



**Press Release
September 2018**

Economic Review for January – September 2018

The process of economic adjustment accelerated during the past three months. First, the Government of Barbados concluded discussions with the International Monetary Fund (IMF) which approved a four year Extended Fund Facility arrangement for the country on October 1, 2018. The programme with the IMF is built on maintaining the fixed exchange rate anchor of US\$1 to BDS\$2, in conjunction with strong fiscal consolidation and the implementation of structural reforms targeted at strengthening macroeconomic performance over the medium-term. Critically, it is designed to help restore international reserves by providing phased access to US\$290 million over the programme period and to catalyse resources from multilateral financial institutions. Already, we have received the first drawdown from the IMF, equivalent to US\$49 million. In addition, the Caribbean Development Bank has approved a US\$75 million policy-based loan and it is anticipated that the Inter-American Development Bank will consider further budgetary support for Government in the coming weeks.

Second, Government has successfully completed a debt exchange offer for its domestic debt securities and accumulated domestic arrears. This exchange encompassed interest rate reductions, extension of maturities and selective principal reductions, in order to complement the broader fiscal adjustment by

reducing interest costs and lowering refinancing risks. By creating fiscal space through this initiative, Government plans to eliminate its arrears gradually while systematically reducing its overall indebtedness. A debt exchange for its foreign currency commercial debt is planned, execution of which will facilitate a resumption of external debt service, which has been suspended since June 1, 2018.

Against the backdrop of the shift in policy, the performance of some key macroeconomic indicators has begun to improve.

Of note, the slide in the country's international reserves has abated. Heavy debt service payments prevented any build-up of reserves for much of the first three months of the year. However, gross reserves increased by \$104.0 million between late March and the end of September, almost 80% of which occurred from June onward.

Table 1: Reserve Movements (Jan – Sep)

BDS \$M	2013	2014	2015	2016	2017	2018
Net Central Gov't	(259.6)	(129.1)	(331.9)	(271.4)	(257.1)	(206.0)
<i>of which</i>						
Debt Service	(214.9)	(228.8)	(316.3)	(299.5)	(241.7)	(167.5)
Net Comm. Banks	(169.3)	4.8	261.7	144.6	114.4	285.8
Net Other	(6.9)	52.3	(23.8)	32.0	10.1	23.9
Change in GIR	(435.9)	(72.0)	(94.1)	(94.8)	(132.6)	103.7
GIR as at end of Sep	1,074.4	1,131.7	1,022.2	873.1	600.1	577.1

Source: Central Bank of Barbados

Box 1: IMF-Supported Extended Fund Facility and Performance Criteria

The Government of Barbados' IMF-supported programme requires Government's commitment to meet certain conditions, comprising a combination of quantitative performance criteria, indicative targets and structural reform benchmarks. These conditions will be monitored and reviewed by the IMF every six months beginning March 15, 2019.

The indicative targets include a floor on certain social expenditures and a ceiling on central Government domestic arrears. The quantitative performance criteria relate to the following:

1. Floor on Central Government primary balance (excluding repayment of central Government arrears)
2. No increase in Central Government arrears (excluding arrears from non-payment of public debt)
3. Ceiling on transfers and grants to public institutions
4. Ceiling on stock of public debt
5. Ceiling on Net Domestic Assets of Central Bank
6. Floor on Net International Reserves of Central Bank

The structural reforms are especially important as they create the conditions for growth and sustainability over the medium term. Included in the proposed reforms are a comprehensive review of the tax system, public pension reforms, legislation for the introduction of fiscal rules to lock in the gains arising from the fiscal consolidation and amendments to the Central Bank Act to strengthen overall autonomy and limit future central bank financing. The benchmarks for December 2018 are set out below in italics.

1. Reforms of State-owned enterprises (SOEs)

- a. Revised Financial Management and Audit Act to provide greater oversight over SOEs by the Ministry of Finance and Economic Affairs*
- b. SOEs to provide standardised quarterly and financial reports*
- c. Launch of training and outplacement programme to mitigate effects on the vulnerable from the restructuring of SOEs*

2. Strengthen Public Financial Management

- a. Establish a binding budget calendar that envisages budget approval prior to fiscal year*

3. Strengthen Revenue Policy and Administration

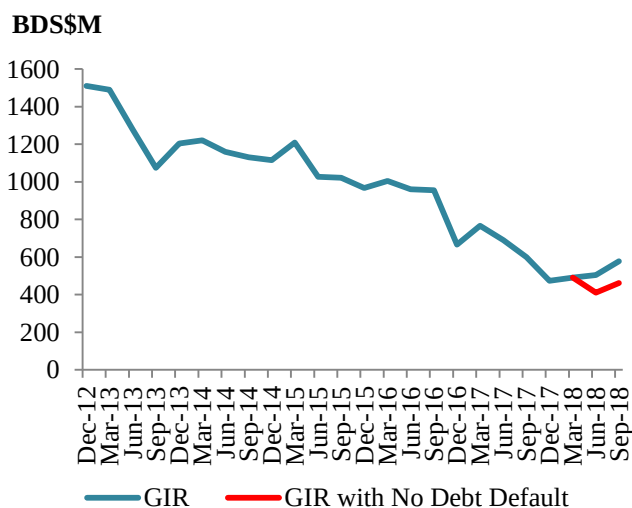
- a. The large taxpayer unit to update large tax payer accounts and to commence audits, targeting the most current tax period*

4. Enhancement of Growth and Business Climate

- a. New Town & Country planning legislation*
- b. Establishment of a regulatory sandbox regime for regulating Fintech start-ups*

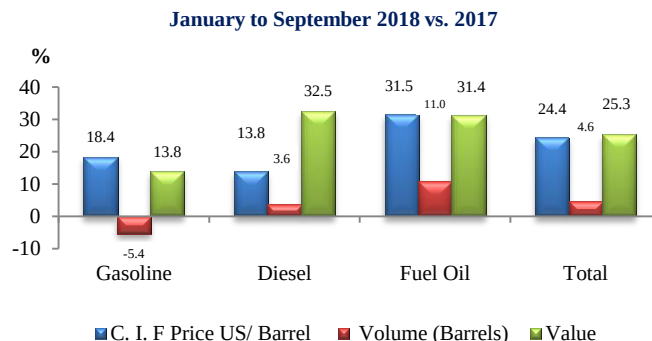
The recovery in reserves was principally driven by the suspension of external debt service which alleviated pressure on foreign exchange outflows. Higher fuel imports, caused in large measure by rising oil prices, were offset by a fall in other imports during the review period. In addition, a modest growth in travel credits and stronger capital inflows resulting from increased foreign borrowing by the private sector, contributed to the overall improvement in the external accounts. These developments allowed commercial banks to have enough foreign exchange to meet customer demand without recourse to the Central Bank's stock of reserves. As a result, the gross international reserves (GIR), which had been in almost continuous decline since 2012, recovered, enabling the import reserve cover to reach 7.4 weeks of imports. Subsequent to quarter-end the drawdown of the first tranche from the IMF raised the import cover to approximately 8.6 weeks.

Figure 1: Gross International Reserves With and Without Debt Default



Source: Central Bank of Barbados

Figure 2: Changes in Fuel Prices, Volumes and Values



Source: Barbados National Oil Company Ltd and Central Bank of Barbados

The public finances also improved during the first half of the fiscal year on the basis of improved collections, the impact of reduced debt service payments and expenditure restraint. As a result, preliminary estimates are that the overall deficit declined to \$34 million while there was a primary surplus of \$235 million.

The enhanced revenue performance reflected the impact of a boost to the corporation tax intake (\$48.9 million) as several new firms in the international business sector paid taxes for the first time. In addition, the foreign exchange fee introduced in 2017 and some of the new taxes introduced in the mid-year budget contributed \$24 million and \$18 million, respectively. The new fuel tax provided just over \$8 million since inception due to the late transfer of earned revenue to the Treasury. However, the fall in import demand together with the repeal of the NSRL led to reduced indirect taxes, including those for excises and import duties.

Box 2: New Calculation of International Reserves

The calculation of international reserves has been revised in accordance with current IMF guidelines. These guidelines specify that reserve assets (also referred to as gross international reserves) are those foreign assets that are readily available to and controlled by monetary authorities for meeting balance of payments needs and maintaining economic stability. Given the need to be readily available, reserve assets must be liquid, denominated and settled in freely-usable (or widely-accepted) foreign currencies.¹

Assets that are encumbered, such as pledged assets, are not readily available and therefore are excluded from reserve assets. Regional bilateral assets, which are generally receivables, are also excluded.

Following the conventions discussed above, illiquid assets and other non-reserve foreign assets are subtracted from total foreign assets of Barbados' Monetary Authorities to arrive at gross international reserves (GIR). Nonetheless, it should be noted that these non-reserve foreign assets can be used to settle cross-border transactions in particular situations.

In line with current methodology, GIR is now being used in the presentation of Barbados' balance of payments (BOP) statistics. Before the revision, a net concept of international reserves² was used.

For the purposes of the IMF Programme Quantitative Performance Criteria, a new measure of net international reserves (NIR) was established. This new measure of net reserves is derived by subtracting short-term foreign-currency liabilities of the Monetary Authorities and the stock of IMF credit from GIR. As such, the NIR is unaffected by IMF loan disbursements and repayments. It is worth noting that unlike GIR, there is no standard definition of NIR.

Both GIR and NIR are acceptable measures of international reserves, and are critical indicators of external sector stability and resilience. The GIR is now used in the computation of the import reserve cover. Table 1 compares the new calculation of international reserves to the old measure.

Table 1: Comparison of International Reserves Calculations

	Dec-17	Mar-18	Jun-18	Sep-18
New Calculation³				
Gross International Reserves	473.4	490.7	504.8	577.1
Net International Reserves	396.8	410.4	429.6	504.7
Old Calculation				
International Reserves	409.7	423.3	443.1	517.7

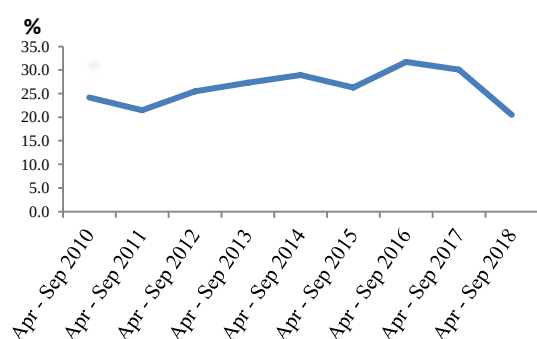
¹ As a general rule, freely-usable currencies are deemed as currencies that are commonly traded on international foreign exchange markets. Examples of freely-usable currencies include the US dollar, the Euro, the Chinese renminbi, the Japanese yen, the British pound sterling, the Canadian dollar and the Swiss franc.

² The old calculation of international reserves was: MA's total foreign assets minus short-term foreign-currency liabilities.

³ Includes foreign assets in Central Bank-staff pension fund as well as Government of Barbados foreign sinking funds

The suspension of external and domestic commercial debt service lowered interest payments by \$105 million and substantially reduced the share of revenue absorbed by interest payments. Additionally, Government transfers and subsidies contracted due to a reduction in grants to individuals and public institutions. Capital expenditure also declined.

Figure 3: Government Interest Payments to Revenue Ratio



Source: Central Bank of Barbados

The pressure on the Central Bank to finance Government eased considerably. The suspension of debt service payments and the subsequent debt restructuring have curtailed Government's ability to access financing other than from the Central Bank. However, the improved fiscal performance and reduced borrowing requirement contained financing to only \$14 million by the Central Bank during the July to September quarter, after rising by \$105 million the previous quarter. This was complemented by net foreign financing of \$7.5 million from multilateral institutions.

The rise in the debt stock tapered off during the last quarter, a precursor to stabilising and ultimately reducing the debt ratio. The debt stock now includes obligations that have been deferred in recent years because of

Government's cash flow difficulties but which now have to be repaid on a phased basis. At end September the debt ratio remained largely unchanged.

Amid the encouraging indicators, economic growth remains a challenge. Preliminary data suggest that economic activity in Barbados contracted by 0.5% during the first nine months of the year, as reduced activity in the construction sector and the impact of tighter fiscal policy on domestic consumption offset modest gains in the tourism sector.

Long-stay tourist arrivals were 2.9% higher than for the corresponding period of 2017 but the continued decline in average length of stay contained the increase to 1.4% in tourism activity. The United States and Canadian markets registered growth of 8.7% and 3%, respectively. However, arrivals from the United Kingdom grew more modestly, as weaker economic growth and a relatively weak pound hampered growth in this market. Cruise arrivals also declined (2.9%) as the number of cruise ship visits to the island fell by almost 10%.

Table 2: Long-stay Arrivals by Source Market ('000)

	January 1 - September 30			
	2015	2016	2017 ^(p)	2018 ^(e)
U.S.A	111.8	123.8	141.6	153.8
Canada	55.6	56.2	62.2	64.1
U.K	150.7	154.9	154.8	157.6
Germany	8.4	8.0	7.3	6.9
Trinidad & Tobago	22.5	26.6	28.4	25.5
Other Countries	19.8	19.7	91.7	92.2
TOTAL LONG-STAY	432.8	457.7	486.0	500.1

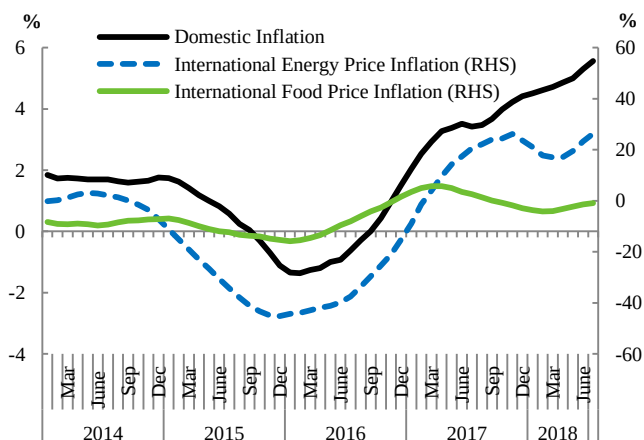
Source: Barbados Statistical Service and Central Bank of Barbados

Output in the construction sector is estimated to have declined significantly as there were no new large-scale private sector projects to replace a major hotel project that was completed in 2017. In addition, public sector infrastructural development also declined in the context of Government's financing constraints and the consequent reduction in capital expenditure.

Provisional data suggested that the other non-traded sectors including wholesale and retail, transportation, storage and communication and business and other services contracted moderately. The weakness in the wholesale and retail sector partly reflected lower consumer demand arising from reduced real incomes which dampened sales and ultimately imports.

The average unemployment rate for the four quarters ending June was 9.2%, compared to 10.0% at the end of June 2017. The moving-average rate of inflation remained above long-term trends and reached 5.6% at the end of July 2018. This was partly due to the impact of the hike in the NSRL in 2017. The pass-through effect of the subsequent elimination of the tax on July 1 2018, is not yet reflected in the data.

Figure 4: Twelve-Month Moving Average Inflation

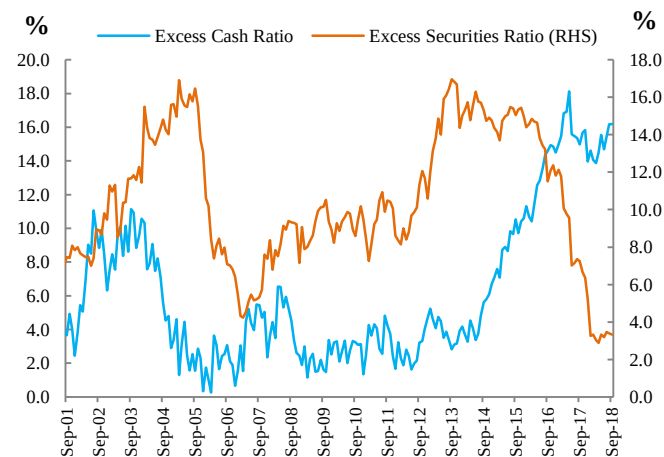


Source: Barbados Statistical Service and World Bank Indicators

The ongoing weakness in economic activity continued to be reflected in depressed private sector credit, where there was a slight underlying decline due to broad-based sectoral declines in borrowing, with the exception of the distribution and professional services sectors. Domestic deposits experienced marginal growth of 1%, driven by an increase in deposits of private financial institutions.

The financial sector continues to be highly liquid with the excess cash reserves ratio increasing to 16.2% compared to 15% one year earlier. As the weighted average deposit rates for banks stabilized at around 0.2% at the end of August 2018, the trend of consumers switching savings towards credit unions continued to be observed. Concurrently, banks' weighted average loan rate was relatively unchanged at 6.8%.

Figure 5: Excess Reserve Ratios of Commercial Banks



Source: Central Bank of Barbados

Outlook

The outlook for the Barbados economy is for a sustained recovery and a strengthening of performance indicators over the medium term. However, actual outcomes will be influenced by Government's success in implementing the programme that it has agreed with the IMF. In this regard, meeting the targets under the programme criteria will unlock additional foreign inflows from the IMF and our multilateral partners and facilitate a further build-up of reserves.

The programme targets a gradual improvement in the import reserve cover from 6.5 weeks at mid-2018 to more than 16 weeks by 2022. However, the anticipated early receipt of funds and the stronger than expected build-up during the third quarter of the year should enable a somewhat faster accumulation of reserves than originally thought. Accelerated accumulation of reserves is desirable at this time given the economy's vulnerability to external economic and climatic shocks and the impact that such holdings have on confidence in the economy.

Government's fiscal consolidation is central to maintaining the adjustment effort. Government is making progress towards achieving the targeted primary surplus of 3.3% for the current fiscal year. However, any delays in the implementation of new tax measures and in expenditure reduction, particularly for state-owned enterprises, will need to be monitored carefully.

The targeted primary surplus of 6% from FY 2019/20 represents a major consolidation effort. With the exception of the Jamaican economy, which achieved an average primary surplus of over 7.0% over the past three years, other Caribbean economies averaged primary surpluses of less than one percent in fiscal

2017. The strong adjustment for Barbados is required because of the need to reduce the heavy indebtedness, to create fiscal space and reduce reliance on central bank financing.

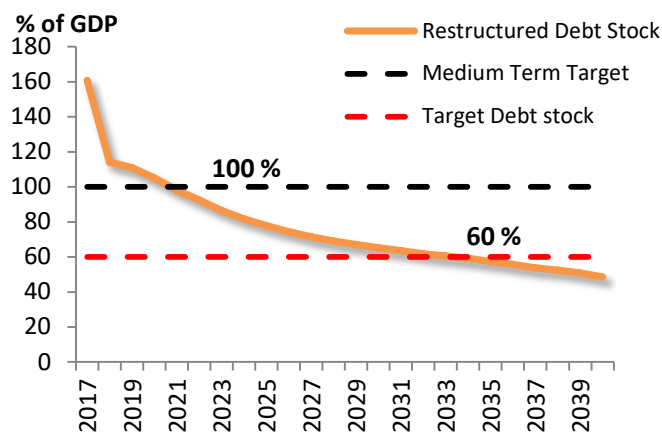
Of note, however, is the threat posed to foreign exchange earnings and to revenues created by the pressure from the OECD to reform the international business legislation so as to remove perceived ring-fencing of that sector because of lower tax rates than those applied to firms operating in the domestic economy.

Reforms in the public sector, reflected in tax policy, improved tax administration and public spending are therefore crucial to the medium-term recovery. Increased accountability and efficiency of state-owned enterprises lie at the core of the reforms, as evidenced by the planned early amendment to the Financial Management and Audit Act and the requirement for timely reporting by SOEs.

Some job losses have occurred in Government's quest to modernize how the public sector works. Further losses are expected as Government reviews the operations of some of its large SOEs. It is envisaged that the expenditure reforms will result in the delivery of some services at lower costs to government. Privatisation has the potential to enfranchise some workers on the one hand and to lead to the retraining and re-skilling of others on the other.

The debt restructuring will contribute substantially to the adjustment effort. Lower debt service will assist in creating critical fiscal space for a moderate increase in infrastructural spending, enable Government to reduce the stock of arrears to the private sector and the NIS on a phased basis and create conditions for an upgrade of the country's credit rating.

Figure 6: Public Debt Trajectory



Source: Central Bank of Barbados

Institutions and individuals will be impacted by reduced cash flows occasioned by the restructuring. Individuals, heavily dependent on bond income, will receive lower interest income on the new securities. However, this will be partly mitigated by the quarterly amortization payments that represent a feature of these instruments. Although banks and other financial institutions have not had their principal balances cut, they will face accounting losses because of the change in cash flows. Banks have large capital buffers and, with most of them having already adopted the new International Financial Reporting Standards, they are expected to be able to cushion the impact of Government's debt restructuring.

The adjustment efforts are expected to dampen economic activity. The Bank now expects negative growth of 0.25% to 0.75% for 2018. Output in 2019 is forecast to be in the range of 0.5% to 1.0% but the actual outcome will be influenced by the speed with which new investments, particularly in the private sector occur. These have the potential to absorb some of the labour that government is shedding. In addition, the 2019 English cricket tour is anticipated to boost activity at the same time as the emerging medical education sector gains root. Increased airlift out of the United States creates the potential for a strong up-tick in activity.

Given the elimination of the NSRL, the inflation rate is expected to fall. The current forecast for inflation for 2018 and 2019 is now 4.3% and 2.7%, respectively. However, volatile oil prices remain a threat to the trajectory of the inflation rate.

This positive outlook requires the effort and commitment of all stakeholders to ensure that the reforms achieve their intended goals.

Table 1 – Economic Indicators

	2013	2014	2015	2016	2017	Sep 2015	Sep 2016	Sep 2017	Sep 2018
Nominal GDP (\$ Million) ¹	9,354.5	9,392.7	9,450.9	9,681.3	9,979.0	7,011.8	7,151.3	7,406.5	7,640.9
Real Growth (%)	(1.4)	0.0	2.2	2.5	0.1	1.6	2.0	0.6	(0.5)
Inflation (%) ²	1.8	1.8	(1.1)	1.5	4.5	0.6	(0.6)	3.4	5.6
Avg. Unemployment (%) ³	11.6	12.3	11.3	9.7	10.0	12.0	10.2	10.0	9.2
Gross International Reserves (\$ Million)	1,203.6	1,116.3	967.9	665.5	473.4	1,022.2	956.0	600.1	577.1
Gross International Reserves Cover, Weeks	14.4	13.8	12.4	9.3	6.1	13.1	12.2	7.7	7.4
BoP Current Account (% of GDP)	(8.4)	(9.6)	(6.1)	(4.3)	(3.8)	(5.9)	(3.8)	(3.1)	(2.6)
Total Imports of Goods (% of GDP)	35.9	35.2	32.5	31.8	30.5	31.8	31.1	29.4	28.4
Travel Credits (% of GDP)	20.7	18.9	20.0	21.5	21.6	20.2	21.7	21.9	21.7
Financial Account (\$ Millions)	518.4	745.6	442.3	84.2	86.3	378.9	238.4	129.5	260.1
Gross Public Sector Debt ⁴ (% of GDP)	131.5	137.0	144.2	151.2	148.4	145.8	146.7	151.1	155.8
External Debt Service to Curr. Acct. Cred.	6.4	6.7	9.5	8.0	8.4	9.0	6.9	7.4	5.4
Treasury-Bill Rate	3.2	2.6	1.8	3.1	3.2	2.0	3.1	3.1	2.9
Average Deposit Rate ⁵	2.5	2.5	0.4	0.3	0.2	0.6	0.3	0.2	0.2
Average Loan Rate ⁵	7.4	7.1	6.8	6.7	6.6	6.9	6.7	7.0	6.8
Excess Liquidity Ratio	3.9	6.7	10.6	14.5	14.1	10.5	14.6	15.0	16.2
Private Sector Credit Growth (%)	(2.2)	(4.6)	0.5	1.1	3.0	0.2	(0.0)	2.5	4.0*
Private Sector Credit (% of GDP)	60.1	57.1	57.1	56.3	56.3	56.8	55.7	56.0	56.4
Domestic Deposits (% of GDP)	87.4	86.0	89.2	90.8	88.2	87.4	89.3	88.4	88.0
Fiscal Year	2013/14	2014/15	2015/16	2016/17^(p)	2017/18^(e)				
Fiscal Deficit (% of GDP)	(10.3)	(7.6)	(9.0)	(5.3)	(4.5)				
Primary Balance (% of GDP)	(3.7)	(0.5)	(2.0)	2.2	3.0				
Interest (% of GDP)	6.5	7.0	7.0	7.6	7.6				
Fiscal Current Account (% of GDP)	(8.5)	(5.5)	(6.6)	(3.0)	(2.8)				
Revenue (% of GDP)	25.0	25.8	25.7	28.0	28.1				
Expenditure (% of GDP)	35.3	33.4	34.8	33.4	32.7				
<i>Non-interest Expenditure (% of GDP)</i>	28.7	26.4	27.7	25.8	25.1				
<i>Capital Expenditure (% of GDP)</i>	1.8	2.1	2.5	2.3	1.7				
Gov't Interest Payments (% of Revenue)	26.1	27.2	27.4	26.9	26.9				

^(p) - Provisional

^(e) - Estimate

¹ - Central Bank of Barbados Estimates

² - Data to July 2018

³ - Data to June 2018

⁴ - Gross Public Sector Debt = Gross Public Sector Debt = Gross Central Government Debt (excluding SDRs) + Contingent Liabilities + Arrears*

⁵ - Data to August 2018

n.a.- Not Available

*Reflects the financial consolidation of a finance and trust company with its parent bank

Source: Barbados Statistical Service and Central Bank of Barbados

Table 2 – GDP by Sector and Activity

(BDS \$Millions, Constant Prices)

	2013	2014	2015	2016	2017 ^(p)	Sep 2015	Sep 2016	Sep 2017 ^(p)	Sep 2018 ^(e)
Tradeables	1,659.6	1,645.1	1,717.0	1,823.2	1,870.5	1,255.9	1,314.1	1,375.4	1,403.1
Tourism	1,056.9	1,066.5	1,115.5	1,229.0	1,256.3	808.5	879.3	923.6	936.8
Manufacturing	490.1	468.9	491.3	485.2	508.7	365.9	358.6	374.6	386.0
of which:									
<i>Rum & Other Beverages</i>	68.2	65.2	68.4	67.5	70.8	50.9	49.9	52.1	53.7
<i>Food</i>	124.6	119.2	124.9	123.3	129.3	93.0	91.2	95.2	98.1
<i>Furniture</i>	13.5	12.9	13.5	13.4	14.0	10.1	9.9	10.3	10.6
<i>Chemicals</i>	29.5	28.2	29.6	29.2	30.6	22.0	21.6	22.5	23.2
<i>Electronics</i>	37.1	35.5	37.2	36.7	38.5	27.7	27.1	28.3	29.2
<i>All Other Manufacturing</i>	217.3	207.9	217.8	215.1	225.5	162.2	159.0	166.1	171.1
Sugar	7.1	5.9	4.7	3.4	5.4	4.7	3.4	5.4	6.7
Other Agriculture	105.5	103.8	105.4	105.7	100.1	76.8	72.8	71.8	73.6
Non-tradeables	6,023.0	6,034.9	6,132.4	6,218.6	6,179.7	4,564.2	4,623.7	4,597.8	4,538.8
Mining & Quarrying	20.7	28.8	37.4	32.4	47.0	29.5	24.6	29.3	29.4
Electricity, Gas & Water	221.0	221.3	217.4	219.0	214.8	162.6	162.8	161.6	158.6
Construction	495.0	501.7	495.7	464.3	473.0	373.6	348.7	359.9	322.0
Distribution	794.7	767.7	792.4	777.2	742.2	576.2	568.9	543.7	537.9
Transport, etc	934.3	967.0	972.6	1,065.4	1,045.7	707.9	782.3	768.6	765.5
Finance and Other Services	2,598.0	2,654.4	2,752.2	2,805.6	2,801.6	2,064.7	2,095.9	2,093.2	2,084.6
Government	959.3	893.9	864.7	854.7	855.6	649.7	640.4	641.6	640.7
Total	7,682.6	7,680.0	7,849.4	8,041.8	8,050.2	5,820.1	5,937.8	5,973.2	5,941.9
Nominal GDP	9,354.5	9,392.7	9,450.9	9,681.3	9,979.0	7,011.8	7,151.3	7,406.5	7,640.9
Real Growth Rates	(1.4)	(0.0)	2.2	2.5	0.1	1.6	2.0	0.6	(0.5)
Tradeables	(2.4)	(0.9)	4.4	6.2	2.6	3.7	4.6	4.7	2.0
Non-tradeables	(1.1)	0.2	1.6	1.4	(0.6)	1.1	1.3	(0.6)	(1.3)

^(p) - Provisional

^(e) - Estimate

¹ - BSS' 2010 Base Year Series

Source: Barbados Statistical Service and Central Bank of Barbados

**Table 3 – Balance of Payments
(BDS \$Millions)**

	2013	2014	2015	2016	2017(p)	Sep 2015	Sep 2016	Sep 2017 ^(p)	Sep 2018 ^(e)
Current Account	(782.5)	(901.0)	(578.4)	(414.6)	(383.5)	(415.9)	(273.6)	(231.1)	(196.2)
Inflows	4,564.1	4,417.3	4,599.1	4,795.7	4,829.0	3,440.5	3,601.6	3,626.5	3,652.8
Travel	1,938.7	1,773.6	1,894.9	2,079.1	2,158.3	1,417.7	1,549.9	1,623.1	1,659.5
Other Services	417.1	429.8	412.2	418.4	429.9	323.9	329.5	338.3	349.4
Domestic Exports	521.2	539.4	486.3	504.6	509.7	370.4	375.9	372.6	384.9
Rum	86.1	78.7	76.3	77.6	83.9	62.6	56.8	63.9	62.5
Food	64.0	70.0	65.1	62.7	64.6	46.8	46.5	46.1	47.3
Sugar	15.9	18.1	7.2	7.1	13.5	7.2	6.8	4.8	0.3
Chemicals	69.6	73.6	73.9	72.2	72.5	52.5	52.8	49.6	56.4
Printed Paper Labels	24.4	24.2	22.0	23.1	22.7	16.2	17.4	17.5	20.9
Construction Materials	45.3	44.5	42.1	45.3	42.1	31.5	34.0	30.4	37.5
Other	216.5	230.3	199.7	216.8	210.4	153.6	161.8	160.3	160.1
Re-exported Goods	414.0	369.2	479.5	529.1	461.1	306.0	387.8	323.9	280.0
Net Export of Goods under Merchanting	635.2	640.3	633.9	632.2	635.4	475.4	474.1	476.6	475.4
Income	497.5	525.1	512.0	515.4	529.8	388.4	393.9	405.0	415.1
Transfers	139.7	140.0	180.3	116.7	104.7	158.8	90.4	87.0	88.4
Outflows	5,346.6	5,318.3	5,177.5	5,210.3	5,212.6	3,856.4	3,875.3	3,857.6	3,849.0
Total Imports of Goods	3,361.5	3,304.4	3,074.4	3,080.9	3,040.3	2,227.5	2,225.3	2,174.8	2,170.7
Fuel Imports	965.6	877.5	603.6	502.9	626.2	483.4	336.9	445.7	516.7
Other Merchandise Imports	2,395.8	2,426.8	2,470.8	2,578.0	2,414.1	1,744.1	1,888.4	1,729.1	1,654.0
Services	932.4	925.0	988.8	989.3	1,014.0	775.6	776.3	795.7	819.5
Income	886.7	920.0	937.9	958.3	977.6	711.2	724.7	739.2	705.0
General Government	140.1	166.3	164.8	166.8	167.4	116.8	116.5	118.2	62.7
Other Sectors	746.6	753.7	773.1	791.4	810.2	594.4	608.1	621.1	642.3
Transfers	166.1	169.0	176.4	181.8	180.6	142.1	149.0	147.8	153.7
Capital Account	(28.1)	(33.4)	(32.9)	(11.3)	(4.8)	(25.3)	(10.4)	(4.2)	48.0
Financial Account	518.4	745.6	442.3	84.2	86.3	378.9	238.4	129.5	260.1
Net Foreign Direct Investment	155.6	1,634.6	160.1	376.7	468.2	145.1	298.5	351.2	315.2
All Other Investment Flows	362.8	(889.0)	282.2	(292.5)	(381.9)	233.8	(60.1)	(221.6)	(55.1)
Net Long-term Public	199.3	96.5	(71.1)	(171.1)	(135.0)	(121.8)	(98.2)	(79.6)	(65.0)
Net Long-term Private	155.2	(1,002.6)	361.9	(44.6)	(156.8)	352.3	32.3	(71.4)	18.3
Net Short-term	8.3	17.2	(8.6)	(76.8)	(90.1)	3.3	5.8	(70.7)	(8.4)
Net Errors & Omissions	(15.8)	101.4	20.6	39.3	109.9	(31.8)	33.7	40.4	(8.2)
Overall Balance	(308.0)	(87.3)	(148.3)	(302.4)	(192.1)	(94.1)	(11.9)	(65.4)	103.7
Change in GIR: - increase/+ decrease	308.0	87.3	148.3	302.4	192.1	94.1	11.9	65.4	(103.7)

^(p) - Provisional

^(e) - Estimate

Source: Central Bank of Barbados

Table 4 – Monetary Aggregates and Financial Stability Indicators for the Banking System

	2013	2014	2015	2016	2017 ^(p)	Sep 2015	Sep 2016	Sep 2017 ^(p)	Sep 2018 ^(e)
Net International Reserves	2,405.4	2,358.0	2,480.8	2,294.2	1,979.4	2,129.4	2,438.4	2,067.6	1,755.4
Monetary Authorities	1,116.4	1,045.2	911.3	665.9	396.8	966.9	889.3	532.2	504.7
Commercial Banks	1,289.0	1,312.8	1,569.5	1,628.3	1,582.6	1,162.5	1,549.1	1,535.4	1,250.7
Net Domestic Assets	5,590.8	5,808.6	5,941.6	6,457.0	6,716.0	6,107.5	5,919.1	6,564.7	7,010.2
Credit to Public Sector	2,647.3	3,002.5	3,431.5	3,798.9	4,104.0	3,242.1	3,625.8	3,950.4	3,850.7
Central Government (net)	2,668.8	2,920.0	3,472.4	4,030.2	4,289.7	3,273.3	3,839.3	4,165.0	4,105.9
Rest of Public Sector	(21.5)	82.5	(40.9)	(231.3)	(185.8)	(31.3)	(213.5)	(214.6)	(255.3)
Credit to Rest of Financial System	32.9	31.3	56.4	40.3	44.8	33.3	39.3	43.5	91.6
Liabilities to Other Financial Institutions	708.4	563.3	753.9	704.0	843.8	696.2	801.5	826.5	981.1
Credit to Private Sector	5,622.3	5,363.5	5,392.0	5,451.5	5,615.2	5,371.7	5,389.6	5,589.1	5,807.2
Medium and Long-term Foreign Liabilities	(1,326.6)	(1,316.0)	(1,366.8)	(1,348.6)	(1,291.9)	(1,338.9)	(1,356.3)	(1,310.2)	(1,271.3)
Net Unclassified Assets	(957.8)	(1,036.3)	(1,090.7)	(1,087.5)	(1,184.1)	(392.0)	(910.6)	(754.5)	(647.7)
Liabilities to Private Sector	7,996.2	8,166.5	8,422.4	8,751.2	8,695.4	8,236.9	8,357.6	8,632.3	8,765.6
Currency in Circulation	667.4	686.1	668.4	730.3	749.9	632.4	655.2	683.3	711.2
Demand Deposits	1,965.8	2,185.7	2,626.3	3,067.5	3,193.1	2,463.3	2,699.0	3,112.0	3,360.9
Time Deposits	1,094.0	943.9	786.0	667.1	607.1	828.5	684.9	627.5	533.4
Savings Deposits	4,269.1	4,350.8	4,341.7	4,286.3	4,145.3	4,312.6	4,318.4	4,209.5	4,160.1
Memo Items									
Domestic Deposits in the Banking System	8,175.9	8,077.9	8,429.4	8,788.4	8,798.5	8,260.1	8,644.2	8,823.8	9,065.9
Banking System Financial Stability Indicators¹									
Capital Adequacy Ratio (CAR)	17.6	16.4	15.8	17.2	17.0	16.5	15.9	17.0	16.0
Loan to Deposit Ratio	70.0	70.3	65.5	62.3	63.3	67.0	64.8	64.0	66.1
Liquid Assets to Total Assets	18.0	20.3	25.2	27.4	26.7	28.8	32.1	32.5	32.9
Non-Performing Loans Ratio	11.7	11.5	10.6	8.9	7.9	10.8	9.4	8.2	7.7
Provisions to Non-Performing Loans	44.9	47.7	55.5	62.7	80.4	55.0	66.0	68.5	67.5
Return on Average Assets (RoAA)	0.8	0.6	1.4	1.5	1.3	1.1	1.5	1.3	1.3

^(p) - Provisional

^(e) - Estimate

¹ Data as at June 2018

*Reflects the financial consolidation of a finance and trust company with its parent bank

Source: Central Bank of Barbados

Table 5 – Summary of Government Operations
(BDS \$Millions)

	2013/14	2014/15	2015/16	2016/17 ^(p)	2017/18 ^(e)	Apr -Sep 2015	Apr -Sep 2016	Apr-Sep 2017 ^(p)	Apr-Sep 2018 ^(e)
Total Revenue	2,334.3	2,407.3	2,458.4	2,754.0	2,838.4	1,222.5	1,123.2	1,241.6	1,311.8
Tax Revenue	2,156.4	2,182.8	2,266.3	2,494.5	2,649.3	1,130.0	1,062.3	1,186.0	1,231.0
i) Direct Taxes	813.4	901.0	875.6	970.5	983.8	495.0	370.6	405.9	468.5
Personal	364.8	412.5	396.8	488.3	468.7	243.7	227.4	234.9	223.6
Corporate	174.7	156.1	215.2	248.2	281.4	73.5	74.3	110.7	159.6
Consolidation	14.4	28.1	36.3	3.2	0.0	17.9	3.2	0.0	0.0
Property	156.0	164.4	132.8	135.4	137.6	114.7	15.0	13.0	29.6
Municipal Solid Waste	0.0	32.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial Institutions Asset Tax	0.0	26.9	29.0	32.6	48.1	12.7	18.7	21.9	28.5
Other	103.6	81.0	65.5	62.7	48.0	32.5	32.1	25.4	27.2
ii) Indirect Taxes	1,343.0	1,281.8	1,390.7	1,524.0	1,665.5	635.0	691.7	780.1	762.5
Stamp	11.6	11.0	10.1	9.4	10.5	5.3	4.5	4.6	4.9
VAT	905.6	806.2	861.4	890.3	867.9	384.7	417.4	427.6	430.4
Excises	115.4	135.9	169.0	225.6	301.6	72.8	82.8	123.6	113.2
Import Duties	193.6	223.6	231.6	245.2	218.6	107.0	120.6	106.8	97.0
Social Responsibility Levy	0.0	0.0	0.0	29.3	152.3	0.0	1.9	56.0	49.0
Other	116.8	105.1	118.6	124.3	114.6	65.2	64.4	61.5	68.0
Non Tax Revenue & Grants	177.9	224.5	192.1	259.5	189.1	92.6	60.9	55.6	80.8
Non Tax Revenue	152.1	147.7	147.5	228.4	149.0	65.3	49.6	48.9	74.0
Grants	4.7	57.5	18.1	9.8	22.0	17.0	0.0	0.0	0.0
Post Office - Revenue	21.1	19.3	26.4	21.3	18.1	10.2	11.3	6.7	6.8
Current Expenditure	3,124.0	2,918.7	3,085.5	3,053.0	3,123.7	1,379.2	1,419.3	1,461.4	1,307.4
Wages & Salaries	871.9	803.7	787.2	784.4	782.2	391.8	387.4	386.3	390.3
Goods & Services	382.2	341.5	441.3	385.4	364.3	142.6	158.7	159.0	167.8
Interest	608.7	653.7	672.5	741.7	764.7	321.1	356.3	373.4	268.9
External	135.3	165.3	163.7	168.0	168.0	72.4	73.2	73.6	17.6
Domestic	473.4	488.4	508.8	573.7	596.7	248.7	283.1	299.8	251.4
Transfers & Subsidies	1,261.2	1,119.8	1,184.5	1,141.5	1,212.5	523.7	516.9	542.7	480.4
Grants to Individuals	365.1	338.5	342.1	327.3	358.2	149.2	141.0	156.6	143.2
Grants to Public Institutions	786.4	682.9	729.6	714.4	761.2	332.8	327.7	350.2	304.9
Non-Profit Agencies	37.3	29.6	32.3	32.7	19.0	15.9	15.9	8.7	7.5
Capital Expenditure & Net Lending	169.3	193.5	236.3	225.1	171.8	56.0	108.1	83.6	38.8
Fiscal Balance	(958.9)	(704.9)	(863.4)	(524.1)	(457.1)	(212.6)	(404.2)	(303.5)	(34.4)
Primary Balance	(350.2)	(51.2)	(190.8)	217.6	307.6	108.4	(47.9)	70.0	234.5
Fiscal Balance to GDP (%)	(10.3)	(7.6)	(9.0)	(5.3)	(4.5)				

^(p)Provisional

^(e) Estimate

Sources: Accountant General, Ministry of Finance and Central Bank of Barbados

**Table 6 – Government Financing
(BDS \$Millions)**

	2013/14	2014/15	2015/16	2016/17 ^(p)	2017/18 ^(e)	Apr -Sep 2015	Apr -Sep 2016	Apr-Sep 2017(p)	Apr-Sep 2018(e)
Total Financing	958.9	704.9	863.4	524.1	457.1	212.6	404.2	303.5	34.4
Domestic Financing	637.1	695.2	837.7	685.7	636.2	277.6	488.3	362.7	30.7
Central Bank	217.8	349.1	426.2	783.2	68.9	236.2	564.0	43.6	119.1
Commercial Banks	253.7	(141.7)	182.4	(433.5)	257.9	84.7	(285.6)	210.7	57.5
National Insurance Board	231.9	48.6	71.2	180.2	3.1	10.1	91.2	(3.4)	2.5
Private Non-Bank	121.6	62.6	108.5	94.6	(57.2)	94.9	4.3	(24.5)	(27.7)
Other	(188.0)	376.7	49.4	61.3	363.5	(148.4)	114.5	136.3	(120.6)
Foreign Financing (Net)	321.8	9.7	25.7	(161.7)	(179.1)	(64.9)	(84.1)	(59.3)	3.7
Capital Markets	377.0	49.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Funds	96.0	79.0	204.1	57.2	113.8	97.3	13.6	56.2	47.7
Policy Loans	0.0	0.0	99.3	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation	(151.2)	(118.7)	(277.8)	(218.8)	(292.8)	(162.2)	(97.7)	(115.4)	(44.1)
Divestment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Central Bank of Barbados

**Table 7 – Public Debt Outstanding
(BDS \$Millions)**

	2013	2014	2015	2016	2017 ^(p)	Sep 2015	Sep 2016	Sep 2017	Sep 2018 ^(e)
Gross Central Government Debt¹	10,874.0	11,445.1	12,243.0	13,397.3	13,665.9	12,169.0	13,312.5	13,793.7	13,832.8
Domestic Debt	8,201.4	8,520.4	9,319.8	10,511.2	10,840.1	9,144.7	10,186.1	10,761.4	10,914.4
Central Bank ²	747.3	807.9	1,303.6	2,012.4	2,227.7	1,162.7	1,961.1	2,174.7	2,007.6
Commercial Banks	1,997.8	1,946.9	2,070.0	2,030.9	2,144.9	2,039.0	1,905.4	2,060.8	2,099.6
National Insurance	2,877.7	2,993.6	3,152.7	3,481.0	3,518.9	3,109.9	3,343.4	3,510.7	3,533.7
Insurance Companies ³	491.0	498.7	514.6	522.3	527.2	826.9	812.2	564.6	824.3
PPP	306.9	294.3	272.9	256.8	241.8	282.2	264.6	247.0	236.9
Other	1,780.7	1,978.9	2,006.1	2,207.8	2,179.7	1,724.0	1,899.4	2,203.6	2,212.2
External Debt	2,868.0	3,125.4	3,105.3	3,069.7	3,003.3	3,024.3	3,126.4	3,032.3	2,918.5
International Financial Institutions	733.1	882.6	1,012.4	1,062.5	1,043.7	860.2	1,058.6	1,012.1	951.0
Bonds	1,616.8	1,735.1	1,619.3	1,548.3	1,452.8	1,686.8	1,605.2	1,509.8	1,460.4
PPP	266.5	261.5	256.0	249.9	243.1	256.0	249.9	243.1	237.0
Bilateral	56.2	45.6	35.5	25.5	86.1	39.2	29.2	89.8	83.8
SDRs (+)	195.4	200.6	182.1	183.5	177.5	182.1	183.5	177.5	186.2
Contingent Liabilities	1,430.9	1,425.7	1,385.8	1,238.2	1,144.0	1,285.0	1,157.7	1,061.6	940.9
Domestic Debt	1,119.9	1,135.7	1,116.9	965.8	884.6	951.5	882.1	837.9	833.2
Foreign Debt	311.0	290.0	268.9	272.4	259.4	333.6	275.6	223.7	107.8
Gross Public Sector Debt⁴	12,304.9	12,870.8	13,628.8	14,635.5	14,809.9	13,454.0	14,470.2	14,855.3	15,956.5
Central Government Financial Assets	1,051.8	971.2	744.8	752.0	715.2	844.1	767.4	739.1	699.2
Central Bank	103.4	52.8	16.7	20.1	20.3	44.3	22.7	24.4	21.9
Commercial Banks	119.3	99.3	95.1	99.4	96.0	132.2	86.6	95.8	94.2
Sinking Funds	829.1	819.1	633.0	632.6	598.8	667.6	658.1	618.9	583.1
Other Public Sector Financial Assets	197.8	198.5	207.9	239.8	189.0	592.7	639.6	679.1	673.5
Public Corporations' Deposits	197.8	198.5	207.9	239.8	189.0	209.8	212.8	203.3	207.7
Gross Public Sector Debt/GDP (%)	131.5	137.0	144.2	151.2	148.4	142.6	150.6	150.0	155.8
Gross Central Government Debt/GDP (%)	116.2	121.9	129.5	138.4	136.9	129.0	138.5	139.3	135.0
External Debt/GDP (%)	30.7	33.3	32.9	31.7	30.1	32.0	32.5	30.6	28.5
Net Central Government5/GDP (%)	105.0	111.5	121.7	130.6	129.8	120.0	130.6	131.8	128.2

^(p) - Provisional

^(e) - Estimate

¹ - Gross Central Government Debt = Domestic Debt (inclusive of NIS) + External Debt (excluding SDRs)

² - Comprises Treasury Bills, Debentures and Ways & Means Account Balance

³ - Gross Public Sector Debt = Gross Central Government Debt (excluding SDRs) + Contingent Liabilities + Arrears*

*Arrears estimated at \$1.2 billion for Sep 2018 and are subject to revisions of offsetting balances to state-owned enterprises