

2023 NATIONAL ECONOMIC REPORT OF BERMUDA



GOVERNMENT OF BERMUDA
Ministry of Finance



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2023

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THE ECONOMY IN 2023

The Ministry of Finance estimates that Bermuda's GDP may have grown by 4.0 to 4.5 per cent in 2023, driven by growth in the International Business sector and the continuous recovery in the Tourism industry.

Bermuda continues to show resilience on its path of recovery from the COVID-19 pandemic, the more recent Russia-Ukraine conflict and global supply chain disruptions with many of its major economic indicators showing growth. International business figures, tourist arrivals and spend, income, retail sales, and employment levels, among others, showed an uptick compared to 2022.

During 2023, 569 new international companies and partnerships were registered in Bermuda, with the sector providing 4,909 jobs in the economy, reflecting growth of 4.6 per cent year-over-year, or an increase of 215 posts. The sector's employment income for the first two quarters also recorded a growth of \$51.26 million or 6.0 per cent.

In the tourism sector, leisure air visitors increased by 21.9 per cent, while cruise arrivals grew by 30.5 per cent. In terms of spend, total air visitor spending increased by 26.4 per cent, while cruise visitor spending increased by 46.8 per cent, surpassing 2019 pre-pandemic levels.

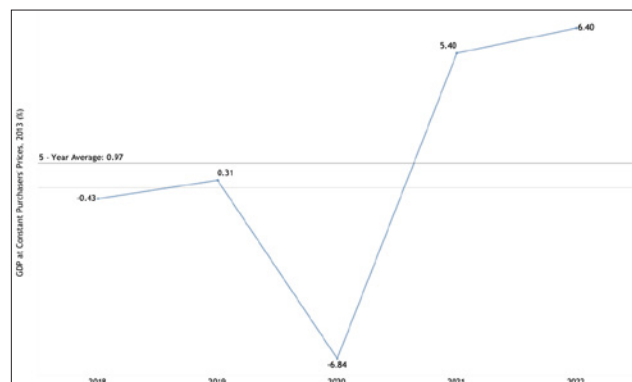
The number of jobs is estimated to have increased by 2.9 per cent, driven primarily by increased job posts in International Business and the recovering Accommodation and Food Services activities sector.

GROSS DOMESTIC PRODUCT 2022

The most recent estimates for GDP published by the Department of Statistics are for the year 2022.

In 2022, the Bermuda economy grew for the second consecutive year, recording an increase of 7.4 per cent at current market prices when compared to 2021. These increases indicate that Bermuda's economy remains on a path of recovery post the COVID-19 pandemic. Nominal GDP was reported to be approximately \$7.828 billion, reflecting an increase of approximately \$541 million above the 2021 figure of roughly \$7.287 billion. As a result, Bermuda's GDP per capita (measured at current prices) increased from \$113,755 in 2021 to \$122,253 in 2022. When adjusted for inflation, the level of economic activity, or real GDP, grew by 6.4 per cent. This rate was higher than the five-year average (2018-2022) of 0.97 per cent and is the highest in the last decade. Real GDP was estimated to be \$6.7 billion, surpassing pre-pandemic levels of \$6.5 billion and is the highest level since 2011 of \$6.8 billion.

Figure 1: Annual Real GDP



The growth in GDP of 7.4 per cent at current market prices was largely driven by Financial Insurance activities, International Business activities, and Accommodation and Food Service activities which grew by \$148.92 million (15.1 per cent), \$116.75 million (5.8 per cent), and \$58.61 million (33.9 per cent), respectively. Only 4 out of the 19 sectors experienced a contraction: Information and Communication, Agriculture, Forestry and Fishing, Arts, Entertainment and Recreation, and Electricity, Water Supply and Waste Management. These sectors declined by \$13.94 million (8.9 per cent), \$4 million (18.9 per cent), \$3.24 million (9.7 per cent), and \$0.29 million (0.3 per cent), respectively.

The growth in the level of GDP in real terms of 6.4 per cent was mainly driven by increases of \$159.84 million in the output of the Financial and Insurance sector, \$136.96 million in the output of the International Business sector, and \$55.17 million in the output of the Accommodation and Food Service sector. These increases were offset by a marginal decrease of \$15.46 million across six sectors, with the Agriculture, Forestry and Fishing, and Human Health and Social Work sectors accounting for 80% of the decrease. The Human Health and Social Work declined by \$6.63 million (1.9 per cent), and the Agriculture, Forestry and Fishing sector by \$5.73 million (26.2 per cent).

The industry analysis of GDP provides useful information concerning the output of the 19 sectors of the Bermuda economy. Table 1 of this report provides this information in constant dollars (real GDP), while Table 2 presents it in current market prices (nominal GDP).

In real terms, International Business contributed the greatest amount to Bermuda's economy in 2022. This sector provided \$1.92 billion in total output or 28.4 per cent of total GDP, a 7.7 per cent increase compared with 2021. Within the sector, businesses engaged in insurance brokerage services and reinsurance and portfolio management services experienced the largest increases in value added. Conversely, business related to transport services activities and insurance management experienced declines in value added.

Following the last decline in 2011, 2022 is the eleventh consecutive year that the value added by the International Business sector increased. The value added from this sector represents approximately a quarter of total GDP and is a continuation of the trend from previous years. Companies in the insurance and reinsurance industry remain the biggest contributors to this sector. Contributions also emanate from the trading operations of security and commodity brokerage, shipping, consultancy, and other forms of international business activity.

Real Estate activities were the second-largest contributor to real GDP. This sector accounted for \$1.0 billion in output or 15.4 per cent of total GDP. Real

Estate activities rose 3.0 per cent or \$30.0 million. The increase was reflected mostly in a 12.1 per cent rise in real estate activities on a fee or contract basis. There was also a 3.1 per cent increase in real estate activities with leased property, as well as a 2.2 per cent rise in the imputed rent for owner occupied dwellings.

The next largest contributor to Bermuda's economy was the Financial and Insurance Activities sector. This sector accounted for \$988 million in output, which represents 14.6 per cent of total real GDP. Financial and insurance activities increased by 19.3 per cent or \$159.8 million. This rise was influenced predominantly by a 33.2 per cent increase in the activities of holding companies. The value added of trust companies and similar financial entities increased 12.3 per cent. Non-life insurance also increased due to a rise in premiums.

The Professional, Scientific, and Technical activities sector contributed \$366.1 million to the real output of the economy, representing 5.4 per cent of GDP. Output in this sector increased by 2.3 per cent or \$8.3 million compared to 2021, led by increases in legal services, accounting services, and architectural and engineering services sub-industry groupings.

Real output generated in the Wholesale and Retail Trade sector was recorded at \$312.4 million in 2022, 4.6 per cent of total output. Wholesale and Retail Trade recorded an increase in value added of 1.4 per cent or \$4.3 million. Wholesale Trade activities increased 7.1 per cent influenced mainly by wholesale of fuel and food, beverages, and tobacco. Retail Trade activities decreased by 2.2 per cent.

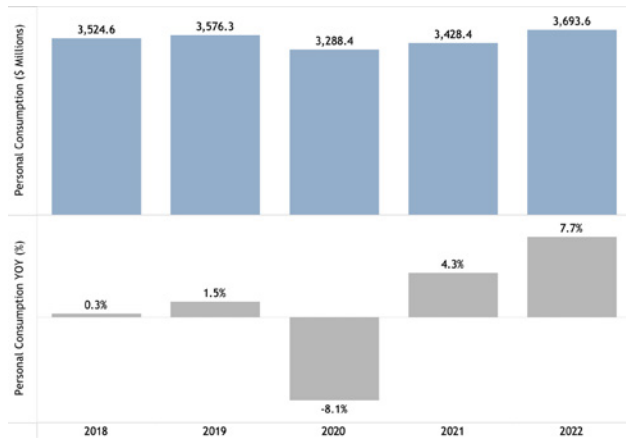
The Human Health and Social Work sector represented 4.9 per cent of GDP in 2022, with an output level of \$335.2 million, a 1.9 per cent decrease compared to 2021. Within the sector, private health activities fell 6.8 per cent while public health activities grew 1.0 per cent. Social work activities recorded a 0.7 per cent decrease due mostly to declines in residential care activities.

The Public Administration sector declined by 0.5 per cent or \$1.5 million, mostly due to lower expenditure on professional services.

PERSONAL CONSUMPTION 2022

The most recent estimates for Personal Consumption provided by the Department of Statistics are for the year 2022.

Figure 2: Personal Consumption Trend



Household personal consumption for 2022 was estimated to be \$3.69 billion, reflecting an increase of 7.7 per cent or \$265.24 million over 2021. This increase was significantly driven by expenditures on restaurants and hotels which increased by \$85.53 million or 65.4 per cent when compared to 2021. The second largest increase in consumption was on miscellaneous goods and services which increased by \$50.63 million or 5.9 per cent. All other categories of personal consumption experienced an increase when compared to 2021, with the exception of food, beverages, tobacco and narcotics, and education. Personal consumption of food, beverages, tobacco and narcotics declined by 0.4 per cent or \$1.23 million. Education declined by 1.4 per cent or 1.64 million.

Figure 3: Personal Consumption by Category (2022)

Category	2022 (\$ Millions)	2022 vs 2021 (\$ Millions)	2022 vs 2021 (%)
Total Personal Consumption	3,693.6	265.2	7.7%
Housing, water, electricity, gas and other fuels	1,257.9	45.3	3.7%
Miscellaneous goods and services	908.7	50.6	5.9%
Transport and communication	364.9	39.9	12.3%
Food, beverages, tobacco and narcotics	343.6	-1.2	-0.4%
Restaurants and hotels	216.3	85.5	65.4%
Recreation and culture	183.5	27.2	17.4%
Furnishings and household equipment	122.8	3.6	3.0%
Education	116.0	-1.6	-1.4%
Clothing and footwear	93.6	10.9	13.1%
Health	86.4	5.0	6.2%

ECONOMIC TRENDS 2023

DOMESTIC DEMAND

EMPLOYMENT INCOME AND THE RETAIL SECTOR

Employment income supports personal consumption and is estimated to have increased by 6.0 per cent or \$121.4 million for the first two quarters of 2023 compared with the same period in 2022. This increase was primarily driven by the International Business sector, which saw an increase of \$51.26 million or 6.0 per cent. For the 12-month period ending June 2023, total employment income was \$3.92 billion, \$219.8 million more than the 12-month period ending June 2022.

Off the backdrop of the continuous increases in employment income, the Retail Sales Index showed a positive uptick in overall sales in Bermuda's retail stores. In the first eight months of 2023, total gross turnover stood at \$809.4 million, representing a \$24.7 million (3.1 per cent) increase compared to 2022. This was driven primarily by inflation rather than increased volumes, as retail sales volume (retail sales after adjusting for the rate of inflation) declined by 2 per cent.

The average monthly growth of retail sales for the first eight months of 2023 was 3.2 per cent. The Motor Vehicles sector experienced the greatest increase in sales of all sectors at 5.7 per cent on average. The largest monthly increase occurred in March (23.7 per cent).

The average monthly sales adjusted for inflation was -1.8 per cent for the first eight months of 2023. This was primarily driven by an average decline of 6.0 per cent in the Food sector. This decline could be attributed to the 5.6 per cent increase in the cost of food.

Figure 4: Monthly Retail Sales Value and Volume Index

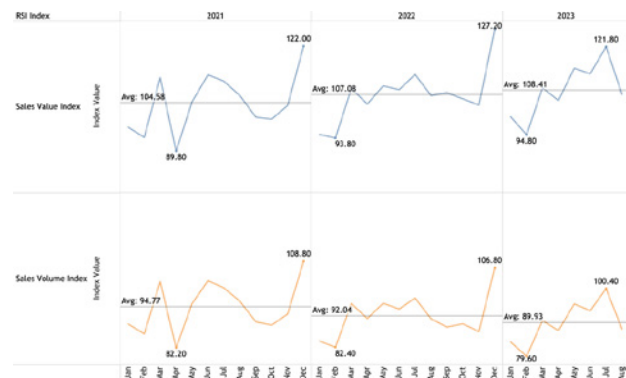
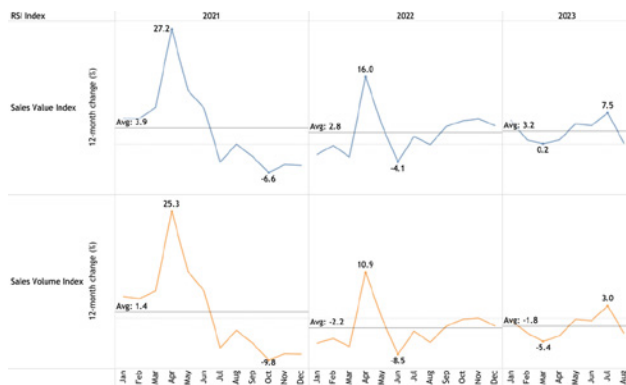


Figure 5: Monthly Retail Sales Value and Volume Index (12-month change)



Monthly receipts in the Apparel Stores sector grew by an average of 3.3 per cent in the first eight months of 2023. The largest sales growth occurred in January where sales grew by 18.6 per cent when compared to 2022. When adjusted for inflation, monthly Apparel Store receipts on average experienced 1.0 per cent growth.

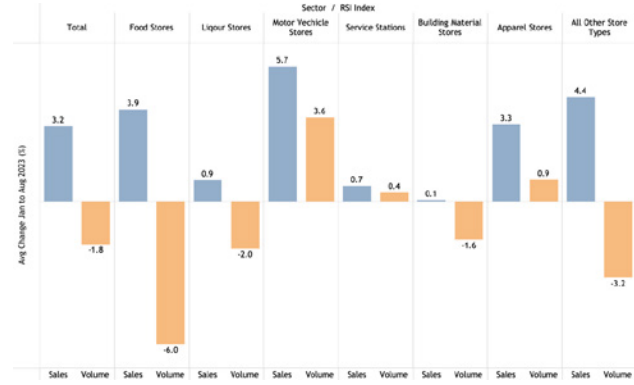
The Food Stores sector recorded an average monthly increase in sales of 3.9 per cent for the first eight months of 2023. The average monthly sales when adjusted for inflation was -6.0 per cent, reaching its lowest in January 2023, -10.7 per cent when compared to 2022.

The Liquor sector average monthly sales growth was 0.9 per cent for the first eight months of 2023. When adjusted for the rate of inflation, the sector's average growth of sales recorded was -2.0 per cent.

The Building Materials sector recorded average monthly sales growth of 0.1 per cent for January to August 2023. During 2023, the sector's sales when adjusted for inflation had an average monthly growth of -1.6 per cent.

Service Stations recorded an average monthly growth in sales of 0.7 per cent for the first eight months of 2023 and 0.4 per cent when adjusted for inflation.

Figure 6: Average Monthly Retail Sales Value and Volume Index (12-month change, Jan to Aug 2023)



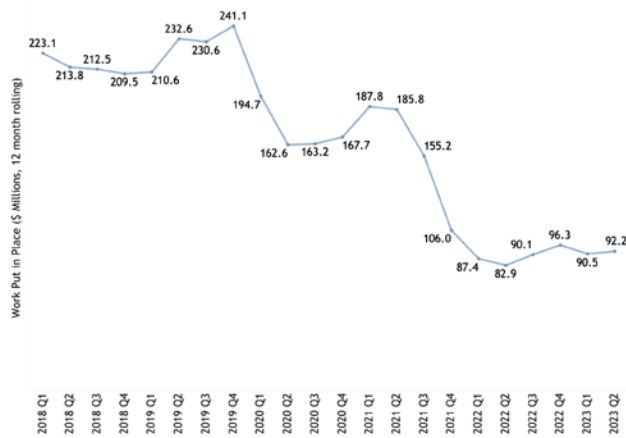
During the first eight months of 2023, overseas purchases declared by residents via courier, post office, sea, and when returning to Bermuda via the airport, fell from \$217.1 million to \$211.1 million year-over-year, representing a \$6 million or 2.8 per cent decrease. Against the backdrop of increased travel however, overseas declarations by residents returning to Bermuda via the airport increased by \$3.7 million or 12.3 per cent in 2023. On the other hand, overseas declarations by Bermudians returning by sea have declined by 0.8 per cent or \$0.5 million, while overseas declarations via courier experienced a \$9.8 million or a 8.1 per cent decrease when compared to 2022.

Residents travelling overseas during the first two quarters of 2023 declared that 50.8 per cent of their overseas expenditure was on clothing and footwear compared to 47.8 per cent in 2022, and 7.0 per cent compared to 8.2 per cent in 2022 was on electronic and photographic equipment.

CAPITAL FORMATION AND THE CONSTRUCTION INDUSTRY

During the first two quarters of 2023, the value of new projects fell from \$93.5 million in 2022 to \$46.3 million, a decrease of 50.5 per cent. The estimated value of work put in place during the same period decreased from \$53.1 million in 2022 to \$49 million in 2023, a reduction of 7.7 per cent. This reduction is primarily due to less Hotel and Guest House related construction projects occurring in the first half of the year. Despite the reduction in construction activity, employment in the sector remained constant when compared to 2022, totalling 2,054 jobs filled.

Figure 7: Estimated Value of Work Put in Place (12-month rolling total)



Work performed on hotels and guest houses accounted for 20.8 per cent of total construction activity, while residential work represented 33.6 per cent of total activity, and construction on industrial, plant, and other work contributed 13.9 per cent in the construction industry. Together, these three categories accounted for 68.3 per cent of all work put in place between January and June 2023. Of the construction work performed during that period, 48.2 per cent was conducted by the private sector and 51.8 per cent by the public sector.

During the first six months of 2023, 31 new dwelling units were completed in the residential sector of the construction industry, which represented an increase of 6 units or 24 per cent year-over-year. This incline was primarily driven by an increase in the number of one bedroom dwelling units completed. Residential dwelling units are made up of four categories: studio apartments, one bedroom, two bedrooms, and three bedrooms and over. Comparing the first six months of 2023 to 2022, the number of new studio apartments remained constant at three units, one bedroom units experienced the largest increase of eight units to end the second quarter with 19 (72.7 per cent), two bedrooms decreased from five to three units (40 per cent) and three bedrooms and over ended the second quarter unchanged from 2022 at six units.

EXTERNAL DEMAND

International Business and Tourism are Bermuda’s primary sources of foreign exchange earnings. The Department of Statistics estimates that in the first two quarters of 2023 these two sectors of the economy represented 64.9 per cent of the total balance of payments current account receipts, providing \$1,477.1 million in foreign currency receipts (excluding financial services). This combined figure grew by \$141.7 million or 10.6 per cent when compared with 2023. Individually, the amount of foreign exchange earnings produced by the International Business sector grew by 4.7 per cent year-over-year, with a cumulative two-quarter total of \$1,238.8 million for 2023. The amount of foreign exchange earnings generated by tourism activity increased by 56.2 per cent, recording earnings of \$238.3 million at the end of June 2023.

INTERNATIONAL BUSINESS

In 2023, the International Business sector provided 4,909 jobs in the economy, reflecting growth of 4.6 per cent year-over-year, or an increase of 215 job posts. Bermudians (53.8 per cent) and non-Bermudian spouses of Bermudians (6.1 per cent) accounted for 59.8 per cent of jobs in the sector. During the first nine months of 2023, 569 new international companies and partnerships were registered in Bermuda, representing a 11.5 per cent decrease compared with 643 new registrations in 2022. The total number of international companies and partnerships stood at 12,394 at the end of September 2023 compared to 12,405 in 2022, representing a marginal decline of 0.1 per cent. Over the first six months of 2023, the foreign exchange earnings of the international companies increased by \$56 million to \$1.24 billion, representing growth of 10.6 per cent.

This sector creates benefits for the Bermudian economy by way of jobs for Bermudians and revenue for local businesses. It also provides business visitors, who support the tourist industry and the Government with revenue from taxes and fees.

Bermuda-based international (re)insurers continue to show strong balance sheets and income statements. Emerging risks, from cyber to climate and new technologies, continue to focus the attention of large

carriers, while the life sector shows growth. With respect to banking, the Bermuda Banking Sector's balance sheet fell by 5.1 per cent in Q3 2023, when compared to the same quarter in 2022.

INSURANCE SECTOR (INTERNATIONAL)¹

During 2023, the Bermuda Monetary Authority registered 62 new insurers (80 in 2022). The largest number of new registrations continues to be generated by the insurers funding their underwriting exposure from the capital markets. In 2023, BMA registered 35 such insurers, i.e., 32 Special Purpose Insurers and three Collateralised Reinsurers (24 and 9 respectively in 2022). Most importantly, five Innovative Insurer licences were granted by the BMA during 2023 (4 in 2022), showing that BMA's tailored risk-based regulatory framework continues to attract innovative business to the island. Last but not least, BMA granted nine new Life Insurance licences during 2023 (18 in 2021).

With respect to the commercial property and casualty (P&C) segment, Bermuda-based insurers and reinsurers continued to a stabilised market financial position and favourable underwriting performance. For 2022, premium volume slightly decreased compared to 2021. Net written premium decreased by -1.5 per cent, from \$59.1 billion in 2021 to \$58.2 billion in 2022. Net income significantly declined, from \$13.9 billion in 2021 to \$3.0 billion in 2022 (78.7 per cent decrease), primarily due to unrealised investment losses as a result of a rising interest rate environment rather than credit related concerns. Total assets showed a slight decrease of 5.8 per cent, from \$283.5 billion in 2021 to \$267.0 billion in 2022. Financial indicators slightly decreased in 2022 but remained strong and within stabilised market norms. Aggregate RoA decreased to 1.1 per cent (4.9 per cent in 2021), while RoE decreased to 2.7 per cent (10.8 per cent in 2021) and Rol dropped to -2.0 per cent (3.1 per cent in 2021).

Between 2021 and 2022, the sector's combined ratio showed an improvement, from 93.3 per cent in 2021 to 91.7 per cent in 2022, a 1.6 per cent drop. The loss ratio dropped by 4.3 per cent during the year (i.e. 62.8

per cent in 2022 and 67.1 per cent in 2021), while the expense ratio increased by 2.7 per cent (i.e. 28.9 per cent in 2022 and 26.2 per cent in 2021). During the same period, financial leverage (i.e., assets relative to capital and surplus) showed an increase, from 219.4 per cent in 2021 to 245.3 per cent in 2022 (a 25.9 per cent increase). The reserve ratio increased by 2.6 per cent (i.e. 36.2 per cent in 2021 to 38.8 per cent in 2022).

Bermuda international insurers and reinsurers continue to play an influential role on cyber risk and the threats emerging from climate risk. Growth has also been witnessed on the life side, with new companies setting a presence in Bermuda across all lines of life business, as shown by the numbers of life insurer licences granted by the BMA in 2023. Finally, in relation to credit risk insurance and reinsurance, Bermuda carriers have continued to grow their portfolios of these lines of business, in particular mortgage insurance originating in the US.

TOURISM

In 2023, the tourism sector greatly benefited from lesser restrictions on international travel, bringing the sector closer to a full recovery. Despite the broader macro-economic trends of high inflation, rising interest rates, and significant workforce fluctuations, the sector's tourist arrivals grew compared to 2022. Leisure air travellers increased by 21.9 per cent and cruise arrivals increased by 30.5 per cent. In addition, the superyacht sector attracted 56 visits with an estimated economic impact of \$2.86 million.

Although Bermuda has not yet returned to 2019 visitor volumes, the island continues to experience year-over-year growth across key tourism measures in 2023, including air capacity, leisure air visitors, and cruise travel compared against 2022.

- Total leisure air visitors were down 36.7 per cent compared to 2019 but up 21.9 per cent when compared to 2022.
- Total air capacity increased by 21.6 per cent compared to the previous year.
- Cruise arrivals were 1.9 per cent down from 2019 but up 30.5 per cent from 2022.

¹ The financial indicators text on the insurance sector refers to all for this year for legal entities Class 3B and Class 4, as the BMA does not collect anymore aggregate statistics for groups in order to give a better picture of the on-island activity of the international insurance sector.

Further, the tourism sector experienced greater visitor spend when compared to 2022 for both air and cruise visitors.

- Total air visitor spending reached \$341.3 million in 2023, up 26.4 per cent when compared to 2022, but only 85.4 per cent of 2019 total spend.
- Total cruise visitor spending reached \$150.8 million in 2023, up 46.8 per cent from 2022, and 125 per cent of 2019 total spend, surpassing pre-pandemic levels.

Figure 8: Annual Leisure Air Visitors

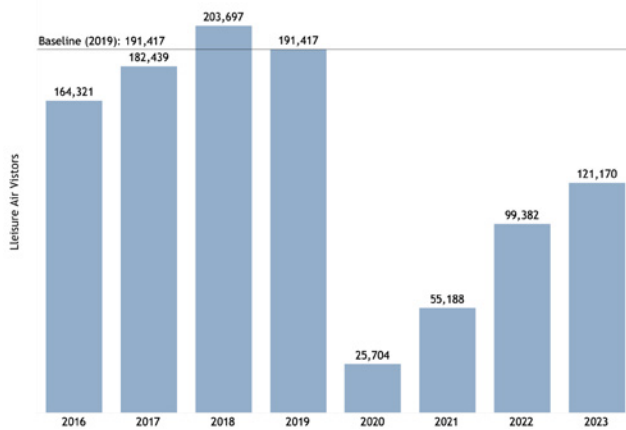
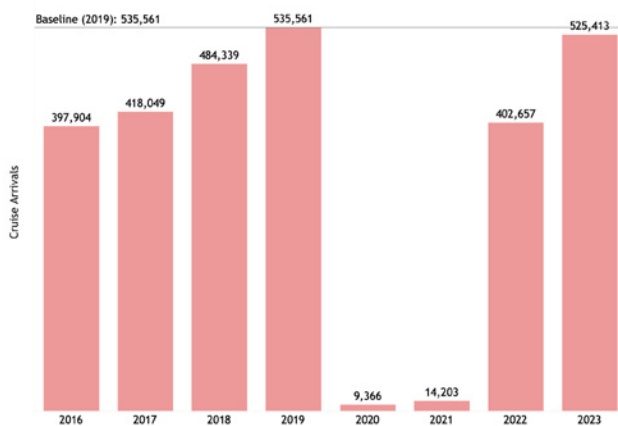


Figure 9: Annual Cruise Arrivals



Coupled with the continued recovery in arrivals, hotel occupancy rates have also experienced a year-over-year increase. While open hotel inventory remained at 74.0 per cent of pre-pandemic levels in 2023, hotel occupancy increased by 15.5 per cent. In addition, the Revenue Per Available Room (RevPAR) measure saw an uptick of 22.6 per cent compared to the previous

year, surpassing 2019 performance. This increase was driven by the increase in hotel occupancy and a 6.0 per cent increase in the Average Daily Rate (ADR).

The uptick in overall tourism activity has resulted in the second consecutive year of job growth in the Accommodation and Food Service sector which grew by 10.3 per cent compared to 2022. Jobs filled in the sector stood at 3,636 at the end of 2023, 78.0 per cent of the 2019 level, up from 66.0 per cent in 2021 (lowest since the pandemic).

EMPLOYMENT

Preliminary data from the 2023 Employment Survey indicates that the total number of jobs in Bermuda increased by 935 posts, from 31,914 in 2022 to 32,849 in 2023, which equates to a 2.9 per cent increase.

This is the second consecutive year jobs have increased. This increase is off the backdrop of the continued recovery of global economic activity and was primarily driven by the Accommodation and Food Services sector (339 new jobs), which grew by 10.3 per cent when compared to 2022, followed by the International Business sector which grew by 4.6 per cent (215 new jobs) over the same period.

For the year 2023, 17 out of the 20 industrial sectors experienced an increase in the number of jobs filled, accounting for 939 new jobs. Collectively, the Accommodation and Food Services (339 new jobs), International Business (215 new jobs) and Professional, Scientific, and Technical (92 new jobs) sectors represented 68.1 per cent of the total new jobs filled.

The job gains in these sectors were marginally offset by a total of 4 net job losses in two sectors. The Agriculture, Forestry and Fishing sector recorded a net job loss of 3 and the Real Estate Services sector recorded a net job loss of 1.

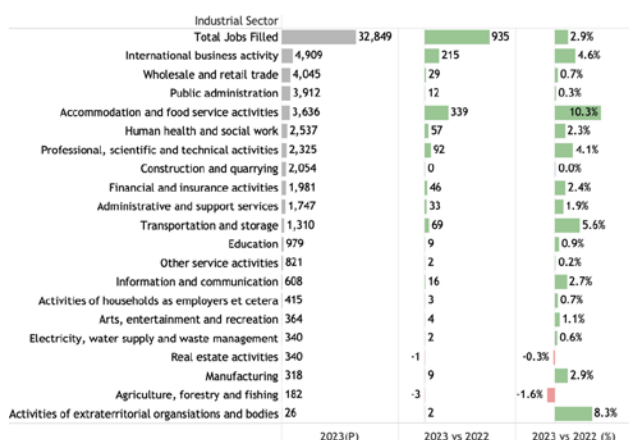
The overall sectoral composition of the labour market remained the same for 2023 with the top five industrial sectors representing 58 per cent of total job posts, totalling 19,039. Since 2020, the International Business sector became Bermuda's largest employer, growing on average by 5.1 per cent annually. The sector's level of employment is now at the highest it has ever been

recorded, surpassing its peak in 2008, pre-financial crisis. Job posts in the International Business sector as of 2023 stood at 4,909, up from 4,020 in 2019, an increase of 22.1 per cent.

On the other hand, despite the second consecutive increase of jobs experienced in the Accommodation and Food Services activities sector of 10.3 per cent for 2023, the sector has still not returned to its former position as the largest employer and is now the 4th largest employer.

On an occupational group basis, nine of the ten major groups experienced an increase in jobs when compared to 2022. Senior Officials and Managers saw the largest increase of 339 new jobs (5.3 per cent), followed by Service, Shop, and Market Sales Workers which increased by 322 jobs (5.2 per cent). Elementary Occupations, the only group which experienced a net job loss, declined by 41 jobs (-4.4 per cent).

Figure 10: Filled Jobs by Industrial Sector 2023



INFLATION IN BERMUDA

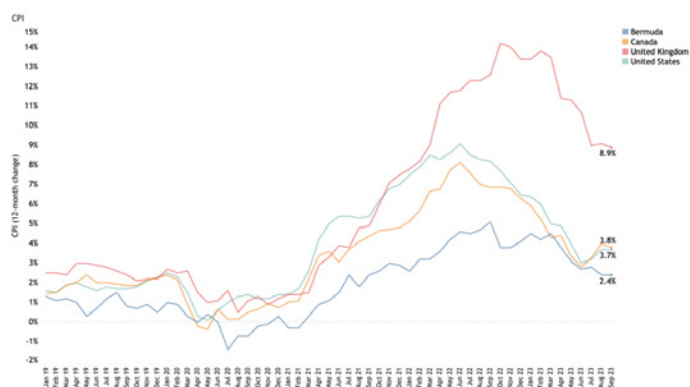
At the end of September 2023, the CPI increased at an average annual rate of 2.4 per cent, well below 5.1 per cent in 2022 which can be partly attributed to a 4.6 per cent decline in the Fuel and Power sector. During 2023, the Rent sector was the largest contributor to the increase, with the sector increasing by 2.2 per cent. On average, home contents insurance premiums increased 6.3 per cent. In addition, the average cost of properties not subject to rent control advanced 2.7 per cent annually. The Food sector was the second largest contributor to

the increase, driven by the rise in the annual cost of dry breakfast cereals (17.5 per cent), frozen entrees (10.3 per cent) and sliced meats (10.9 per cent).

All other sectors, apart from Fuel and Power (-4.6 per cent), and Clothing and Footwear (-0.3 per cent), saw an uptick in prices when compared to the previous year. Tobacco and Liquor impacted the annual rate of inflation by +6.6 per cent; Education, Recreation, Entertainment & Reading (+3.3 per cent); Household Goods, Services, and Supplies (+1.8 per cent); Transport & Foreign Travel (+2.2 per cent); Health & Personal Care (+2.2 per cent), and Rent (+2.2 per cent).

Inflation is expected to continue on a downward trend through 2024 before stabilising due to the reduction in fuel and non-fuel commodities, particularly in the U.S., United Kingdom, Euro area, Canada, and Latin America. Countries that influence Bermuda's pricing, like the U.S., are still in the process of tight monetary policy, which slows demand and places downward pressure on inflation.

Figure 11: Consumer Price Index (12-month change)²



BALANCE OF PAYMENTS

The International Business sector and its interaction with the local economy has a significant positive effect on the balance of payments. The balance of payments continues to record relatively large current account surpluses, which are an important strength in the Bermuda economy. Bermuda's total current account surplus over the first two quarters of 2023 was recorded at \$671 million. This figure is 8.8 per cent less than the \$736 million recorded over the first two

² Sources: Government of Bermuda - Department of Statistics (CPI), US Bureau of Labour Statistics (CPI), Statistics Canada (CPI), UK Office of National Statistics (RPI)

quarters of 2022.

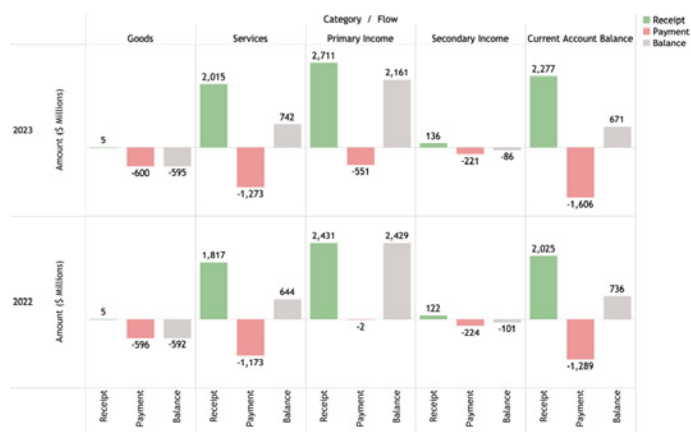
The decline in the current account surplus was due in large part to a \$134 million or 11.1 per cent decrease in the primary income account. Within the primary income account, employee compensation increased by \$43 million (4.8 per cent) over the first two quarters of 2023 and Other income increased by \$8 million (54 per cent). On the other hand, there was a significant decrease in the investment income account of \$185 million or 113.9 per cent, from \$163 million in 2022 to -\$23 million in 2023. This was primarily driven by increases in reinvested earnings as investment income experienced an uptick of \$87 million, 57.2 per cent year-over-year.

The services account also saw a significant increase in its surplus for the first two quarters of 2023. The services account grew by \$56 million or 26.2 per cent when compared to 2022, totalling \$271 million. Within the services account, travel receipts surged by \$89 million over the first two quarters of 2023, resulting in a surplus balance of \$118 million compared to a surplus of \$40 million in 2022. This figure represents a gain of 193.4 per cent when compared to 2022. This significant increase is a result of a recovering Tourism sector with both an uptick in visitors and their expenditure in Bermuda. Government services experienced a moderate increase of \$3 million (7.1 per cent), whereas Transportation and Business Services both experienced a decline when compared to 2022. Transportation Services declined by \$12 million (13.3 per cent), due primarily to residents paying more for freight transport and air passenger transport services, while Business Services fell by \$14 million (5.3 per cent) due to a decline in Financial Services. Financial Services declined by \$15 million (39 per cent), driven by a decrease in payments of fees and commissions to non-residents and a decrease of receipts from non-residents for accounting, auditing, bookkeeping, and tax consulting services.

Although total receipts have increased consecutively for the first two quarters of 2023, resulting in a total increase of \$252 million (12.5 per cent) at the end of quarter two, total payments increased at a faster rate. Total payments for the first two quarters equated to \$1.6 billion, a \$317 million (24.6 per cent) increase year-over-year, whereas total receipts equated to \$2.3

billion. Based on these patterns after the first two quarters of 2023 and considering the average surplus over the last five quarters, the current transaction trends between Bermuda and our trading partners, and the anticipated balance of payments flows for the second half of the year, it is estimated that the full year's balance of payments current account surplus is on a trajectory to either be flat or a marginal decline when compared to 2022.

Figure 12: Current Account Balance by Major Category (Q2 YTD)



FINANCIAL SECTOR

The Banking sector's capital ratios increased in the third quarter of 2023 compared to a year ago and remain well above regulatory requirements. The Risk Asset Ratio (RAR) and Common Equity Tier 1 (CET1) stood at 25.7 per cent and 24.2 per cent, respectively. Year-on-year, the RAR ratio increased by 2.2 percentage points, while the Common Equity Tier 1 (CET 1) was up 3.0 percentage points. The year-on-year growth was due to banks reducing their risk exposure, as risk-weighted assets (RWAs) fell by 2.0 per cent relative to the increase in total regulatory capital levels, up 6.8 per cent over the same period. The quality of the loan book remained stable, as measured by the percentage of Non-Performing Loans (NPL) to total loans, which was unchanged at 5.3 per cent at the end of the third quarter of 2023 when compared to a year ago. All banks are required to hold additional capital in the form of a Capital Conservation Buffer (CCB) at 2.5 per cent of RWAs, increasing the minimum CET1 requirement (plus CCB) to 7.0 per cent of RWAs. Year-on-year, the leverage ratio increased by 1.2 percentage points to 7.9 per cent, which continues to be above the 5.0 per cent regulatory minimum requirement.

The domestic liquidity position was higher in the third quarter of 2023 when compared to a year ago, as the stock of local customer deposits of \$3.9 billion held by the banks less the amount of domestic loans outstanding of \$2.8 billion resulted in a net surplus position to just over \$1.1 billion for the third quarter. The domestic loans to total deposits ratio stood at 71.8 per cent for the third quarter, down 5.1 percentage points from a year ago. All banks met the minimum regulatory requirements for the Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR).

Total consolidated assets were down 5.1 per cent (or \$1.3 billion) to \$24.2 billion compared to the same quarter of last year. The year-on-year decrease in total assets was reflected in the declines in investments, down 8.8 per cent (or \$1.1 billion) to \$11.4 billion and loans, down 4.5 per cent (or \$0.4 billion) to \$8.5 billion, while other assets grew by 25.0 per cent (or \$0.2 billion) to \$1.0 billion. Cash and interbank deposits remained unchanged at \$0.1 billion and \$3.2 billion, respectively. On the liabilities side, total customer deposits held by the banking sector amounted to \$21.5 billion at the end of the third quarter of 2023. Year-on-year, banks experienced a 6.5 per cent (or \$1.5 billion) decrease in total customer deposits due to declines in demand deposits, down 20.3 per cent (or \$2.4 billion) to \$9.4 billion and savings deposits, down 2.7 per cent (or \$0.2 billion) to \$7.2 billion. Conversely, time deposits increased by 28.9 per cent (or \$1.1 billion) to \$4.9 billion, offsetting some of the year-on-year declines in total customer deposits.

The Banking sector's net after-tax income for the third quarter of 2023 totalled to \$130.1 million, an increase of 32.9 per cent (or \$32.2 million) from the same quarter one year ago. Growth in banking income was driven by the increase in net interest income, which amounted to \$196.8 million, a 16.1 per cent (or \$27.3 million) increase compared with the same quarter one year ago, while noninterest income was up 1.6 per cent (or \$1.3 million) to \$77.3 million. Overall, total income amounted to \$274.1 million for the third quarter, up 11.6 per cent (or \$28.6 million) compared to the same quarter one year ago. Total operating and non-operating expenses fell by 2.1 per cent (or \$3.1 million) to \$143.6 million compared to one year ago.

GLOBAL ECONOMIC OUTLOOK

According to the International Monetary Fund's (IMF) January 2024 World Economic Outlook, global growth is projected to remain steady at 3.1 per cent in 2024 and 3.2 per cent in 2025. The aggressive series of interest rate increases required to control inflation continue to weigh on economic activity. The world is gradually recovering from setbacks including the Russia-Ukraine war, high global inflation, and the COVID-19 pandemic. Despite the slowdown, the global economy has proven relatively resilient. Global headline inflation is projected to decrease to 5.8 percent in 2024 and 4.4 percent in 2025, still above pre-pandemic (2017-19) levels of approximately 3.5 per cent.

The risks to global growth are balanced. On the upside, the financial markets and the global economy have shown resilience to tight monetary policy. In the second half of 2023, the U.S. and several emerging and developing economies have seen stronger-than-expected economic growth. This was driven by both public and private consumption, with families using their savings from the pandemic to increase consumption, amid tight but loosening labour markets. Despite positive global supply changes, inflation has fallen faster than anticipated, with recent monthly inflation readings nearly reaching pre-pandemic levels. This reflects diminishing relative price shocks, especially with energy prices, and the easing of labour market conditions, with decreasing job vacancies, increasing labour supply, and a moderate rise in unemployment. Faster disinflation can result in the easing of financial conditions. In addition, more effective and stronger policy stimulus are required for countries, like China, experiencing a slowdown of domestic demand. Stronger structural reform momentum might increase productivity and have favourable cross-border spillover effects.

On the downside, the OECD (2023) cautions whether the already implemented tight monetary policy is enough to smoothly return inflation to its goal, given the uncertainties regarding the speed, strength, and unevenness of monetary policy and inflation persistence. Central Banks holding policy rates higher for longer can result in financial weaknesses in the balance sheets of the financial institutions, causing a reassessment of liquidity, duration, and credit risks.

Tighter credit conditions can hinder investment, consumption, unemployment, housing markets, and economic activity, contributing to bankruptcies. There is potential for unfavourable supply shocks to recur in the global commodities markets. Although energy prices have significantly decreased from their peaks in 2022 from the Russia-Ukraine war, the markets are still tight and there are still high risks for supply disruptions in the gas, coal, and oil markets. Additionally, an escalation and spread of the ongoing conflict in the Middle East to neighbouring economies could impact energy prices given 35 per cent of the world's oil exports and 14 per cent of gas exports originate from the region. Food security might worsen in developing countries due to rising food prices and shortages. Furthermore, China's slowdown might stunt global growth partly due to weak consumer confidence and property market liquidity shortages.

Navigating the current economic environment requires countries to prioritise actions regarding a smooth landing of inflation and rebuilding fiscal buffers for medium- and long-term risks, among other actions. Central banks must monitor century-specific inflation drivers and dynamics, neither lowering rates too quickly nor delaying such lowering too much, to ensure price stability. Governments must focus on implementing medium- and long-term growth to improve their fiscal space and create buffers for future negative shocks as many would have experienced widening deficits and increasing debt during and post the pandemic period.

UNITED STATES OF AMERICA

Real GDP is projected to slow from 2.5 per cent in 2023 to 2.1 per cent in 2024, then further slow to 1.7 per cent in 2025. The U.S. economy has demonstrated unexpected resilience to the ongoing interest rate hikes, mainly driven by consumption supported by the use of excess savings collected during the pandemic. However, with slowing wage growth and declining excess savings, the effect of tight monetary policy will become more noticeable in 2024. This, combined with rising household debt and stagnant income growth, may dampen consumption-driven growth. Housing and business investment are expected to fall in early 2024. As demand weakens, the unemployment rate will rise. The unemployment rate is projected to rise from 3.6 per cent in 2023 to 4.1 per cent in 2024, then to 4.2 per cent in 2025.

The Federal Funds Rate is projected to be stable between 5.25 and 5.50 percent until the latter part of 2024 where easing is expected to occur. The current tight monetary environment will continue to put downward pressure on inflation to aid in returning to the Federal Reserve's 2.0 per cent target. Headline inflation is projected to fall from 3.8 per cent in 2023 to 2.6 per cent in 2024, while core inflation is expected to decrease from 4.2 per cent in 2023 to 2.7 per cent in 2024.

UNITED KINGDOM

Real GDP is projected to grow from 0.5 per cent in 2023 to 0.6 per cent in 2024, then to 1.6 per cent in 2025, driven by private expenditure and lower inflation. Private consumption is projected to grow to 1.4 per cent in 2024, boosted by real wage growth from fast nominal pay growth and lower inflation. Headline inflation is expected to fall from 7.7 per cent in 2023 to 3.7 per cent in 2024, with core inflation estimated at 3.8 per cent in 2024. However, the United Kingdom's inflation still has the highest rate among the G7 countries, remaining above the 2 per cent target.

Tight monetary policy continues to hinder housing and business investment. These consistent interest rate increases have led to higher housing prices, applying increasing pressure on the mortgage market. In addition, the labour market is expected to loosen, leading to a steady increase in unemployment to about 4.9 per cent.

Prioritisation of restrictive fiscal policy is expected from 2024 to 2025 to lower public debt and to adequately support tight monetary policy. The government deficit is projected to improve from 5.5 per cent of GDP in 2023 to 4.5 per cent of GDP in 2024, then to 3.7 per cent of GDP in 2025, driven by fiscal consolidation. Public debt however, is expected to remain above 100 per cent of GDP and rise over the projection period. The Spring Budget has increased fiscal pressure on businesses and households through higher corporate income tax and frozen income tax brackets. In the long run, the supply-side policies outlined in the Autumn Statement and Spring Budget may allow the government to reduce fiscal pressure by raising business investment and labour market participation moderately.

CANADA

According to the IMF's January 2024 World Economic Outlook, growth is projected to increase from 1.1 per cent in 2023 to 1.4 per cent in 2024 and 2.3 per cent in 2025. However, according to the OECD Economic Outlook November 2023, growth is expected to slow from 1.2 per cent in 2023 to 0.8 per cent in 2024, as a result of damped domestic demand due to higher borrowing costs and exports falling. As global conditions improve however, OECD projects real GDP to grow by 1.9 per cent in 2025, driven by an increase in exports and foreign investment.

The unemployment rate is expected to rise to 6.0 per cent in 2024, driven by inflationary pressures experienced in August 2023 by rising fuel prices and lower demand. In 2025, the unemployment rate is expected to decrease to 5.8 per cent.

Headline inflation is expected to slow from 4.0 per cent in 2023 to 3.0 per cent in 2024, then to 1.9 per cent in 2025. Core inflation is also expected to slow, from 3.8 per cent in 2023 to 2.7 per cent in 2024, then to 1.9 per cent in 2025. The policy rate is expected to remain at 5.0 per cent until mid-2024 to ensure inflation returns to the Bank of Canada's target of 1.0 to 3.0 per cent.

Additionally, restrictive fiscal policy continues to erode the public debt burden and revenue growth continues to decline due to a fall in nominal GDP and business profits. The government is expected to continue implementing structural reforms, including increasing access to affordable childcare, supporting the green transition, and policy focused on boosting growth and productivity in the business sector.

CHINA

Economic growth is projected to slow from 5.2 per cent in 2023 to 4.6 per cent in 2024, then to 4.1 per cent in 2025. This expected slowdown is driven by a declining trend in productivity growth and unfavourable demographics. Total domestic demand is projected to also slow from 6.2 per cent in 2023 to 4.6 per cent in 2024, then to 4.2 per cent in 2025. Consumption growth is expected to remain low due to increased savings, uncertainty, and limited job creation prospects. Ongoing changes

in real estate are also negatively impacting residential investment and associated consumption. Infrastructure investment growth is low but is expected to improve as the local investment vehicles' debt and financing problems are rectified. Lower capacity utilisation rates are expected to continue, hindering manufacturing investment. Furthermore, export growth remains weak due to low demand and tourism imports remain below pre-COVID levels.

Consumer price inflation is expected to remain low, increasing from 0.4 per cent in 2023 to 1.0 per cent in 2024, then to 1.5 per cent in 2025. China's high self-sufficiency in food and the use of discounted Russian oil for crude oil imports have protected it from the high global food and energy prices and shocks. In addition, slow wage growth, high unemployment, weak demand, and productivity improvements and innovation remain contributing factors to China's low overall inflation.

2024 OUTLOOK FOR BERMUDA

The Ministry of Finance estimates that Bermuda's economy will expand within a range of 4.3 to 4.5 per cent in 2024. This positive outlook will be driven by the International Business sector, the recovery of the tourism industry, and the successful execution of Bermuda's Economic Development Strategy.

The Bermuda Tourism Authority (BTA) and its initiatives will continue to play a huge part in Bermuda's economic recovery into 2024 and beyond.

In 2024 we expect increasing air capacity, a robust cruise sector, continued momentum in exciting experiences, and positive developments in the hotel sector to drive tourism growth.

Air capacity is expected to grow by approximately 25 per cent with April's and May's projected to surpass 2019 levels for the first time since the pandemic began. This comes as a result of the successful launch of BermudAir in 2023 and the expansion of services by airlines such as JetBlue, United, and American Airlines. In addition, more routes are now served to Bermuda than the pre-pandemic era, as not only have old routes been restored but new routes, such as Ft. Lauderdale, Westchester County, and Azores, have been added.

The Cruise sector is expected to continue on its growth path, welcoming 187 scheduled cruise ship visits, while the Yacht & Superyacht sectors are also expected to grow with a focus on leveraging St. George's new marina.

Hotel inventory is also expected to increase throughout 2024. The Bermudiana Beach Resort is scheduled to open in 2024, adding 110 rooms, and the Fairmont Southampton redevelopment project is also slated to get underway this year, bringing the total number of hotel rooms to over 2,500 on completion and providing meeting and function space for attracting large groups to Bermuda.

A robust year-round calendar of BTA-led and supported signature events alongside Bermuda's existing events portfolio to attract new visitors has been developed for 2024 and is expected to counteract the seasonal nature of tourism. The Bermuda Triangle Challenge kicked off 2024, setting the stage for a busy year of events, including the return of Sail GP season 4 during May. The Butterfield Bermuda Championship hosted at Port Royal Golf Course will continue to be featured as part of the PGA TOUR's FedExCup this fall. Additionally, the island will host world-class athletes for the third annual USATF Bermuda Grand Prix during April.

Further, the BTA will officially launch AnchorBDA, Bermuda's own accredited tourism-specific program. This program aims to empower residents to become tourism ambassadors and enhance visitors' experiences. Visitor feedback will be leveraged to assess the program's impact on visitor satisfaction.

The Government will continue to strengthen the local economy in 2024 through targeted investment strategies and diversification, prioritising several initiatives outlined in the Economic Development Strategy (EDS):

- Local and International Business Expansion and Retention – e.g., ensuring legal and regulatory frameworks support growth and industry expansion, working with industry to determine expansion barriers, mitigating risk and reducing external global threats, and identifying key fund formation law firms and alternative asset allocators, with access to key markets and

cultivating stronger relationships and marketing in those jurisdictions;

- Supporting and Enabling Growth of Economic Empowerment Zones – e.g., developing a robust marketing strategy to attract businesses, investors, and developers to the zones as enablers, and upskilling entrepreneurs and increasing access to financial tools and relevant data for entrepreneurs to ensure zone businesses achieve sustainability and growth;
- Attracting businesses and promoting investments into Bermuda – e.g., positioning Bermuda as the digital port for large technology companies (such as Google), developing a robust space and satellite industry – advancing space insurance, international spectrum regulation, space sustainability, small satellites, and earth station regulations, creating a new renewable energy regulatory sandbox, and enhancing and promoting high-net-worth services;
- Entrepreneurship and Small Business Development – e.g., developing an entrepreneurship policy framework, enhancing the entrepreneurship ecosystem, and developing and streamlining business registration and licensing via an online portal;
- Continued execution of the Economic Recovery Plan – e.g., economic diversification through the creation of new industries, enhancing financial markets, infrastructural development, fostering population growth, enhancing healthcare, and developing robust regulatory frameworks;
- Investing in People – e.g., the national workforce policy, the youth employment strategy, personal employment plans, a national certification and apprenticeship board, specialised training of the local workforce, and strategic immigration.

The local economy is however vulnerable to several external risks which could hinder Bermuda's expected growth in 2024. Despite the calming of global inflation, caution must be placed on the aftereffects of tighter monetary policy. Higher global interest rates have led to tighter financial market conditions, investment,

consumption, unemployment, housing markets and economic activity. These factors can contribute to a global slowdown in demand with spillover effects on the Bermuda economy. Bermuda has already seen a rise in interest rates, resulting in a tighter domestic financial market, an increase in the debt burden of households, and a decline in real consumption.

Government's focus on creating fiscal buffers while balancing the social welfare of the population remains critical in combating any shocks in the near- to medium-term. The Government's return to a balanced budget and surplus will create the necessary space for any budgetary manoeuvres required. While the implementation of policies such as the reduction of payroll taxes for all local businesses and 86% of Bermuda's workers will create space for businesses, and the population, especially the most vulnerable, to manage the current inflationary, high interest rate, and uncertain environment. The continued collaboration between the Government and the private sector will remain critical in 2024 to drive sustainable growth and welfare within Bermuda's economy.

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TABLE 1

GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN
(At constant market prices \$000's) 2013= 100

INDUSTRIAL SECTIONS	2018	2019	2020R	2021	2022P
A. Agriculture, Forestry and Fishing	17,075	17,292	17,517	21,856	16,128
C. Manufacturing	34,210	34,198	27,602	25,871	26,246
D&E. Electricity, Water Supply and Waste Management	71,943	75,701	89,002	98,331	99,538
F&B. Construction and Quarrying	264,421	318,648	240,946	233,715	252,056
G. Wholesale and Retail Trade	327,108	309,349	311,330	308,093	312,446
H. Transportation and Storage	133,029	129,613	101,874	107,030	106,198
I. Accommodation and Food Service	253,786	234,739	73,201	136,229	191,402
J. Information and Communication	174,049	168,190	149,360	151,194	151,016
K. Financial and Insurance Activities	913,647	879,425	828,868	828,082	987,917
L. Real Estate Activities	953,742	963,582	978,108	1,009,102	1,039,145
M. Professional, Scientific and Technical Activities	376,435	376,236	312,598	357,796	366,097
N. Administrative and Support Services	130,901	135,052	108,373	127,000	131,089
O. Public Administration	327,397	338,176	311,406	300,924	299,454
P. Education	128,177	127,159	110,707	110,828	120,636
Q. Human Health and Social Work	313,661	329,471	321,158	341,783	335,157
R. Arts, Entertainment and Recreation	24,392	28,192	20,579	24,247	23,617
S. Other Service Activities	58,062	62,535	50,553	63,979	67,865
T. Activities of Households as Employers	13,161	14,270	11,254	13,036	13,036
U. International Business Activity	1,622,618	1,627,102	1,641,865	1,780,412	1,917,369
GDP at Constant Basic (2013) Prices	6,137,813	6,168,931	5,706,302	6,039,510	6,456,412
Add : Taxes less Subsidies on Products	292,856	281,433	302,672	295,095	285,581
GDP at Constant Purchasers' (2013) Prices	6,430,669	6,450,364	6,008,974	6,334,606	6,741,993
Percentage Change	-0.40%	0.30%	-6.80%	5.40%	6.40%

Source: Department of Statistics

Notes:

¹ The data shown are the most recent estimates of GDP using 2013 benchmarks from the Supply and Use Table framework and presented using the International Standard Industrial Classification of All Economic Activities (ISIC) Rev.4. In general, figures for the most recent year are to be regarded as provisiona

R—Revised; P—Provisional

TABLE 2

GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN
(At current market prices \$'000's)

INDUSTRIAL SECTIONS	2018R	2019	2020	2021	2022P
A. Agriculture, Forestry and Fishing	16,980	16,403	17,596	21,213	17,209
C. Manufacturing	35,210	38,308	23,167	25,296	27,987
D&E. Electricity, Water Supply and Waste Management	111,317	107,338	114,846	115,938	115,650
F&B. Construction and Quarrying	265,446	327,277	250,021	245,000	275,745
G. Wholesale and Retail Trade	407,795	404,889	400,620	402,722	449,940
H. Transportation and Storage	187,183	174,649	128,637	158,731	194,187
I. Accommodation and Food Service	344,624	335,736	120,003	172,994	231,599
J. Information and Communication	177,812	166,807	139,054	156,434	142,491
K. Financial and Insurance Activities	1,124,068	1,067,225	985,161	987,082	1,136,004
L. Real Estate Activities	1,013,125	1,040,952	1,051,280	1,097,330	1,146,093
M. Professional, Scientific and Technical Activities	412,996	435,850	426,693	478,712	484,492
N. Administrative and Support Services	124,181	153,789	125,279	148,916	160,467
O. Public Administration	344,303	363,401	337,694	335,153	339,436
P. Education	141,156	144,309	130,809	132,400	144,486
Q. Human Health and Social Work	354,354	374,822	373,564	412,695	419,087
R. Arts, Entertainment and Recreation	30,330	34,298	26,530	33,283	30,045
S. Other Service Activities	74,493	68,397	57,359	58,017	71,252
T. Activities of Households as Employers	15,085	17,077	16,161	15,600	16,161
U. International Business Activity	1,724,186	1,835,460	1,902,585	2,003,841	2,120,589
GDP at Current Basic Prices	6,904,645	7,106,986	6,627,060	7,001,356	7,522,921
Add : Taxes less Subsidies on Products	321,332	316,479	260,087	285,251	305,059
GDP at Current Purchasers' Prices	7,225,977	7,423,465	6,887,147	7,286,607	7,827,980
Percentage Change	1.20%	2.70%	-7.20%	5.80%	7.40%
Memo Item: GDP per Capita at Current Purchasers' Prices	112,954	115,943	107,521	113,755	122,253

Source: Department of Statistics

Notes:

¹ The data shown are the most recent estimates of GDP using 2013 benchmarks from the Supply and Use Table framework and presented using the International Standard Industrial Classification of All Economic Activities (ISIC) Rev.4. In general, figures for the most recent year are to be regarded as provisional.

R—Revised; P—Provisional

TABLE 3

NUMBER OF FILLED JOBS BY ECONOMIC ACTIVITY GROUP

	2019	2020	2021	2022(F)	2023(P)
Agriculture, forestry and fishing	183	173	177	185	182
Manufacturing	383	361	345	309	318
Electricity, water supply and waste management	329	324	319	338	340
Construction and quarrying	2,233	2,151	2,044	2,054	2,054
Wholesale and retail trade	4,232	3,972	3,950	4,016	4,045
Transportation and storage	1,474	1,356	1,235	1,241	1,310
Accommodation and food service activities	4,691	3,591	3,076	3,297	3,636
Information and communication	748	672	602	592	608
Financial and insurance activities	2,204	2,121	1,968	1,935	1,981
Real estate activities	366	355	341	341	340
Professional, scientific and technical activities	2,290	2,253	2,150	2,233	2,325
Administrative and support services	1,645	1,726	1,698	1,714	1,747
Public administration	3,988	4,064	4,008	3,900	3,912
Education	922	971	950	970	979
Human health and social work	2,890	2,440	2,446	2,480	2,537
Arts, entertainment and recreation	473	387	353	360	364
Other service activities	796	773	774	819	821
Activities of households as employers et cetera	486	472	443	412	415
Activities of extraterritorial organisations and bodies	25	25	25	24	26
International business activity	4,020	4,240	4,412	4,694	4,909
Total	34,378	32,427	31,316	31,914	32,849

P = Preliminary data includes 989 jobs that employers reported as layoffs

F = Final

Source: Department of Statistics Employment Survey

TABLE 4

RETAIL SALES INDEX¹²³
Average Monthly Sales (1)
2015 = 100

Period	Total Retail Stores		Food Stores ⁴		Liquor Stores ⁵		Motor Vehicle Stores		Service Stations		Building Material Stores		Apparel Stores		All Other Store Types	
	Index	Annual % Change	Index	Annual % Change	Index	Annual % Change	Index	Annual % Change	Index	Annual % Change	Index	Annual % Change	Index	Annual % Change	Index	Annual % Change
2018	103.0	(1.9)	105.5	0.4	104.8	(0.4)	87.0	(11.9)	111.0	(0.4)	119.8	2.0	91.1	(9.8)	102.1	(1.2)
2019	100.5	-2.5	107.6	1.9	103.9	-0.9	77.1	-11.4	108.4	-2.4	105.6	-11.8	82.3	-9.7	101.6	(0.5)
2020	101.7	1.2	120.8	12.3	123.5	18.9	70.1	-9.1	89.7	-17.3	103.6	-1.9	55.9	-32.1	101.5	(0.1)
2021	104.4	2.6	118.0	-2.3	116.2	-5.9	81.2	15.9	100.8	12.4	110.0	6.2	64.6	15.6	108.0	6.5
2022	107.1	2.6	117.2	-0.7	108.6	-6.5	79.9	-1.6	111.1	10.2	117.2	6.5	72.5	12.2	114.3	5.8
2022																
Jan	94.9 R	(2.3) R	112.5	(6.0) R	84.1 R	(12.9) R	71.0 R	8.7 R	87.8 R	6.9 R	94.3 R	12.1 R	43.6 R	(11.6) R	97.7 R	(0.3)
Feb	93.8 R	(0.2)	104.2 R	(3.6) R	85.2 R	(13.0) R	72.2	13.5	92.7	8.9	116.8 R	8.4 R	45.4	(2.2)	98.5	(0.2)
Mar	109.0 R	(2.9) R	120.6 R	(2.1) R	110.5	(22.0)	74.8 R	(28.9) R	106.1	10.6	162.2 R	7.7 R	59.6	8.8	111.0 R	(2.1)
Apr	104.2	16.0	109.9	(11.5)	97.0	(12.8)	106.9	123.6	99.9	34.3	143.8	65.5	53.8	263.5	103.3	29.3
May	109.8 R	4.7 R	114.0 R	(3.8) R	111.0 R	(9.0) R	90.8 R	28.6 R	120.9 R	21.6 R	119.6 R	(1.4) R	67.8	30.6	115.0 R	6.6
Jun	108.6 R	(4.1) R	121.8 R	4.4 R	121.0 R	(2.3) R	67.0 R	(40.0) R	128.1 R	5.3 R	124.2 R	(4.8) R	114.8	1.2	121.2 R	2.9
Jul	113.3 R	1.9 R	118.7 R	(0.5) R	127.8 R	(5.1) R	70.9 R	(23.4) R	143.7 R	11.1	89.8 R	(9.8) R	70.8	6.8	124.0 R	9.3
Aug	106.8 R	- R	110.2 R	- R	108.9 R	-	79.9	(19.0)	122.1	3.7	106.6	(1.3)	64.0	3.2	116.9	2.7
Sep	107.7	4.3	120.3	1.3	113.8	4.0	93.3	(4.3)	112.5	12.6	116.5	12.0	59.9	14.8	106.5	5.6
Oct	105.8	5.6	123.1	2.0	107.8	(3.8)	77.1	(2.9)	109.9	8.9	110.5	(0.2)	60.2	16.4	115.9	13.5
Nov	103.9	6.1	120.0	6.6	101.9	1.2	85.7	8.5	106.4	4.7	104.9	3.0	78.1	2.2	119.7	7.5
Dec	127.2	4.5	130.7	5.4	134.6	(0.2)	69.7	9.8	102.9	1.4	117.0	1.7	152.4	11.8	142.3	2.3
2023																
Jan	100.3	5.7	113.7	1.1	91.7	9.0	76.5	7.7	95.4	8.7	88.3	(6.4)	51.7	18.6	109.4	12.0
Feb	94.8	1.1	107.7	3.4	97.6	14.6	85.4	18.3	91.3	(1.5)	100.1	(14.3)	43.0	(5.3)	95.0	(3.6)
Mar	109.2	0.2	122.3	1.4	109.4	(1.0)	92.5	23.7	100.5	(5.3)	138.8	(14.4)	63.5	6.5	108.9	(1.9)
Apr	105.3	1.1	113.6	3.4	94.9	(2.2)	74.2	(30.6)	101.0	1.1	132.6	(7.8)	60.9	13.2	110.7	7.2
May	115.2	4.9	121.7	6.8	106.5	(4.1)	107.4	18.3	117.9	(2.5)	116.7	(2.4)	66.6	(1.8)	121.8	5.9
Jun	113.5	4.5	127.0	4.3	119.2	(1.5)	70.7	5.5	127.6	(0.4)	132.0	6.3	111.8	(2.6)	132.6	9.4
Jul	121.8	7.5	124.3	4.7	115.0	(10.0)	85.8	21.0	147.0	2.3	131.4	46.3	72.2	2.0	134.9	8.8
Aug	107.2	0.4	116.8	6.0	111.5	2.4	65.3	(18.3)	125.6	2.9	99.4	(6.8)	61.1	(4.5)	114.0	(2.5)

Source: Department of Statistics

¹ Index numbers are subject to revisions

² Adjustments are not made for a 4/4/5 calendar month

³ The yearly series reflect annual changes.

⁴ Includes household supplies but excludes alcoholic beverages

⁵ Does not include sales to bars, clubs, hotels and restaurants

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TABLE 5
**CONSUMER PRICE INDEX
APRIL 2015 = 100**

	All Items	Food	Rent	Clothing & Footwear	Tobacco & Liquor	Fuel & Power	Household Goods, Services & Supplies	Transport & Foreign Travel	Education, Recreation, Entertain. & Reading	Health & Personal Care	
2013											
	WEIGHT	1000	115	267	25	31	39	116	130	147	130
ANNUAL AVERAGE (per cent)											
	2018	1.4	2.1	0.2	1.6	4.2	5.9	-0.2	0.2	2.1	3.1
	2019	1	2.7	0.9	1.9	3.8	1	Nil	-3	0.4	3.4
r Revision	2020	Nil	3	-1.8	0.9	2.4	-1.8	0.3	-4.5	1.1	2.9
	2021	1.5	1.9	-0.3	0.9	-0.6	-5	1.7	+6.3r	+1.9r	2.3
	2022	4	7.9	0.3	2.2	0.5	+11.3r	2.9	7.6	4.4	4
MONTHLY (per cent)											
2022											
	Sept	0.5	1.3	0.3	Nil	-0.1 5+4	Nil	0.2	0.9	0.9	Nil
	Oct	-0.7	-0.1	Nil	1.6	0.2	-4.1	0.5	-4.6	0.1	Nil
	Nov	0.4	1.8	0.1	Nil	-0.2	Nil	0.1	0.7	Nil	0.1
	Dec	0.2	-0.1	0.1	Nil	Nil	Nil	0.5	1.3	Nil	-0.1
2023											
	Jan	0.4	0.6	Nil	0.4	1.3	-3.9	0.3	2.7	-0.1	0.1
	Feb	0.1	-0.2	0.6	Nil	-0.1	Nil	Nil	-0.3	0.5	-0.1
	Mar	0.6	0.3	0.1	Nil	3.5	Nil	0.1	2.2	0.8	Nil
	Apr	0.5	0.4	0.1	-2.2	1.1	0.5	0.1	1	0.1	2
	May	-0.1	-0.2	0.1	Nil	0.1	Nil	Nil	-0.9	0.3	0.1
	Jun	0.2	0.6	0.3	Nil	0.1	Nil	Nil	-1	0.4	0.2
	Jul	0.4	0.2	0.2	-0.1	-0.3	2.9	0.2	2	Nil	-0.1
	Aug	-0.2	0.7	0.2	Nil	0.4	Nil	Nil	-2.1	0.1	Nil
	Sept	0.5	0.2	0.4	Nil	0.4	Nil	0.1	1.3	1.1	Nil
MONTHLY INDEX											
2022											
	Sept	113.4	127.8	100.8	110.7	125.1	118.7	109.1	111.5	118.1	122.9
	Oct	112.6	127.7	100.8	112.5	125.3	113.8	109.6	106.4	118.2	122.9
	Nov	113.1	130	100.9	112.5	125.1	113.8	109.7	107.1	118.2	123
	Dec	113.3	129.9	101	112.5	125.1	113.8	110.3	108.5	118.2	122.9
2023											
	Jan	113.7	130.7	101	113	126.7	109.4	110.6	111.4	118.1	123
	Feb	113.8	130.4	101.6	113	126.6	109.4	110.6	111.1	118.7	122.9
	Mar	114.5	130.8	101.7	113	131	109.4	110.7	113.5	119.7	122.9
	Apr	115.1	131.3	101.8	110.5	132.5	110	110.8	114.6	119.8	125.4
	May	115	131.1	101.9	110.5	132.6	110	110.8	113.6	120.1	125.5
	Jun	115.2	131.9	102.2	110.5	132.7	110	110.8	112.5	120.6	125.7
	Jul	115.7	132.2	102.4	110.4	132.3	113.2	111	114.8	120.6	125.6
	Aug	115.5	133.1	102.6	110.4	132.8	113.2	111	112.4	120.7	125.6
	Sept	116.1	133.4	103	110.4	133.3	113.2	111.1	113.9	122	125.6
ANNUAL PERCENTAGE CHANGE											
	Sept '23	2.4	4.4	2.2	-0.3	6.6	-4.6	1.8	2.2	3.3	2.2
	Sept '22										

*This is not a revision to the official series but rather an indicative calculation of what it would look like if revisions were made. The old and new series for the All-Items Index and the Fuel & Power sector are published at <https://www.gov.bm/bermuda-business-statistics>.

TABLE 6

CONSTRUCTION PROJECTS
Estimated value of work put in place during period \$ millions

	Value of new projects started during period	Residential	Offices, Shops, Warehouses	Hotels, Guest-houses	Schools, Hospitals, Community Centres	Roads, Bridges, Airports	Industrial Plant & Other	Total	Public Sector	Private Sector
2019	95.1	40.2	26.7	42.7	11.6	107.1	12.8	241.1	40.0	201.1
2020	49.7	16.6	22.5	70.4	8.3	29.1	20.8	167.7	42.2	125.5
2021	84.0	19.8	22.6	32.9	4.0	10.2	16.5	106.0	51.9	54.1
2022	131.9	28.8	16.6	26.8	4.5	3.2	16.3	96.3	40.2	56.1
2019										
Q1	15.3	14.0	3.1	10.6	2.8	39.5	5.5	75.7	10.4	65.3
Q2	58.1	13.0	8.1	10.2	2.3	26.5	0.6	60.8	9.7	51.1
Q3	15.5	7.6	7.2	11.2	4.4	15.3	1.2	46.8	11.5	35.3
Q4	6.2	5.6	8.3	10.6	2.0	25.7	5.5	57.8	8.4	49.4
2020										
Q1	4.4	3.9	4.2	0.0	3.6	2.5	15.1	29.3	19.8	9.5
Q2	38.7	7.2	6.4	0.0	1.4	12.9	0.9	28.7	7.9	20.7
Q3	4.0	3.2	5.1	20.3	2.7	13.9	2.2	47.4	9.8	37.6
Q4	2.7	2.3	6.8	50.1	0.6	-0.1	2.6	62.3	4.7	57.6
2021										
Q1	8.3	3.9	8.4	20.0	0.5	4.1	12.6	49.4	21.9	27.5
Q2	69.1	9.0	4.5	10.0	0.4	1.4	1.4	26.7	10.3	16.4
Q3	6.1	3.8	6.2	1.6	1.6	1.9	1.6	16.7	11.2	5.5
Q4	0.6	3.2	3.5	1.3	1.5	2.8	0.9	13.1	8.5	4.7
2022										
Q1	36.7	6.6	4.8	8.5	1.4	0.1	9.4	30.8	12.5	18.3
Q2	56.9	8.6	3.7	7.5	0.3	0.2	2.0	22.3	8.5	13.8
Q3	10.9	4.0	4.0	7.6	2.2	2.6	3.5	23.9	9.3	14.5
Q4	27.5	9.6	4.1	3.1	0.7	0.4	1.4	19.4	9.9	9.4
2023										
Q1	10.2	4.0	6.3	4.8	1.3	2.7	5.9	25.0	13.1	11.9
Q2	36.2	12.5	2.1	5.4	1.2	2.0	0.9	24.0	12.3	11.7

TABLE 7**GROSS ADDITIONS TO THE STOCK OF RESIDENTIAL DWELLING UNITS**

	Studio Apartments	One Bedroom	Two Bedroom	Three Bedroom & Over	Total Units Completed
2019	8	42	15	16	81
2020	11	33	19	28	91
2021	20	56	24	17	117
2022	9	26	13	11	59
2019					
Q1	1	12	4	1	18
Q2	0	6	4	2	12
Q3	3	12	3	5	23
Q4	4	12	4	8	28
2020					
Q1	2	9	2	5	18
Q2	0	4	4	3	11
Q3	4	12	4	7	27
Q4	5	8	9	13	35
2021					
Q1	7	13	9	4	33
Q2	4	13	6	3	26
Q3	8	21	5	9	43
Q4	1	9	4	1	15
2022					
Q1	1	10	1	5	17
Q2	2	1	4	1	8
Q3	3	10	5	3	21
Q4	6	21	10	9	46
2023					
Q1	0	3	1	4	8
Q2	3	16	2	2	23

Source: Department of Statistics

TABLE 8

VISITOR ARRIVALS

	Number of visitors			Year-on-year % changes		
	Air Visitors	Cruise Ship Visitors ²	All Vistors	Air Visitors	Cruise Ship Visitors ²	All Vistors
2019	269,478	535,561	805,039	-4.4	10.6	5.1
2020	42,071	9,366	51,437	-84.4	-98.3	-93.6
2021	72,153	14,203	86,356	71.5	51.6	67.9
2022	145,865	402,657	710,748	102.2	2735.0	723.0
2023	185,335	525,413	663,297	27.1	30.5	-6.7
2019 Q1	38,349	11,100	49,449	-4.9	136.8	9.9
Q2	89,620	220,395	310,015	-2.6	12.2	7.4
Q3	89,178	215,531	304,709	-5.5	13.4	6.9
Q4	52,331	88,535	140,866	-4.1	-4.8	-4.6
2020 Q1	23,897	9,366	33,263	-37.7	-15.6	-32.7
Q2	42	0	42	-100.0	-100.0	-100.0
Q3	8,296	0	8,296	-90.7	-100.0	-97.3
Q4	9,836	0	9,836	-81.2	-100.0	-93.0
2021 Q1	3,423	0	3,423	-85.7	-100.0	-89.7
Q2	16,935	0	16,935	40221.4	-	40221.4
Q3	35,506	2,710	38,216	328.0	-	360.7
Q4	16,289	11,493	27,782	65.6	-	182.5
2022 Q1	12,309	0	12,309	259.6	-	259.6
Q2	48,646	126,127	174,773	187.3	-	932.0
Q3	52,065	176,650	228,715	46.6	6418.5	498.5
Q4	32,845	99,880	132,725	101.6	769.1	377.7
2023 Q1	24,667	22,784	47,451	100.4	-	285.5
Q2	62,477	186,303	248,780	28.4	47.7	42.3
Q3	61,452	196,223	257,675	18.0	11.1	12.7
Q4	36,739	120,103	156,842	11.9	20.2	18.2

Source: Bermuda Tourism Authority

¹Including those passengers arriving by ship and departing by air.

²Excluding passengers arriving by ship and departing by air.

TABLE 9

THE BERMUDA INSURANCE MARKET
\$ billions

	Gross premiums written	Net premiums written	Total assets	Capital and surplus
1986	12.4	10.4	30.9	12.5
1987	10.3	8.0	34.9	15.0
1988	11.1	8.4	38.7	14.4
1989	12.0	9.4	44.5	17.4
1990	13.0	10.1	48.0	18.2
1991	15.4	11.8	52.3	19.9
1992	15.1	11.3	58.8	21.9
1993	17.9	13.4	69.9	29.0
1994	18.8	14.9	76.1	29.8
1995	23.4	18.4	95.0	36.9
1996	25.1	19.8	99.9	42.5
1997	25.4	20.4	111.8	48.4
1998	26.6	21.2	116.4	51.2
1999	30.4	23.8	131.6	54.4
2000	38.1	32.0	146.0	59.2
2001	48.5	40.9	165.3	64.9
2002	63.3	52.3	204.0	75.6
2003	94.7	84.1	236.0	87.3
2004	95.3	82.9	290.5	106.7
2005	100.7	86.3	329.9	110.0
2006	115.8	100.4	440.4	157.8
2007	124.4	100.8	441.3	167.1
2008	123.6	107.9	473.0	156.8
2009	119.8	106.3	496.1	182.1
2010	107.7	94.2	524.7	185.2
2011	107.6	94.6	452.2	168.8
2012	120.5	98.1	505.5	193.0
2013	163.0	138.7	607.6	191.6
2014	151.8	116.2	583.3	214.5
2015	130.8	108.5	631.7	200.8
2016	170.6	132.7	764.1	297.8
2017	150.5	126.7	837.6	269.4
2018	243.5	197.9	980.1	263.4
2019	197.5	158.4	1,186.4	313.5
2020	294.7	207.7	1,410.1	349.8
2021	268.1	202.7	1,633.6	370.7
2022	277.2	208.7	1,654.6	346.6

Source: Bermuda Monetary Authority's Statutory Financial Returns For All International Insurers

TABLE 10

BALANCE OF PAYMENTS ESTIMATES
\$ millions

	2019	2020	2021	2022	2023*
Exports	18	11	9	10	5
Imports	1,152	927	1,085	1,239	600
Merchandise Trade Balance	-1,134	-916	-1,076	-1,229	-595
Services and Income - receipts	3,852	3,241	3,505	3,976	2,272
Services and Income - payments	1,884 r	1,473	1,467	1,624	1,007
Current account balance	834	853	961	1,123	671
Financial Account					
Direct Investment	-38	-11	-27	23	13
Portfolio Investment	241	1,046	-1,067	-916	470
Financial Derivatives	102	95	96	207	56
Other Investments	920	1,073	2,256	1,725	-1,086
Reserve Assets	10	18	41	-3	31
Net Acquisition of Financial Assets	1,235	2,220	1,299	1,035	-515
Direct Investment	5	112 r	2	9	104
Portfolio Investment	-327	558 r	-95	-880	-194
Financial Derivatives	15	46	-52	-4	-26
Other Investments	710	679	544	1,011	-835
Net Incurrence of Financial Liability	404	1,396	398	136	-951
Total Net Financial Account	-831	-825	-900	-900	-436
Total Net Capital Account	0	0	0	0	0
Total Net Lending(+)/Net Borrowing (-)	831	825	900	900	436
Balancing Item	-2	-28	-61	-224	-235

Numbers may not add due to rounding.

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* Q1- Q3 provisional estimates

Source: Department of Statistics



FOR COMPLETE INFORMATION
ON THE 2024/2025 BUDGET
SCAN THE QR CODE