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Regional

Prepared by: Ravi Kurjah, Analyst II (Research and Analytics)

Review of Barbados' Economic Performance: January - September 2016

GDP

- During the first 9 months of 2016, the economy expanded by 1.3%
- GDP was boosted by improvements in the tourism sector (3%), construction (5%), and business and other services (3%).

Unemployment

- The average unemployment rate fell to 10.2% for the nine months ending June 2016 from 12.0% in the corresponding period 2015.

Inflation

- Remained in negative territory, with the price index declining by 1.2%.

Foreign Reserve

- The stock of foreign reserves at the end of September 2016 stood at USDD450 million (14 weeks of import cover).

Current Account

- The current account deficit was lower by 3.6% of GDP.
- Fuel imports were down by 1.9% of GDP, with a fall in both prices and quantity imported.

Fiscal Deficit

- The deficit for April to September is estimated to be BBD145 on the current account.
- Accrued tax revenues are anticipated to increase by BBD13 million, with corporate taxes, property taxes, and excises increasing by BBD6 million, BBD14 million and BBD10 million respectively.

- Small reductions in grants to state-owned enterprises (BBD5 million) and in wages and salaries (BBD8 million) were more than offset by a BBD34 million increase in interest payments because of rising debt levels.
- The combined effect of the August fiscal measures and revenues from the sale of the Barbados National Oil Terminal Ltd. is expected to reduce the Government's deficit to the end of the fiscal year slightly above 4% of GDP.

Funding

- Government's financing needs for the period April to September were met by using BBD326 million from domestic sources.
- The National Insurance increased its investment in securities by BBD91 million and insurance companies and other non-bank investors provided BBD4 million worth of financing.
- In addition, there was a BBD84 million switch from foreign to domestic financing because of amortization of foreign loans.
- The resulting money creation by the Central Bank financing Government was BBD114 million.

Public sector debt

- The gross public sector debt at the end of September stood at 108% of GDP, while the net public sector debt ratio was 57%.

Outlook

- The Central Bank forecasts economic growth of 1.4% for 2016.
- Growth for the next 5 years is expected to be in the region of 2%, driven by the tourism sector.
- An 11% increase in airline capacity is expected from the US and Canada for the coming tourist season.
- A pickup in construction activity is also anticipated, much of it tourism-related.
- The combined effect of the August fiscal measures and revenue from the sale of the Barbados National Oil Terminal Ltd. is expected to reduce the Government's deficit to the end of the fiscal year slightly above 4% of GDP.
- A continuation of the process of fiscal consolidation should reduce the deficit below the rate of GDP growth in 2017.

	Economic Indicators									
	2008	2009	2010	2011	2012	2013	2014	2015(p)	Jan-Sep 2015(p)	Jan-Sep 2016(e)
Real Growth (%)	0.4	-4	0.3	0.8	0.3	-0.1	0.2	0.9	0.4	1.3
Tradables (%)	-0.3	-4.3	-0.4	-2.5	-3.1	0.1	-0.3	2.6	1.7	0.5
Nontradables (%)	0.6	-4	0.4	1.6	1.2	-0.1	0.3	0.5	0.1	1.5
Inflation (%) ¹	8.1	3.6	5.8	9.4	4.5	1.8	1.8	-1.1	1.2	-1.2
Avg. Unemployment (%) ²	8.1	10	10.3	11.2	11.5	11.6	12.3	11.3	12	10.2
Foreign Exchange Reserves (\$ Million)	1,343.30	1,477.40	1,423.70	1,414.80	1,457.70	1,144.10	1,052.40	927	977.6	900.3
Foreign Exchange Reserves Cover, Weeks	16.3	21	18.6	18	20.2	15.6	14.7	13.6	14.2	14
BoP Current Account (as % GDP)	-10.6	-6.6	-5.7	-12.8	-9.3	-9.1	-9.9	-6.3	-6.1	-2.5
Net Capital Inflows	473.2	721.5	504.9	1,076.90	299.2	504.4	724.6	426.8	346.2	323.8
Net Public Sector Debt/GDP	27.6	38.6	50.4	53.8	56	66.2	71.6	68.8	68.5	56.9
External Debt Service to Curr. Acct. Cred.	5.8	5.8	13.3	6	6.4	6.4	6.9	9.5	8.9	6.6
Treasury-bill Rate	4.8	3.4	3.4	3.4	3.6	3.2	2.6	1.8	2	3.1
US Treasury-bill Rate	0	0.1	0.1	0	0.1	0.1	0	0.2	0	0.3
Average Deposit Rate ³	4.1	2.7	2.7	2.7	2.5	2.5	2.5	0.4	0.6	0.3
Average Loan Rate ³	9.6	8.9	7.3	6.6	6.8	7.4	7.1	6.8	6.8	6.8
Fiscal Year	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16(p)		
Fiscal Deficit (% of GDP)	-4.8	-7.2	-8.7	-4.4	-8.5	-11	-6.9	-7.4		
Fiscal Current Account (as % of GDP)	-2.1	-5.3	-7.2	-3.1	-7.1	-9	-4.7	-4.8		
Revenue (as % of GDP)	28.3	25.3	25.6	29.3	28.4	26.7	28.8	29.1		
Expenditure (as % of GDP)	33.1	32.5	34.3	33.7	36.9	37.7	35.7	36.6		
Govt Interest Payments (as % of Revenue)	15.3	18.8	22.3	20.7	23.2	26.1	26.4	25.9		
Source: Central Bank of Barbados										



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