Press Release

Review of Barbados' Economic Performance:

January to September 2023

"Barbados on the Rise: Unpacking the Economic Resurgence in 2023"

Overview

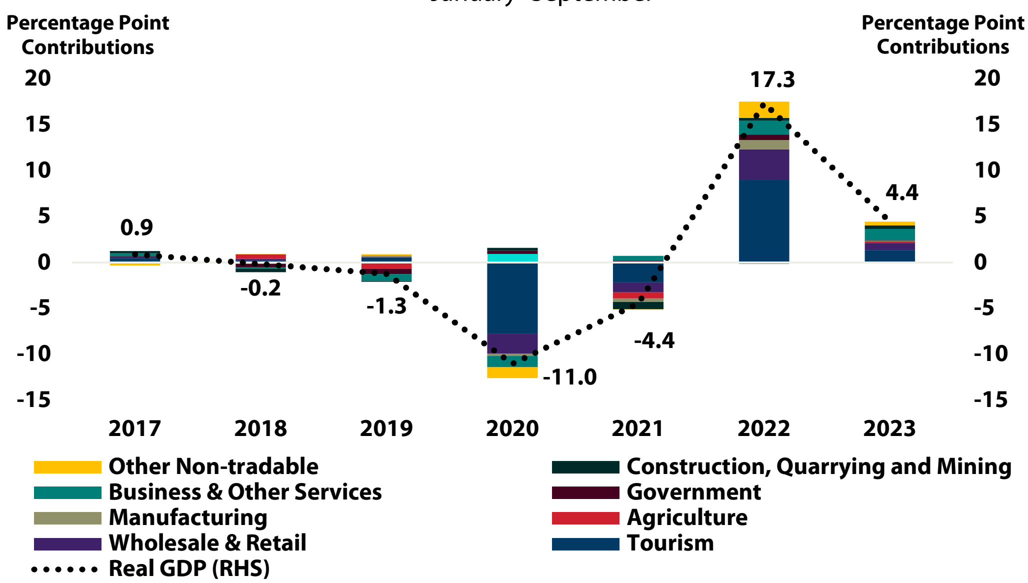
KEY INDICATORS: January to September 2023

GDP Growth 4.4 percent	**Inflation** 5.5 percent	**Unemployment** 8.5 percent	**International Reserves** $2.9 billion
Current Account -$805.9 million	**Primary Surplus (FY)** $274.9 million	**Fiscal Balance (FY)** -$61.1 million	**Gross Public Sector Debt** 115.4 percent of GDP

Barbados' economy expanded by 4.4 percent in the first nine months of 2023, the largest nine-month expansion since 2006, excluding the pandemic recovery period. This performance also accounts for the tenth consecutive quarter of economic growth. Broad-based growth boosted tax collections[1], improved labour market conditions, reduced the debt-to-GDP ratio, narrowed the trade deficit, increased foreign reserve levels, and improved credit quality as well as bank profitability.

Figure 1: Real GDP Growth and Sectoral Contributions

January- September



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

Tourism activity continued to spur Barbados' economic expansion during the first three quarters of 2023. Intensified marketing campaigns in key source markets, increased airlift, sporting events, and a full return to Crop-Over festivities fuelled the continued recovery in the tourism sector. The growth in the tourism industry boosted construction and other non-traded activities. Overall, non-traded sectors contributed just over half of real GDP growth.

[1] Adjusted for corporation taxes prepayment and the late issuance of land tax bills.

Barbados' external position strengthened during the review period. The current account deficit narrowed by $156.1 million relative to the comparable period of the previous year, resulting in a deficit of $805.9 million. An upswing in tourism receipts and a decline in the value of imports led to this outturn. The external position also benefited from increased policy-based loan inflows. Consequently, the gross international reserves expanded by $88 million to reach $2.9 billion, equivalent to 30.3 weeks of imports of goods and services.

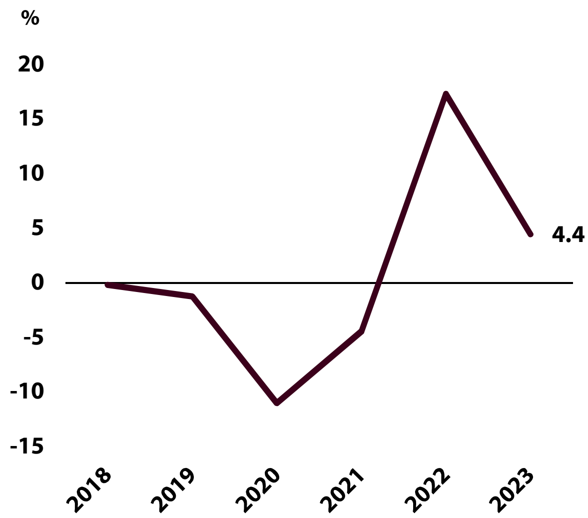
Government achieved its primary surplus target set under the BERT-2022 IMF-supported programme. The continued improvement in economic activity coupled with the timely transfer of taxes levied on external transactions contributed to this outcome. However, a shift in the timing of taxes on profits and properties offset some of the revenue gains. Higher interest costs, transfers to state-owned enterprises (SOEs) as well as increased wages and salaries pushed up spending. These developments led to Government recording a primary surplus of $274.9 million (2.1 percent of GDP), with a target of $218 million, and an overall fiscal deficit of $61.1 million (or -0.5 percent of GDP).

The debt-to-GDP ratio declined further over the review period. The ratio fell to 115.4 percent on account of increased economic activity. The debt stock expanded by approximately $187.7 million, primarily reflective of inflows from multilateral institutions for budgetary and developmental purposes, along with the private sector's uptake of Government securities.

Economic growth was the reason for improved financial sector indicators over the first nine months of 2023. This performance was marked by increased credit to businesses and robust financial stability indicators. The business sector borrowed more from commercial banks, leading to 1.7 percent growth in total credit from deposit-taking institutions (DTIs) to the non-financial private sector (NFPS). Deposits grew more slowly than in the comparable period a year earlier, because of higher drawdowns to facilitate loan repayments, households' travel, increased imports by businesses, and larger holdings of Government securities by individuals and businesses. Credit quality continued to strengthen, while capital adequacy and liquidity ratios remained elevated.

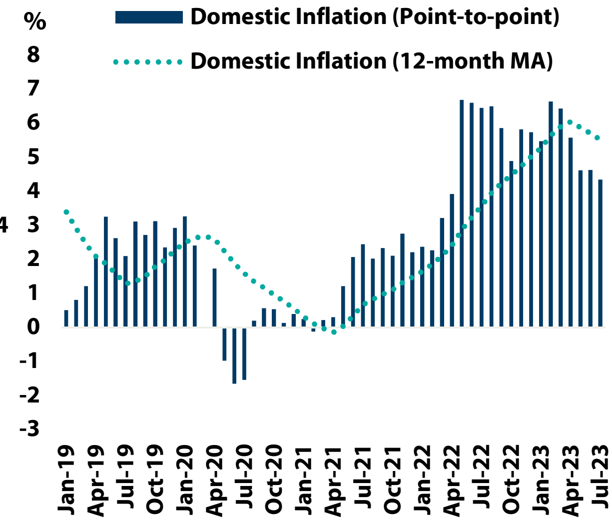
Figure 2: Selected Economic Indicators

Cumulative Real GDP Growth
January-September



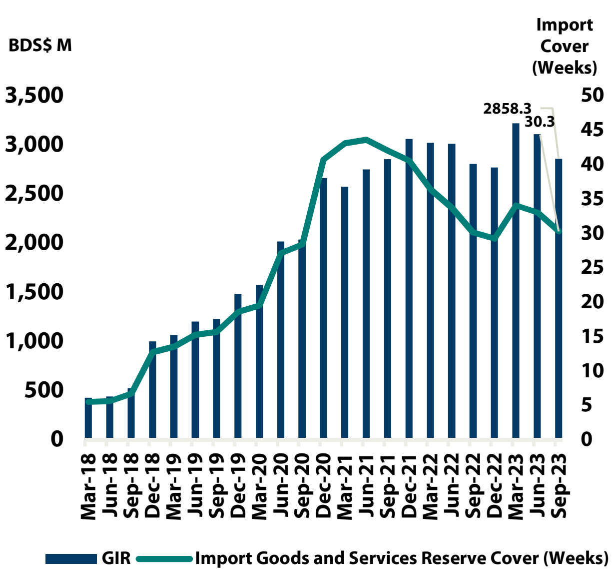
Sources: Central Bank of Barbados and Barbados Statistical Service

Domestic Inflation
January-September



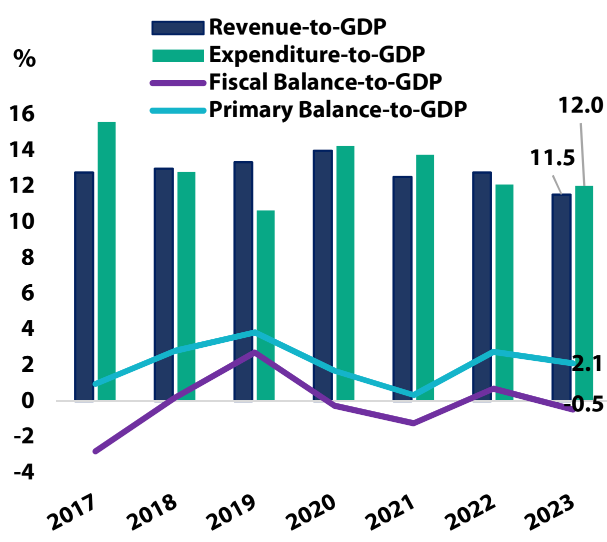
Source: Barbados Statistical Service

Gross International Reserves (GIR) & Import Cover



Source: Central Bank of Barbados

Fiscal Indicators
April-September



Source: Ministry of Finance

Economic Activity

The continued expansion of Barbados' economy was enabled by a significant uptick in tourism (bolstered by summer festivities) and construction activity, amidst the lingering effects of domestic inflation. The economy grew by 4.4 percent in the first nine months, a testament to the country's resilient economic landscape marked by heightened visitor arrivals, improved hotel occupancy rates, and increased construction. The reduction in unemployment rates further underscores the positive trajectory, as the nation builds on its ongoing economic momentum.

Tourism

Tourism recovery accelerated during the summer. Increased marketing efforts and airlift expansion led to a significant improvement in visitors from the United States. Arrivals from the UK, Barbados' largest tourism market, was just slightly below 2019's level as that market continues to perform strongly. The full itinerary for the Crop Over festival and Caribbean Premier League cricket matches also drew higher numbers of Caribbean visitors. By end-September 2023, long-stay arrivals rose by 18.7 percent above the comparable figure for last year, representing more than 450,000 visitors. However, long-stay arrivals are still below the pre-pandemic average of 502,000 visitors. Airline seating capacity improved significantly in the first nine months of 2023 relative to the same period last year, though not yet back to pre-pandemic levels.

Table 1: Tourism Arrivals by Source Market

January - September

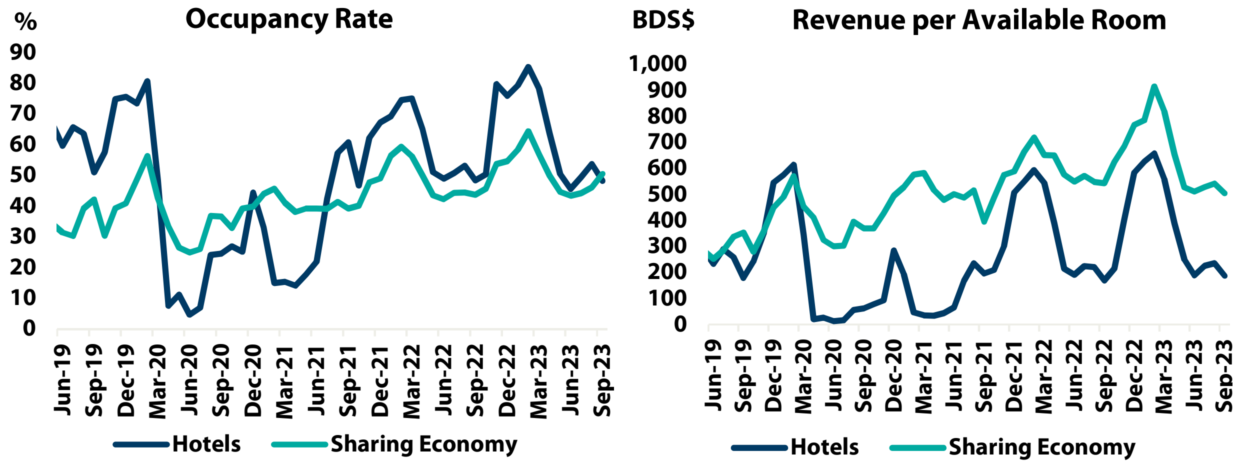
MAJOR MARKETS	2019	2020	2021	2022	2023	Absolute Change (2022/23)	2023 as % 2017-19 Arrivals
UNITED STATES	168,281	36,666	21,910	112,239	128,794	16,555	83.4
CANADA	61,768	29,127	10,089	36,196	54,258	18,062	86.5
UNITED KINGDOM	171,121	52,375	15,546	162,987	168,053	5,066	104.2
EUROPE	24,486	16,419	3,925	17,089	19,841	2,752	75.5
CARICOM	75,971	19,333	9,660	40,289	66,055	25,766	84.7
OTHER	19,254	13,929	2,094	11,707	14,490	2,783	73.6
TOTAL ARRIVALS	**520,881**	**167,849**	**63,224**	**380,507**	**451,491**	**70,984**	**89.9**
In-transit Arrivals	443,133	250,559	5,714	118,266	295,386	177,120	63.9
Total Cruise Calls	278	219	44	204	245	41	74.9

Source: Barbados Statistical Service

The strong tourism performance supported an expansion in occupancy and revenues for accommodation. Heightened demand for accommodation resulted in a 3.3 percent year-to-date increase in hotel occupancy rates. Increases in average daily room rates resulted in a 7.1 percent rise in revenue per available room (RevPAR). In the sharing economy, occupancy rates and RevPAR for the "entire place" rose by 5.2 percent and 5.8 percent, respectively.[2] Booked room nights in the sharing economy increased by 4.5 percent over the first nine months of 2023.

[2] The sharing economy relates to activities generated by agents who buy or rent commodities and services through a digital platform. In the context of tourism accommodation, the term refers to agents who use platforms such as Airbnb and Vrbo to advertise availability of rooms for short-term accommodation. An entire place usually includes a bedroom, a bathroom, and a kitchen.

Figure 3: Tourist Accommodation Indicators



Sources: Smith Travel Research and AirDNA

Sources: Smith Travel Research and AirDNA

In-transit cruise ship arrivals once again slumped during the summer months.[3] Cruise activity came to a virtual stand-still as providers opted for more lucrative markets because of lower demand for the Southern and Eastern Caribbean regions during the summer months. However, activity during the first quarter of 2023 contributed to cruise arrivals growing by an additional 177,120 in-transit arrivals, relative to the same period last year. Forty-two additional vessel calls supported this increase.

Global Business Sector

Activity in the global business sector expanded. The country issued 20 more foreign currency permits during the review period compared to the same nine months last year.[4] Increased activity bolstered foreign exchange earnings. Employees' gross income increased by approximately 6.3 percent during the first eight months of the year, mirroring an increase in rates of pay.

Other Traded Activity

Agricultural production improved relative to 2022, despite adverse weather conditions. Overall output in the sector rose by roughly 10.7 percent. Food crop production increased by 22.5 percent in the first nine months of the year relative to the same period in 2022. Increases in peas, cauliflower, and chives drove the growth in vegetable crop output, while sweet potatoes and cassava production pushed up root crop harvest. The extreme heat reduced milk production by 7.2 percent during the third quarter, culminating in a 0.3 percent decline over the first nine months of the year. Chicken production was also affected by adverse weather conditions. Fish landings continued to be negatively impacted by sargassum seaweed and historical overfishing.

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[3] In-transit cruise passengers are visitors who leave the cruise ship for the day.

[4] A company, firm or society that earns one hundred percent of its income in foreign currency and can apply for a foreign currency permit.

An Overview of the Expansion in the Basket of Food Crops for GDP Estimation

Traditionally the Barbados Statistical Service (BSS) estimated agriculture value-added for GDP using 17 selected food crops. The selected crops were chosen because both price and quantity data could be consistently sourced for GDP estimation. These 17 select crops represent on average 75 percent of the total production of all crops provided by the Ministry of Agriculture, Food and Nutritional Security (MAFS). The MAFS supplies data on these selected food crops monthly (see Table 1 below).

The economy's structure and production patterns have evolved over time and as such, it has become necessary to relook the basket of food crops included in the GDP estimation. A proposed 24 additional food crops will be incorporated into the calculation of food crop production value-added. The number of crops included will be contingent upon the availability of reliable data of both price and production quantities from producers. Commonly consumed fruits like plantains, paw paw, and cantaloupe, and a more extensive selection of herbs will now be added into the assessment (see Table 1). This approach aims to capture a more precise representation of Barbados' current agricultural landscape, ensuring that the contribution of a wider range of food crops to the country's GDP is duly recognised.

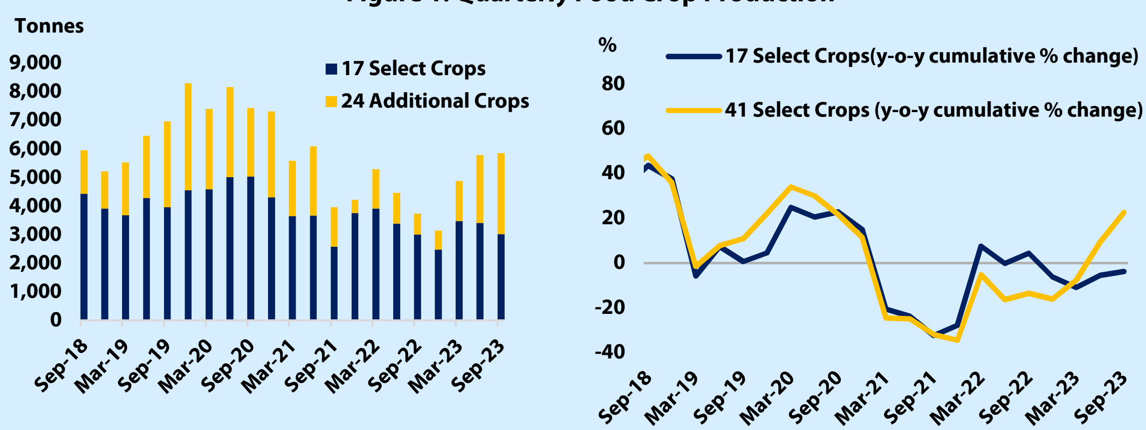
Table 1: Selected Food Crop Items

17 Select Crops				24 Proposed Additional Food Crop Items					
1	Bean	11	Pepper (sweet)	1	Cauliflower	11	Dill	21	Onion
2	Beet	12	Potato (sweet)	2	Egg Plant	12	Basil	22	Peas
3	Cabbage	13	Pumpkin	3	Bonavise	13	Paw Paw	23	Peanut
4	Carrot	14	Squash	4	Chive	14	Squash (finger)	24	Corn
5	Cassava	15	Tomato	5	Thyme	15	Chinese Cabbage		
6	Cucumber	16	Watermelon	6	Marjoram	16	Runcifers		
7	Eddoe	17	Yam	7	Parsley	17	Banana		
8	Lettuce			8	Spinach	18	Plantain		
9	Okra			9	Cantaloupe	19	Figs		
10	Pepper (hot)			10	Muskmelon	20	Zucchini		

Source: Ministry of Agriculture, Food & Nutritional Security

Using the selected 17 food crops, production averaged 3,800 tonnes from September, 2018 to September 2023 (see Figure 1). At the end of 2022, total food crop production accounted for about 30 percent of total non-sugar agriculture output, alongside fish, meat and egg production. This translates to about $47.8 million in total real value-added to GDP at the end of last year. With the inclusion of an additional eight crops for which pricing and quantity data was readily available, food crop production's contribution increased to about 50 percent of non-sugar agriculture output for the same period. Once the 24 additional food crop items are included in the value-added calculation, food crop output is likely to increase to around 5,600 tonnes on average. The additional coverage is expected to boost the sector's contribution to real value-added.

Figure 1: Quarterly Food Crop Production



Source: Ministry of Agriculture, Food & Nutritional Security

The food, beverage, and furniture sub-sectors buoyed manufacturing output despite a drop in non-metallic mineral production. The manufacturing sector registered a modest improvement of 1.2 percent in the first nine months of 2023 owing to an expansion in food and beverage output. Rum production was boosted by export demand. Additionally, manufacturing of chemicals and furniture increased by an estimated 1.2 and 2.1 percent, respectively. These increases were however offset by a 19.7 percent contraction in non-metallic mineral production, due to a decline in domestic cement production. In March 2023, the Arawak Cement plant announced the cessation of the production of clinker locally, a key component of cement. The company has continued to operate in Barbados as a grinding plant while importing clinker from its regional partners.

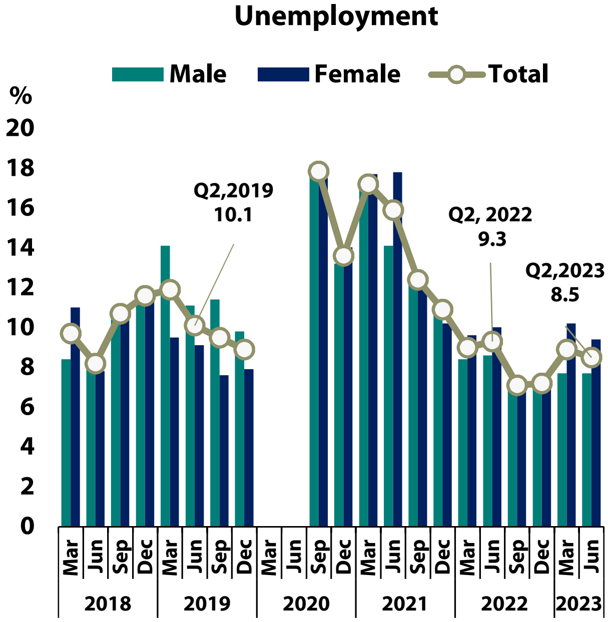
Non-Traded Activity

Higher output in business, retail business, construction, and renewables fuelled growth in the non-traded sector. These activities drove a 3.5 percent expansion in the non-traded sector. Spillovers from tourism and the Crop-Over Festival pushed wholesale & retail trade up by 5.2 percent. The continuation of major tourism projects and the Government's roadwork programme supported construction activity. The increased demand for energy from commercial and industrial users led to a 2.9 percent expansion in electricity, gas & water output. Electricity generated from renewable energy sources increased by 25.2 percent.

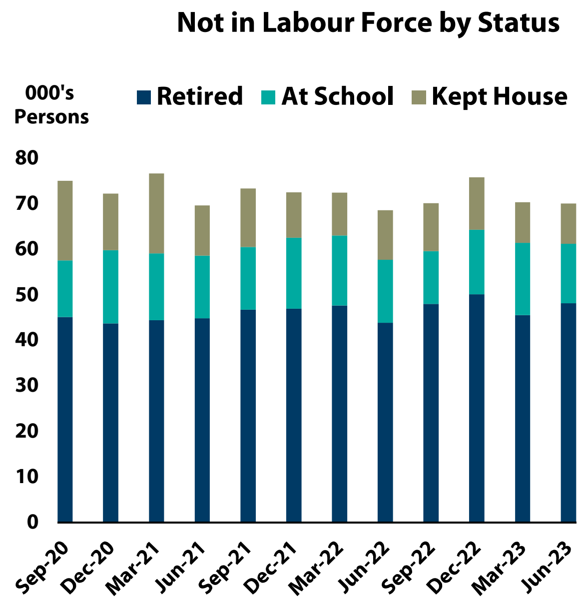
Labour Market

The number of unemployed persons fell in the second quarter. The unemployment rate declined from 9.3 percent in the second quarter of 2022 to 8.5 percent by the end of the same period in 2023. Employment in the wholesale & retail trade, and the transport & communications sectors rose relative to the same period last year, with the improvement in overall economic activity. Additionally, there were other key indicators of labour market recovery: more job seekers spent fewer than three months searching for work; unemployment claims continued to trend around pre-pandemic levels. With more workers retiring, the labour force participation rate contracted by 1.9 percentage points.

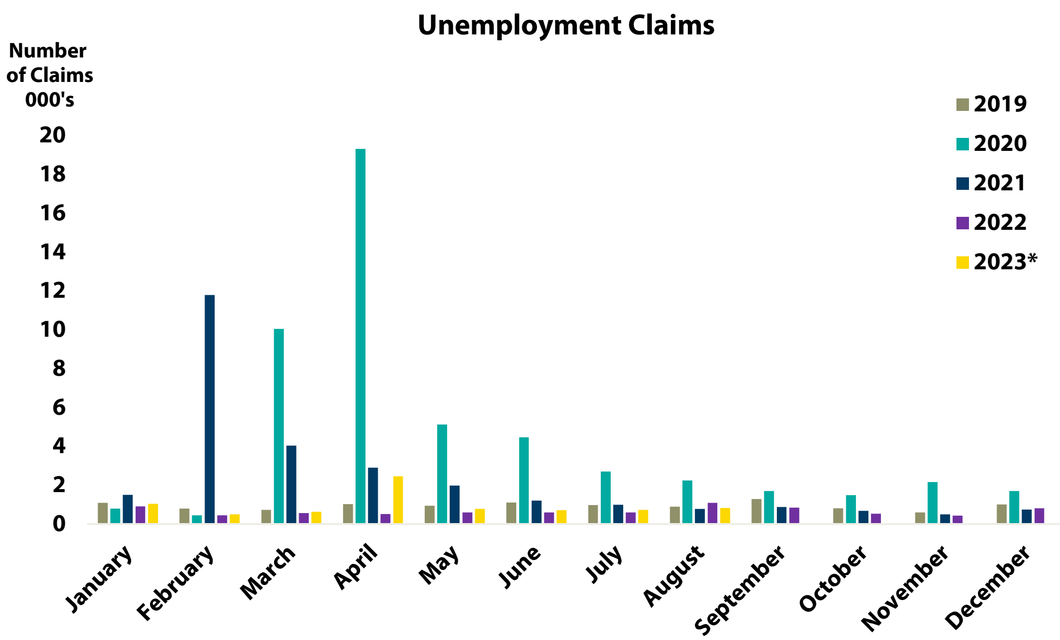
Figure 4: Selected Labour Indicators



Source: Barbados Statistical Service



Source: Barbados Statistical Service



*Data as at August 2023
Source: National Insurance Scheme

Prices

Inflation continued to slow. The point-to-point inflation rate slowed to 4.3 percent in July 2023, from 6.4 percent one year prior. The gasoline and electricity sub-indices continued to decline. Lower oil prices over the first nine months of the year eased imported inflationary pressures despite the recent uptick in global energy prices, which resulted in a 1.7 percent increase in average crude oil prices in September. Freighting and distribution expenses benefitted from relatively lower average energy costs and the resolution of supply chain challenges from the pandemic era.

Domestic factors continued to weigh on the inflation rate. Despite higher overall agricultural production, shortages of tomatoes, cabbages, sweet peppers, carrots, and sweet potatoes throughout the first half of the year drove up the price of local vegetables. International shortages of vegetable oils, seeds, and other grains due to the collapse of the Black Sea Grain Initiative[5], combined with higher local prices for meats and fish, exerted upward pressure on inflation. Rising demand for dining, recreational and cultural activities, and general economic growth also contributed to keeping inflation elevated.

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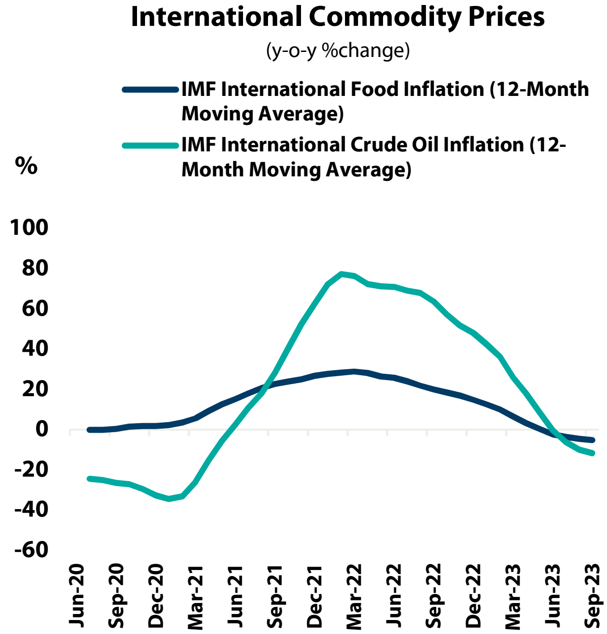
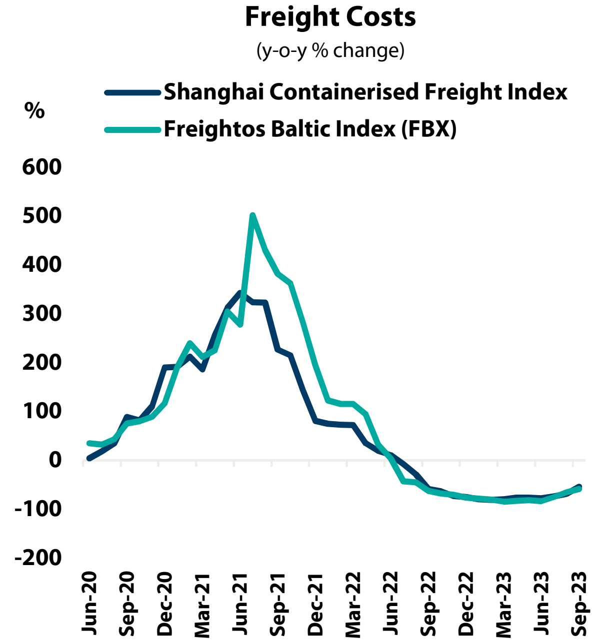
[5] An initiative that functioned from July 2022 to July 2023 to facilitate the transport of vital food and fertilizer exports from Ukraine to the rest of the world.

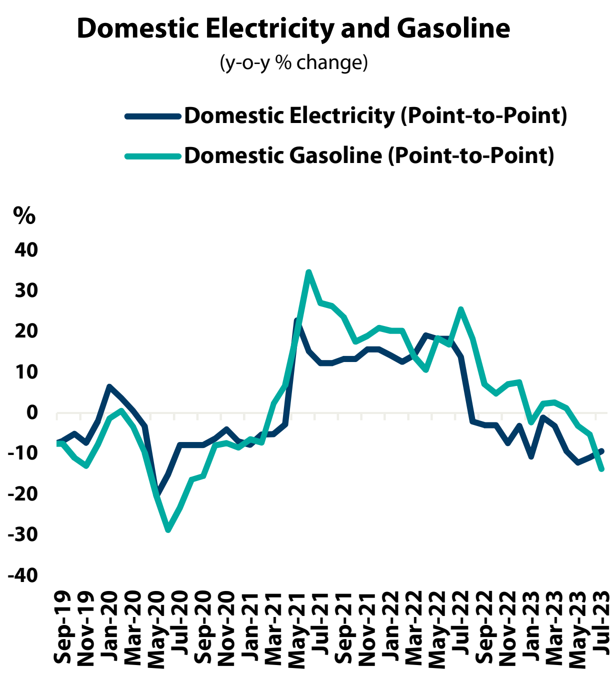
Figure 5: Domestic and International Price Developments



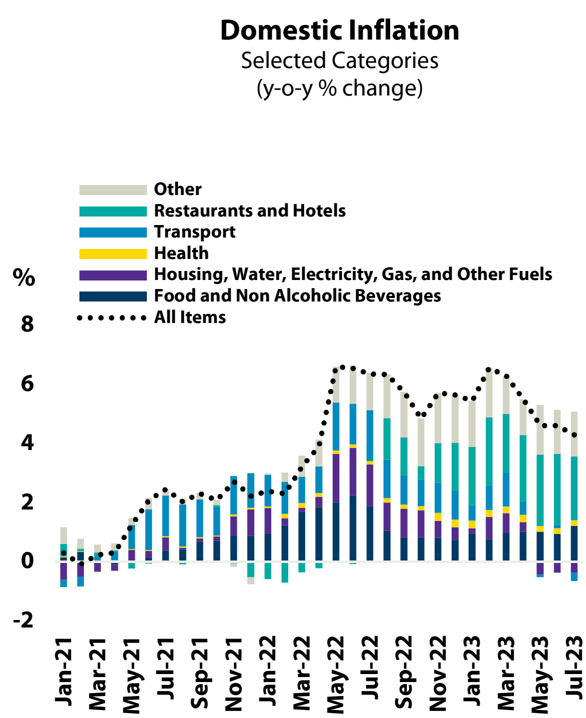
Source: International Monetary Fund



Sources: MacroMicro and Freightos



Source: Barbados Statistical Service



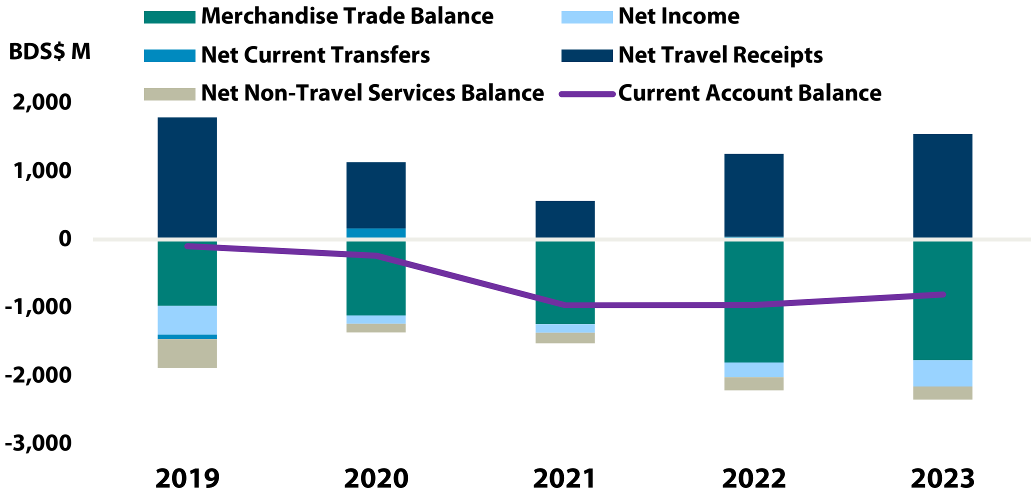
Source: Barbados Statistical Service

External Position

Barbados' external position continued to strengthen. The current account deficit narrowed by $156.1 million, relative to the same period last year, to achieve a lower deficit of $805.9 million. The improved current account position mainly reflected increased tourism receipts and a decline in the value of imports. Moreover, their performance outweighed the significant increase in dividend outflows to external investors.

Figure 6: Current Account Balances

January - September

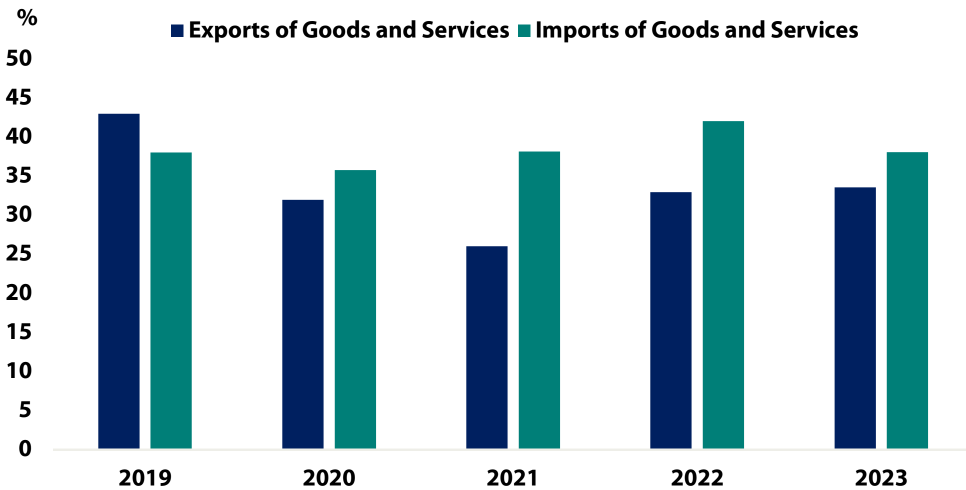


Source: Central Bank of Barbados

Merchandise Trade Developments

The merchandise trade deficit narrowed primarily due to falling international energy and food prices. The value of imports declined by 2.5 percent, owing to decreased outlays on fuel, chemicals and construction materials, which more than offset increases in spending on motor vehicles, machinery, and food and beverages. Total merchandise exports declined by 3.3 percent relative to the corresponding period last year. A decrease in domestic exports of construction materials and fuels was more significant than the increase in food and beverage exports, specifically rum, contributing to a 6.2 percent decline overall. Re-exports of goods declined by 8.5 percent with fuel re-exports accounting for most of the contraction.

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



Source: Central Bank of Barbados

Travel and Other Services

Tourism earnings continued to be the dominant contributor to the surplus on the services account. Tourists' expenditure increased by $333.2 million when compared to the same period last year. Higher inflows for management services also contributed to the surplus. However, due to the continuing improvement in economic activity, outflows for transportation, and travel and reinsurance services by residents increased, the last category reflecting rising climate-related risks.

Income and Current Transfers

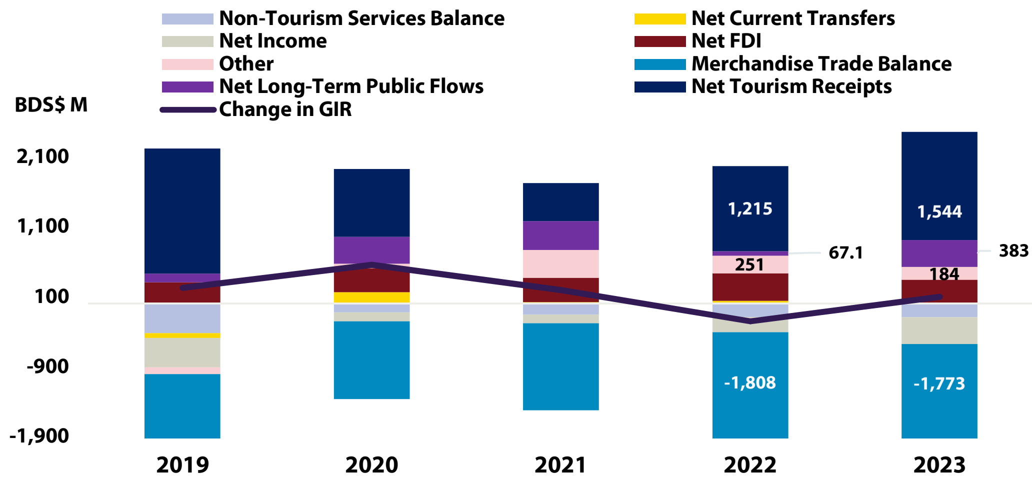
Barbados recorded a larger net outflow of income and current transfers than in the same period last year. In line with improved profitability in the corporate sector, larger cross-border dividend payments by resident entities led to greater foreign exchange outflows. Also, rising global interest rates pushed up interest payments on foreign debt for both the public and private sectors. On the inflow side, commercial banks and other entities earned higher interest on balances held abroad. Concurrently, current transfers declined owing to lower corporation tax receipts from the global business sector.

International Reserves

The stock of international reserves increased over the January to September period. Gross international reserves rose by $88.1 million to reach $2.9 billion, equivalent to 30.3 weeks of imports of goods and services. Higher tourism receipts, lower imports, and multilateral financing strengthened the reserves position.

Figure 8: Explanation of Reserve Movements

January – September



Source: Central Bank of Barbados

Fiscal Operations

A decline in direct tax receipts and increased interest expenses led to a small overall deficit in the first half of the fiscal year (April to September). Direct taxes fell by $131.1 million because of a shift in the timing of land tax bills and corporation tax collections, coupled with the end of the pandemic levy. However, more than half of the decline in direct taxes was offset by increases in transaction-based taxes such as VAT, excises, import duties and the fuel tax. The expenditure outturn was driven by an expansion in interest expenses which continued to mirror the rise in international interest rates and the step-up rates on domestic restructured debt. Other contributors to higher spending included public sector wages and salaries, grants to public institutions and to a lesser extent, capital spending. These developments resulted in a fiscal deficit of $61.1 million (-0.5 percent of GDP) and a primary surplus of $274.9 million (2.1 percent of GDP).

Revenue

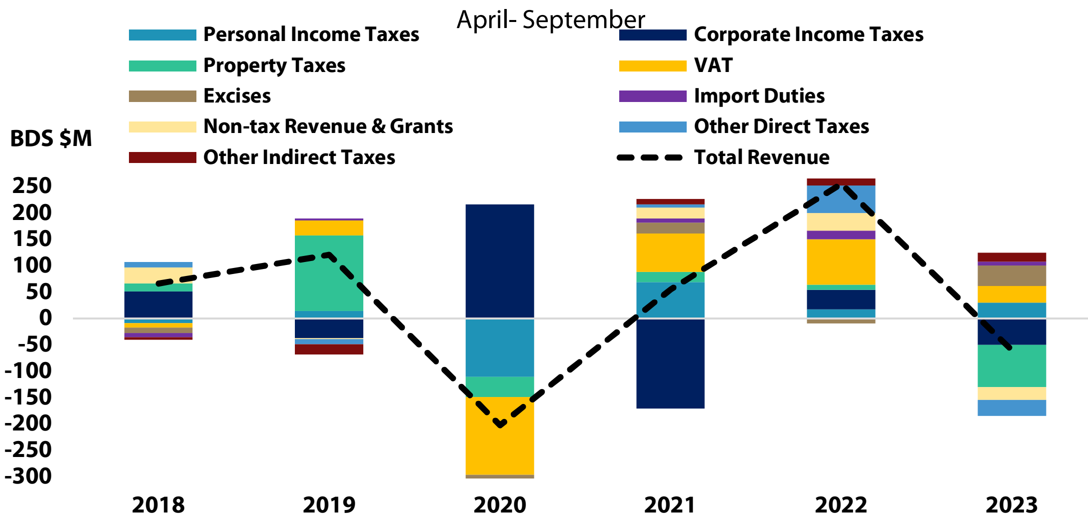
Direct taxes declined mainly due to delayed land tax bills, a shift in corporation tax receipts and the cessation of the pandemic levy. The main shortfall of $80.5 million in property taxes, resulted from the late issuance of land tax bills compared to FY2022/23. At the same time, corporate income taxes contracted by $50.1 million, as entities that would have settled their corporation taxes in June 2023, were now compliant with the requirement to prepay in the third quarter (October – December) of FY2022/23.[6] The discontinuation of the pandemic levy resulted in a $28 million drop in collections at the end of the period.[7] However, personal income taxes, which continued to benefit from rising compensation levels and employment, rose by $29.7 million.

[6] Corporate taxpayers are required to prepay 50 percent of the total tax liability for the previous income year by October 15, or December 15, depending on the end date of the company's fiscal period. During the COVID period, corporations were given an ease in complying with this requirement.

[7] The Pandemic Levy charged on individuals was implemented between April 1, 2022 and March 31, 2023 but some of the payments came in after March 2023.

Economic activity continued to boost indirect taxes. Timely transfer of import-related taxes supported a $94.9 million increase in indirect taxes. Excise and the fuel tax benefitted from a combination of higher imported fuel volumes in the sub-categories that attract these taxes and the timely transfer of collections that were stalled in the previous fiscal year. The $31.5 million boost in VAT receipts was in line with rising consumption and robust economic activity.

Figure 9: Changes in Major Revenue Categories



Source: Ministry of Finance

Expenditure

Higher global interest rates pushed up interest costs. Interest expenditure grew by $84.8 million during the first half of FY2023/24, following increases in both external and domestic interest components. External interest accounted for much of the increase, impacted by higher global interest rates on variable external debt, while the increase in domestic interest was driven by step-up rates on domestic restructured debt.

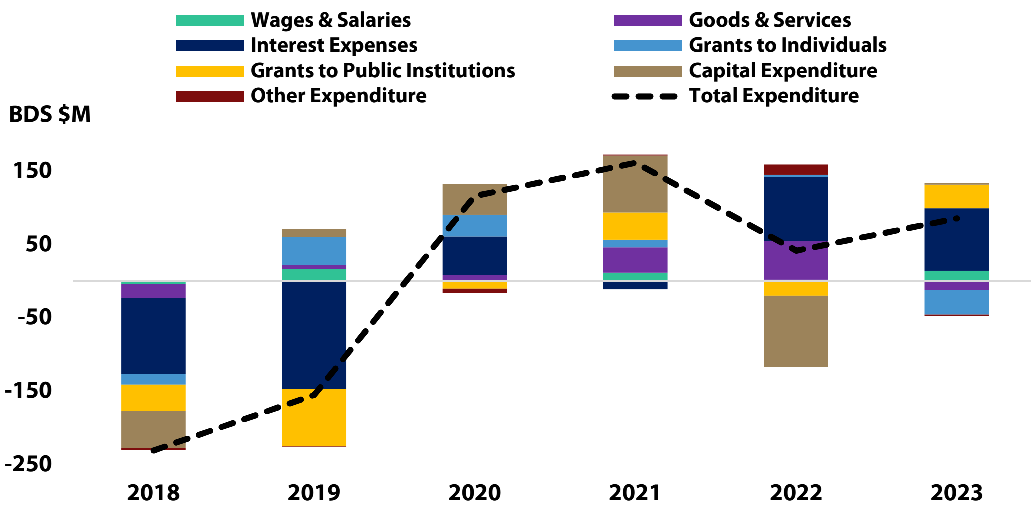
Spending on goods and services and transfers to individuals declined, while transfers to public institutions increased. Reduced spending on property maintenance and utilities accounted for the decline in expenditure on goods and services. The winding down of outlays to the Household Survival Programme as well as the timing of retirement benefits reduced transfers to individuals by $33.6 million. However, grants to public institutions ended the period $32.5 million above the amount for the previous fiscal year, largely due to the resumption of regular levels of funding to the University of the West Indies. Public sector wages and salaries increased by $14.1 million, reflecting the March 2023 pay settlement.[8]

Spending on water, road, and energy projects drove capital expenditure. Capital outlays totalled $61.9 million, comprising the Barbados Water Authority projects ($12.5 million), Road Rehabilitation & Improving Connectivity Projects ($8.4 million) and the Smart Energy Fund ($2.1 million).

[8] The March 2023 settlement of public sector pay negotiations included a cumulative 3 percent increase in salaries and allowances for FY2023/24 and FY2024/25.

Figure 10: Changes in Major Expenditure Categories

April- September



Source: Ministry of Finance

Debt and Financing

The Government's gross financing needs increased due to a lower primary surplus and an expansion in the debt service. For the first six months of FY2023/24, Government's gross financing needs rose by $134.6 million compared to the corresponding period of the previous fiscal year. The increase in the financing requirement resulted from a $61 million reduction in the primary surplus and higher debt service payments of $80.6 million. The expansion in the debt service was driven by higher interest expenses, as amortisation fell marginally.

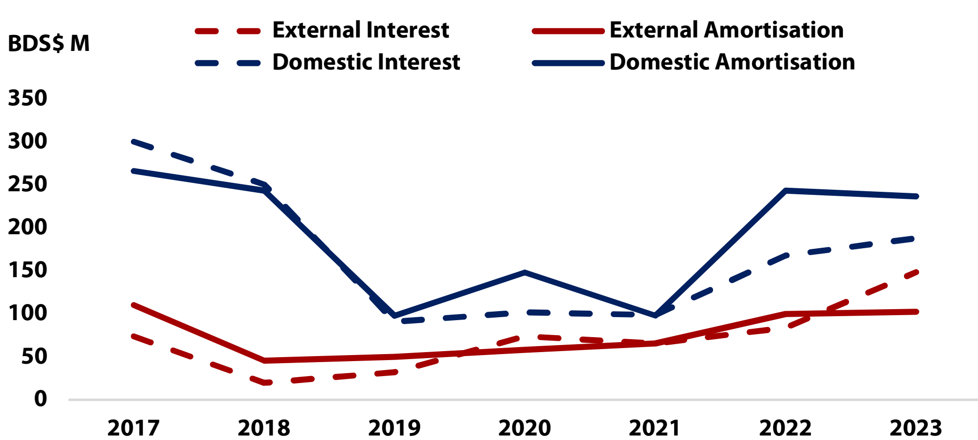
Table 2: Gross Financing Requirements
April- September

	FY22/23		FY23/24	
	BDS $M	% GDP	BDS $M	% GDP
Gross Financing Requirement	**280.7**	**2.5**	**415.3**	**3.3**
Primary Balance	335.9	*2.9*	274.9	*2.2*
Debt Service	**593.8**	**5.2**	**674.4**	**5.4**
Amortisation	**342.7**	**3.0**	**338.4**	**2.7**
Domestic	*243.1*	*2.1*	*236.2*	*1.9*
Foreign	*99.6*	*0.9*	*102.2*	*0.8*
Interest	**251.1**	**2.2**	**335.9**	**2.7**
Domestic	*167.5*	*1.5*	*187.8*	*1.5*
Foreign	*83.6*	*0.7*	*148.2*	*1.2*
Sinking Fund Contributions	**1.9**	**0.0**	**15.8**	**0.0**
Domestic Arrears Repayment	**20.9**	**0.2**	**0.0**	**0.0**

Sources: Central Bank of Barbados and Ministry of Finance

Interest payments were higher during the first half of the fiscal year, while amortisation declined. Interest outlays grew by $84.8 million, a result of an increase in interest rates on floating foreign debt, the additional disbursement of foreign funds since the corresponding period last year, the step-up feature of the restructured domestic bonds as well as the issuances of Barbados Optional Saving Scheme Plus (BOSS+) securities. Amortisation fell by $4.3 million from the similar period one year prior as domestic payments were lower due to the early repayment of a portion of Series E bonds to the National Insurance Scheme during the corresponding period last year.

Figure 11: Debt Service
April - September



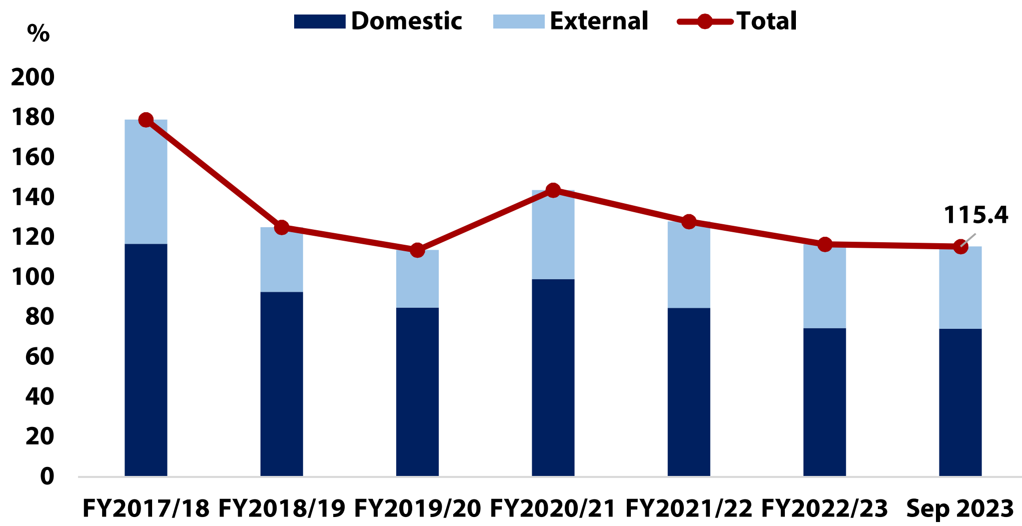
Sources: Central Bank of Barbados and Ministry of Finance

BOSS+ bonds and Government's deposits at the Central Bank were the primary source of domestic financing. $157.8 million of BOSS+ bonds were purchased during the first half of the fiscal year, of which, households and the financial sector, inclusive of credit unions, commercial banks, and insurance companies, were majority holders. The first issuance of treasury bills since the rescheduling of the debt, occurred during September as Government sought to increase the range of investment options for domestic investors. Government also drew down $144.6 million of its deposits at the Central Bank.

Multilateral institutions provided most of the foreign financing for the Government. Project funds totalling $23.2 million were received from the InterAmerican Development Bank (IADB) and the Development Bank of Latin America and the Caribbean (CAF) for projects related to road works and renewable energy. Policy-related loans from the IMF's Extended Fund Facility and the Resilience and Sustainability Facility totalled $76 million, with $38 million directed towards climate resilience.

Public sector debt, as a ratio of GDP, maintained its downward trajectory. At the end of September 2023, the debt-to-GDP ratio stood at 115.4 percent, approximately 1.2 percentage points lower than at the end of FY2022/23. The expansion in economic activity improved the ratio, as project funds, policy-based disbursements, and purchases of Government- investments contributed to the $187.7 million increase in the debt stock.

Figure 12: Debt-to-GDP

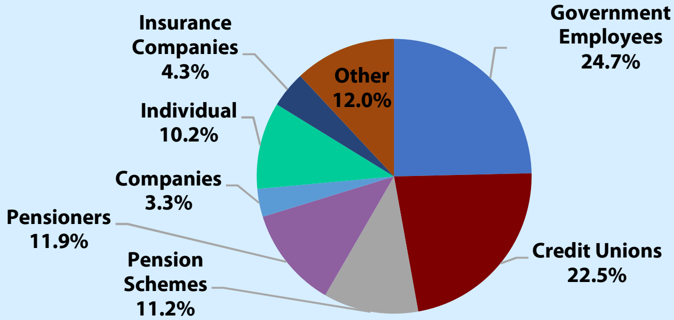


Sources: Central Bank of Barbados and Ministry of Finance

Re-engaging Barbados' Capital Market

The Barbados Optional Savings Scheme (BOSS), the first instrument issued since the 2018 debt restructuring, supported Government's financing needs following the fiscal challenges caused by the COVID-19 pandemic. The BOSS programme, an 18-month initiative, was initially earmarked for public sector workers, however the general public was allowed to purchase the BOSS bonds on the secondary market. At the end of September 2023, the majority holders of BOSS were government employees (24.7 percent), credit unions (22.5 percent) and pensioners (11.9 percent) (see Figure 1).

Figure 1: BOSS Bonds Holders as at September 2023

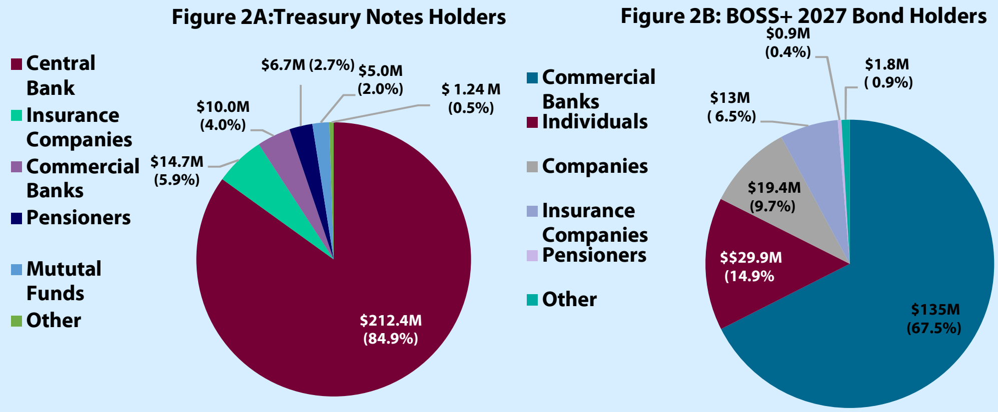


Source: Central Bank of Barbados

During September 2022, BOSS+ 2027 (Barbados Optional Savings Scheme Plus), an extension of BOSS was issued to the general public. The bonds were fully subscribed within 10 months, as the banking sector made significant purchases, and consequently, the financial sector, including commercial banks and insurance companies, accounted for most purchases (74 percent), while the non-financial private sector held the remainder. A new issuance, BOSS+2028, was made available to the public in July 2023 to provide further investment opportunities in the domestic market. The BOSS+ bonds include a natural disaster clause that allows for the deferment of the payments of amortisation and interest due on the bonds for a consecutive two-year period following the occurrence of a natural disaster or a pandemic event.

Treasury Note 2026 and Treasury Note 2027, (see Figure 2) were issued on the domestic market during the months of December 2021 and April 2022, respectively and totalled $125 million each. The funds from these two securities also aided with Government's gross financing requirement during FY2021/22 ($59.7 million) and FY2022/23 ($190.2 million), as revenues, particularly in FY2021/22 had not yet recovered from the impact of the pandemic. The majority of the treasury notes were purchased by the Central Bank and were financed from the proceeds of the $250 million inflow from the IMF Special Drawing Rights (SDRs), which were allocated to Barbados to assist with the pandemic recovery. The Central Bank's acquisition of Government securities (2.2 percent of GDP) remained within the limit of 3 percent of GDP permissible under the state of emergency clause in the 2020 Central Bank of Barbados Act.

Figure 2: Holders of Select Domestic Bonds as at September 2023



Source: Central Bank of Barbados

Table 1: Terms of Bonds in Capital Market

	BOSS	Treasury Note 2026	Treasury Note 2027	BOSS+2027	BOSS+2028
Issue Year	2020	2021	2022	2022	2023
Amount Issued	$83.8M	$125M	$125M	$200M	$200M
Interest Rate	5%	4.25%	4.25%	4.5%	4.5%
Natural Disaster Clause	No	No	No	Yes	Yes
Maturity	4 years	5 years	5 years	5 years*	5 years

*- bullet repayment

Sources: Central Bank of Barbados and Parliament of Barbados

Future Security Issuances and Facilities

The Barbadian financial system continues to be very liquid with around $3.0 billion in excess liquidity which can be mobilised into new investment opportunities particularly projects directed towards generating economic activity. At the same time, Government continues to have some financing needs that would be best financed by accessing the domestic capital market. Consequently, the Government of Barbados has restarted the issuance of the 90-day treasury bills during September 2023 and in the short-to-medium term, the traditional savings bonds are anticipated to come on stream.

Facilities to enhance the accessibility of bond purchases will also be made available. These facilities include the reverse auction programme and the bonds-on-demand facility at commercial banks and other financial institutions. The reverse auction programme[1] allows existing bond holders to sell their bond holdings in full or partial amounts at predetermined announced prices, while the bonds-on-demand facility provides an option to the general public to purchase securities from commercial banks, credit unions and other financial institutions through an "on-tap" programme.[2]

[1] The auction will be announced indicating the series of bonds, amount(s), category of bondholders, purchase price and the window for submission of the offers. Successful bondholders will be notified and the amounts credited to their accounts. The Central Bank is the fiscal agent for the reverse auction programme.

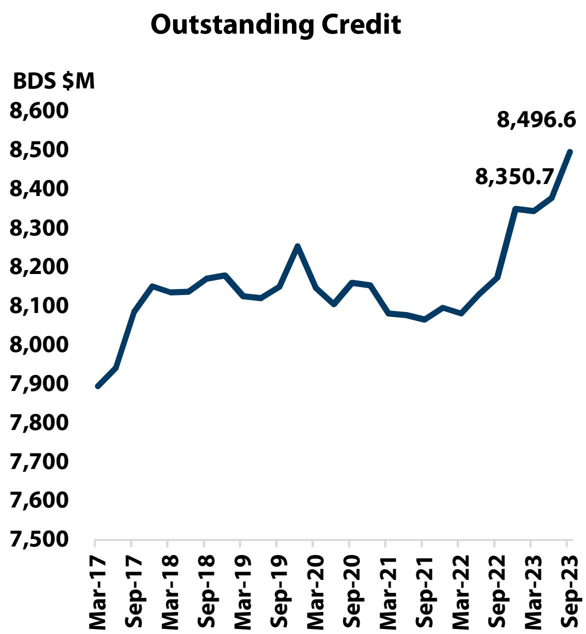
[2] The "on-tap" programme allows investors to purchase Government securities from commercial banks, credit unions and other financial institutions.

Financial Sector Developments

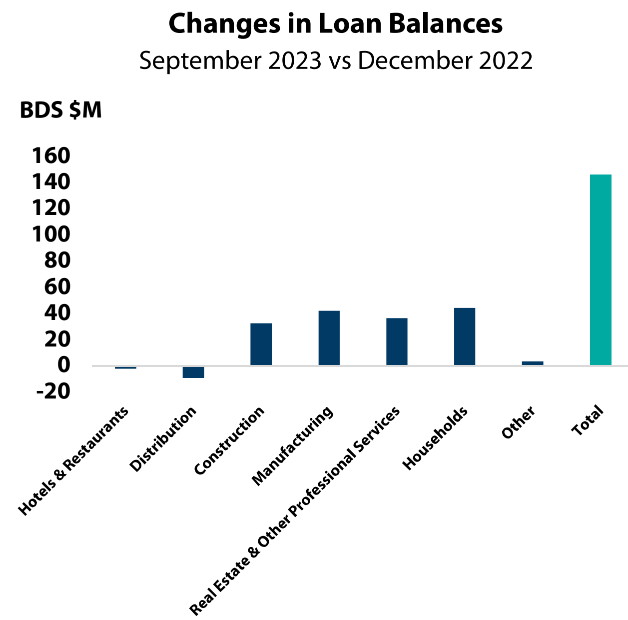
Outstanding credit to the NFPS expanded marginally over the review period. Increased credit demand from businesses, especially in the construction and manufacturing sectors, led to a 1.7 percent growth in credit to the NFPS. A total of $91.2 million in new loan disbursements was extended to businesses during the first nine months of 2023, some 20.5 percent more than in the comparable period of 2022. Moreover, business loans rose by 5 percent, with a significant portion directed to the purchase of property, plant, and equipment.

Lending to households increased but repayments offset some of the growth. New credit extended to households was approximately 5.9 percent higher than the amount for last year, spurred by increased demand for mortgages, primarily in the credit union sector. However, faster mortgage and credit card repayments in the commercial banking sector substantially eroded the increase in new loan disbursements, causing the overall balance owed by households to be only 0.5 percent higher than that at end-December 2022.

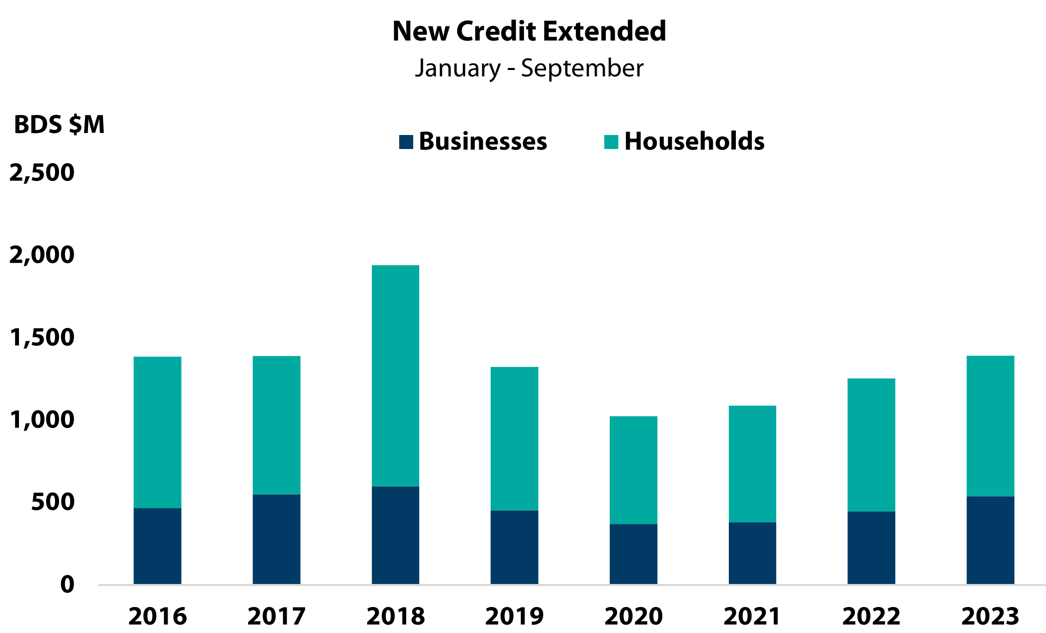
Figure 13: Credit to the NFPS



Sources: Central Bank of Barbados and Financial Services Commission



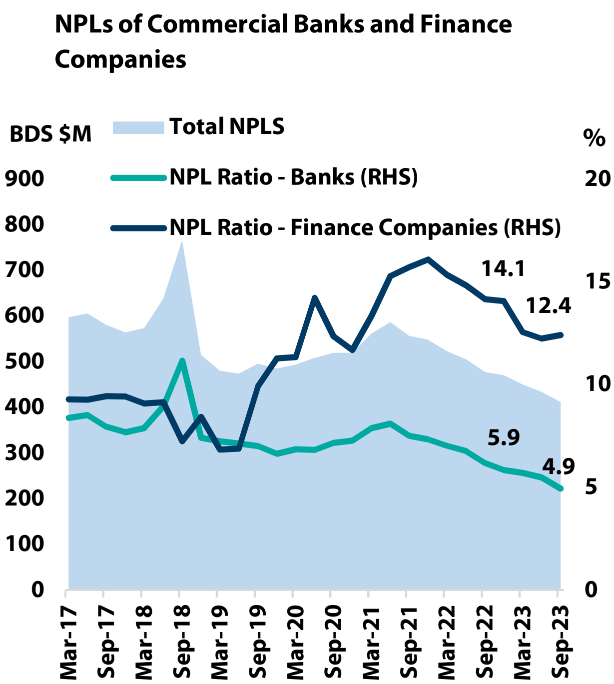
Sources: Central Bank of Barbados and Financial Services Commission



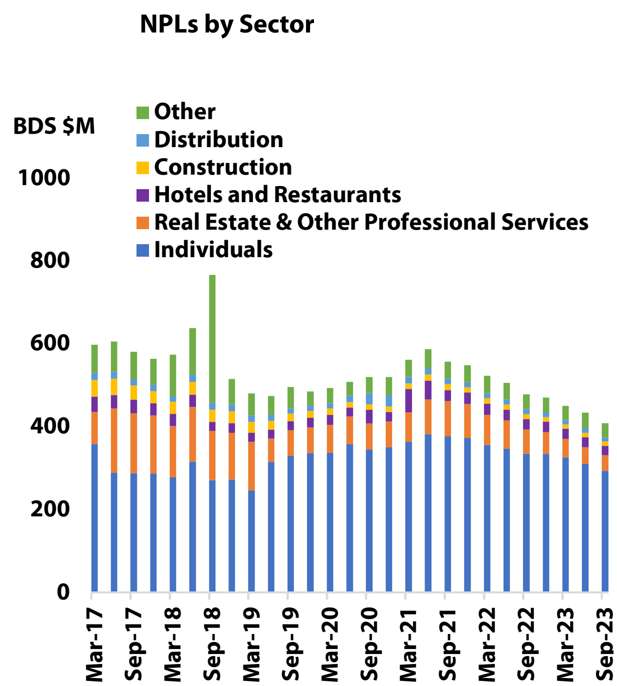
Sources: Central Bank of Barbados and Financial Services Commission

Non-performing loans (NPLs) continued to improve. NPLs in commercial banks and finance companies fell by 13.7 percent and 6.2 percent, respectively. Reduced loan delinquency in the households (12.3 percent) as well as real estate & other professional services (28 percent) sectors drove the improvement in NPLs.

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



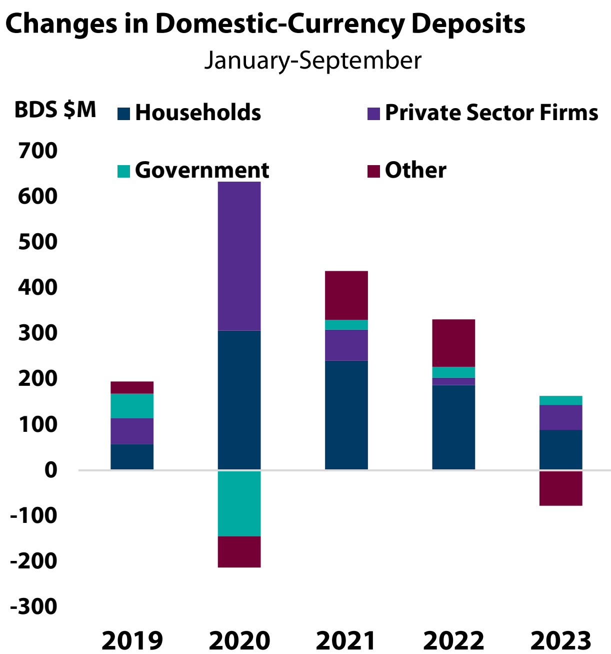
Source: Central Bank of Barbados



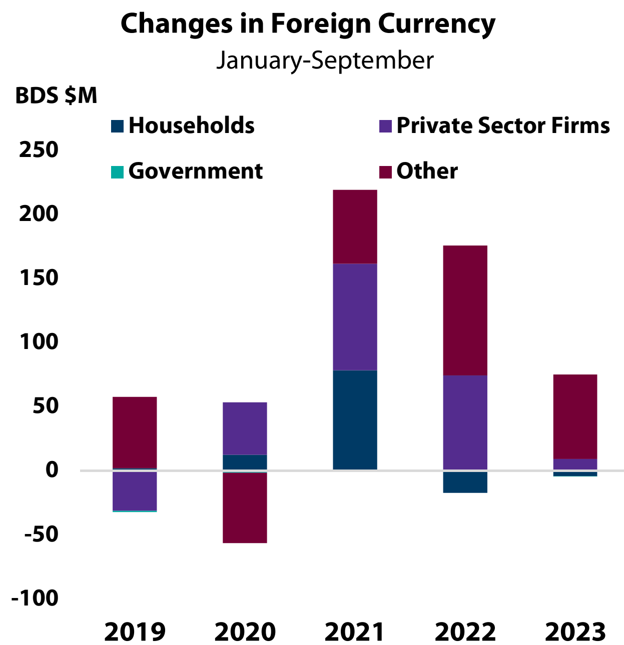
Source: Central Bank of Barbados

Total deposits grew at a slower rate compared to the previous year. Over the review period, deposits expanded by 1.3 percent, compared to the 3.6 percent recorded during the comparable period last year. Households' loan repayments and travel expenses increased over 2022's levels, dampening the growth in households' overall deposits from 2.2 percent in 2022 to 1 percent this year. Increased spending on imports of capital and consumer goods by businesses pushed down the growth of businesses' deposits from 2.1 percent last year to 1.4 percent this year. Increased holdings of Government securities by households and businesses have also contributed to the slower growth of their deposits.

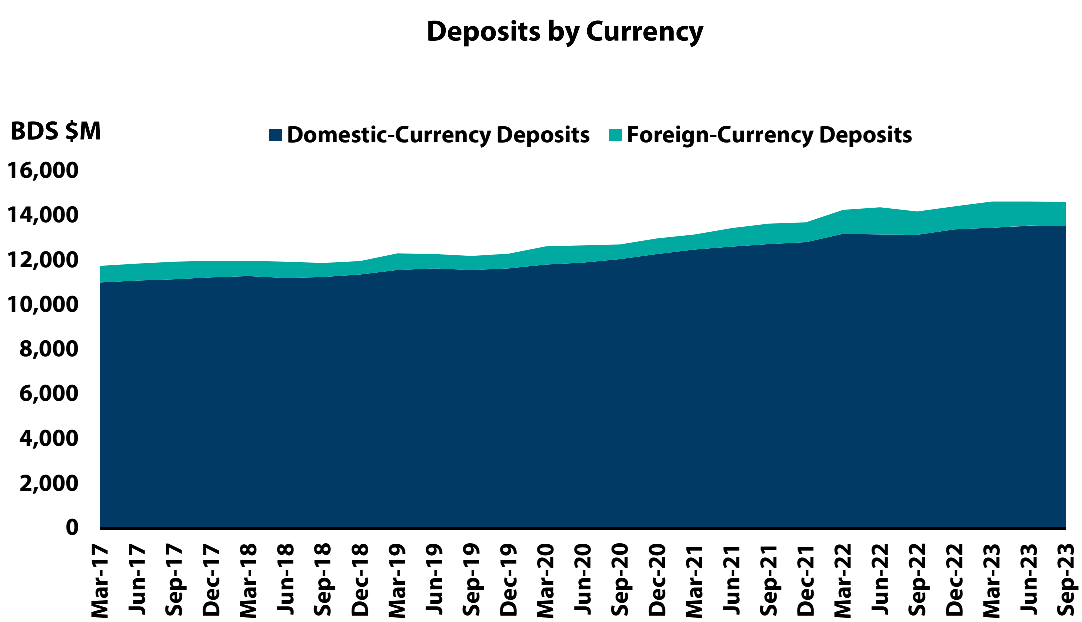
Figure 15: Deposits Held at DTIs



Sources: Central Bank of Barbados and Financial Services Commission



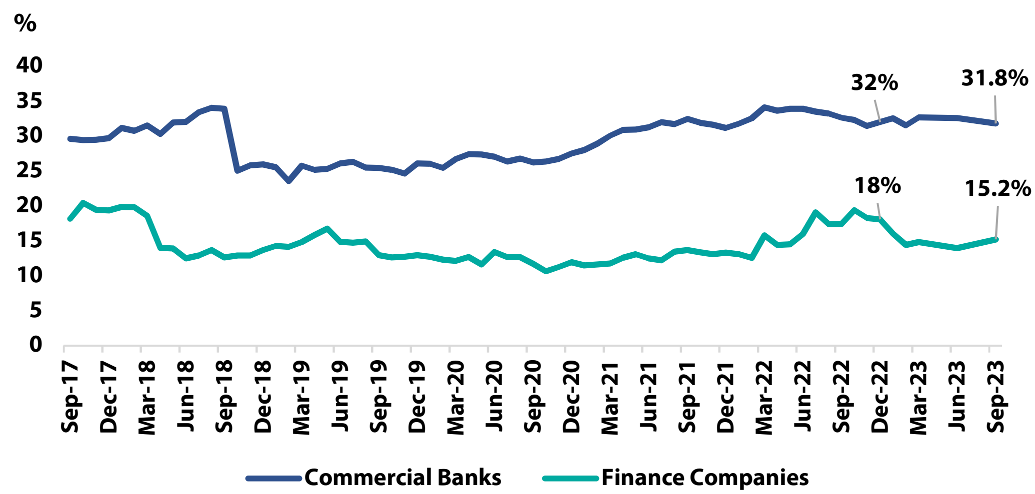
Sources: Central Bank of Barbados and Financial Services Commission



Sources: Central Bank of Barbados and Financial Services Commission

Liquidity in the commercial banking sector held steady while that of finance companies declined. The liquid assets of commercial banks rose by $74.2 million to $4,664.7 million but a $324.6 million increase in bank assets kept the banks' liquid-asset ratio unchanged at 32 percent. On the other hand, finance companies' liquid assets declined by $33.5 million to $162.3 million as these entities reduced their payables and reserves held at the Central Bank. Consequently, the finance companies' liquid asset ratio fell from 18 percent at end-December 2022 to 15.2 percent at end-September 2023.

Figure 16: Liquid-Asset Ratio

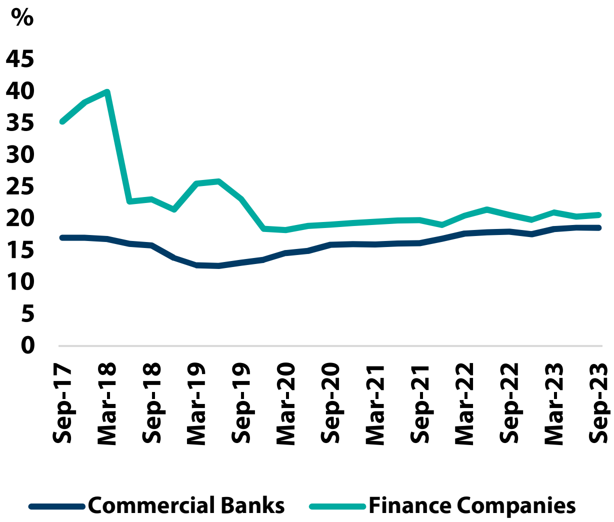


Source: Central Bank of Barbados

DTIs maintained adequate capital levels as the sector remained profitable. The banking sector continues to benefit from higher interest rates on deposits held abroad and reduced provisions for loan losses. In contrast, finance companies recorded a slight decline in profitability due to an increase in operational expenses.

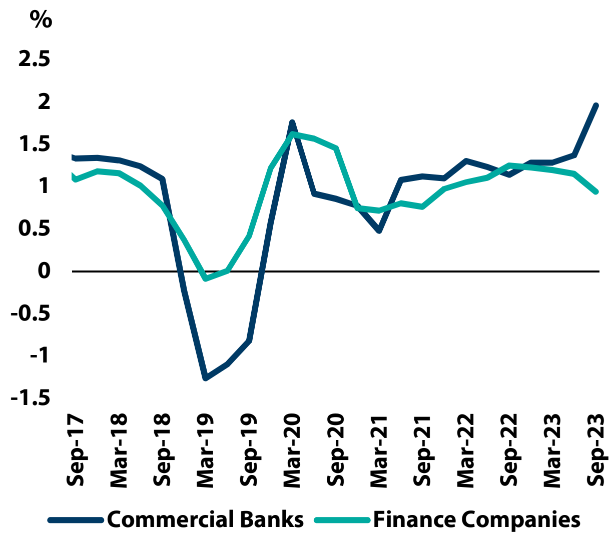
Figure 17: Capital Adequacy and Profitability

Capital Adequacy Ratios



Source: Central Bank of Barbados

Return on Average Assets



Source: Central Bank of Barbados

Outlook

The consistent economic expansion over the past 10 quarters demonstrates that Barbados is on a sustainable growth path. After increasing by 13.8 percent in 2022, economic growth is projected to moderate to around 4.5 percent in 2023 which still surpasses pre-pandemic levels. The upcoming winter season, bolstered by events and improved air access, is expected to be very good for tourism, although high ticket prices could pose a challenge. The increase in tourism will spill over to other sectors, including distributive trade and transportation. Major construction projects slated for late 2023 will also contribute to the economy's expansion and employment generation.

Forward bookings and increased seating capacity also bode well for the winter tourism season. The English cricket tour of the West Indies and the opening of the new Sam Lord's Castle (Wyndham branded resort) Hotel are expected to boost demand for the destination in the upcoming winter season. Increased airlift into the island should bolster arrivals with the opening of a direct link to the Cayman Islands permitting more access from the United States. Airline ticket prices, however, are well above pre-pandemic levels and remain one of the downside risks to the full recovery in visitor numbers.

Inflation is expected to moderate in the medium term in line with recent international commodity price declines. Domestic inflation should fall to 5 percent or below by the end of the year given price declines in cereals, vegetable oils and dairy products. However, the contribution of crude oil prices to the slowing inflation rate for the remainder of the calendar year may not be maintained due to global oil production cuts by members of the OPEC+ grouping.

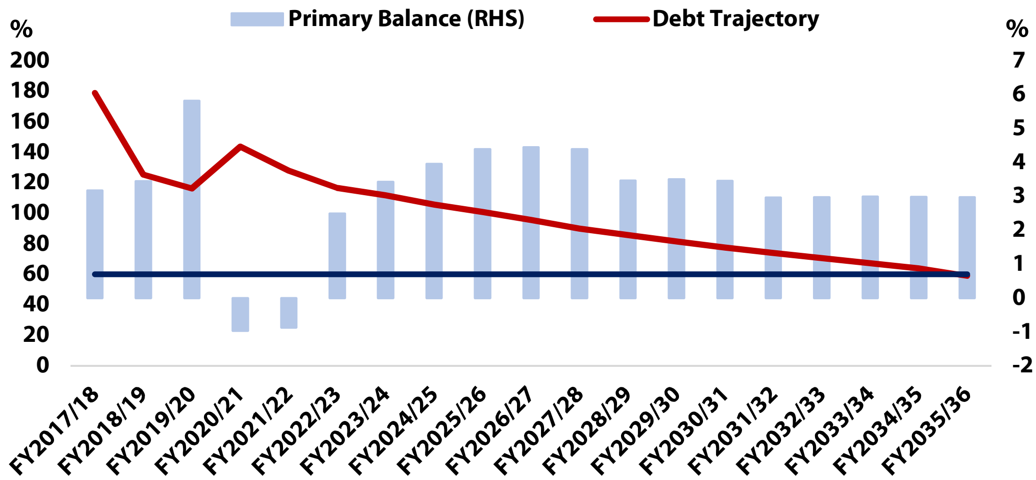
Risks to the outlook are balanced. Downside risks to the outlook include a possible slowing of growth for Barbados' key trading partners and rising food and commodity prices. While the recent World Economic Outlook (WEO, October 2023) projects minimal risks to global growth from the China slowdown, a deeper-than-anticipated slowing in the Chinese economy could have significant spillovers to other advanced economies and by extension the Barbados economy via reduced capital and tourism flows. Similarly, heightened global geopolitical tensions (including an intensified Russia/Ukraine war and the Israeli–Palestinian conflict) along with weather-related shocks, could lead to higher inflation stemming from rising international food and commodity prices. More frequent and intense local weather events could dampen domestic food production and exacerbate inflationary pressures. Additionally, if global monetary authorities tighten interest rates in response to rising commodity prices, this action could weaken of global economic growth prospects. On the upside, lower air travel costs could strengthen tourism performance, further accelerating growth. An acceleration of the both the level and pace of investment, particularly by the private sector will lead to faster and more sustainable growth.

Barbados is well poised to maintain a strong external position over the medium-term. Continued improvement in the tourism sector will narrow the current account deficit. Foreign investment, particularly related to tourism, will also improve the financial account balance. However, imports are anticipated to increase given the continued growth in economic activity, thereby placing downward pressure on the current account balance and the accumulation of international reserves. The transition towards a fossil-free economy holds the key to supporting a strong build-up of international reserves over the longer term. Yet, absent any significant savings from renewable energy investment, gross international reserves are still expected to remain well above the internationally accepted benchmark of 12 weeks of imports of goods and services.

Government is on track to meeting its FY2023/24 primary balance target. The sustained growth performance bodes well for anticipated revenues for this fiscal year. Current efforts to modernise the tax administration system and reduce outstanding tax liabilities are expected to contribute to improved revenue collection. Concurrently, Government's continued commitment to restrain expenditure within budgeted allocations signals a favourable end of year fiscal position. Efficiency gains from SOE reforms, continued improvements in the tax compliance monitoring systems, and enhancements in the tax exemptions framework will be pivotal in boosting the fiscal performance in the medium-term.

Public sector debt continues to be sustainable despite elevated global interest rates. The recent rating upgrade by Moody's, the first credit rating increase from the agency since 2019, along with the improved outlook for Barbados' debt by both Standard and Poor's and Fitch, support domestic and international investor confidence in Government's fiscal and economic framework. Government's continued commitment to maintaining a fiscal position that supports the downward debt-to-GDP trajectory towards the targeted ratio of 60 percent by FY2035/36, should lead to further investment upgrades.

Figure 18: Debt to GDP Trajectory and Primary Balance



Sources: Central Bank of Barbados and Ministry of Finance

The financial system is expected to remain stable with capital and liquidity levels above prudential requirements. Credit growth is expected to increase during the last quarter of the year, with heightened demand for mortgages by individuals and increased borrowing by businesses to support further capital investments. Additionally, it is likely that deposit growth will slow further, as residents spend more and by extension, increase imports, during the last quarter of the year.

The responsibility to create new opportunities for economic growth rests with both the public and private sectors. Creating and maintaining linkages with the international community, leveraging investment opportunities with both traditional and non-traditional sources, continuing to maintain fiscal and debt sustainability, and building a climate-resilient country continue to be crucial keys to Barbados' economic resurgence.

Appendix 1 – Economic Indicators

	2017	2018	2019	2020	2021$^{(p)}$	2022$^{(e)}$	Sep 2022	Sep 2023 $^{(e)}$
Nominal GDP ($ Million)[1]	10,000.9	10,256.7	10,734.3	9,559.5	9,890.6	11,681.3	8,673.2	9,517.2
Real Growth (%)	0.7	(0.7)	0.3	(12.7)	(1.3)	13.8	17.3	4.4
Inflation (M.A., %)[2]	4.4	3.0	2.2	0.5	1.6	4.9	3.5	5.5
Unemployment (End-of-period, %)*	8.2	11.6	8.9	13.6	10.9	7.2	9.3	8.5
Gross International Reserves ($ Million)	411.3	999.6	1,481.0	2,660.7	3,058.8	2,770.3	2,806.2	2,858.3
Gross International Reserves Cover, Weeks	5.3	12.8	18.6	40.7	40.6	29.2	30.1	30.3
BoP Current Account (% of GDP)	(3.8)	(4.4)	(2.7)	(5.9)	(11.0)	(10.7)	(11.1)	(8.5)
Total Imports of Goods (% of GDP)	30.4	29.2	28.0	29.7	32.1	34.9	34.9	31.0
Travel Credits (% of GDP)	21.6	21.8	23.3	12.0	12.4	15.7	14.4	16.6
Financial Account ($ Millions)	54.2	862.6	776.4	1,621.6	1,207.6	932.0	785.0	1,001.8
Gross Public Sector Debt[3] (% of GDP)	148.5	125.3	116.4	134.1	135.1	120.3	120.7	115.4
Central Government External Debt (% of GDP)	28.6	31.2	28.8	41.6	45.3	40.7	41.0	41.1
External Debt Service to Curr. Acct. Cred.	8.1	5.0	3.6	9.0	7.0	7.8	8.1	10.3
Treasury-Bill Rate	3.2	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Weighted-Average Deposit Rate	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Weighted-Average Loan Rate	6.6	6.7	6.4	5.9	5.7	5.5	5.7	5.6
Excess Domestic Cash Ratio	14.2	16.1	18.5	22.4	26.8	27.0	28.9	28.7
Private Sector Credit Growth (%)[4]	3.2	0.3	0.9	(1.2)	(0.7)	3.1	0.9	1.7
Private Sector Credit (% of GDP)[4]	81.8	80.2	76.9	85.3	81.9	71.5	71.4	67.8
Domestic Currency Deposits (% of GDP)[4]	112.7	111.5	96.3	128.5	129.5	114.5	114.8	107.8
Fiscal Year	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**Apr-Sep 2022**	**Apr-Sep 2023 $^{(p)}$**
Fiscal Balance (% of GDP)	(4.5)	(0.3)	3.5	(4.8)	(4.7)	(2.0)	0.7	(0.5)
Primary Balance (% of GDP)	3.2	3.4	5.8	(1.0)	(0.9)	2.5	2.7	2.1
Interest (% of GDP)	7.7	3.7	2.3	3.8	3.8	4.5	2.1	2.6
Fiscal Current Account (% of GDP)	(2.8)	1.6	5.3	(1.7)	(0.6)	1.9	1.2	0.1
Revenue (% of GDP)	28.7	29.1	27.4	28.6	27.0	27.1	12.8	11.5
Expenditure (% of GDP)	33.2	29.4	23.8	33.4	31.7	29.1	12.1	12.0
Non-interest Expenditure (% of GDP)	25.5	25.7	21.6	29.6	27.9	24.6	10.0	9.4
Capital Expenditure (% of GDP)	1.7	1.9	1.8	3.1	4.1	3.9	0.5	0.6
Gov't Interest Payments (% of Revenue)	26.9	12.9	8.4	13.4	14.1	16.5	16.1	22.4

$^{(e)}$ – Estimate
$^{(p)}$ – Provisional
1 - Central Bank of Barbados and Barbados Statistical Service
2 - Twelve Month Moving Average - Data as at July, 2023
3 - Gross Public Sector Debt = Gross Central Government Debt + Other Public Sector Debt
4 - Based on consolidated data for deposit-taking Institutions (Commercial Banks, Finance & Trust Companies and Credit Unions)
* - Data as at June 2023
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)

	2017	2018	2019	2020	2021	2022	Sep-22	Sep-23[e]
Tradeables	**1,519.0**	**1,552.5**	**1,624.7**	**952.2**	**861.3**	**1,415.8**	**1,045.5**	**1,139.8**
Tourism	**894.8**	**910.7**	**975.5**	**310.1**	**272.0**	**797.2**	**573.5**	**652.9**
Agriculture	**136.4**	**164.9**	**173.0**	**185.4**	**144.3**	**125.8**	**96.5**	**106.9**
Sugar	5.4	6.0	3.1	3.7	3.7	3.8	3.8	4.1
Non-Sugar Agriculture	131.0	158.9	169.9	181.7	140.6	122.0	92.7	102.8
Manufacturing	**487.8**	**476.9**	**476.1**	**456.8**	**445.1**	**492.8**	**375.5**	**380.0**
of which:								
Rum & Other Beverages	*94.2*	90.6	76.8	76.1	78.1	84.8	*20.6*	*21.4*
Food	*123.3*	117.3	116.7	99.3	107.7	113.4	*27.3*	*28.0*
Furniture	*13.4*	12.3	12.0	11.5	12.2	12.4	*3.3*	*3.3*
Chemicals	*29.2*	28.8	27.4	28.1	27.7	29.6	*8.7*	*8.8*
Other Non-Metallic Mineral Products	*132.7*	138.7	136.8	137.9	148.6	163.9	*39.3*	*31.5*
Non-tradeables	**6,620.5**	**6,532.1**	**6,486.8**	**6,128.0**	**6,125.2**	**6,534.9**	**4,884.2**	**5,053.7**
Mining & Quarrying	40.7	42.2	49.3	56.6	39.5	54.5	40.3	41.9
Electricity, Gas & Water	214.8	214.1	213.5	203.5	199.6	204.1	152.8	157.2
Construction	492.9	461.6	452.3	457.2	415.9	414.5	323.1	343.1
Distribution	1,186.0	1,188.2	1,212.1	1,013.7	997.9	1,192.6	863.3	908.1
Transport, etc	1,046.7	1,035.9	1,047.2	950.5	982.5	1,079.7	800.2	821.6
Finance and Other Services	2,783.8	2,748.3	2,721.4	2,635.4	2,663.4	2,736.5	2,061.9	2,135.8
Government	855.6	841.8	791.0	811.1	826.4	853.0	642.7	646.0
Total	**8,139.5**	**8,084.6**	**8,111.5**	**7,080.3**	**6,986.5**	**7,950.7**	**5,929.8**	**6,193.4**
Nominal GDP	**10,000.9**	**10,256.7**	**10,734.3**	**9,559.5**	**9,890.6**	**11,681.3**	**8,673.2**	**9,517.2**
Real Growth Rates	**0.7**	**(0.7)**	**0.3**	**(12.7)**	**(1.3)**	**13.8**	**17.3**	**4.4**
Tradeables	1.7	2.2	4.6	(41.4)	(9.5)	64.4	90.2	9.0
Non-tradeables	0.4	(1.3)	(0.7)	(5.5)	(0.0)	6.7	8.4	3.5

(p) - Provisional
(e) - Estimate
1 - BSS' 2010 Base Year Series
Sources: Barbados Statistical Service and Central Bank of Barbados

Appendix 3 – Balance of Payments (BDS $Millions)

	2017	2018	2019	2020(p)	2021(p)	2022 (e)	Sep 2022(e)	Sep 2023(e)
Current Account Balance	**(380.5)**	**(447.3)**	**(293.5)**	**(561.3)**	**(1,083.3)**	**(1,248.3)**	**(962.0)**	**(805.9)**
o/w Exports of Goods and Services	4,197.6	4,211.0	4,484.5	2,784.1	2,963.7	3,982.4	2,853.5	3,191.7
o/w Imports of Goods and Services	4,054.4	4,071.6	4,152.6	3,397.3	3,920.7	4,930.7	3,641.8	3,616.5
Merchandise Trade Balance	(1,434.0)	(1,467.9)	(1,477.7)	(1,605.9)	(1,883.3)	(2,433.9)	(1,807.8)	(1,772.6)
Exports of Goods	1,606.3	1,529.8	1,526.0	1,238.1	1,294.1	1,644.4	1,221.5	1,180.7
o/w Domestic	509.7	510.2	507.4	449.4	444.3	501.9	397.2	372.4
o/w Re-exports	461.1	385.7	380.8	241.0	237.7	493.4	353.6	323.7
o/w Net Export of Goods under Merchanting	635.4	633.8	637.6	547.6	612.1	649.0	470.6	484.5
Imports of Goods	3,040.3	2,997.7	3,003.7	2,843.9	3,177.4	4,078.3	3,029.3	2,953.3
o/w Fuel	626.2	712.2	728.0	510.6	685.8	1,122.8	836.8	749.1
Services Balance	1,577.3	1,607.3	1,809.6	992.7	926.3	1,485.5	1,019.6	1,347.8
Exports	2,591.3	2,681.2	2,958.5	1,546.1	1,669.6	2,337.9	1,632.0	2,011.0
o/w Travel	2,161.4	2,236.5	2,500.0	1,148.7	1,228.5	1,835.4	1,247.4	1,580.7
Imports	1,014.0	1,073.9	1,148.9	553.3	743.3	852.4	612.5	663.2
Income Account Balance	(447.8)	(499.6)	(533.8)	(134.9)	(192.5)	(331.2)	(213.9)	(384.7)
Credits	529.8	543.0	565.4	338.7	412.4	458.5	359.7	379.7
Debits	977.6	1,042.6	1,099.2	473.7	604.8	789.6	573.6	764.5
Current Transfers Balance	(75.9)	(87.0)	(91.6)	186.8	66.2	31.2	40.1	3.7
Credits	104.7	107.0	110.1	396.6	284.4	275.0	234.4	205.7
Debits	180.6	194.0	201.7	209.8	218.2	243.8	194.2	202.0
Capital Account	**(2.4)**	**50.9**	**(5.3)**	**(4.5)**	**0.5**	**15.0**	**15.9**	**(4.0)**
Financial Account	**54.2**	**862.6**	**776.4**	**1,621.6**	**1,207.6**	**932.0**	**785.0**	**1,001.8**
Net Foreign Direct Investment	468.2	464.8	375.3	509.2	417.8	528.9	390.9	337.4
All Other Investment Flows	(414.0)	397.8	401.1	1,112.4	789.8	403.2	394.1	664.4
Net Long-term Public	(167.0)	426.0	371.5	937.7	734.6	120.9	67.1	383.3
o/w: IMF	-	101.2	202.5	457.9	95.2	83.6	46.1	75.7
Net Long-term Private	(156.8)	(3.8)	113.0	251.3	99.5	310.1	337.1	282.0
Net Short-term	(90.1)	(24.4)	(83.5)	(76.7)	(44.3)	(27.8)	(10.2)	(0.9)
Net Errors & Omissions	**100.2**	**123.8**	**3.7**	**121.5**	**318.0**	**231.2**	**118.6**	**(103.4)**
Overall Balance	**(228.5)**	**589.9**	**481.4**	**1,177.3**	**442.8**	**(70.1)**	**(42.5)**	**88.5**
Change in GIR: - increase/+ decrease	**228.5**	**(588.3)**	**(481.4)**	**(1,179.7)**	**(398.2)**	**288.6**	**252.6**	**(88.1)**
BOP change in GIR (-increase/+decrease)	**-**	**(589.9)**	**(481.4)**	**(1,177.3)**	**(442.8)**	**70.1**	**42.5**	**(88.5)**
Memorandum Items:								
Gross International Reserves (GIR)	**411.3**	**999.6**	**1,481.0**	**2,660.7**	**3,058.8**	**2,770.3**	**2,806.2**	**2,858.3**
Gross International Reserves Cover, Weeks	**5.3**	**12.8**	**18.6**	**40.7**	**40.6**	**29.2**	**30.1**	**30.3**

(p) – Provisional
(e) – Estimate
Source: Central Bank of Barbados

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

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Apr-Sep 2022	Apr-Sep 2023[(p)]
Total Revenue	**2,845.4**	**2,993.6**	**2,984.2**	**2,563.3**	**2,823.8**	**3,320.0**	**1,562.6**	**1,502.3**
Tax Revenue	**2,656.3**	**2,812.4**	**2,771.2**	**2,387.8**	**2,646.1**	**3,110.6**	**1,456.9**	**1,420.8**
i) Direct Taxes	**968.9**	**1,126.9**	**1,084.7**	**1,202.9**	**1,148.2**	**1,381.2**	**683.3**	**552.2**
Personal	462.6	482.1	454.7	308.1	385.0	393.4	216.9	246.6
Corporate	275.1	355.5	309.0	612.9	450.5	548.8	206.0	155.9
Pandemic Levy (Individuals)	0.0	0.0	0.0	0.0	0.0	13.5	5.8	3.4
Pandemic Levy (Corporations)	0.0	0.0	0.0	0.0	0.0	74.7	25.6	0.0
Property	137.6	161.3	214.7	181.6	205.2	217.0	162.1	81.7
Financial Institutions Asset Tax	48.7	44.6	47.4	45.6	46.2	53.0	27.1	26.3
Other	44.9	83.4	58.9	54.7	61.4	80.8	39.7	38.3
ii) Indirect Taxes	**1,687.4**	**1,685.6**	**1,686.5**	**1,185.0**	**1,497.9**	**1,729.5**	**773.7**	**868.6**
Stamp	10.5	10.9	11.4	7.6	13.4	21.6	9.3	6.2
VAT	887.3	940.9	966.9	706.3	884.6	1,022.6	482.7	514.2
Excises	303.1	271.2	250.9	154.1	212.3	247.2	79.8	118.9
Import Duties	218.6	213.8	231.6	191.9	220.6	241.9	117.1	124.4
Social Responsibility Levy	152.0	49.4	0.1	0.0	0.0	0.0	0.0	0.0
Other of which:	115.9	199.4	225.6	124.9	167.0	196.1	84.8	104.9
Fuel Tax	0.0	68.6	82.1	63.8	70.2	80.9	20.6	36.8
Room Rate/Shared Accommodation	0.0	10.1	28.1	9.5	25.2	40.2	18.0	19.5
Non-tax Revenue & Grants	**189.1**	**181.2**	**213.0**	**175.4**	**177.8**	**209.4**	**105.6**	**81.5**
Non-tax Revenue of which:	149.0	161.5	201.3	169.5	159.7	173.4	78.7	76.5
Foreign Exchange Fee	53.2	74.5	79.4	65.2	78.7	94.4	45.6	50.1
Grants	22.0	0.1	11.8	0.0	5.7	20.0	20.0	0.0
Post Office - Revenue	18.1	19.6	0.0	5.9	12.3	16.0	6.9	5.0
Current Expenditure	**3,123.8**	**2,826.4**	**2,407.9**	**2,716.8**	**2,889.2**	**3,088.7**	**1,411.4**	**1,486.8**
Wages & Salaries	782.3	811.9	807.4	808.0	834.8	854.6	412.3	426.5
Goods & Services	364.3	356.3	375.5	399.8	493.2	529.0	240.4	228.2
Interest	764.7	384.9	249.7	342.6	398.9	549.2	251.1	335.9
External	168.0	48.0	62.7	144.1	132.4	196.0	83.6	148.3
Domestic	596.7	336.9	187.0	198.5	266.5	353.3	167.5	187.7
Transfers & Subsidies	1,212.5	1,273.3	975.3	1,166.3	1,162.3	1,155.9	507.6	496.3
Grants to Individuals	358.3	362.8	389.2	423.7	454.2	475.0	223.8	190.2
Grants to Public Institutions	761.2	814.8	517.6	657.3	631.8	581.4	241.6	274.0
Subsidies	51.9	51.8	31.8	49.7	33.6	48.2	13.9	10.8
Subscriptions & Contributions	22.1	25.7	20.3	20.3	21.9	23.7	15.5	11.3
Non-Profit Agencies	19.0	18.3	16.4	15.3	20.7	27.7	12.8	9.9
Capital Expenditure & Net Lending	**171.8**	**197.8**	**191.8**	**276.1**	**425.2**	**476.2**	**66.3**	**76.5**
Capital Expenditure	149.1	184.9	185.1	278.3	421.6	449.5	59.6	61.8
Net Lending	22.7	12.9	6.7	-2.2	3.6	26.7	6.7	14.7
Fiscal Balance	**(450.2)**	**(30.5)**	**384.5**	**(429.6)**	**(490.6)**	**(244.9)**	**84.8**	**(61.1)**
Primary Balance	**314.5**	**354.3**	**634.2**	**(87.0)**	**(91.6)**	**304.3**	**335.9**	**274.9**
Fiscal Balance-to-GDP (%)	**(4.5)**	**(0.3)**	**3.5**	**(4.8)**	**(4.7)**	**(2.0)**	**0.7**	**(0.5)**

[(p)] Provisional

Source: Ministry of Finance

Appendix 5 -Government Financing (BDS$ Millions)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Apr-Sep 2022	Apr-Sep 2023(p)
Fiscal Balance	**-450.2**	**-30.5**	**384.5**	**-429.6**	**-490.6**	**-244.9**	**84.8**	**-61.1**
Arrears Payments	0.0	**-10.0**	-208.3	-61.9	-41.1	-38.2	-20.9	0.0
Financing	**450.2**	**40.5**	**-176.2**	**491.5**	**531.7**	**283.1**	**-63.9**	**61.1**
Domestic Financing (Net)	**643.8**	**-272.3**	**-274.9**	**-340.1**	**107.0**	**-240.0**	**-166.4**	**64.1**
Central Bank	92.8	-166.4	164.7	-66.6	331.6	-132.6	99.1	289.0
Commercial Banks	257.9	82.8	-86.3	106.6	-24.5	99.9	135.7	18.4
National Insurance Board	3.1	8.9	-85.2	-207.9	15.3	-60.2	-147.3	-30.8
Private Non-Bank	-57.2	-119.6	-217.7	-34.9	-47.1	-136.8	-68.7	89.6
Other	347.3	-77.9	-50.4	-137.3	-168.3	-10.4	-185.2	-302.1
Foreign Financing (Net)	**-193.6**	**312.8**	**98.7**	**831.6**	**424.7**	**523.2**	**102.5**	**-3.0**
Capital Markets	0.0	0.0	0.0	0.0	0.0	146.5	146.5	0.0
Project Funds	92.8	57.1	64.1	51.2	91.4	94.7	9.5	23.2
Policy Loans	0.0	350.0	150.0	968.1	496.6	483.6	46.1	76.0
Amortisation	-286.4	-94.3	-115.4	-187.7	-163.3	-201.7	-99.6	-102.2

(p)-Provisional
Source: Central Bank of Barbados

Appendix 6 -Public Debt Outstanding (BDS $Millions)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Sep 2022	Sep 2023(p)
Gross Central Government Debt[1]	**15,847.1**	**12,755.0**	**12,322.6**	**12,819.1**	**13,310.2**	**14,224.7**	**13,770.6**	**14,419.2**
Gross Central Government Debt/GDP (%)	154.8	124.1	113.0	143.1	127.5	116.2	120.3	115.1
Domestic Debt	**12,923.0**	**9,512.9**	**9,226.4**	**8,872.7**	**8,824.0**	**9,117.9**	**9,073.5**	**9,274.6**
Short Term	**4,266.0**	**598.4**	**697.0**	**708.1**	**710.1**	**662.3**	**681.0**	**713.5**
Treasury Bills[2]	**3,978.0**	**495.1**	**495.1**	**495.1**	**495.1**	**495.1**	**495.1**	**497.1**
Central Bank	1,343.9	207.2	207.2	207.2	207.2	207.2	207.2	207.2
Commercial Banks	1,754.5	285.1	285.1	285.1	285.1	285.1	285.1	285.1
Other	879.6	2.8	2.8	2.8	2.8	2.8	2.8	4.7
Loans	**288.0**	**103.3**	**201.9**	**213.0**	**215.0**	**167.2**	**185.9**	**216.4**
Central Bank	288.0	103.3	201.9	213.0	215.0	167.2	185.9	216.4
Long Term	**8,657.0**	**8,914.5**	**8,529.4**	**8,164.6**	**8,113.9**	**8,455.6**	**8,392.5**	**8,561.2**
Bonds	**6,509.0**	**8,621.0**	**8,358.6**	**8,083.7**	**8,091.2**	**8,051.6**	**8,005.6**	**8,169.3**
Central Bank	597.5	414.4	414.4	414.4	444.4	626.8	570.6	626.8
Commercial Bank	179.9	2,052.5	2,048.0	2,048.8	2,058.3	2,034.2	2,062.5	2,093.0
NIS	3,306.6	2,943.8	2,858.7	2,650.2	2,665.4	2,605.2	2,518.1	2,574.5
Insurance Companies	729.7	1,179.6	821.5	815.8	815.1	810.6	819.0	819.1
Pension Funds	218.0	296.6	304.8	311.7	321.9	317.1	322.4	315.5
Other	1,477.4	1,734.0	1,911.2	1,842.7	1,786.1	1,657.6	1,713.1	1,740.4
Loans & Tax Certificates	**241.0**	**0.1**	**17.9**	**1.5**	**0.1**	**146.6**	**146.6**	**146.6**
Commercial Banks	240.8	-	17.8	1.4	(0.0)	146.5	146.5	146.5
Other	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Arrears	**1,907.0**	**293.4**	**152.9**	**79.4**	**22.6**	**257.5**	**240.2**	**245.3**
External Debt	**2,924.0**	**3,242.1**	**3,096.2**	**3,946.4**	**4,486.2**	**5,106.8**	**4,697.1**	**5,144.5**
Long Term	**2,924.0**	**3,242.1**	**3,096.2**	**3,946.4**	**4,486.2**	**5,106.8**	**4,697.1**	**5,144.5**
International Bonds	1,161.4	1,161.4	1,137.9	1,072.9	1,072.9	1,070.7	1,071.4	1,070.0
Bilateral	216.0	204.4	242.9	244.4	312.6	376.3	394.6	358.4
Multilateral	1,124.0	1,292.5	1,431.1	2,381.3	2,882.4	3,323.3	2,880.3	3,394.1
IMF (Budget Support)	-	-	-	368.2	464.8	530.8	510.9	593.8
Commercial	422.6	421.2	237.0	247.8	218.3	336.5	350.7	322.0
Arrears	-	162.6	47.3	-	-	-	-	-
Other Public Sector Debt (Guaranteed Contingent Liabilities)	**2,349.6**	**98.3**	**57.9**	**51.9**	**46.0**	**36.2**	**41.0**	**29.3**
Domestic Debt	**2,219.6**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
External Debt	**130.0**	**98.3**	**57.9**	**51.9**	**46.0**	**36.2**	**41.0**	**29.3**
Bonds	85.0	65.4	31.1	31.1	31.1	26.0	29.1	22.6
Multilateral	45.0	32.9	26.8	20.9	14.9	10.2	11.9	6.7
Gross Public Sector Debt[3]	18,196.7	12,853.3	12,380.5	12,871.1	13,356.2	14,260.9	13,811.6	14,448.5
Gross Public Sector Debt/GDP (%)	177.8	125.0	113.6	143.6	127.9	116.5	120.7	115.4

(p) -Provisional
[1] Gross Central Government Debt = Domestic Debt + External Debt
[2] Treasury Bills - Held for a fixed period
[3] Gross Public Sector Debt = Gross Central Government Debt + Other Public Sector Debt (Guaranteed Contingent Liabilities)
Source: 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)

	2017	2018	2019	2020	2021	2022	Sep 2022	Sep 2023(p)
Monetary Authorities								
Net International Reserves	334.7	832.5	1,130.8	2,195.0	2,594.6	2,354.5	2,344.9	2,404.3
Monetary base	2,375.9	2,659.0	2,938.8	3,551.8	4,132.8	4,389.2	4,432.8	4,466.7
Net Domestic Assets	1,996.9	1,788.8	1,761.6	1,296.2	1,479.0	1,978.4	2,031.6	1,960.5
Deposit-taking Institutions[1]								
Credit to Public Sector								
Central Government (net)	2,164.5	1,896.4	1,886.7	2,056.5	2,100.1	2,249.8	2,266.6	2,400.3
Rest of the Public Sector	344.8	107.9	65.0	85.3	144.5	157.1	140.2	158.6
Credit to Rest of Financial System	248.7	274.5	255.7	262.8	246.3	288.8	270.7	309.4
Credit to the Non-Financial Private Sector	8,151.3	8,179.1	8,254.4	8,153.7	8,096.8	8,350.7	8,173.5	8,496.6
Total Deposits	11,978.7	11,967.1	12,284.6	12,976.2	13,697.0	14,413.4	14,186.1	14,606.6
Transferable Deposits[4]	9,667.6	9,844.5	10,394.3	11,178.9	11,855.8	12,643.9	12,396.7	12,922.6
Non-Transferable Deposits	2,311.1	2,122.6	1,890.3	1,797.3	1,841.1	1,769.4	1,789.5	1,683.9
Memo Items								
Domestic Currency Deposits	11,223.9	11,365.1	10,337.2	12,283.2	12,809.9	13,376.8	13,141.3	13,499.9
Foreign Currency Deposits	754.8	602.0	576.2	693.0	887.0	1,036.5	1,044.8	1,106.7
Banking System Financial Stability Indicators[5]								
Capital Adequacy Ratio (CAR)	17.0	13.8	13.5	16.0	16.8	17.6	17.8	18.6
Loan to Deposit Ratio	74.7	63.0	61.7	57.1	53.0	53.1	52.2	53.7
Liquid Assets to Total Assets	29.7	25.9	26.0	27.5	31.1	32.0	32.6	31.9
Non-Performing Loans Ratio	7.7	7.4	6.6	7.3	7.3	5.9	6.2	4.9
Provisions to Non-Performing Loans	80.4	67.3	59.4	62.0	60.3	50.8	58.2	50.6
Return on Average Assets (12-month)	1.3	(0.2)	0.6	0.8	1.1	1.3	1.1	2.0

(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