



Press Release March 2018

Overview

The Barbados economy is estimated to have contracted by 0.7% during the first quarter of 2018. This performance reflects the combined impact of a decline in real output in the tourism sector, the slowing of construction activity, the late start to the annual sugar harvest and the slowdown of domestic demand arising from the budgetary measures announced in the May 2017 Budget.

The supply of foreign exchange was more than adequate to meet market demand on a timely basis during the quarter, thus enabling foreign exchange dealers to sell some of their surpluses to the Central Bank. However, higher public sector debt service obligations than usual contained the growth of international reserves at the Central Bank to \$14 million for the period. As a result, the import cover of 6.9 weeks at the end of March remained below the twelve-week minimum holding that the Bank considers as adequate.

Government's fiscal consolidation efforts during FY 2017-2018 led to a modest improvement in the primary balance and an overall reduction in the fiscal deficit from the previous year, but there was a significant deviation from the targeted outcome. This outcome is attributable to the delays in the execution of planned divestment activities, the underperformance of revenue, particularly the National Social Responsibility

Levy (NSRL) and the Value Added Tax (VAT) and higher interest expenditure than originally envisaged.

Table 1: 2017/18 Fiscal Performance (%GDP)

	Target	Estimated Outturn	Performance Gap
Total Revenue	35.8	30.9	-4.9
Total Expenditure	35.5	35.0	-0.5
Fiscal Balance	0.3	-4.2	-4.5
Primary Balance	7.7	3.9	-3.8
Fiscal Adjustments			
Revenue	35.8	30.9	-4.9
NSRL	2.6	1.5	-1.0
VAT	10.9	9.8	-1.1
FX FEE	0.5	0.5	-0.1
Excise Tax	3.1	3.2	0.1
Asset Sales	1.6	0.0	-1.6
Tax Amnesty	0.3	NA	-0.3
Other Revenue	16.9	15.9	-1.0
Expenditure	35.5	35.0	0.5
Non-interest Expense	28.0	27.0	1.0
Interest	7.5	8.0	-0.5

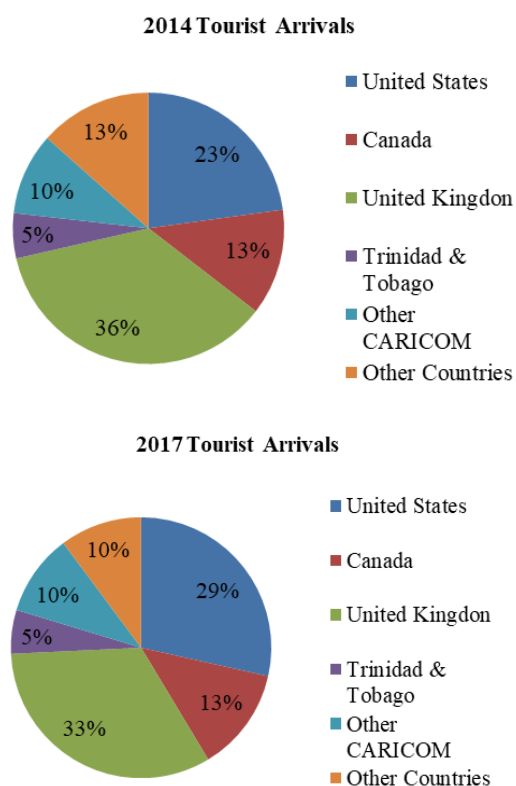
Source: Central Bank of Barbados and Ministry of Finance

Real Sector

Real value-added in the tourism sector is estimated to have declined by approximately 1% compared to the 4.5% expansion in the corresponding period of 2017. Long-stay arrivals rose by 5.8%, with data up to February indicating that visitors from the key source markets of the United States, Canada and the United Kingdom were up by 5.1%, 10.1% and

6.5%, respectively. However, the strong growth of shorter staying North American arrivals who now account for 42% of annual arrivals compared to 36% in 2014 was offset by a reduction in the overall average length of stay. Preliminary indicators are that cruise tourism activity was unchanged from the year before.

Figure 1: Tourist Arrivals by Market



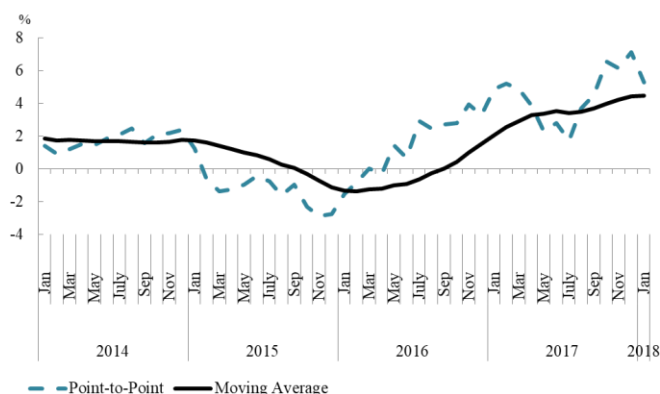
Source: Barbados Statistical Service and Central Bank of Barbados

Overall traded sector activity was also dampened by the delayed commencement of the sugar harvest, partly because of the late receipt of payments by private cane owners for the prior year's crop. The harvest is expected to be slightly above the level of output in 2017, with production occurring during the second quarter of the year.

In contrast to first quarter growth of 2.3% in 2017, activity in the non-traded sectors is estimated to have been flat. Following its robust performance during the first quarter of 2017, output in the construction sector weakened, the result of the culmination of mainly tourism-related projects that supported activity last year, while new tourism-related projects continued to be delayed. Preliminary data suggests that the other non-traded sectors were adversely impacted by the fall-off in domestic demand caused in part by the tightening of fiscal policy.

The average unemployment rate for the four quarters ending December 2017 was 10.0% compared to 9.7% for the previous year-end, but the average level of unemployed persons remained relatively stable.

Figure 2: Retail Price Inflation



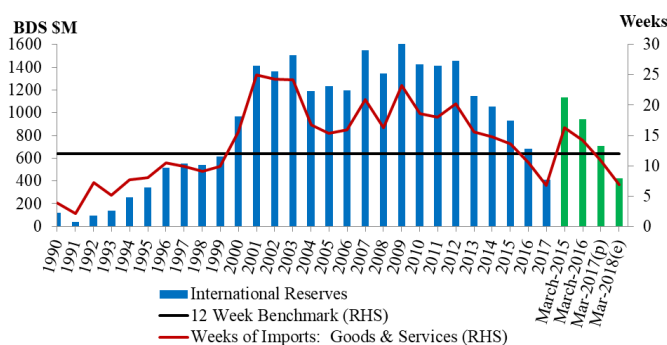
Source: Barbados Statistical Service

As expected, the fiscal measures were manifested in higher prices, but the potential impact was cushioned by the exemptions from the hike in the NSRL that were granted to a basket of consumer goods. In addition, with international energy prices trending upwards, particularly during the second half of 2017, domestic inflation reached 4.5% at the end of January 2018, relative to 2.0% in 2017.

External Sector

The Bank's net purchases of foreign exchange from the commercial banks were at its highest in three years. Foreign exchange availability benefitted from the gains in net export of services, as tourism earnings increased by an estimated 2.1%. At the same time, higher oil prices, increased consumer imports and slightly weaker commodity exports offset some of the gains derived from tourism. The improvement in reserves was smaller than that for the same period last year as the gains were eroded by higher debt service. Over the first three months of 2018, the international reserves held by the Central Bank increased by \$14 million to end the quarter at \$423 million.

Figure 3: International Reserves

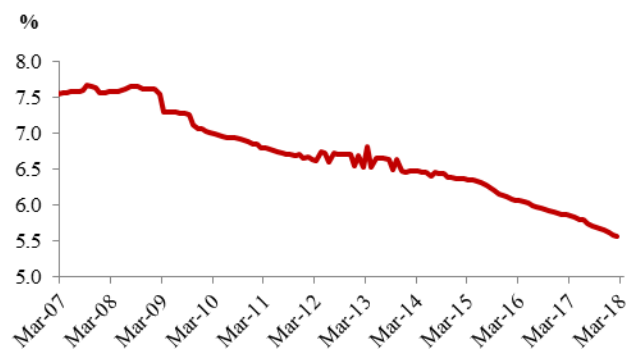


Source: Central Bank of Barbados

Financial Sector

The financial sector remained stable as reflected in above-normal levels of capital adequacy and liquidity. These trends were driven in part by the on-going weak growth in credit to the private sector, despite a relatively benign interest rate environment. The weighted average deposit and loan rates remained virtually unchanged, but the average mortgage rate continued to fall, reaching 5.6% from 5.9% one year prior.

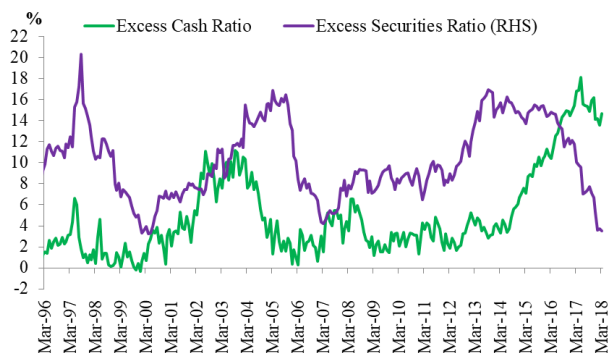
Figure 4: Average Mortgage Rate



Source: Central Bank of Barbados

For the first quarter of 2018, excess cash liquidity in the banking system stood at 14.7% compared to 17.5% for the similar period in 2017, following the Central Bank's 2017 decision to raise the requirement on commercial banks' holdings of Government securities. This policy decision had the simultaneous effect of substantially reducing the excess securities ratio.

Figure 5: Excess Reserves Ratios of Commercial Banks



Source: Central Bank of Barbados

Public Sector

Revenue and Expenditure

The fiscal deficit fell by almost 1.5 percentage points to 4.2% in FY2017-2018. However, this was significantly above the small surplus targeted in the May 2017 Budget as government attempted to reduce its borrowing requirement and place the debt ratio on a downward

trajectory. The consolidation effort resulted in an improved primary surplus balance of 3.9% compared to 2.4% in FY2016-2017.

Total revenues expanded by 6.5% on the basis of increased tax receipts on goods and services. Over half of the increased indirect tax take came from the NSRL, the cornerstone of the new measures introduced in the May 2017 Budget. However, exemptions from the tax for certain categories of goods and the fall in non-oil imports during the latter half of 2017 dampened the overall collection. The yields from excise taxes and VAT were up by 36% and 4%, respectively, but the increase in the VAT did not meet expectations. In contrast, import duties actually declined.

Taxes on incomes rose marginally as a one-time boost in corporate tax receipts was largely offset by declines in withholding taxes. The new foreign exchange fee and the transfer of profits by the Central Bank contributed almost 1% of GDP to non-tax revenues, which remained stable.

Non-interest current expenditure rose by 4% as increased grants to public institutions and to individuals, a partial result of higher retirement benefits, negated a sharp decline in capital expenditure arising from a slowdown in the number of public projects undertaken in FY2017-2018. However, interest expenses increased moderately, accounting for 8% of GDP and absorbing 26% of revenue.

Table 2: Composition of Expenditure (%GDP)

\$BDS M	2013/14	2014/15	2015/16	2016/17	2017/18 ^(e)
Total Expenditure	35.8	33.9	36.3	35.6	35.0
Wages	9.5	8.8	8.6	8.5	8.2
Goods & Services	4.2	3.7	4.8	4.2	4.1
Interest Expense	6.6	7.1	7.4	8.1	8.0
Transfers and Subsidies	13.7	12.2	13.0	12.4	13.0
Capital Expenditure	1.8	2.1	2.6	2.4	1.7

Source: Central Bank of Barbados and Ministry of Finance

Financing and Debt

Foreign financed project inflows were insufficient to offset foreign loan payments of \$293 million. As a result, the fiscal deficit was mainly financed by commercial banks which provided funding equal to more than 3% of GDP due to the change in monetary policy via the securities reserve requirement. Central Bank financing fell to 1% of GDP when compared to the previous fiscal year, when it reached 9%. The private non-bank entities also reduced their exposure to Government.

As at March 2018, the gross central government debt, including borrowings from the Central Bank and the NIS, rose to 151% of GDP. Part of the increase (2.3 percentage points) was attributable to the issuance of securities to cover the resolution costs associated with protecting the policy holders of CLICO International Life Insurance Ltd¹. The Government has also created a contingent liability by guaranteeing the payment of the principal and interest of the bonds issued by New Life Investment Company Inc. (1.7 percentage points). A further increase in debt equivalent to just over one percentage point of GDP designed to protect British American Insurance Company Ltd. policy holders occurred early in the second quarter.

¹ Refer to Box 1

Box 1: The CLICO and BAICO Resolution and Public Debt

The Government of Barbados established a holding company, New Life Investment Company Inc. (NLICO) and its insurance operating subsidiary Resolution Life Insurance Company (ResLife), with the approval of the court appointed Judicial Manager, to acquire the CLICO portfolio. Government has also approved the transfer of the life insurance business of BAICO to Sagicor Life Inc.

The following securities were issued on 1st January, 2018 in relation to CLICO:

Security	Value	% of GDP
Demand notes issued by the Government to ResLife, the interest from which would assist with the payment of the statutory fund shortfall as well as CLICO's life insurance and other liabilities.	\$220 million	2.3%
Bonds issued by NLICO to ResLife in exchange for the restructured ten year fixed annuities of the Executive Flexible Premium Annuity policyholders.	\$126 million	1.3%
Bonds issued by NLICO to CLICO for the transfer of its real estate assets to NLICO. These bonds subsequently passed to ResLife when the assets of CLICO were transferred to that entity.	\$34 million	0.4%

Further, the following securities in relation to BAICO were issued April, 2018:

Security	Value	% of GDP
Transfer of the life insurance business of the British American Insurance Company Ltd. (BAICO) to Sagicor Life Inc.	\$93 million	1.0%
Preservation of the pension plans of BAICO employee	\$9 million	0.1%

Outlook

The outlook for the Barbadian economy remains challenging. Decisive stabilisation measures that place the public finances on a sustainable path, alter the trajectory for the international reserves and create the conditions for strong durable growth are now needed.

Addressing the public finances remains a priority so as to stabilise and ultimately grow the economy. Our efforts to date have not resulted in bringing the fiscal deficit to a manageable level. The demand for local Government securities has declined and the excess of external debt service over external borrowings continues to create added financing pressure. The impact of these developments in recent years has been a build-up of domestic arrears and increased reliance on Central Bank financing. The current borrowing requirement for fiscal year 2018/2019 therefore needs to be reduced.

The task at hand is to implement a strategy that reduces the current year deficit, builds the platform for strengthening the public finances over the medium-term and fosters an environment that creates access to external funding. In addition, we need to create the fiscal space to enable infrastructural development that promotes long-term growth. In these circumstances, improving the outlook requires Government's fiscal strategies to embrace durable expenditure reforms, including for state-owned enterprises and improved tax administration.

Given the estimated downturn in tourism in the first quarter and ongoing delays in project start-ups, the Bank has revised downwards its current growth forecast for 2018 within the range of -0.25% to 0.25%. This outturn is likely to be

further influenced by the speed and nature of the fiscal adjustment policies and the quantum of new investment. However, the outlook for growth requires an overall policy framework that includes measures to strengthen the business environment, promote competitiveness, spur innovation and encourage emerging sectors, such as alternative energy.

Sustainable growth must be underpinned by an adequate foreign exchange reserve buffer. The modest reserve growth in the first quarter and into April needs to be supported by further inflows in light of debt service commitments and the risk of rising international oil prices. In this regard, the ongoing uncertainty related to asset sales remains a source of concern. Accessing increased public and private sector capital flows is therefore warranted to strengthen the reserves position.

Achieving these objectives is a major undertaking that requires commitment and focus by all stakeholders.

Table 1 – Economic Indicators

	2012	2013	2014	2015	2016	2017 ^(p)	Mar 2015	Mar 2016	Mar 2017 ^(p)	Mar 2018 ^(e)
Nominal GDP (\$ Million) ¹	9,312.7	9,225.0	9,216.7	9,168.3	9,058.1	9,438.4	2,277.1	2,255.9	2,410.8	2,467.4
Real Growth (%) ⁶	0.3	0.0	0.0	0.7	1.8	0.6	(0.4)	2.1	3.2	(0.7)
Inflation (%) ²	4.5	1.8	1.8	(1.1)	1.5	4.0	1.4	(1.3)	2.9	4.5
Avg. Unemployment (%) ³	11.5	11.6	12.3	11.3	9.7	10.0	12.4	10.7	9.7	n.a.
Foreign Exchange Reserves (\$ Million)	1,457.7	1,144.1	1,054.9	929.4	683.6	409.7	1,137.5	942.5	709.4	423.3
Foreign Exchange Reserves Cover, Weeks	20.2	15.6	14.8	13.7	10.5	6.7	16.3	14.2	10.8	6.9
BoP Current Account (% of GDP)	(8.4)	(8.5)	(9.4)	(6.3)	(4.5)	(4.0)	0.5	2.6	0.6	0.1
Total Imports of Goods (% of GDP)	36.2	36.4	35.9	33.5	34.0	32.2	31.1	32.8	31.2	30.8
Travel Credits (% of GDP)	19.9	21.0	19.2	20.7	23.0	22.9	26.2	31.6	30.8	30.7
Net Capital Inflows (\$ Millions)	312.7	513.5	734.0	441.2	84.9	84.4	80.0	(25.0)	74.7	(1.8)
Gross Public Sector Debt ⁴ (% of GDP)	88.1	96.9	99.2	100.2	101.7	96.8	100.1	104.3	98.9	102.8
External Debt Service to Curr. Acct. Cred.	6.4	6.4	6.7	9.5	8.0	8.3	6.0	5.6	5.9	10.2
Treasury-Bill Rate	3.6	3.2	2.6	1.8	3.1	3.2	3.3	3.2	3.1	3.1
Average Deposit Rate ⁵	2.5	2.5	2.5	0.4	0.3	0.2	2.5	0.4	0.3	0.2
Average Loan Rate ⁵	6.8	7.4	7.1	6.8	6.6	6.6	7.0	6.8	6.6	6.7
Excess Liquidity Ratio	4.7	3.9	6.7	10.6	14.5	14.1	7.1	10.6	16.5	14.7
Private Sector Credit Growth (%)	10.5	(2.2)	(4.6)	0.5	1.1	3.0	1.0	(0.6)	(0.3)	0.2
Private Sector Credit (% of GDP)	61.7	60.9	58.2	58.8	60.2	59.5	62.1	60.0	59.3	61.8
Domestic Deposits (% of GDP)	85.4	88.6	87.6	91.9	97.0	93.2	95.0	97.4	94.8	96.3
Fiscal Year	2012/13	2013/14	2014/15	2015/16	2016/17^(p)	2017/18^(e)				
Fiscal Deficit (% of GDP)	(8.0)	(10.4)	(7.7)	(9.4)	(5.7)	(4.2)				
Primary Balance (% of GDP)	(1.8)	(3.8)	(0.6)	(2.1)	2.4	3.9				
Interest (% of GDP)	6.1	6.6	7.1	7.4	8.1	8.0				
Fiscal Current Account (% of GDP)	(6.7)	(8.6)	(5.6)	(6.9)	(3.2)	(2.5)				
Revenue (% of GDP)	26.5	25.4	26.2	26.9	29.9	30.9				
Expenditure (% of GDP)	34.5	35.8	33.9	36.3	35.6	35.0				
<i>Non-interest Expenditure (% of GDP)</i>	28.3	29.2	26.8	29.0	27.5	27.0				
<i>Capital Expenditure (% of GDP)</i>	1.3	1.8	2.1	2.6	2.4	1.7				
Govt Interest Payments (% of Revenue)	23.2	26.1	27.2	27.4	26.9	26.0				

^(p) - Provisional

^(e) - Estimate

¹ - Central Bank of Barbados Estimates

² - Data to January 2018

³ - Data to December 2017

⁴ - Gross Public Sector Debt = Gross Central Government Debt - Domestic Debt held by NIS - Domestic Debt held by CBB + Other Public Sector Debt

⁵ - Data to December 2017

⁶ - 2017 figures have been updated to reflect more current data released by the Barbados Statistical Service

n.a. - Not Available

Source: Barbados Statistical Service and Central Bank of Barbados

Table 2 – GDP by Sector and Activity
(BDS \$Million, Constant Prices¹)

	Avg contribution to GDP (%)	2012	2013	2014	2015	2016	2017 ^(p)	Mar 2015	Mar 2016	Mar 2017 ^(p)	Mar 2018 ^(e)
Tradeables	23.1	217.2	217.4	216.7	222.4	227.5	229.3	60.6	65.1	69.1	67.0
Tourism	16.7	126.3	124.3	126.2	134.3	140.8	141.0	43.1	46.9	49.0	48.5
Manufacturing	4.0	45.0	46.0	45.2	44.3	43.7	43.6	11.1	11.0	11.3	11.6
of which:											
<i>Rum & Other Beverages</i>	<i>0.6</i>	<i>6.3</i>	<i>6.4</i>	<i>6.3</i>	<i>6.2</i>	<i>6.1</i>	<i>6.1</i>	<i>1.5</i>	<i>1.5</i>	<i>1.6</i>	<i>1.6</i>
<i>Food</i>	<i>1.0</i>	<i>11.4</i>	<i>11.7</i>	<i>11.5</i>	<i>11.3</i>	<i>11.1</i>	<i>11.1</i>	<i>2.8</i>	<i>2.8</i>	<i>2.9</i>	<i>3.0</i>
<i>Furniture</i>	<i>0.1</i>	<i>1.2</i>	<i>1.3</i>	<i>1.2</i>	<i>1.2</i>	<i>1.2</i>	<i>1.2</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>
<i>Chemicals</i>	<i>0.2</i>	<i>2.7</i>	<i>2.8</i>	<i>2.7</i>	<i>2.7</i>	<i>2.6</i>	<i>2.6</i>	<i>0.7</i>	<i>0.7</i>	<i>0.7</i>	<i>0.7</i>
<i>Electronics</i>	<i>0.3</i>	<i>3.4</i>	<i>3.5</i>	<i>3.4</i>	<i>3.3</i>	<i>3.3</i>	<i>3.3</i>	<i>0.8</i>	<i>0.8</i>	<i>0.9</i>	<i>0.9</i>
<i>All Other</i>											
<i>Manufacturing</i>	<i>1.8</i>	<i>20.0</i>	<i>20.4</i>	<i>20.0</i>	<i>19.6</i>	<i>19.4</i>	<i>19.3</i>	<i>4.9</i>	<i>4.9</i>	<i>5.0</i>	<i>5.2</i>
Sugar	0.0	10.5	7.5	6.7	4.5	3.0	4.3	0.0	0.7	2.1	0.0
Other Agriculture	2.4	35.3	39.6	38.6	39.4	40.0	40.3	6.4	6.5	6.8	6.9
Non-tradeables	76.9	888.6	888.4	889.4	891.6	906.7	912.1	216.1	217.4	222.4	222.7
Mining & Quarrying	0.5	4.6	3.9	4.7	5.8	5.3	5.7	1.5	1.1	1.4	1.4
Electricity, Gas & Water	3.8	43.7	43.4	43.4	43.3	44.1	43.9	10.5	10.5	10.6	10.9
Construction	7.0	67.4	59.9	58.3	57.7	60.7	64.3	18.3	18.4	20.5	20.3
Distribution	17.4	242.0	245.8	246.4	246.0	249.2	249.5	49.2	49.4	50.2	50.4
Transport, etc	9.8	117.0	118.0	118.6	120.2	122.4	123.7	28.2	28.4	28.6	28.5
Finance and Other Services	22.9	234.5	235.5	236.4	237.2	243.5	243.9	63.3	64.5	66.0	66.3
Government	15.5	179.4	181.9	181.7	181.4	181.5	181.1	45.1	45.1	45.1	44.8
Total		1,105.8	1,105.9	1,106.1	1,114.1	1,134.2	1,141.3	276.7	282.5	291.6	289.7
Nominal GDP		9,312.7	9,225.0	9,216.7	9,168.3	9,058.1	9,438.4	2,277.1	2,255.9	2,410.8	2,467.4
Real Growth Rates		0.3	0.0	0.0	0.7	1.8	0.6	(0.4)	2.1	3.2	-0.7
Tradeables		(3.1)	0.1	(0.3)	2.6	2.3	0.8	(1.6)	7.3	6.2	-3.1
Non-tradeables		1.1	(0.0)	0.1	0.3	1.7	0.6	(0.0)	0.6	2.3	0.1

^(p) - Provisional

^(e) - Estimate

¹ - 1974 Base Year

Source: Central Bank of Barbados

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

	2011	2012	2013	2014	2015	2016	2017 ^(p)	Mar-2015	Mar-2016	Mar-2017 ^(p)	Mar-2018 ^(e)
Current Account	(1,100.8)	(781.8)	(782.5)	(865.8)	(577.1)	(411.6)	(377.2)	12.1	58.5	15.4	3.6
Inflows	4,744.4	4,458.1	4,564.1	4,452.5	4,600.5	4,798.7	4,835.1	1,228.4	1,361.7	1,337.6	1,352.1
Travel	1,941.3	1,857.8	1,938.7	1,773.6	1,894.9	2,079.1	2,164.6	596.4	712.1	741.4	756.9
Other Services	1,250.8	941.1	1,052.3	1,065.0	1,047.4	1,053.6	1,065.1	229.2	220.9	222.7	225.0
Domestic Exports	494.9	532.6	521.2	539.4	486.3	504.6	509.7	116.8	125.2	113.9	113.7
Rum	70.9	82.4	86.1	78.7	76.3	77.6	83.9	18.2	19.2	20.2	21.0
Other Beverages	12.3	10.3	13.9	13.6	12.2	20.9	15.2	2.9	1.9	2.9	2.2
Food	55.9	63.6	64.0	70.0	65.1	62.7	64.6	15.0	15.8	15.3	15.1
Sugar	21.2	22.3	15.9	18.1	7.2	7.1	13.5	0.2	0.2	0.1	0.0
Chemicals	67.3	68.0	69.6	73.6	73.9	72.2	72.5	18.1	19.1	17.0	17.2
Electronics	21.5	17.1	13.3	16.6	17.0	15.0	15.7	4.8	3.8	5.0	5.0
Printed Paper Labels	19.9	20.6	24.4	24.2	22.0	23.1	22.7	4.5	6.0	4.7	4.0
Construction Materials	30.9	25.8	45.3	44.5	42.1	45.3	42.1	10.8	11.0	9.0	8.5
Other	195.1	221.9	189.3	200.0	170.5	180.9	179.5	42.2	48.0	39.8	40.6
Re-exported Goods	455.3	597.6	414.0	409.4	479.5	529.1	461.1	109.6	185.5	146.2	141.4
Income	342.9	383.5	497.5	525.1	512.0	515.4	529.8	104.8	95.1	97.7	100.1
Transfers	259.1	146.3	139.7	140.0	180.3	116.7	104.7	71.6	22.9	15.8	15.0
Outflows	5,845.1	5,239.9	5,346.6	5,318.3	5,177.5	5,210.3	5,212.3	1,216.3	1,303.2	1,322.2	1,348.5
Total Imports of Goods	3,457.7	3,375.8	3,361.5	3,304.4	3,074.4	3,080.9	3,040.3	708.9	741.0	751.9	760.5
Fuel Imports	1,067.3	1,116.1	965.6	877.5	603.6	502.9	626.2	164.7	110.4	171.1	168.0
Other Merchandise Imports	2,390.4	2,259.7	2,395.8	2,426.8	2,470.8	2,578.0	2,414.1	544.2	630.7	580.8	592.5
Services	1,107.1	971.7	932.4	925.0	988.8	989.3	1,014.0	249.4	287.9	293.2	299.9
Income	943.2	728.3	886.7	920.0	937.9	958.3	977.3	209.7	217.1	221.0	229.8
Transfers	337.2	164.1	166.1	169.0	176.4	181.8	180.6	48.3	57.2	56.1	58.3
Capital Account	(17.8)	(13.5)	(9.0)	(9.4)	(15.8)	(8.5)	(3.2)	(3.4)	(3.9)	(2.4)	56.3
Financial Account	1,094.7	312.7	513.5	734.0	441.2	84.9	84.4	80.0	(25.0)	74.7	(1.8)
Long Term	1,103.2	859.9	505.1	716.8	449.8	161.7	174.6	87.0	75.6	54.7	(13.9)
Public	112.1	(120.4)	194.4	84.9	(72.2)	(170.4)	(136.9)	(44.2)	(5.2)	(3.0)	(49.4)
Private	991.1	980.4	310.7	632.0	522.1	332.1	311.4	131.3	80.8	57.8	35.4
Short-term Investment Flows	(8.5)	(547.2)	8.3	17.2	(8.6)	(76.8)	(90.1)	(7.0)	(100.6)	20.0	12.1
Net Errors & Omissions	15.0	525.6	(35.5)	51.9	26.2	89.3	22.0	(6.1)	(16.5)	(61.9)	(44.5)
Overall Balance	(8.9)	43.0	(313.6)	(89.3)	(125.5)	(245.8)	(273.9)	82.6	13.1	25.8	13.6
Change in FXR: - increase/+ decrease	8.9	(43.0)	313.6	89.3	125.5	245.8	273.9	(82.6)	(13.1)	(25.8)	(13.6)
Memo											
Retained Imports	3,195.8	2,961.7	3,124.3	3,068.8	2,756.7	2,714.0	2,739.2	636.6	594.6	645.2	659.1
of which: Consumer Goods	1,149.1	1,003.4	1,218.5	1,226.5	1,089.0	1,135.9	1,143.2	262.7	250.5	255.6	256.8
Capital Goods	535.3	439.4	518.8	518.1	553.6	554.2	522.9	118.4	118.1	133.7	133.7
Intermediate Goods	1,495.0	1,505.3	1,370.6	1,310.8	1,100.2	1,011.4	1,062.6	252.6	222.6	253.5	266.2

^(p) - Provisional

^(e) - Estimate

Source: Central Bank of Barbados

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

	2011	2012	2013	2014	2015	2016	2017 ^(p)	Mar-15	Mar-16	Mar-17 ^(p)	Mar-18 ^(e)
Net International Reserves	2,527.3	2,910.8	2,433.1	2,367.6	2,498.8	2,311.9	1,992.3	2,450.2	2,746.2	2,373.9	2,005.9
Monetary Authorities	1,414.7	1,457.7	1,144.1	1,054.9	929.4	683.6	409.7	1,137.5	942.5	709.4	423.3
Commercial Banks	1,112.6	1,453.0	1,289.0	1,312.8	1,569.5	1,628.3	1,582.6	1,312.7	1,803.8	1,664.5	1,582.6
Net Domestic Assets	4,417.1	4,467.8	5,400.4	5,668.4	5,789.3	6,283.7	6,542.8	5,590.3	5,491.7	6,126.5	6,645.6
Credit to Public Sector	601.4	1,098.0	1,789.9	2,174.8	2,742.3	3,175.8	3,508.4	2,057.5	2,711.5	3,132.8	3,537.3
Central Government (net)	839.7	1,278.2	1,811.4	2,092.2	2,780.2	3,398.2	3,680.7	2,115.4	2,863.7	3,280.5	3,709.6
Rest of Public Sector	(238.4)	(180.2)	(21.5)	82.5	(37.9)	(222.5)	(172.3)	(57.9)	(152.3)	(147.7)	(172.3)
Credit to Rest of Financial System	278.1	75.0	32.9	31.3	45.6	23.9	24.3	29.3	31.9	24.0	24.3
Liabilities to Other Financial Institutions	746.8	703.7	707.6	562.6	753.3	702.9	841.8	629.0	908.3	782.7	841.8
Credit to Private Sector	5,199.9	5,746.1	5,622.3	5,363.5	5,392.0	5,451.5	5,615.2	5,416.3	5,361.9	5,436.3	5,630.0
Medium and Long-term Foreign Liabilities	(444.6)	(1,451.7)	(1,326.6)	(1,316.0)	(1,366.8)	(1,348.6)	(1,291.9)	(1,398.0)	(1,362.1)	(1,328.9)	(1,291.9)
Net Unclassified Assets	(169.8)	46.5	293.9	251.3	(55.7)	(67.2)	(245.9)	337.2	(149.0)	(125.8)	(271.7)
Liabilities to Private Sector	6,944.4	7,378.6	7,833.5	8,036.0	8,288.1	8,595.6	8,535.1	8,040.5	8,238.0	8,500.4	8,651.5
Currency in Circulation	498.2	510.8	504.7	555.6	534.1	574.7	589.7	518.5	536.3	542.3	527.4
Total Deposits	6,446.2	6,867.8	7,328.8	7,480.4	7,754.0	8,020.8	7,945.4	7,522.0	7,701.7	7,958.1	8,124.1
Memo Items											
Domestic Deposits in the Banking System	7,622.9	7,956.7	8,175.9	8,077.9	8,429.4	8,788.4	8,798.5	8,287.7	8,706.9	8,688.2	8,873.7
Banking System Financial Stability Indicators											
Capital Adequacy Ratio (CAR)	19.3	21.0	19.7	20.5	18.9	19.6	19.6	19.5	19.1	19.7	n.a
Loan to Deposit Ratio	70.9	73.6	70.0	70.3	65.5	62.3	63.3	68.7	63.6	62.8	n.a
Liquid Assets to Total Assets	12.0	14.6	18.0	20.3	25.3	27.4	26.7	24.0	25.2	26.3	n.a
Non-Performing Loans Ratio	11.1	12.9	11.7	11.5	10.6	8.9	7.9	11.4	10.4	8.7	n.a
Provisions to Non-Performing Loans	32.9	33.9	44.9	47.7	55.5	63.2	69.6	50.7	59.3	65.1	n.a
Return on Average Assets (RoAA)	1.0	1.1	0.8	0.7	0.9	1.0	1.1	1.1	1.1	1.1	n.a

^(p) - Provisional

^(e) - Estimate

¹ Data as at December 2017

Source: Central Bank of Barbados

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

	2012/13	2013/14	2014/15	2015/16	2016/17 ^(p)	2017/18 ^(e)	Jan -Mar 2015	Jan -Mar 2016	Jan-Mar 2017 ^(p)	Jan-Mar 2018 ^(e)
Total Revenue	2,457.3	2,334.3	2,407.3	2,458.4	2,754.0	2,932.0	702.3	770.8	1,024.2	973.6
Tax Revenue	2,240.8	2,156.4	2,182.8	2,266.3	2,494.5	2,707.9	563.6	691.8	851.8	843.9
i) Direct Taxes	897.9	813.4	901.0	875.6	970.5	974.9	209.2	252.1	330.8	304.6
Personal	397.3	364.8	412.5	396.8	488.3	481.4	68.9	112.8	162.9	153.9
Corporate	268.6	174.7	156.1	215.2	248.2	271.1	37.7	97.8	127.8	115.9
c) Levies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Consolidation	0.0	14.4	28.1	36.3	3.2	0.0	4.9	10.3	0.0	0.0
Property	132.8	156.0	164.4	132.8	135.4	136.2	63.9	9.3	14.7	14.4
Municipal Solid Waste	0.0	0.0	32.0	0.0	0.0	0.0	7.1	0.0	0.0	0.0
Financial Institutions Asset Tax	0.0	0.0	26.9	29.0	32.6	44.8	13.1	6.4	9.9	9.9
Other	99.2	103.6	81.0	65.5	62.7	41.5	13.6	15.5	15.6	10.5
ii) Indirect Taxes	1,342.9	1,343.0	1,281.8	1,390.7	1,524.0	1,733.0	354.4	439.7	521.0	539.2
Stamp	11.2	11.6	11.0	10.1	9.4	10.1	2.8	2.0	2.8	3.3
VAT	879.0	905.6	806.2	861.4	890.3	926.3	203.6	274.6	274.0	280.0
Excises	141.3	115.4	135.9	169.0	225.6	305.9	56.5	67.1	117.3	122.2
Import Duties	201.2	193.6	223.6	231.6	245.2	226.9	67.1	76.5	76.6	58.5
Import Duties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Social Responsibility Levy	0.0	0.0	0.0	0.0	29.3	147.0	0.0	0.0	17.4	45.1
Other	110.2	116.8	105.1	118.6	124.3	116.9	24.4	19.5	32.9	30.2
Non Tax Revenue & Grants	216.5	177.9	224.5	192.1	259.5	224.1	138.7	79.0	172.4	129.7
Non Tax Revenue	138.9	152.1	147.7	147.5	228.4	200.7	81.5	68.9	164.3	122.0
Grants	57.6	4.7	57.5	18.1	9.8	5.3	55.0	1.1	0.8	0.3
Post Office - Revenue	20.0	21.1	19.3	26.4	21.3	18.2	2.2	9.0	7.3	7.5
Current Expenditure	3,076.6	3,124.0	2,918.7	3,085.5	3,053.0	3,165.4	821.3	918.1	884.5	935.9
Wages & Salaries	882.2	871.9	803.7	787.2	784.4	781.8	202.4	198.5	200.7	202.6
Goods & Services	391.7	382.2	341.5	441.3	385.4	389.5	116.8	206.2	143.1	148.6
Interest	568.9	608.7	653.7	672.5	741.7	762.8	126.3	132.5	152.7	156.7
External	146.6	135.3	165.3	163.7	168.0	168.0	44.4	43.4	44.5	45.1
Domestic	422.3	473.4	488.4	508.8	573.7	594.8	81.9	89.2	108.2	111.6
Transfers & Subsidies	1,233.8	1,261.2	1,119.8	1,184.5	1,141.5	1,231.2	375.8	380.9	388.0	428.0
Grants to Individuals	333.6	365.1	338.5	342.1	327.3	360.9	120.1	116.7	116.4	120.8
Grants to Public Institutions	739.9	786.4	682.9	729.6	714.4	787.4	215.9	213.9	237.8	271.4
Non-Profit Agencies	39.6	37.3	29.6	32.3	32.7	16.9	7.5	8.4	8.7	3.9
Capital Expenditure & Net Lending	121.1	169.3	193.5	236.3	225.1	161.3	93.0	46.2	67.6	49.8
Fiscal Balance	(740.4)	(958.9)	(704.9)	(863.4)	(524.1)	(394.6)	(212.0)	(193.5)	72.1	(12.1)
Primary Balance	(171.5)	(350.2)	(51.2)	(190.8)	217.6	368.1	(85.7)	(61.0)	224.8	144.6
Fiscal Balance to GDP (%)	(8.0)	(10.4)	(7.7)	(9.4)	(5.7)	(4.2)				

^(p) - Provisional

^(e) - Estimate

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

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

	2012/13	2013/14	2014/15	2015/16	2016/17 ^(p)	2017/18 ^(e)	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2017 ^(p)	Jan-Mar 2018 ^(e)
Total Financing	740.4	958.9	704.9	863.4	524.1	394.6	212.0	193.5	(72.1)	12.1
Domestic Financing	762.9	637.1	695.2	837.7	685.7	573.7	240.8	156.6	(63.3)	75.4
Central Bank	106.4	216.9	341.1	423.2	792.1	72.5	71.3	19.6	77.6	(21.5)
Commercial Banks	452.7	253.7	(141.7)	182.4	(433.5)	308.9	(40.0)	66.8	(192.6)	30.2
National Insurance Board	334.3	231.9	48.6	71.2	180.2	3.1	48.2	28.6	57.3	5.9
Private Non-Bank	285.4	121.6	62.6	108.5	94.6	(57.2)	53.6	22.3	37.2	25.1
Other	(415.9)	(187.0)	384.6	52.3	52.3	246.4	107.8	19.3	(42.8)	35.7
Foreign Financing (Net)	(22.5)	321.8	9.7	25.7	(161.7)	(179.1)	(28.8)	36.9	(8.8)	(63.3)
Capital Markets	0.0	377.0	49.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Funds	35.1	96.0	79.0	204.1	57.2	113.8	0.5	20.0	26.2	28.6
Policy Loans	0.0	0.0	0.0	99.3	0.0	0.0	0.0	50.0	0.0	0.0
Amortisation	(146.3)	(151.2)	(118.7)	(277.8)	(218.8)	(292.8)	(29.3)	(33.1)	(35.0)	(91.9)
Divestment	88.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^(p) - Provisional

^(e) - Estimate

Source: Central Bank of Barbados

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

	2012	2013	2014	2015	2016	2017 ^(p)	Mar-15	Mar-16	Mar-17 ^(p)	Mar-18 ^(e)
Gross Central Government Debt¹	9,838.7	11,069.3	11,518.2	12,255.2	13,407.1	13,656.4	11,539.6	12,747.7	13,443.2	13,782.3
Domestic Debt	7,193.8	8,201.4	8,520.4	9,319.8	10,511.2	10,838.0	8,570.3	9,699.2	10,521.5	11,076.0
Central Bank ²	497.0	747.3	807.9	1,303.6	2,012.4	2,227.7	908.9	1,337.5	2,120.8	2,230.9
Commercial Banks	1,647.7	1,997.8	1,946.9	2,070.0	2,030.9	2,113.9	1,915.5	2,297.9	1,838.6	2,099.3
National Insurance	2,602.0	2,877.7	2,993.6	3,152.7	3,481.0	3,518.9	2,989.4	3,180.7	3,508.0	3,524.8
Insurance Companies ⁷	861.1	910.5	858.9	823.4	791.0	527.2	837.6	823.0	794.2	742.1
PPP	322.5	306.9	294.3	272.9	256.8	239.4	288.9	271.9	255.6	238.2
Other	1,263.5	1,361.2	1,618.7	1,697.3	1,939.1	2,210.9	1,629.9	1,788.2	2,004.1	2,240.7
External Debt	2,644.9	2,868.0	2,997.8	2,935.4	2,895.9	2,818.4	2,969.3	3,048.5	2,921.7	2,706.2
International Financial Institutions	718.6	733.1	826.0	913.5	959.8	925.7	810.2	985.4	944.2	911.3
Bonds	1,387.3	1,616.8	1,664.1	1,548.2	1,477.3	1,385.9	1,658.3	1,597.0	1,471.5	1,295.6
PPP	271.0	266.5	261.5	256.0	249.9	243.1	256.0	249.9	243.1	235.7
Bilateral	67.2	56.2	45.6	35.5	25.5	86.1	44.2	34.2	79.3	86.1
SDRs (+)	200.8	195.4	200.6	182.1	183.5	177.5	200.6	182.1	183.5	177.5
Other Public Sector Debt	1,466.4	1,493.4	1,425.7	1,385.8	1,300.7	1,226.2	1,543.1	1,341.6	1,241.9	1,386.2
Domestic Debt	1,133.8	1,182.4	1,135.7	1,116.9	1,028.3	942.6	1,143.7	1,027.8	982.5	1,102.6
Foreign Debt	332.6	311.0	290.0	268.9	272.4	283.6	399.4	313.8	259.4	283.6
Gross Public Sector Debt³	8,206.0	8,937.7	9,142.4	9,184.7	9,214.4	9,136.0	9,184.4	9,571.1	9,056.2	9,412.8
Central Government Financial Assets	1,005.8	1,051.8	971.2	744.8	752.0	715.2	959.8	834.0	736.9	703.0
Central Bank	79.3	103.4	52.8	16.7	20.1	20.3	27.3	26.4	14.7	34.0
Commercial Banks	118.9	119.3	99.3	95.1	99.4	96.0	122.2	122.9	95.7	90.4
Sinking Funds	807.7	829.1	819.1	633.0	632.6	598.8	810.3	684.6	626.5	578.6
Other Public Sector Financial Assets	720.1	597.1	557.8	599.8	723.8	624.2	616.8	663.9	649.7	636.2
NIS ⁴	510.5	399.2	359.3	391.9	484.0	435.1	359.3	410.7	453.9	428.7
Public Corporations' Deposits	209.6	197.8	198.5	207.9	239.8	189.0	257.5	253.2	195.9	207.5
Gross Public Sector Debt/GDP (%)	88.1	96.9	99.2	100.2	101.7	96.8	100.1	104.3	98.9	102.8
Gross Central Government Debt ¹ /GDP (%)	105.6	120.0	125.0	133.7	148.0	144.7	125.7	138.9	146.9	150.5
External Debt/GDP (%)	28.4	31.1	32.5	32.0	32.0	29.9	32.4	33.2	31.9	29.6
Net Public Sector ⁵ /GDP (%)	75.1	83.3	86.5	89.8	90.8	87.2	86.8	92.4	88.8	92.9
Net Central Government ⁶ /GDP (%)	94.8	108.6	114.4	125.5	139.7	137.1	115.3	129.8	138.8	142.9

^(p) - Provisional

^(e) - Estimate

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

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

³ - Gross Public Sector Debt = Gross Central Government Debt - Domestic Debt Held by NIS - Domestic Debt held by CBB + Other Public Sector Debt

⁴ - Estimates

⁵ - Net Public Sector Debt = Gross Public Sector Debt - Central Government Financial Assets - Other Financial Sector Financial Assets

⁶ - Net Central Government Debt = Gross Central Government Debt - Central Government Financial Assets

⁷ - Reflects the reclassification of holdings by insurance companies to other financial institutions.

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