From my DESK to YOURS

Dr. The Most Honourable Kevin Greenidge, F.B.
Governor, Central Bank of Barbados

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What moved

I am starting these letters because the quarterly news conference cycle is too slow for the decisions you are making. The developments that matter most have lately been abroad.

On 16 September the Federal Reserve raised its policy rate by a quarter point, to 3.75 to 4 percent. It was the first increase in more than three years, and sixteen of eighteen participants projected at least one more by year end.

Friday's employment report was weak, 29,000 jobs against expectations near 85,000, and expectations of a further increase this month have fallen. Long-term borrowing costs have not.

Two days earlier the ten-year Treasury yield moved above 5 percent. It has risen further since, touching 5.34 percent on 1 October and closing Friday at 5.28 percent, against about 5.00 percent on the day of the Fed decision. Yields in the UK and other major markets have also reached levels not seen in decades, and capital has become more expensive globally. Brent crude, above $109 a barrel in September, has eased to about $102, and US headline inflation was 3.4 percent in August.

What I make of it

With our dollar fixed to the US dollar, US financial conditions are part of the environment in which you are planning. The peg gives us stability, and that stability has served us well, but it also means that developments in US markets matter here. Three channels matter: energy and freight costs, which feed into almost every price here; the cost of capital; and household spending in our visitor markets.

I would not treat this as a reason to retreat. I would treat it as information about which investments now pay.

What it means for your decisions

Two things have moved in opposite directions, and the tension between them is where the decision sits. Higher energy costs have raised the return on investments that cut energy use or import dependence: solar generation, a more efficient fleet, lower-draw equipment. Meanwhile the cost of capital against which they are judged has risen, even where the money is your own.

Which effect dominates differs from one business to another. That is now a live calculation rather than a theoretical one. I would do the arithmetic rather than assume the answer, on conservative assumptions about energy prices, financing costs and payback. And if an investment only works on the assumption that financing gets much cheaper soon, challenge that assumption before you commit.

What the Bank is watching

How quickly higher energy and freight costs pass through into prices here, and where they land first. And demand in our tourism markets, where what matters is not arrivals but how long visitors stay and spend.

From your desk to mine

Have you seen changes in supplier prices, freight quotes or energy costs lately? And has that changed your investment plans for the next six months? A sentence or two is enough, to FMDTY@centralbank.org.bb. I am interested in what you see before it reaches the official numbers.

Until next month,
Kevin Greenidge
Governor

Sources: Federal Reserve Board; US Bureau of Labor Statistics; US Treasury; Reuters. Market information through 2 October 2026.