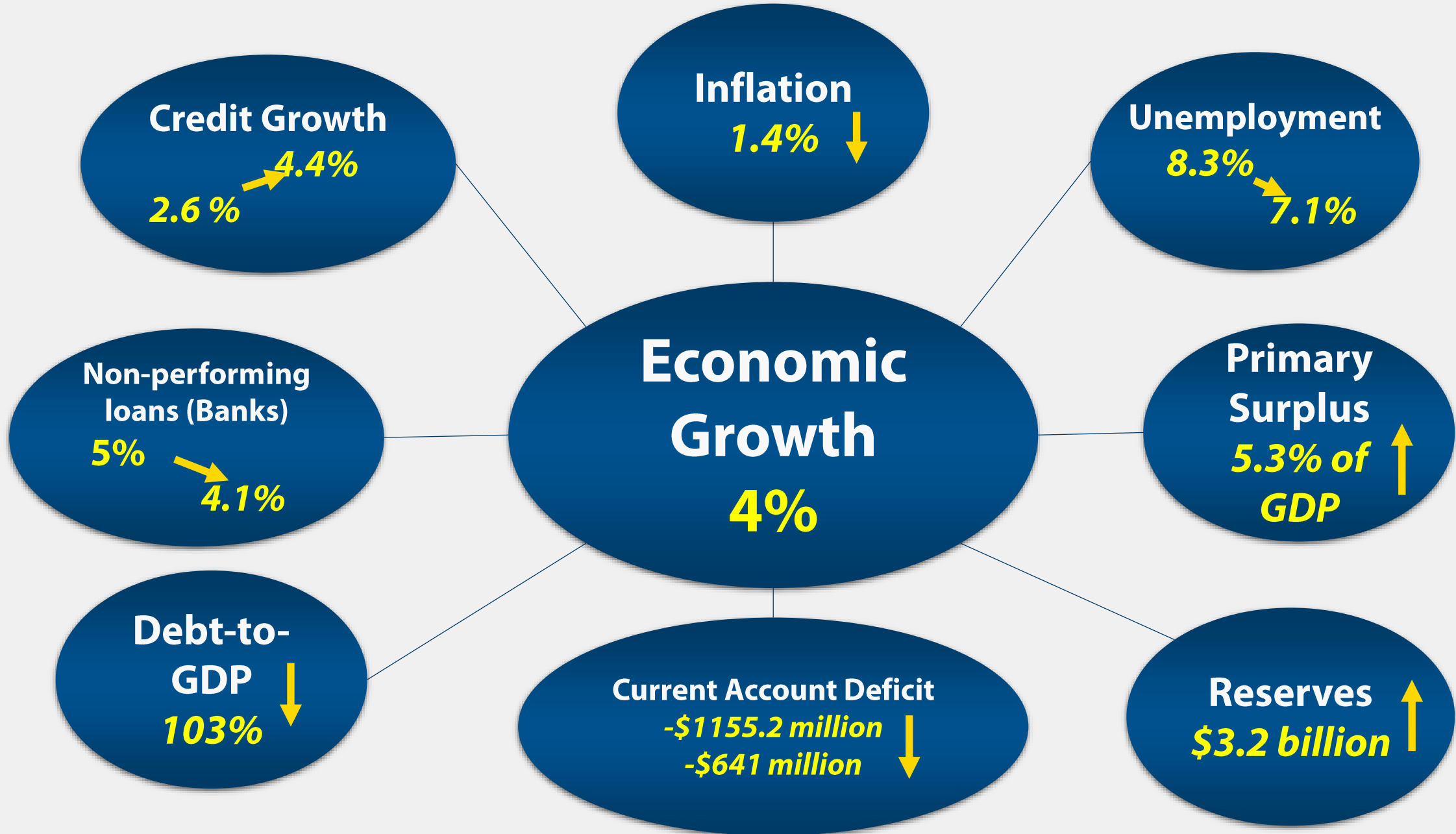






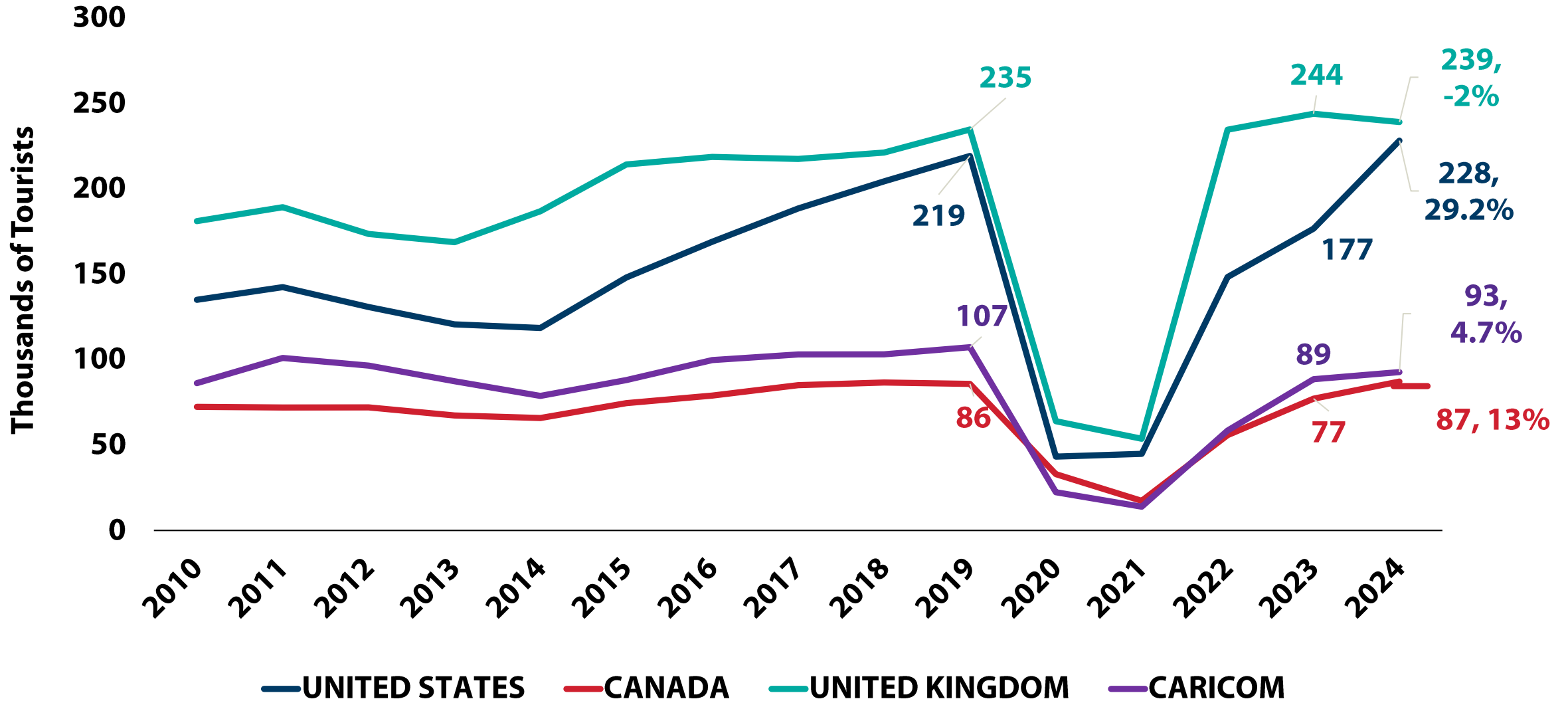
# **OVERVIEW OF THE ECONOMY**

# 3<sup>rd</sup> Consecutive year of growth -14 Quarters!



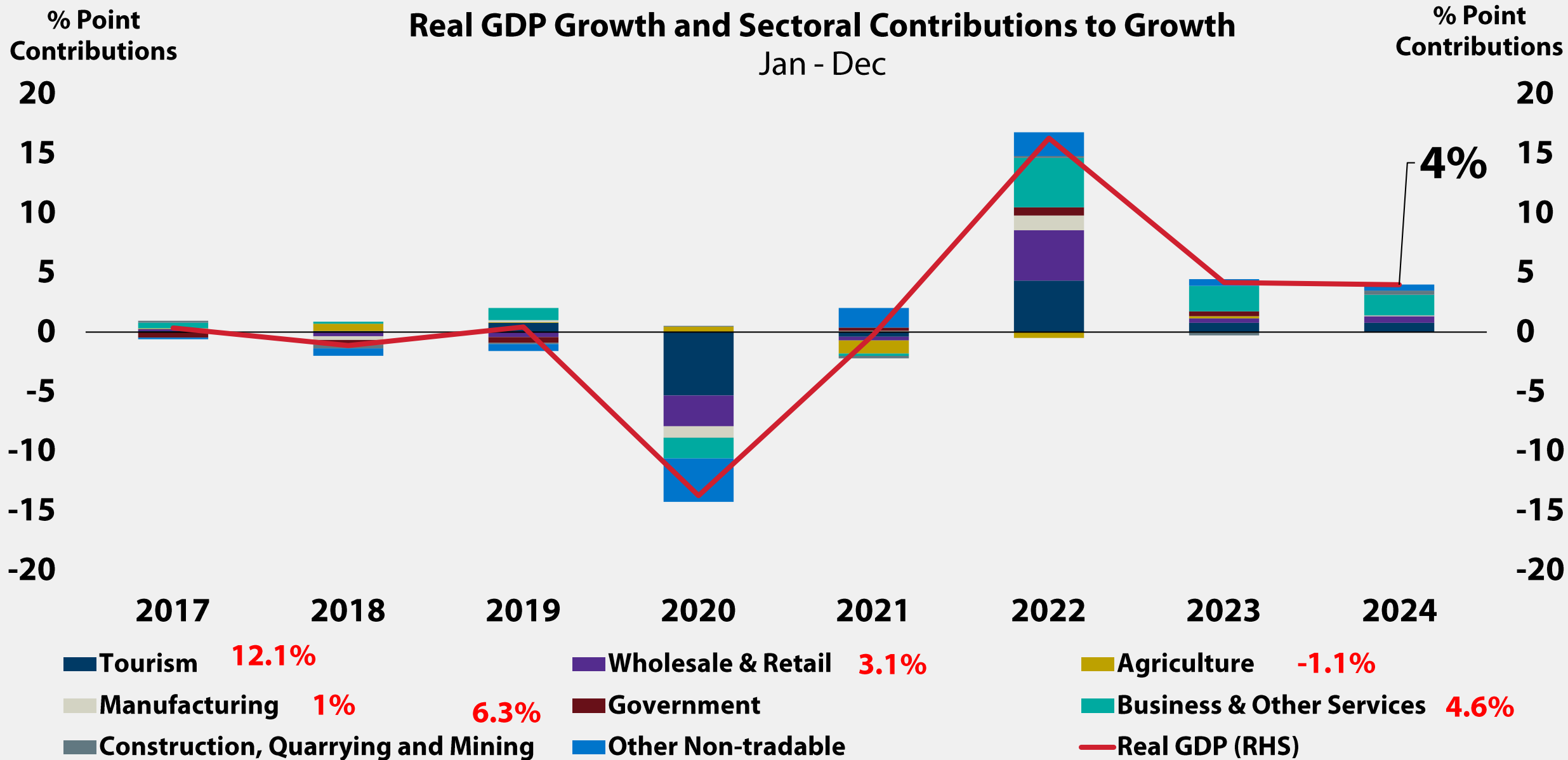
# Robust tourist arrivals – 10.7% year-on-year increase

Jan - Dec



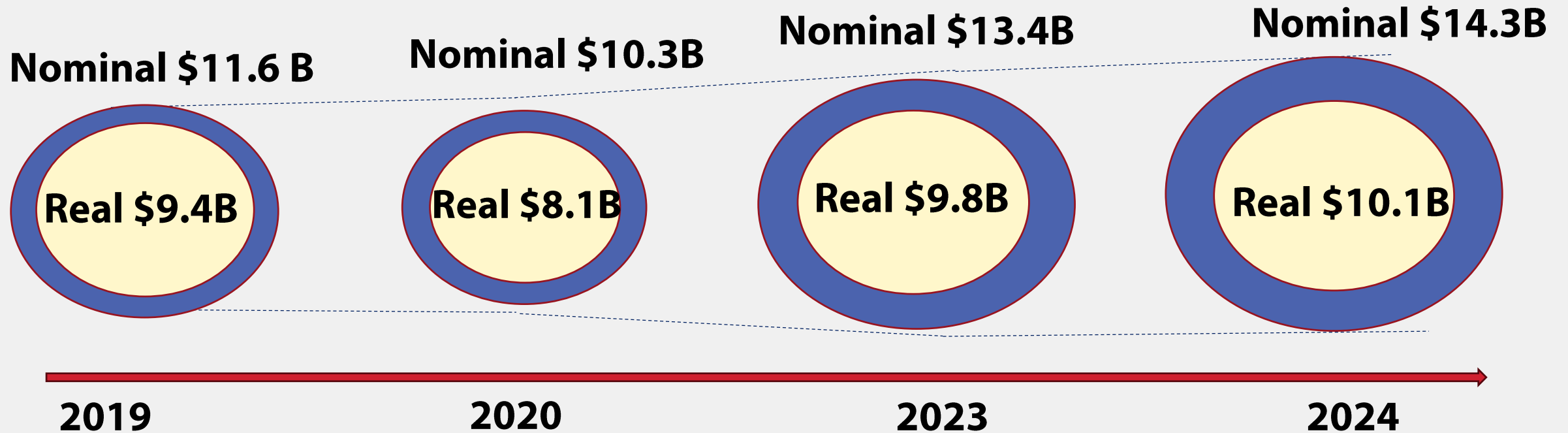
# All major sectors contributed to the economic expansion

**Real GDP Growth and Sectoral Contributions to Growth**  
Jan - Dec



# *GDP continued to expand in both Real & Nominal Terms*

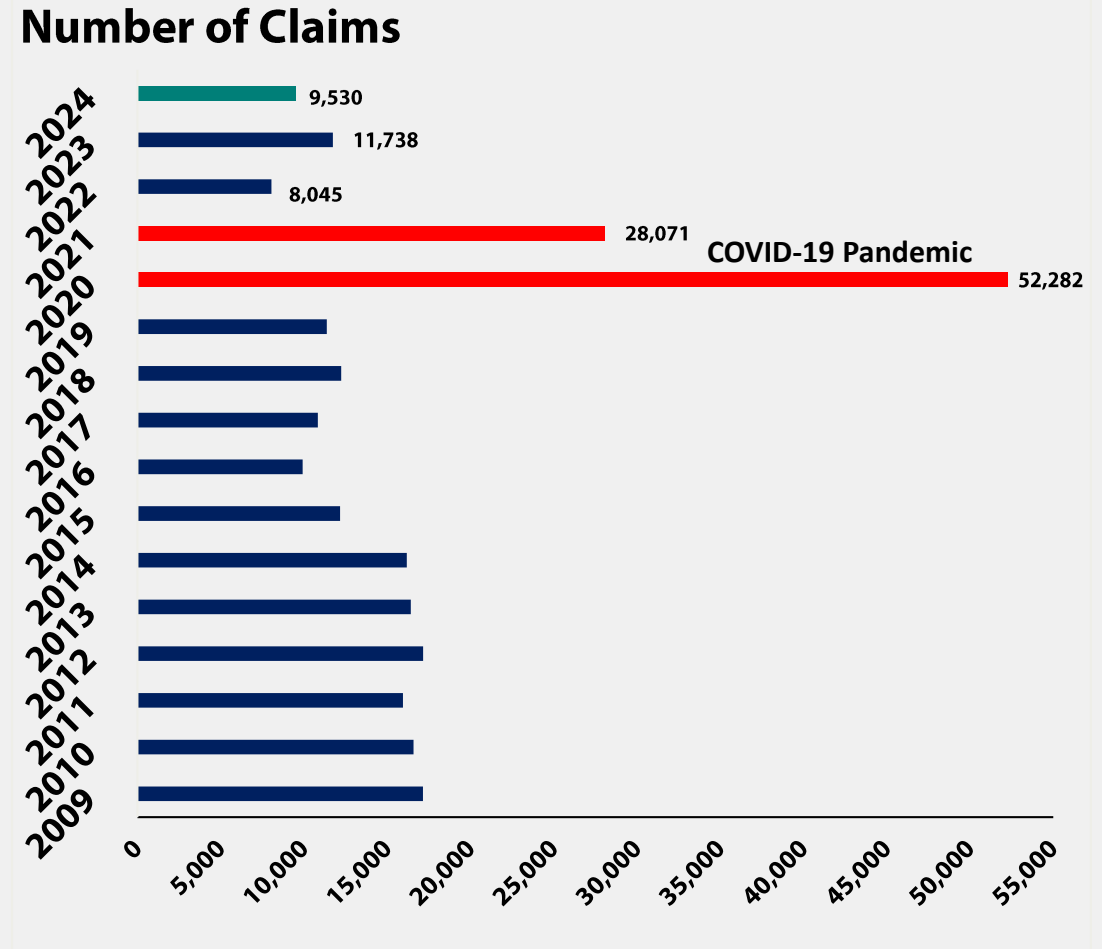
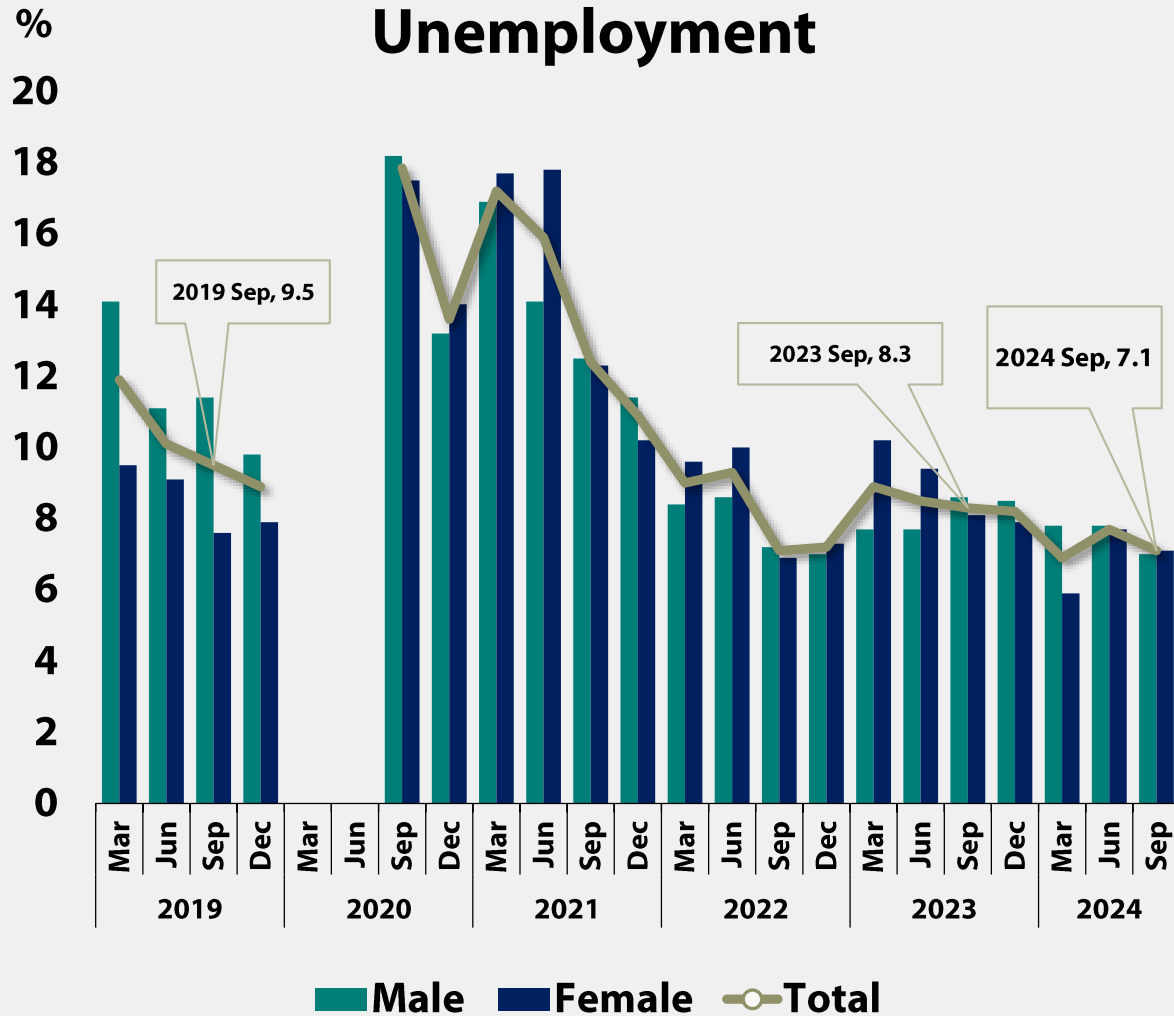
Jan-Dec



# Labour market conditions remained stable

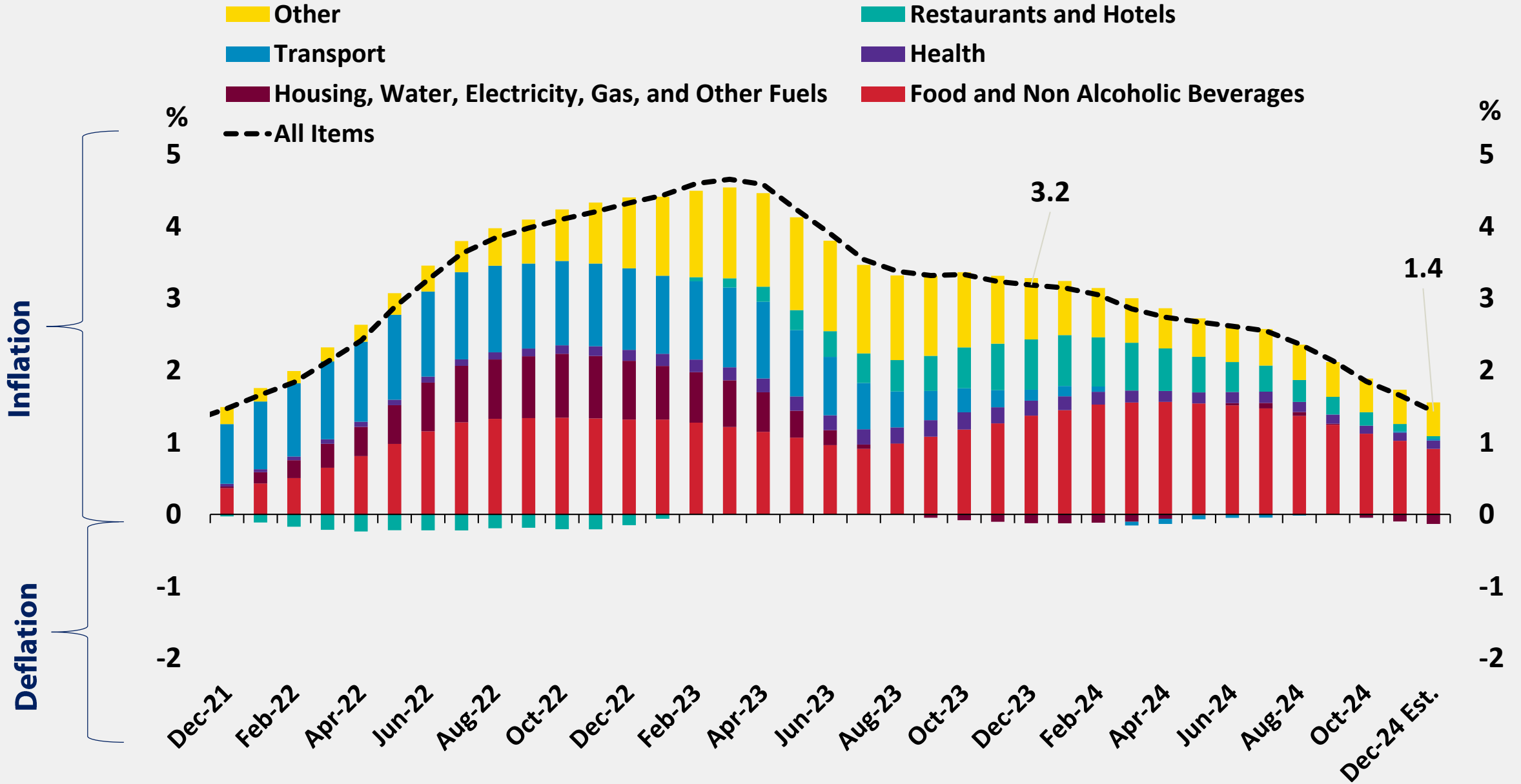
*The unemployment rate decreased.*

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





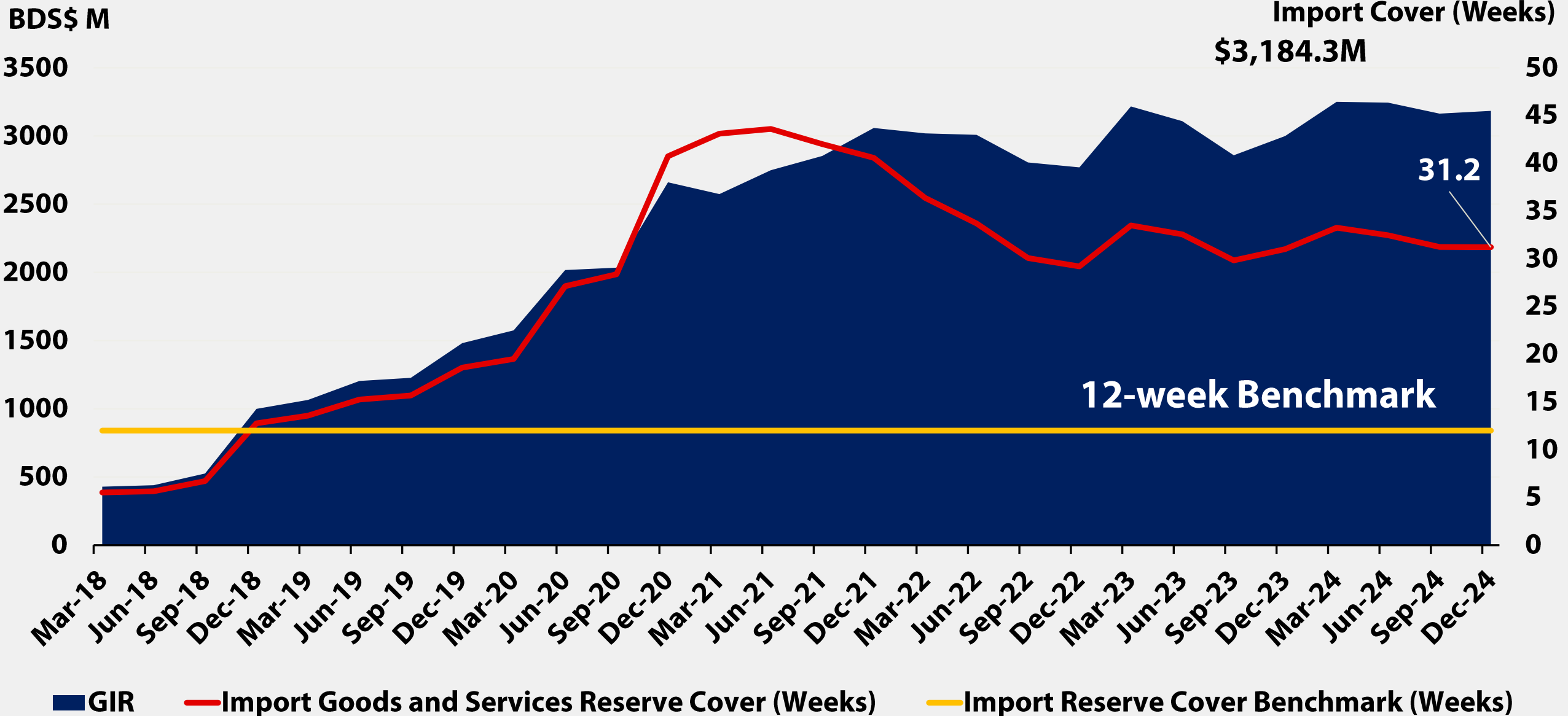
# 12-month moving average inflation slowed



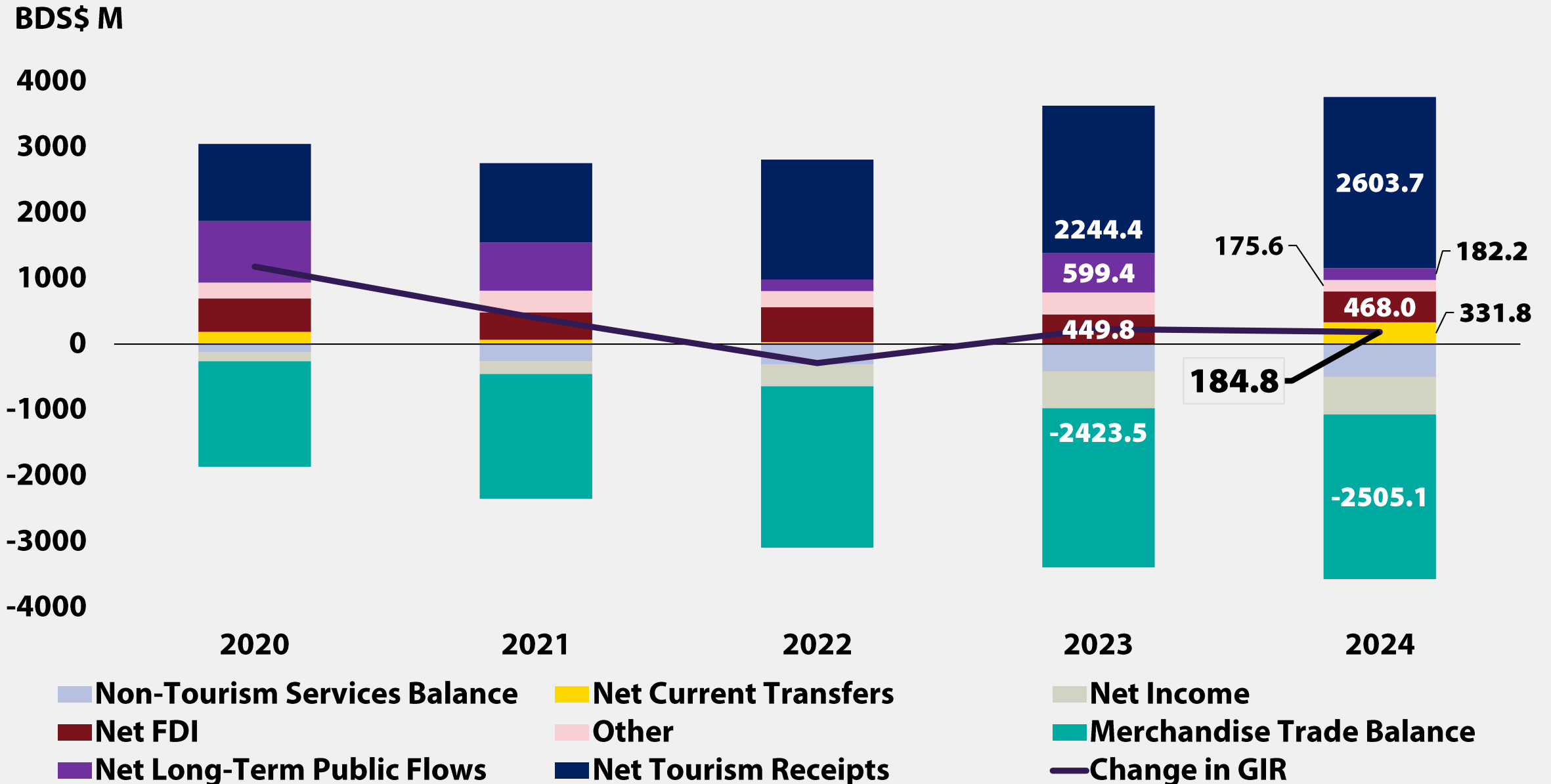


# Foreign reserves hit year-end record high

## 31.2 weeks of import cover



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

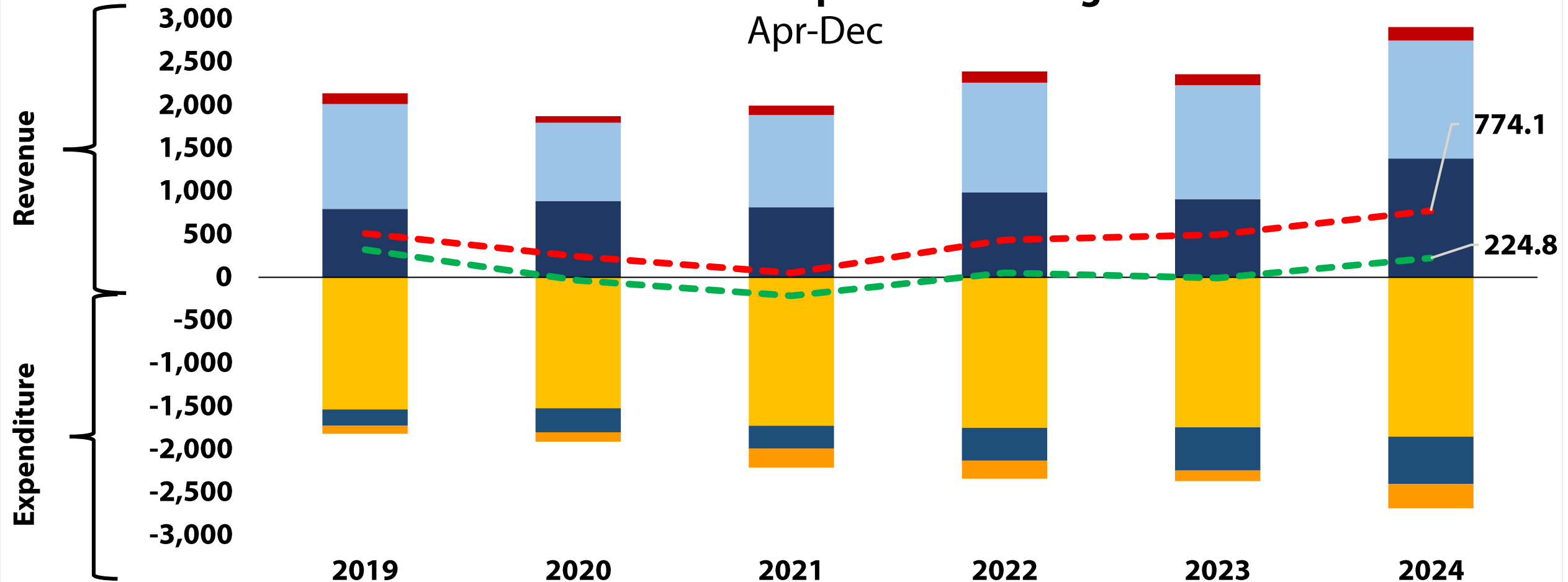


# Fiscal operations resulted in surpluses

## Main Revenue and Expenditure Categories

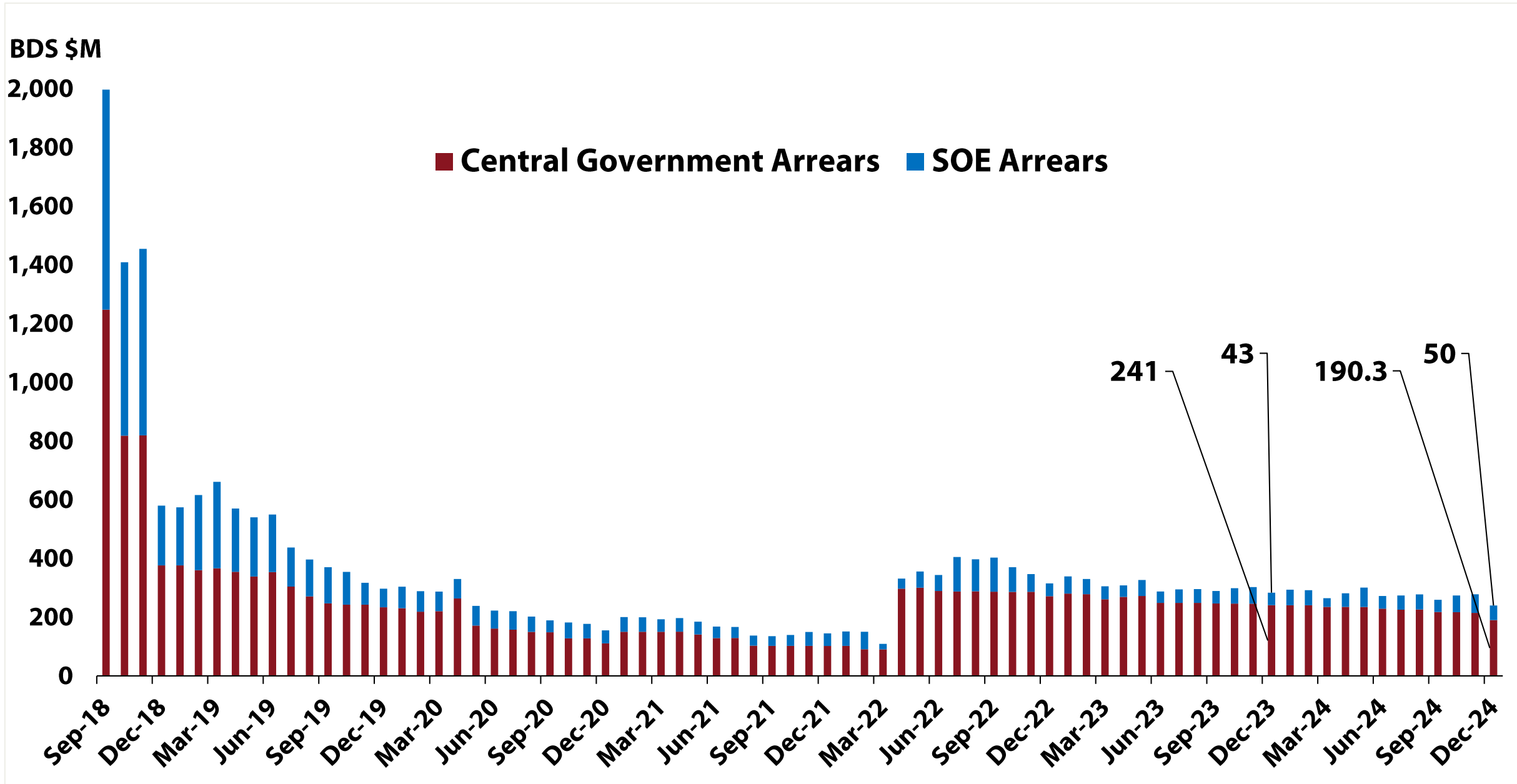
Apr-Dec

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- Direct Taxes
- Non-tax Revenue & Grants
- Interest Expenses
- Capital Expenditure & Net Lending
- Indirect Taxes
- Current Expenditure (Excl. Interest Expenses)
- Primary Balance
- Fiscal Balance

# Central Government arrears continued to decline

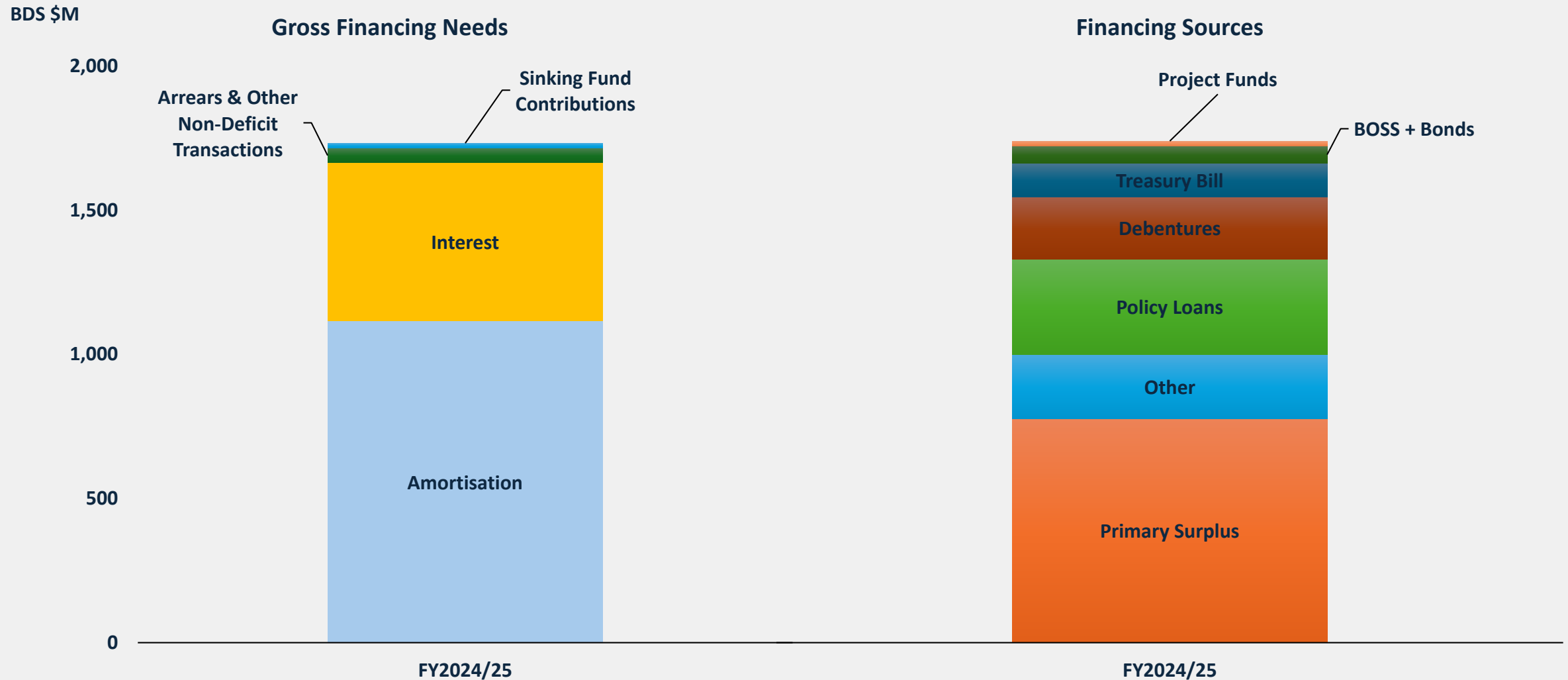




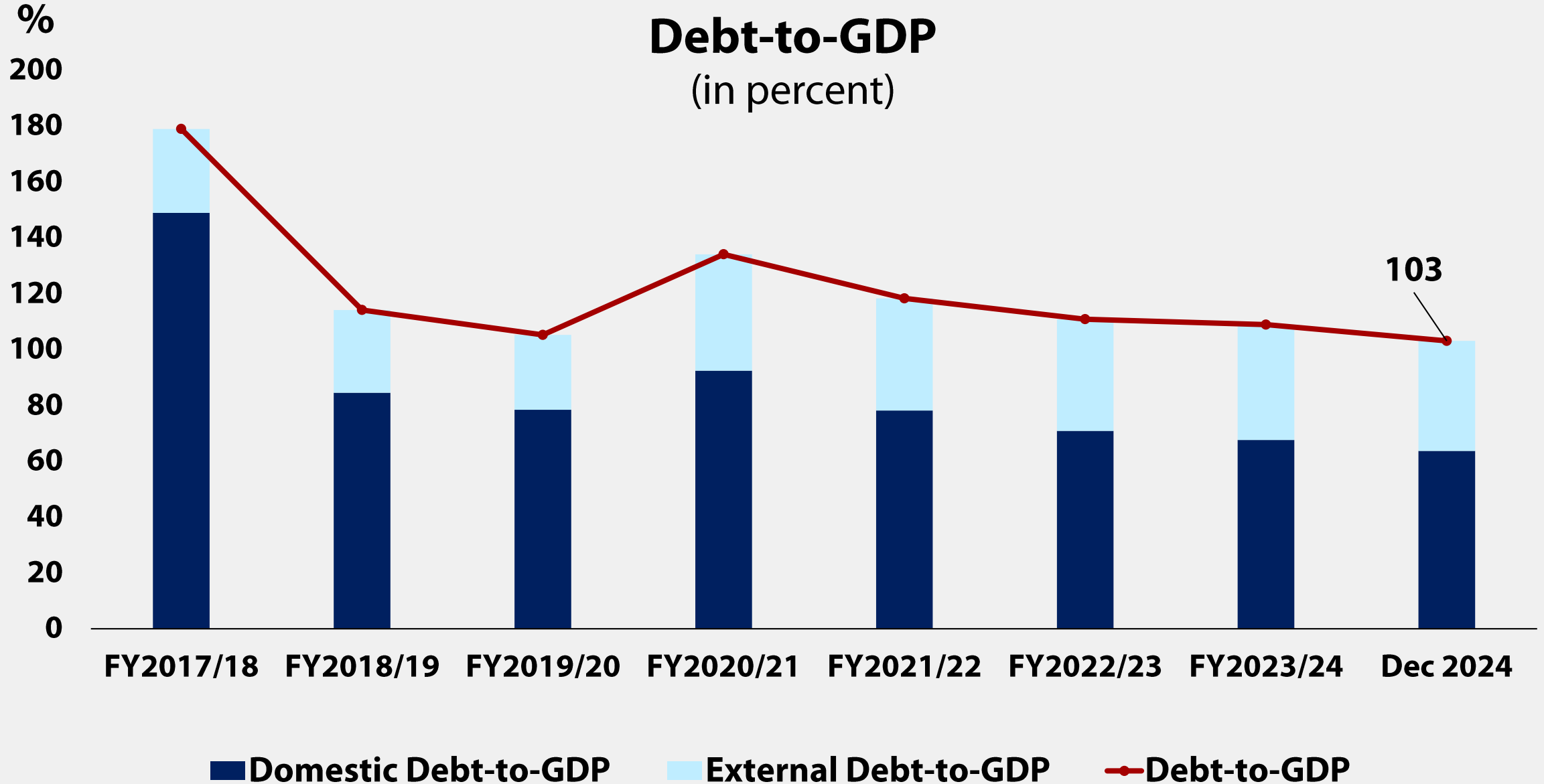
# Government's financing needs were covered

*Financing needs included early repayment of debt as part of the debt-for-climate swap...*

*...Sources of finance included Debt-for-climate swap, policy loans, debentures, T-Bills, and BOSS+ Bonds.*



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

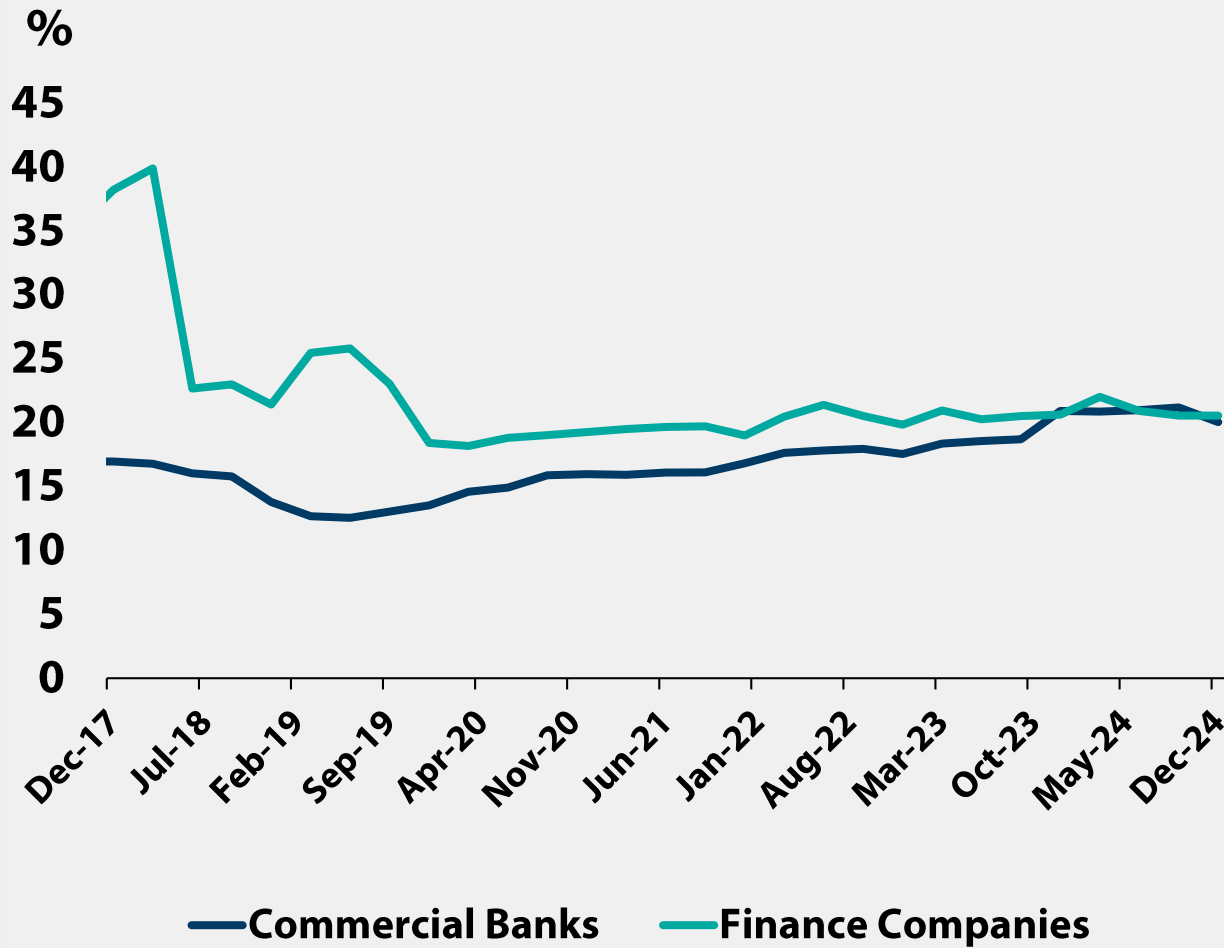


# The financial system remains stable and healthy

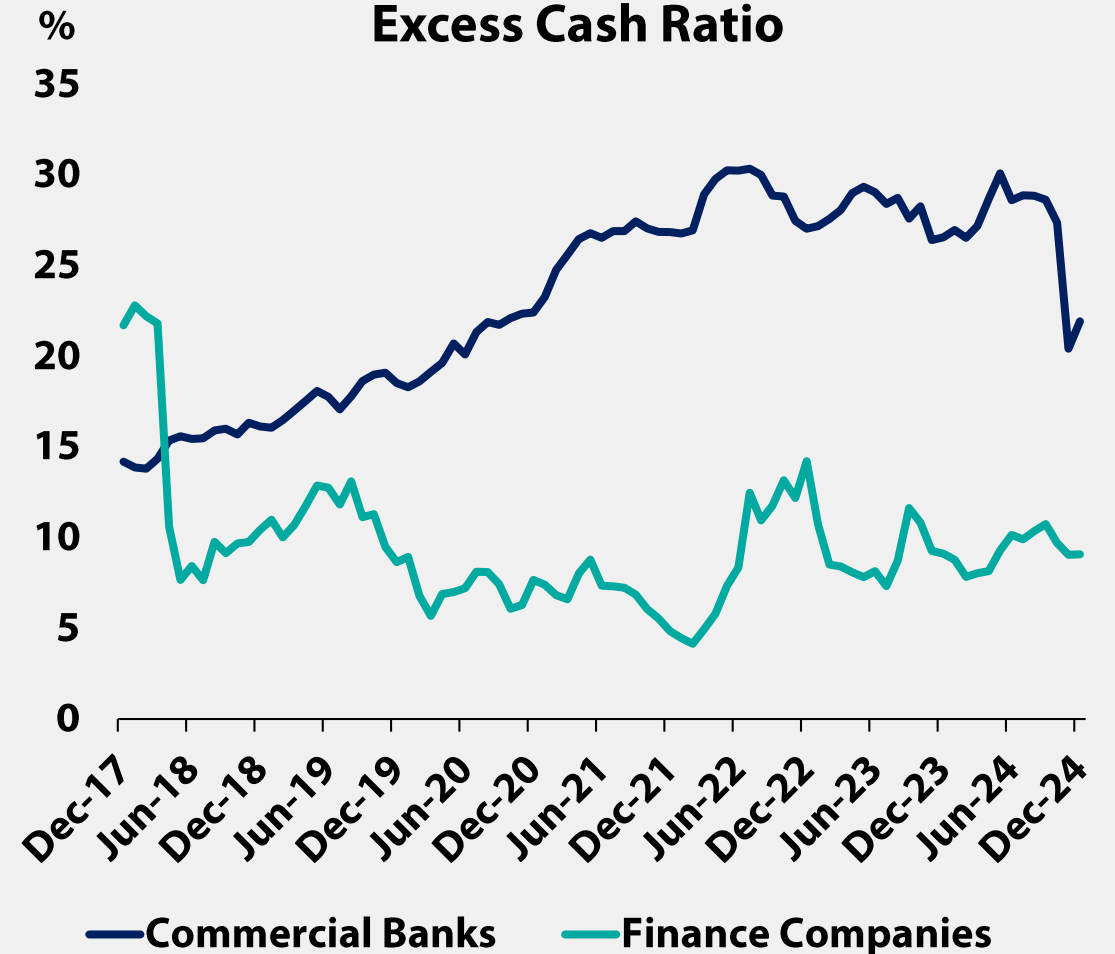
*Deposit-taking institutions are well capitalised*

*Liquidity remains high*

## Capital Adequacy Ratio

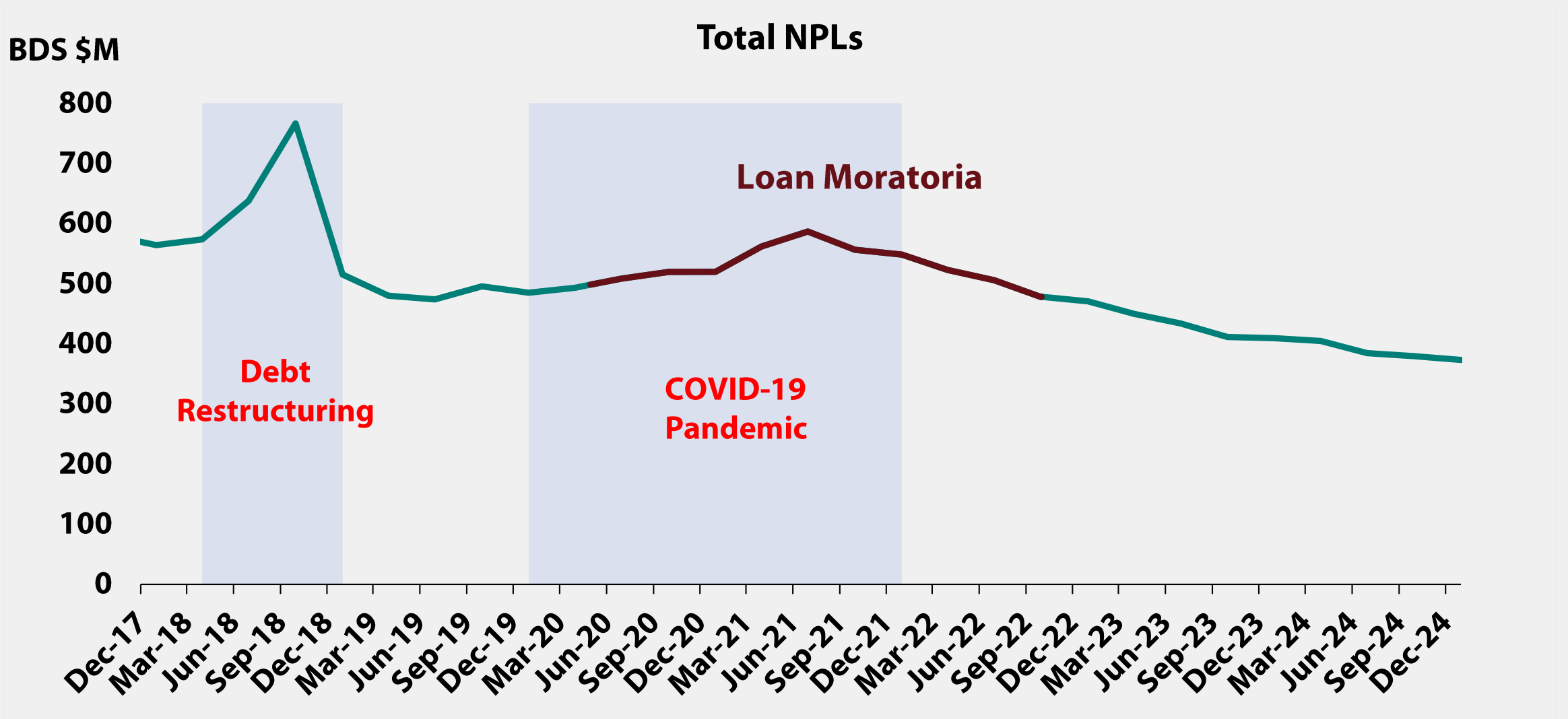


## Excess Cash Ratio



# Credit quality strengthened

*NPLs continue to fall, primarily in the household sector*



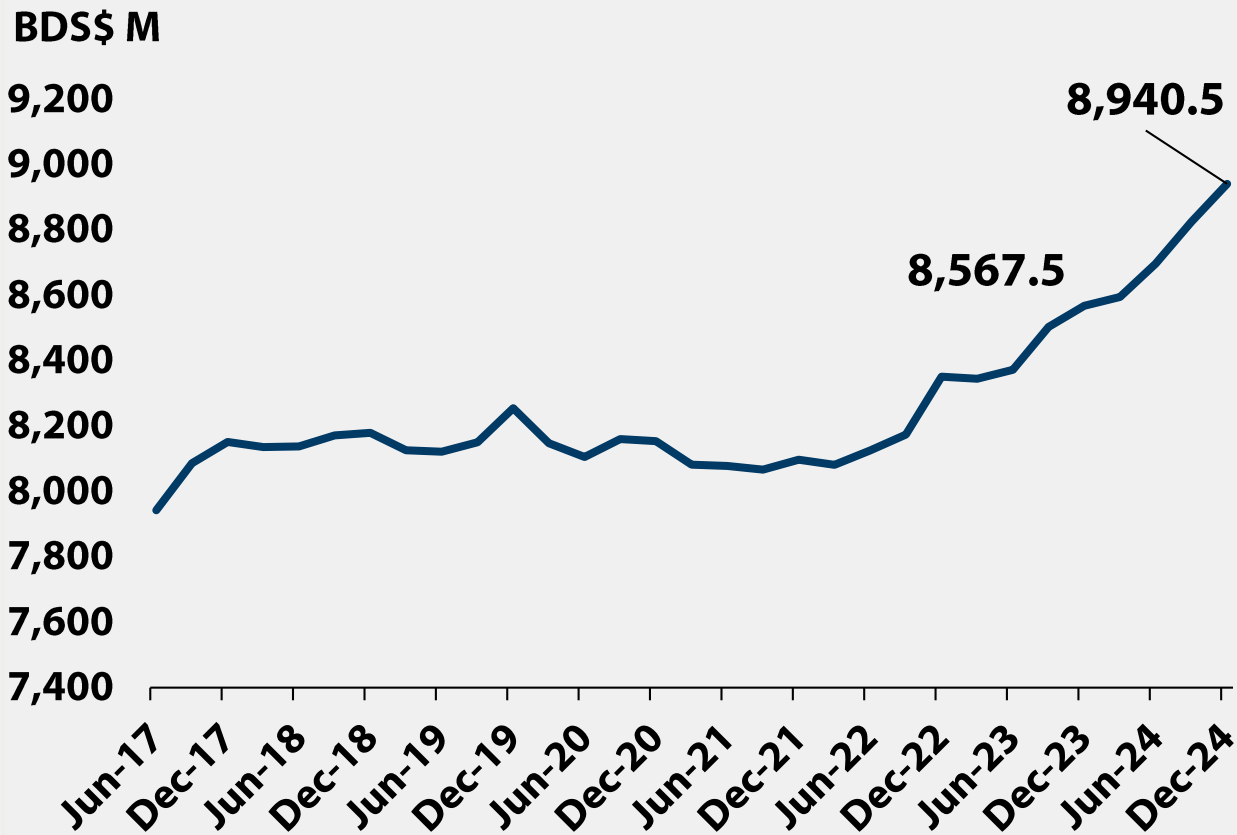


# Credit growth was notable

*Overall credit to the non-financial private sector grew over the 12-month period...*

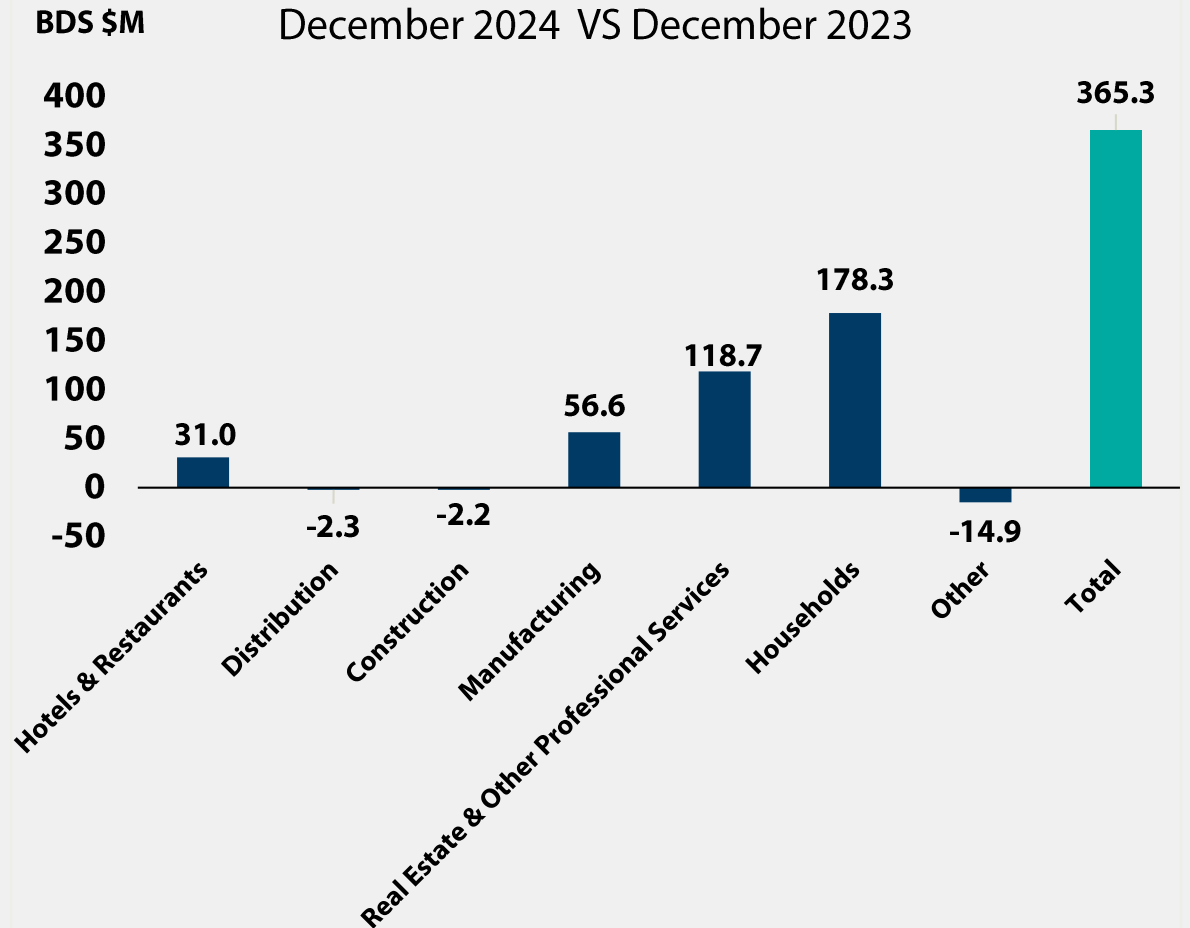
*...credit to the households, real estate & other professional services, and manufacturing offset repayments of loans by the other business and distribution sectors*

## Outstanding Credit to the NFPS



## Changes in Loan Balances of the NFPS

December 2024 VS December 2023

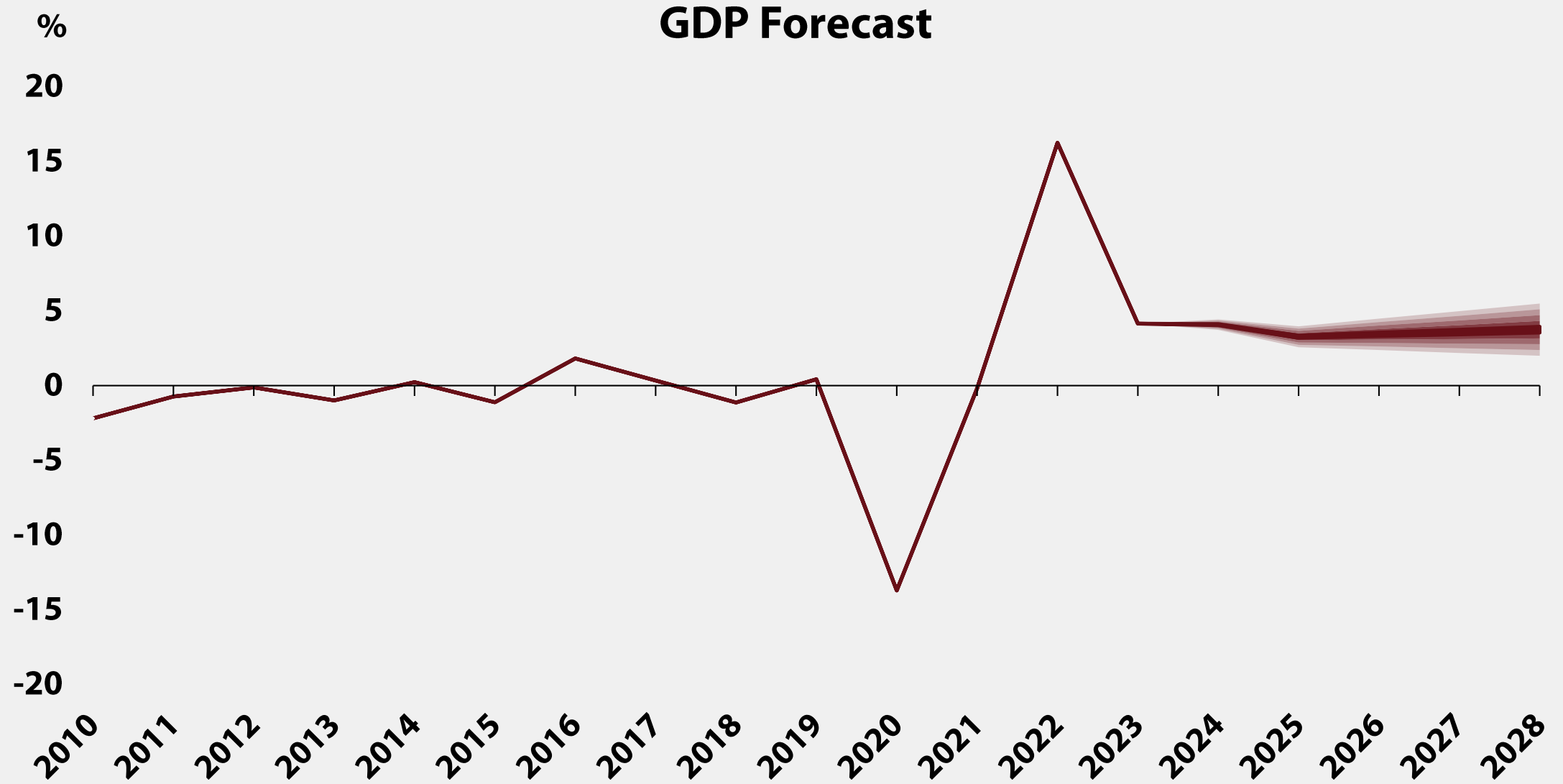




# **OUTLOOK FOR THE ECONOMY**

# Barbados' Economy Expected to Sustain Growth

*Real GDP should continue to expand by about 3 percent in 2025 and into the medium-term*



# Tourism will Drive Barbados' 2025 Economic Performance

- **Strong Interest in Travel to Barbados:** The appetite for Barbados' tourism product during the winter season remains strong, with increased forward bookings for the first quarter of 2025.
- **Cruise activity:** Cruise activity is also expected to surpass last year's figures, with 34 additional cruise calls scheduled for 2025.
- **Economic Impact:** Increased visitor demand for local goods and services is set to boost economic activity in sectors like wholesale & retail and transportation.
- **Investment is critical:** The country needs investment in areas such as tourism, infrastructure, and the energy sector, including renewable energy, to support this growth. The construction and financial services sectors will benefit from increased investment.

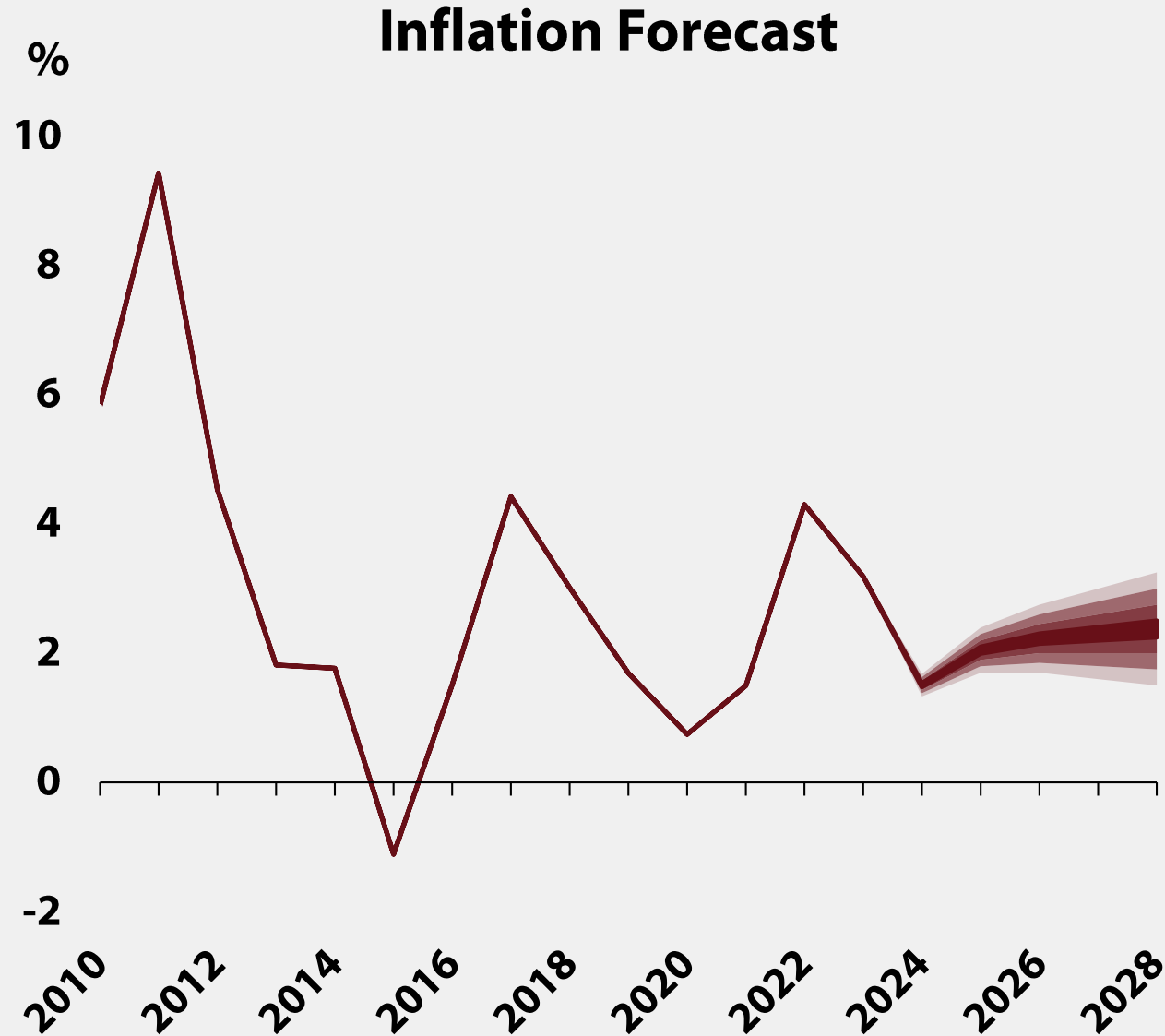


# Uncertainties and Risks to the Outlook: Challenges in Tourism and Economic Growth

- **Geo-political tensions, supply chain disruptions, and weaker growth in key markets such as the UK.:** pose risks to trade and inflation through rising freight costs and potential shocks to international commodity prices.
- **Climate Risks:** Hurricanes, floods, and other natural disasters can disrupt travel plans, damage infrastructure, and negatively impact the tourism and agriculture sectors. Environmental risks also threaten productivity in the agricultural sector.
- **Failure to increase investment and reform SOEs** could jeopardise growth prospects.

- 
- **Global Economic Outlook:** Faster global growth could augur well for the country. The current (IMF) growth forecast is 3.3%, driven by advanced economies such as the USA, the Euro Area, and Canada.
  - **Accelerating investments, particularly in renewable energy infrastructure:** will reduce fossil fuel dependence, generate employment, and stimulate local industries.
  - **Faster SOEs' reforms:** Reducing reliance of fiscal support, leave fiscal space for increased public investment.

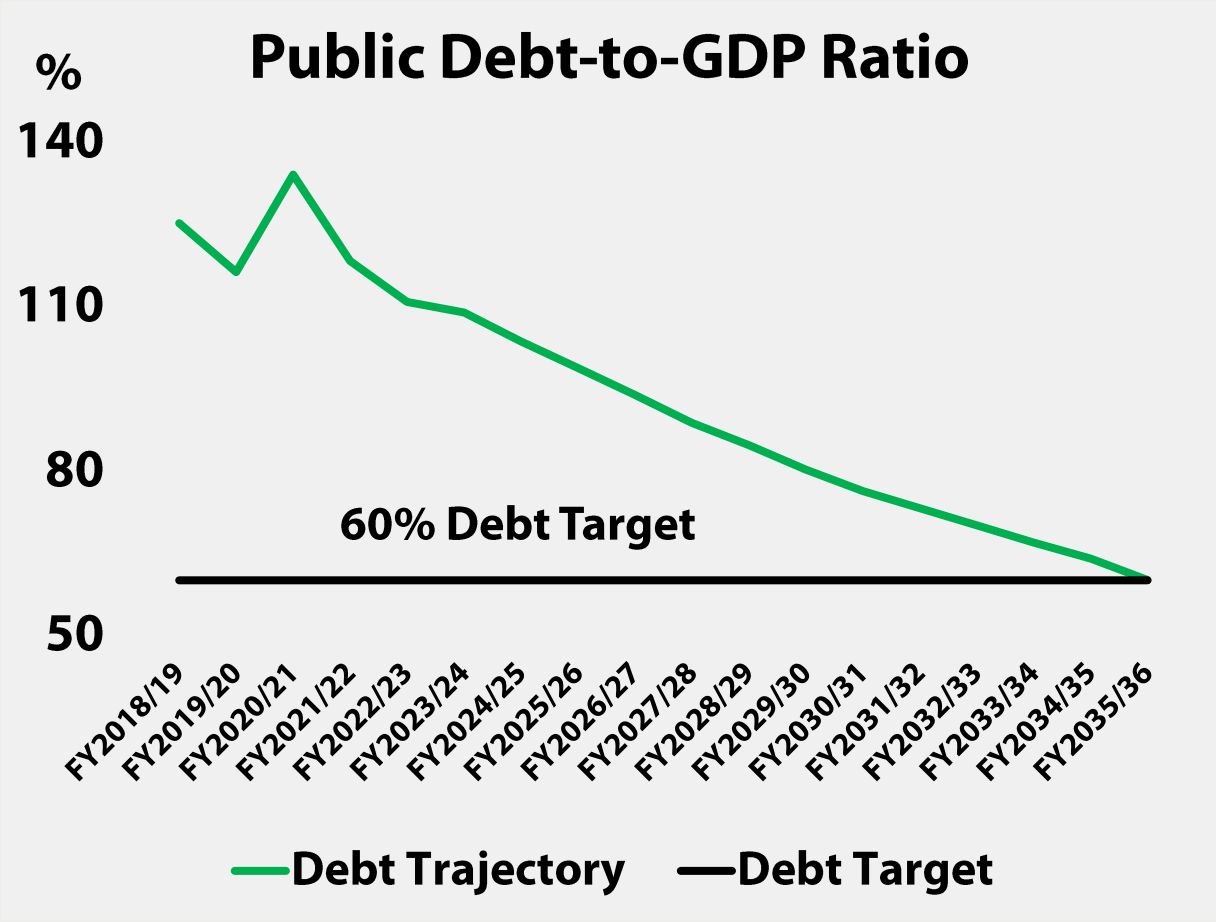
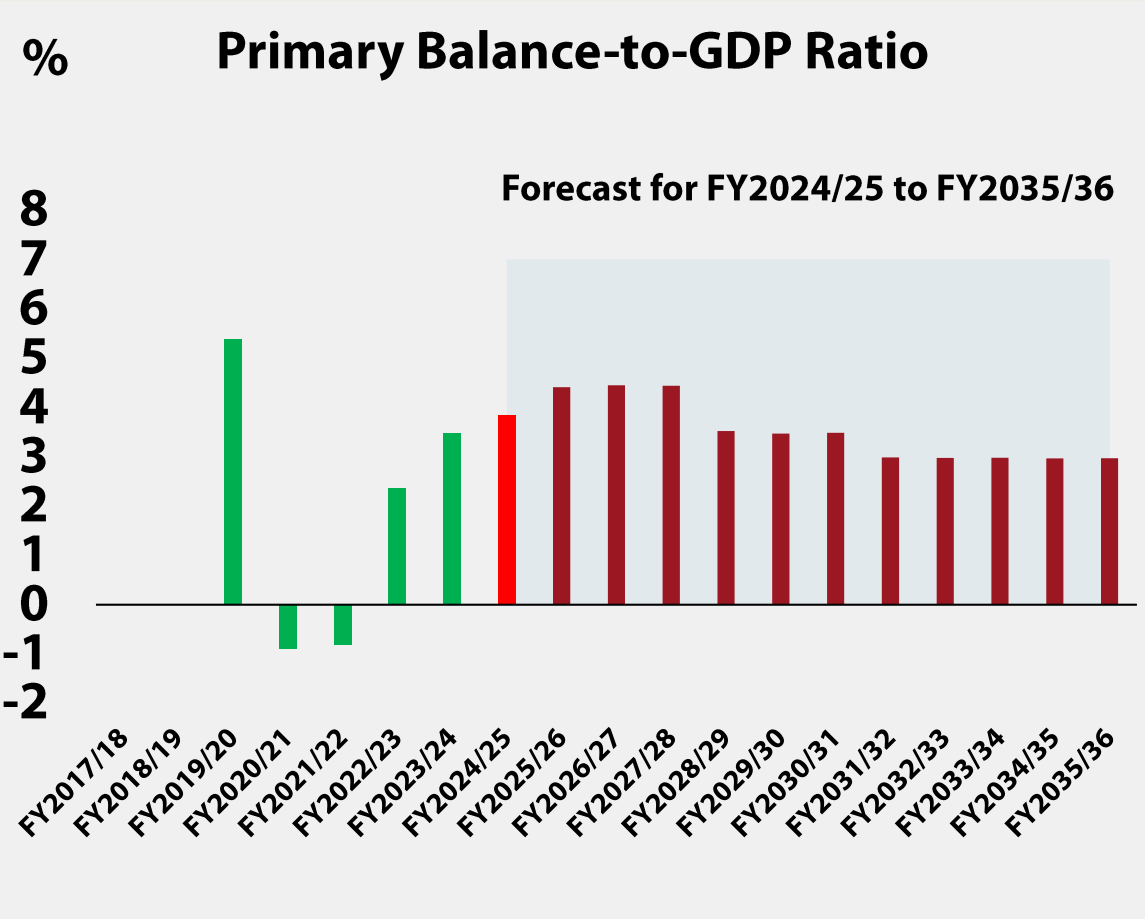
# Inflation should continue to moderate in the short- to medium-term



- The 12-month moving average inflation rate is expected to be within the range of 1.5 to 2.5 percent for the periods ending 2024 and 2025.
- 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.*



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 in a bold, yellow, sans-serif font with a white outline.

**THANK YOU**