GOVERNMENT OF BERMUDA
Ministry of Finance

NATIONAL ECONOMIC REPORT OF BERMUDA

2020

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DEDICATION

This year the Economic Review is especially dedicated to the late Financial Secretary Anthony Manders (aka FS, aka Porky), a strong and gentle soul whose tireless passion for ensuring the financial and economic affairs of the country be kept well in hand, is a model for how we, in the Ministry of Finance, should all strive to emulate on a daily basis. The FS was very often the first to arrive in the office and the last to leave. His dedication and commitment to the Ministry and the people that he worked with will be missed by all.

Rest in Peace FS.

Contents

THE ECONOMY IN 2020

The Ministry of Finance estimates that Bermuda's GDP may have contracted by 8.5 per cent in 2020 following the negative effects of COVID-19 on the economy.

Many of the major economic indicators such as employment, employment income, tourism and construction activity decreased in 2020, as the economy suffered from the measures put in place to protect the population during the pandemic.

The number of jobs is estimated to have declined by 5.6 per cent when employees that were temporarily laid off for economic reasons are included in the data and by 8.5 per cent when those employees are excluded. The official unemployment rate calculated in November 2019 was 3.8 per cent.

Employment income declined by 7.4 per cent over the first three quarters of 2020. The largest decline occurred in the hotels and restaurants sector, whose employment income fell by 48.6 per cent.

In the tourism sector, air visitors decreased by 84.4 per cent, while cruise arrivals fell by 98.3 per cent. Employment in hotels declined by 22.5 per cent when temporary layoffs are included.

The gross turnover generated by retail stores decreased by 1.1 per cent in 2020, while jobs in the sector fell by 6.7 per cent when temporary layoffs are included.

Over the first three quarters of 2020, the level of construction activity declined by 42.2 per cent, with the value of work put in place decreasing by $77.4 million. The value of new projects started fell from $88.9 million in 2019 to $48.5 million in 2020, a decline of 45.4 per cent. Jobs in this industry fell by 3.4 per cent year over year when temporary layoffs are included.

The Consumer Price Index (CPI) for 2020 was 0.0 per cent. This level of inflation is below the 1.4 per cent and 1.0 per cent recorded in 2018 and 2019 respectively.

GROSS DOMESTIC PRODUCT 2019

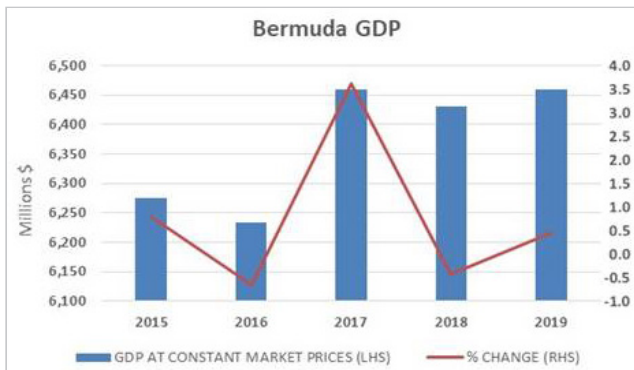
The most recent estimates for GDP published by the Department of Statistics are for the year 2019.

In 2019, the Bermuda economy grew by 3.6 per cent at current market prices. This increase marks the fifth consecutive year that the economy has grown and the seventh increase in the last eight years in nominal terms, after declining in 2014. Nominal GDP was reported to be approximately $7.484 billion, reflecting an increase of approximately $260 million above the 2018 revised figure of roughly $7.224 billion. As a result, Bermuda's GDP per capita rose from $112,928 in 2018 to $116,890 in 2019. When adjusted for inflation, the level of economic activity or real GDP increased marginally by 0.5 per cent. This rate was lower than to the five-year average (2015–2019) of positive 0.8 per cent. The rate was also below the Ministry of Finance's 2019 estimate (made in February 2020) of an increase in GDP of 1.0–2.0 per cent.

The positive movement in GDP of 3.9 per cent at current market prices was largely driven by a 6.4 per cent increase in the output of the international business activity sector, growth of 17.0 per cent in the professional, scientific and technical sector, and a 23.3 per cent uptick in the construction and quarrying sector.

The growth in the level of GDP in real terms of 0.5 per cent was mainly driven by increases of $53.0 million in the output of the construction and quarrying sector, an $18.7 million hike in real estate activities sector, and growth of $15.5 million in the human health and social work sector. These gains were offset by losses of $34.1 million in the financial and insurance activities sector.

FIGURE 1



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 (nominal GDP), while Table 2 presents it in current market prices (real GDP).

In current market prices, international business contributed the greatest amount to the Bermuda economy in 2019. This sector provided $1.83 billion in total output or 24.5 per cent of total GDP, which was a 6.4 per cent increase when compared with 2018. The growth in output in this sector benefitted from increases in the value added of businesses engaged in insurance underwriting, reinsurance services and insurance management.

[1] Official 2020 GDP estimates are not yet available.

Following the last decline in 2011, 2019 marked the eighth 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 are the biggest contributors to this sector. Contributions to this sector also emanate from the trading operations of security and commodity brokerage, shipping, consultancy and other forms of international business activity.

Financial and insurance activities were the second-largest contributor to GDP. This sector accounted for $1.1 billion in output or 14.3 per cent of total GDP. The value added from this industry decreased by 5.1 per cent, declining after increasing for three consecutive years. The reduction experienced in this sector can be mainly attributed to the commercial banking sector which reported less interest received and higher interest paid in 2019.

The next largest contributor to Bermuda's economy is the real estate activities sector. This sector accounted for $1.1 billion in output, which represents 14.0 per cent of total GDP. The 3.7 per cent year over year growth in this sector was mainly the result of a 2.2 per cent rise in the imputed rent for owner-occupied dwellings, as well as a 2.3 per cent increase in real estate activities with leased property.

The professional, scientific and technical activities sector contributed $483.3 million to the output of the economy, representing 6.5 per cent of GDP. Output in this sector grew by 17.0 per cent, led by increases in advertising, legal and accounting services sub-industry groupings.

Output generated in the wholesale and retail trade sector was recorded at $404.9 million in 2019, which represents 5.4 per cent of total output. This sector experienced a reduction in output of 0.7 per cent, which was primarily driven by lower retail sales of clothing, office equipment, motor vehicles and fuel.

The human health and social work sector represented 5.0 per cent of GDP in 2019, with an output level of $374.8 million, which is a 5.8 per cent increase over 2018. This sector increased for the fifth consecutive year and was bolstered by growth in residential care activities for the elderly and disabled.

The public administration sector grew by 5.6 per cent and accounted for 4.9 per cent of GDP. The output of $363.7 million was driven mainly by spending on regulation of and contribution to more efficient operation of businesses.

ECONOMIC TRENDS 2020

DOMESTIC DEMAND

PERSONAL CONSUMPTION AND THE RETAIL SECTOR

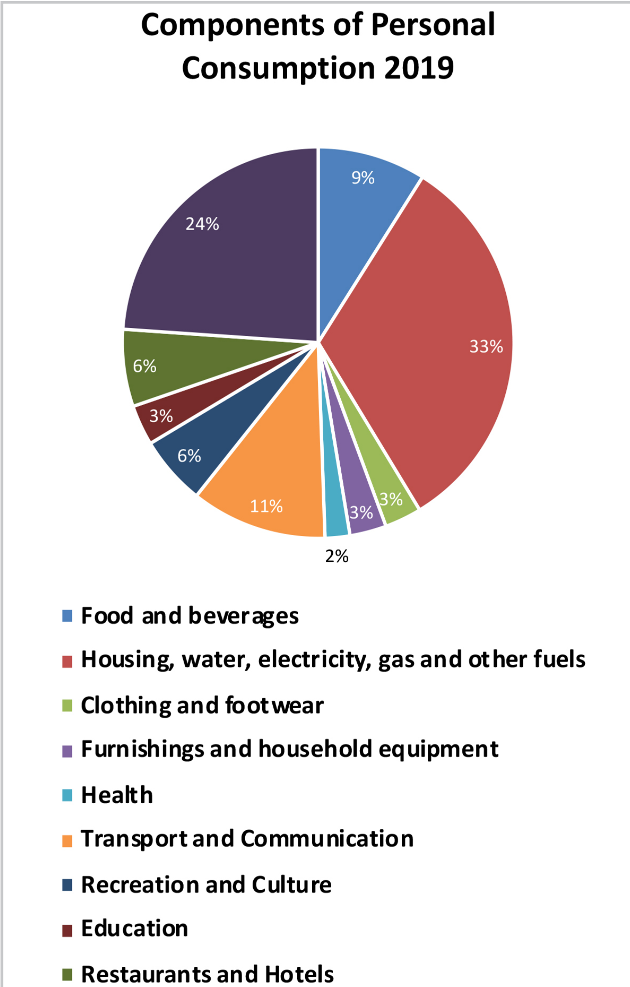
Employment income supports personal consumption and is estimated to have decreased by 7.4 per cent for the first three quarters of 2020 compared with the same period in 2019. For the 12-month period ending September 2020, total employment income was $3.38 billion, some $200 million less than the 12-month period ending September 2019.

The year over year level of employment income declined in all three quarters of 2020. However, the percentage of the reduction increased in each subsequent quarter as the severity of the pandemic grew over the course of the year. In 2020, employment income fell by 1.3 per cent during the first quarter, 1.5 per cent in the second quarter and by 8.5 per cent in the third quarter.

The most recent unemployment rate was calculated in the November 2019 Labour Force Survey where the rate was measured at 3.8 per cent. This unemployment rate was not negatively affected by the pandemic which had not begun to truly negatively impact the economy in November last year.

Also, employment income grew in 2019 which, along with the relatively modest unemployment rate, translated into an increase in overall personal consumption for that year. The most recent estimates by the Department of Statistics for household personal consumption for the entire year are for 2019. During that time period, total household personal consumption was $3.56 billion, reflecting an increase of 1.1 per cent over 2018.

FIGURE 2



While 2020 personal consumption estimates are not available for the entire year, the Retail Sales Index (RSI) for 2020 offers insight into the expenditure trends of consumers in Bermuda's retail stores.

In the first 11 months of 2020, total gross turnover stood at $1,007.4 million, which represents a 1.1 per cent decline when compared with 2019. In the first three quarters of 2020, employment income fell by 7.4 per cent, and the decline in income translated into the negative results witnessed in the RSI. Every sector in the RSI recorded sales declines in 2020, with the exception of food and liquor stores.

Apparel stores experienced the greatest fall in sales of all sectors. All eleven months in 2020 recorded double-digit sales declines, with the largest monthly decrease being over 90 per cent in April. The average reduction in sales of 36.6 per cent has been attributed by retailers to increased online purchases of clothing from overseas retailers and less resident and tourist spending locally. Mandatory store closures during the pandemic were also cited as reasons for the decline in sales.

Monthly receipts in the service station sector dipped by an average of 12.0 per cent, due in large part to decreased demand for fuel due to the implemented curfew and many consumers working from home during the year. Declines in the price of fuel were also a factor.

Motor vehicle stores recorded the next largest reduction in sales of all sectors. The sales level recorded in this sector was led by an average decline of 55.5 per cent during the three months of March, April and May. The average monthly decrease in this sector was 7.8 per cent. Sales declined due to store closures during the year, less demand for higher priced vehicles and fewer vehicles being sold during the year.

The only sectors to record an increase in sales were food and liquor stores which experienced average growth in sales 7.6 per cent and 11.8 per cent respectively for 2020. Retailers reported that the increase in sales for both sectors were was mainly the result of higher prices and greater demand due to COVID-19 and more specifically the limited operating hours and service options for restaurants and bars.

During 2020, overseas purchases declared by residents via courier, post office, sea and returning to Bermuda via the airport, grew from $198.8 million to $201.9 million year over year, representing a 1.6 per cent increase. As expected, due to the restrictions imposed and the temporary closure of the airport as a result of COVID-19, overseas declarations by residents returning to Bermuda via the airport declined by 68.0 per cent while overseas declarations via courier increased by 17.5 per cent in 2020.

The declared value of overseas purchases by returning residents at the airport and via courier during 2020 equated to 1.7 per cent and 14.8 per cent of the combined estimated local and overseas gross turnover in the retail sector. The figure for all overseas purchases, including through the airport, couriers, post office and by sea, totalled 20.0 per cent of gross turnover.

Residents travelling overseas during the first three quarters of 2020 declared that 41.3 per cent of their overseas expenditure was on clothing and footwear and 8.9 per cent was on electronic and photographic equipment.

FIGURE 3

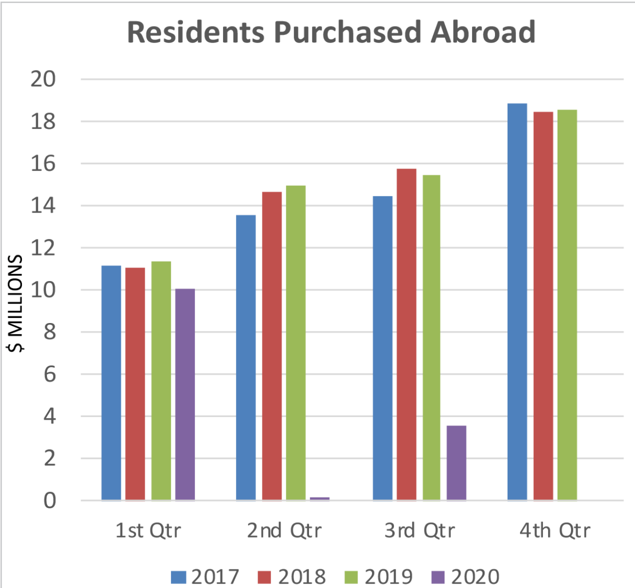
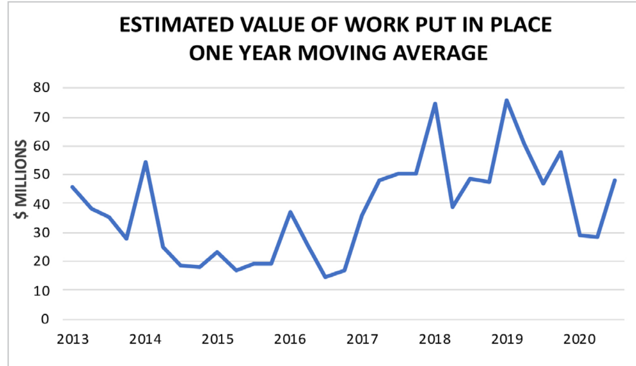


FIGURE 4



CAPITAL FORMATION AND THE CONSTRUCTION INDUSTRY

Building permit applications are a leading indicator of projects that are expected to come on line in the near future. The Department of Planning indicated that new building permit applications registered declined from 946 in 2019 to 814 in 2020, a reduction of 14.0 per cent. Planning application also declined in 2020, decreasing from 459 in 2019 to 410 in 2020.

During the first three quarters of 2020, the value of new projects started declined from $88.9 million in 2019 to $48.5 million, a decrease of 45.4 per cent. The estimated value of work put in place during the same time period also decreased from $183.3 million in 2019 to $105.9 million in 2020, a reduction of 42.2 per cent. In 2019, work was completed on three major residential projects, however, in 2020 there were no residential project started of the same magnitude resulting in a decline of 58.7 per cent in residential construction in 2020. The major projects underway in 2020 consisted of the airport and airport landscaping projects, the St. Regis hotel and the office building development at Albuoy's Point.

Work performed on roads, bridges and airports accounted for 27.6 per cent of total construction activity, while construction on hotels and guest houses contributed 19.2 per cent, and construction on industrial plants & other represented 17.2 per cent of total activity in the construction industry. Together, these three categories accounted for 63.9 per cent of all work put in place between January and September 2020. Of the construction work performed during that period, 64.1 per cent was conducted by the private sector and 35.9 per cent by the public sector.

During the first nine months of 2020, 30 new dwelling units were completed in the residential sector of the construction industry, which represented a decrease of 23 units or 43.4 per cent year over year. This marks the second consecutive year that the three-quarter total has decreased after declining last year for the first time since 2015. Residential dwelling units are made up of four categories: studio apartments, one bedroom, two bedrooms, and three bedrooms and over. Comparing the first nine months of 2020 with 2019, the number of new studio apartments fell from 4 units to a total of 2 (50.0 per cent), one-bedroom apartment totals experienced the largest decline of 17 units to end the third quarter with 13 (56.7 per cent), two bedrooms decreased from 11 to 7 units (36.4 per cent) and three bedrooms and over remained unchanged to end the third quarter with 8 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 three quarters of 2020 these two sectors of the economy represented 66.5 per cent of the total balance of payments current account receipts, providing $1,629.9 million in foreign currency receipts (excluding financial services). This combined figure fell by $386.4 million or 19.2 per cent when compared with 2019. Individually, the amount of foreign exchange earnings produced by the international business sector grew by 1.1 per cent year over year, with a cumulative three-quarter total of $1,577.0 million for 2020. The amount of foreign exchange earnings generated by tourism activity plummeted by 88.4 per cent, recording earnings of $52.9 million at the end of September 2020.

INTERNATIONAL BUSINESS

In 2020, the international business sector provided 4,199 jobs in the economy when temporary layoffs are included, reflecting growth of 4.5 per cent year over year, or an increase of 179 posts. During 2020, 733 new international companies and partnerships were registered in Bermuda, representing a 7.6 per cent increase compared with 681 registrations in 2019. The total number of international companies and partnerships stood at 11,874 at the end of 2020, representing growth of 0.5 per cent. Over the first nine months of 2020, the foreign exchange earnings of the international companies increased by $16.7 million to $1.58 billion, representing growth of 1.1 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.

INSURANCE SECTOR (INTERNATIONAL)[2]

The international insurance sector continues to show sound financial strength and a firm market position. Net Written Premium increased from $37.8 billion in FY-2018 to $45.9 billion in FY-2019. Net income increased to $11.3 billion with fewer catastrophe losses and realized capital gains despite the fact that the combined ratio was close to 100 per cent at 99.6 per cent for FY-2019. Total assets increased to $244.3 billion. Investment income generated by the investment portfolios increased in FY-2019 on aggregate. Bermuda (re) insurers achieved a higher Return on Investment (RoI) at 5.1 per cent for FY-2019, while Return on Equity (RoE) more than doubled to 10.6 per cent and Return on Assets (RoA) stood at 4.6 per cent.

The combined ratio dropped by 3.4 per cent year over year to 99.6 per cent. The loss ratio increased by 1.1 per cent during the year while the expense ratio dropped by 12.6 per cent. Reinsurance assets increased by 5.5 per cent reaching $27.3 billion. Between FY-2018 and FY-2019, financial leverage (i.e., assets relative to capital and surplus) dropped by 1.3 per cent to 229.8 per cent due to the faster rate of increase of capital and surplus compared to assets. The reserve ratio dropped by 3.4 per cent year over year. Reserves increased by 9.2 per cent year over year.

Also, during 2019, the global insurance and reinsurance sectors, in which Bermuda international insurers and reinsurers play an influencing role, continue to be concerned with risks emerging for cyber-attacks. Concerns relate to the ability of firms to develop resilience to these threats as well as to offer sound insurance protection from losses generated by cyber-attacks. In addition to cyber risks, global insurance and reinsurance players continue to focus on adapting their business models and operations to fast paced technological changes and to the threats emerging from climate risk.

Growth has also been witnessed on the life side, with new companies setting presence in Bermuda across all lines of life business. The life sector is becoming an equally important sector to the non-life sector in Bermuda owing to Bermuda's advantages in the insurance industry.

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 originated in the US. This growth has been fueled, among other things, by historically low delinquency rates in US mortgage sector as well as by the increased participation of capital markets in underwriting these risks ("search for yield").

TOURISM

For three quarters of 2020, the global travel industry was completely upside-down. Bermuda was not spared from jarring disruption. Commercial airline schedules were halted, cruise lines stopped sailing, hotels shuttered their doors and tourism workers were suddenly jobless. The world went on lock down. Tourism stopped. From March 21 to June 30, 2020, there were no commercial flights running on a regularized schedule as the Government of Bermuda made a decisive move to protect its community from a rapidly worsening pandemic.

The year-end 2020 Bermuda tourism industry performance statistics show the hard truth of a decimated economic pillar:

- Total leisure visitors spending down 88.7 per cent compared to 2019
- Total air visitors down 84.4 per cent compared to 2019
- Leisure air visitors down 86.6 per cent compared to 2019
- Cruise visitors down 98.3 per cent compared to 2019

[2] The financial indicators text on the insurance sector refers 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.

- Airline seats flying to Bermuda down 70.6 per cent compared to 2019

Among the year's gloom, there was a sliver of positive momentum in late summer and early fall which permitted some much-needed economic activity in tourism. An inspiring, albeit short-lived, gradual recovery took shape late in the year as seen in these figures showing 2020 performance versus the same month in the prior year:

- In July, 5 per cent of leisure air visitor volume had returned
- In August, 10 per cent of leisure air visitor volume had returned
- In September, 16 per cent of leisure air visitor volume had returned
- In October, 26 per cent of leisure air visitor volume had returned

In November the recovery figures began to fall off as the pandemic's winter surge took hold in the United States, Canada and the United Kingdom. That notwithstanding, the initial industry performance upon reopening the border provided important lessons.

Bermuda's traveler arrival process of aggressive COVID-19 testing, perhaps the most rigorous in the world, was a critical factor in consumer decision making. It was the number one reason consumers chose Bermuda in the second half of last year. Endorsements for safety from the World Tourism & Travel Council and a Centers for Disease Control travel warning which was reduced to the lowest possible risk level provided the credibility consumers were looking for before Bermuda's own winter surge. In exit surveys, 98 per cent of travelers said they felt "safe" or "very safe" from COVID-19 while in Bermuda between July and December 2020.

The same sentiment motivated the PGA TOUR to make the Bermuda Championship in October the first golf tour event to permit live spectators since the onset of the pandemic. Professional sport organizers of sailing's Bermuda Gold Cup and World Match Racing Tour and rugby's World Tens Series had the same confidence in Bermuda for their events, holding them in a destination where they found safe haven in a way no other destination could replicate in the fourth quarter of last year. Stunningly, there were 784 air visitors who marked themselves down as visiting Bermuda for sports in October 2020. That's almost a 30 per cent increase over the prior October, an incredible feat during the worst pandemic in a century.

Similarly, superyacht tourism showed signs of life, an important development given new legislation that went into effect in January. New policies improve Bermuda's competitiveness in the space. And despite the pandemic, 46 superyachts arrived on the island during the year, ushering in the country's first superyacht charter guests, a benefit of January's legislation and a tangible area of growth for Bermuda going forward as travelers fly to the island to claim a vacation experience onboard a luxury yacht.

During the months-long crisis, visitors from the United Kingdom took particular interest in Bermuda as their government-approved options to get away were reduced to a relatively small number of countries. Thanks to its health and safety record, Bermuda was on that list. At year-end, visitors from the U.K. market proved to be the most resilient of the island's source markets, with leisure air arrivals down 71 per cent year over year outperforming the rest of leisure air arrivals which were down 86.6 per cent overall.

Like all air visitors in 2020, British visitors stayed longer than is typical. On average, leisure visitors from all countries stayed three days longer than they did in 2019 which equated to approximately eight days as opposed to five.

The ultimate extended stay rests with the Work from Bermuda Certificate programme. The government's policy designed to attract digital nomads, especially at the executive level, was matched with advertising and public relations strategy from the Bermuda Tourism Authority (BTA). Digital and print advertising, public relations and email marketing combined to generate an estimated $3 million in media value around the world and more than a billion estimated impressions.

The hundreds of people who have moved to Bermuda for up to a year are not leisure visitors, they're residents. Nonetheless, the BTA directly markets to this audience because their spending behaviors are similar to vacationers and this will be a great help to tourism businesses far off from their typical leisure traveler volume. This was also the thinking around the BTA's initial inside-out recovery marketing strategy last year. It was designed to stimulate residents here at home while appealing at the same time to visitors looking for a safe place to travel:

- The Great Bermuda Takeout Day - May
- Bermuda Golf Week - June
- Bermuda Independent Retailer Month - July
- Bermuda Racquet Week - August

- Bermuda Alfresco Dining Festival - September
- World Tourism Day Weekend - September
- Bermuda Staycation Month - September
- Bermuda Catamaran & Yacht Week - October

While sports tourism and superyachts, U.K. visitors and digital nomads were silver linings in a dark and difficult year, even combined they do not come close to making up for what was lost in 2020. They all have aided in Bermuda's slow and gradual recovery, but for some, there is no recovery and businesses permanently closed, jobs were permanently lost and an industry still filled with uncertainty. Nonetheless, by year's end, one thing was clear: Bermuda fared better through this storm than many competing destinations and is positioned well to recover faster too as travel habits are forecast to have some normality by the middle of 2021.

EMPLOYMENT

The November 2019 Labour Force Survey Report produced by the Department of Statistics reported that the current unemployment rate was calculated at 3.8 per cent. The unemployment rate for Bermudians was above the total unemployment rate at 4.4 per cent.

In light of the prevalence of job losses and layoffs that resulted from the pandemic, the Department of Statistics requested for the first time, that employers identify those employees who were on lay off during the 2020 Employment Survey reference week, i.e. August 30th to September 5th. As a result there are two sets of employment data. One set includes 989 employees who were laid off during the reference week while the other excludes those employees who were laid off during the reference week.

Preliminary data from the 2020 Employment Survey which includes the laid off employees in 2020 indicates that the total number of jobs in Bermuda declined by 1,935 posts from 34,378 in 2019 to 32,443 in 2020, which equates to a 5.6 per cent decrease. Excluding the laid off employees from the calculation, the total number of jobs in Bermuda fell by 2,924 posts from 34,378 in 2019 to 31,454 in 2020. These figures represent a decline of 8.5 per cent.

Before the decline in jobs this year, 2019 represented the fourth consecutive year in which the number of jobs has increased. The 2016 job growth halted seven consecutive years of job reductions in the Bermuda economy which began in 2009. The declines ranged between 5.2 per cent and 0.9 per cent during those years. The 2009 decline came after the country recorded its highest job total of 40,213 in 2008. Growth in the number of jobs began to moderate in 2007, when the increase was 0.4 per cent before peaking in 2008. Overall, the island has lost 7,770 jobs since 2008, a reduction of 19.3 per cent.

Accommodation and food service activity, human health and social work and wholesale and retail trade are the only sectors to have shed over 100 jobs, declining by 1,056, 484 and 256 posts respectively. The next largest job losses occurred in transportation and storage followed by construction and quarrying, which experienced reductions of 95 and 76 positions respectively.

Accommodation and food service activity recorded the largest job declines of any industrial sector. This sector's employment numbers fell from 4,691 in 2019 to 3,635 in 2020. These figures equated to a decrease in employment of 22.5 per cent.

The human health and social work sector experienced a reduction in posts of 16.7 per cent, settling at 2,406 jobs in 2020 from 2,890 a year earlier.

Employment levels in the wholesale and retail trade sector stood at 3,976 in 2020, a loss of 256 posts or 6.0 per cent. The sector with the next largest decline in jobs was transportation and storage. This sector experienced a decrease of 95 jobs, registering a total of 1,379 posts in 2020 or 6.4 per cent year over year.

Collectively, the three divisions of economic activity with the greatest reductions in jobs accounted for 1,796 less jobs in 2020.

These job losses were offset in large part by international business activity which recorded the largest growth in jobs in 2020. This sector's employment numbers grew from 4,020 in 2019 to 4,199 in 2020. This figure equated to growth in employment of 4.5 per cent.

Other significant increases in posts occurred in the public administration sector, which gained 82 positions, or 2.1 per cent, growing from 3,988 in 2019 to 4,070 in 2020.

Nine major occupational groups experienced job losses in 2020. Service workers, and shop and market sales workers experienced the largest decrease of 1,134 positions, followed by senior officials and managers, whose jobs fell by 178 posts. Other groups with declines in employment were craft and related trade workers (-146), clerks (-141) and plant and machine operators and assemblers (-105).

Bermudian employment declined from 23,841 in 2019 to 22,748 in 2020, which equates to 1,093 posts or 4.6 per cent. Non-Bermudians' employment decreased by a total of 671 posts or 8.5 per cent to finish 2020 with 7,223 positions. Non-Bermudian spouses of Bermudians accounted for an additional 106 job losses or 5.6 per cent to end the year with 1,801 posts. Jobs occupied by permanent resident certificate holders also exhibited a decrease in employment in 2020. This category's jobs fell by 65 positions from 736 in 2019 to 671 in 2020, which is an 8.8 per cent decline.

INFLATION IN BERMUDA

The CPI increased at an average annual rate of 0.0 per cent in 2020.

The average rate of 0.0 per cent is below the UK (1.5 per cent), the US (1.2 per cent) and Canada (0.7 per cent). Over the last five years, the rate was 1.5 per cent in 2016, increased to 1.9 per cent in 2017, then fell to 1.4 per cent in 2018 and then again to 1.0 per cent in 2019 before dropping again this year. The average rate of inflation over the last 5 years is 1.2 per cent. Such moderate inflation is beneficial for the economy, as it encourages consumers to purchase goods and services and also supports productive planning and investment. Since 2008, when the yearly rate of inflation was recorded at 4.8 per cent, the level of inflation has averaged 1.9 per cent. Given this trend in the level of inflation, the CPI is expected to end 2020 in the region of 0.0–0.5 per cent.

During 2020, the largest price increases were recorded in the health and personal care, food and education, recreation, entertainment & reading sectors while the largest price declines occurred in the transport & foreign travel and rent sectors.

The increases in price levels of the health and personal care sector were the most significant contributor to the level of inflation in 2020. The average rate of price increases for this sector was 2.9 per cent, which can primarily be attributed to the average cost of health insurance premiums increasing by 1.7 per cent in April 2020. There were also noteworthy price hikes for self-prescribed medicines and household medical supplies throughout the year.

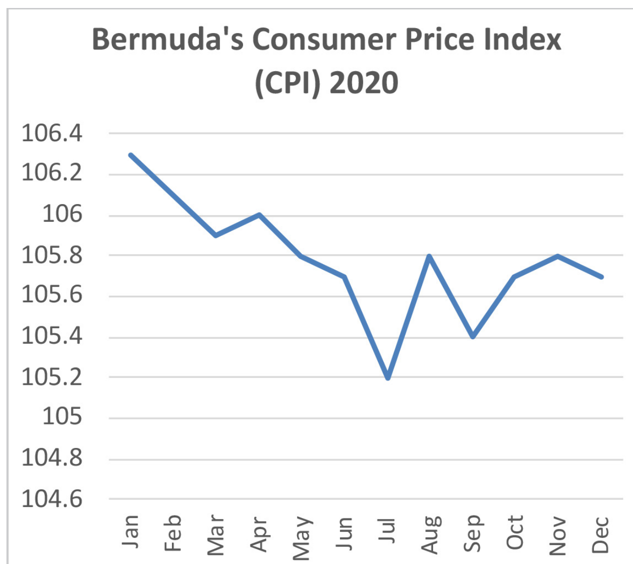
During 2020, the monthly increases in the food sector ranged from 2.3 per cent to 3.8 per cent, with the average rate of price growth for the year settling at 3.0 per cent. The 3.8 per cent price increase recorded in May was the largest increase, with the next highest figure of 3.6 per cent recorded in October. Six of the twelve months recorded year over year price increases of 3.0 per cent or higher.

The education, recreation, entertainment & reading sector experienced price increases at an average rate of 1.1 per cent in 2020. Costs in this sector rose in large part as a result of increases in the average cost of tuition fees for overseas colleges rising by 1.3 per cent in September, increases in pet food prices and a 33.3 per cent hike in the average cost of the local newspapers in August.

The prices in the transport & foreign travel sector fell at an average rate of 4.5 per cent in 2020, which was the result of decreases in the average price of automobiles, premium fuel and airfare locally, and car rentals and hotels overseas.

The rent sector experienced cost declines at an average rate of 1.8 per cent in 2020. Costs in this sector fell largely due to declines in the average costs of rental properties not subject to rent control.

FIGURE 5



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 three quarters of 2020 was recorded at $661 million. This figure is 10.9 per cent greater than the $596 million recorded over the first three quarters of 2019.

A large proportion of the year over year increase in the current account balance was reflected in the goods account deficit which narrowed by $207 million. This was reflected in a decrease in imports of $211 million with the majority of the decline emanating from a $162.5 million reduction in imports from the US. The contraction in imports was reflected mainly in the imports of finished equipment and machinery whose numbers declined by $90.0 million and $59.8 million respectively

The primary account grew by $92 million or 7.5 per cent. Within the primary income account, investment income increased by $66 million over the first three quarters of 2020. The gain reflected a rise in net investment income as few dividends were paid over the first nine months of the year. There was also an increase in employee compensation of $24 million or 2.2 per cent.

These gains were offset by losses in the services account of $211 million over the first three quarters of 2020. The largest decrease occurred in travel services, which declined by $359 million year over year. The reduction was mainly due to the travel restrictions brought about by COVID-19. As a result of the restrictions, expenditure declined due to fewer visitors to the island. This large decline was partially offset by increases of $99 million in business services and in particular a $110 million uptick in the other business services sub-sector.

Based on the level of the current account balance after the first three quarters of 2020 and the anticipated balance of payments flows for the last quarter of the year, it is estimated that the full year's balance of payments current account surplus will be approximately $60 million more than the $824 million surplus posted in 2019, based on the average surplus over the last five quarters and the current transaction trends between Bermuda and our trading partners.

FINANCIAL SECTOR

The Bermuda banking sector's balance sheet continued to show steady growth, up 2.1 per cent in Q3 2020, when compared to the same quarter of last year.

Banking sector capital ratios remained solid for the third quarter of 2020, with the Common Equity Tier 1 (CET1) ratio and Risk Asset Ratio (RAR) at 20.4 per cent and 22.8 per cent, respectively. Year over year, the CET 1 ratio fell by 1.3 percentage points while the RAR was down by 0.1 percentage points. The yearly decline was due to the increase in risk-weighted assets (RWAs), which grew by 1.7 per cent to $8.8 billion, relative to total regulatory capital levels which increased by 0.8 per cent to $2.0 billion over the same period. Banks continued to hold a large portion of regulatory capital in the form of CET 1, measuring at 89.4 per cent of total regulatory capital. All banks are required to hold additional capital in the form of a Capital Conservation Buffer (CCB) at 2.5 per cent of Risk Weighted Assets (RWA), increasing the minimum Common Equity Tier 1 (CET1) requirement (plus CCB) to 7.0 per cent of RWAs. The leverage ratio fell by 0.5 percentage points to 7.3 per cent, but remained above the 5.0 per cent regulatory minimum requirement.

The domestic liquidity position grew in the third quarter of 2020, when compared to the same quarter last year, as the stock of local customer deposits of $3.7 billion held by the banks less the amount of domestic loans outstanding of $3.2 billion increased the net surplus position to just over $500 million for the third quarter. All banks complied with the fully implemented Liquidity Coverage Ratio (LCR) and Net-Stable Funding Ratio (NSFR).

The total consolidated assets expanded by 2.1 per cent (or $0.5 billion) to $24.1 billion compared to the same quarter of last year. The year over year growth in total assets was reflected in the increases in investments up 4.5 per cent (or $0.5 billion) to $11.6 billion and loans and advances up 3.7 per cent (or $0.3 billion) to $8.5 billion, which is partially offset by the decrease in interbank deposits which fell by 11.1 per cent (or $0.4 billion) to $3.2 billion. Cash and other assets remained unchanged, at $0.1 billion and $0.7 billion, respectively. On the liabilities side, banks saw a 1.9 per cent increase in customer deposits over the same quarter last year. On an aggregate basis, customer deposits held by the banking sector totaled $21.2 billion at the end of the third quarter of 2020. Customer deposit growth was primarily driven by the increase in savings deposits (up 29.7 per cent) to $7.4 billion. Conversely, demand deposits fell by 2.9 per cent (or $0.3) to $10.2 billion followed by time deposits, down 21.7 per cent (or $1.0 billion) to $3.6 billion over the same period.

The banking sector reported after-tax net profits of $68.0 million for the third quarter of 2020, a decline of 18.1 per cent as compared to $83.1 million in the corresponding quarter of 2019. Year over year, net interest income fell by 14.5 per cent (or $21.3 million) to $125.9 million, while noninterest income levels declined by 5.6 per cent (or $4.4 million) to $75.0 million. Overall, total income amounted to $200.9 million for the quarter, down 11.4 per cent (or $25.7 million) compared to the same quarter last year, while operating expenses and net charge-offs for bad debts fell by 7.7 per cent (or $11.0 million) to $132.3 million over the same period.

The investment book structure remains conservative, with a large percentage of total investments held by the banking sector consisting of "Securitised" investments – comprising of non-equity, US government-sponsored agency instruments - and "Sovereign" investments; representing 40.4 per cent and 43.4 per cent of total investments, respectively, in the third quarter of 2020.

GLOBAL ECONOMIC OUTLOOK

Many people would had loved to have shut their eyes on January 1, 2020 and have woken up a year later, having not experienced and witnessed the carnage that was wrought throughout the year.

We should have known things would turn out bad for the year when, in January, Australia had large patches of the country that was ravaged by fire. Hundreds of towns in New South Wales were either burning, blocked off or under threat of catching fire. In the end, these bush fires destroyed lives and homes and devastated businesses. In some cases evacuees turned to the beach for shelter from the fires.

In late January, the rest of the world started to observe, with keen interest, as China was grappling with a virus outbreak that was initially being called a coronavirus. However, at this stage, mostly everyone still considered it to be a China problem but this was all to change as of February 11th when the World Health Organization named the strain of the coronavirus "severe acute respiratory syndrome coronavirus 2" or "SARS-CoV-2". Later the disease came to be known as COVID-19. By March it became evident that someone who unknowingly had the virus and would go about their regular day could spread the virus to over 1,000 other people. With this news and with the virus starting to spread globally at an alarming rate, the financial markets started to react negatively with equity indices, such as the S&P 500 erasing over a third of its value in under a month, this being the fastest 30 per cent decline ever recorded for this particular indices.

In response to the rapid spread of the virus, most countries went into lockdown, closing their borders and instituting curfews of when, where and how many people are allowed to gather socially, shop for essential goods and venture outside of their residences. The result was a shortage of basic supplies as people began toilet paper hoarding and buying up cleaning supplies in droves.

Locking down borders and instituting curfews, while a good first step in trying to arrest the spread of the virus had a negative impact on employment as those who worked in the "BEACH" industry (Booking, Entertainment & Live Events, Airlines, Cruises & Casinos, Hotels and Resorts) found themselves without work. In response to this, most government's globally started rolling out stimulus plans to aid those employees and companies who had been negatively impacted the worse as a result of the pandemic.

Not to be left out of the historic party, oil prices went negative for the very first time in history, with oil futures contracts falling to as much as -$37.63 in April, with oil producers paying traders to take oil off their hands. The fall in prices was brought on by a combination of falling demand, as countries turned away tankers due to being on lockdown, and a price war between Saudi Arabia and Russia, after Russia walked out on a production cut agreement.

The month of May was not better as the words, "I can't breathe" took on a whole new dimension which led to the genesis of the Black Lives Matter (BLM) movement. After the killing, in the US, of George Floyd, on May 25th, by police there were over 7,750 BLM-linked demonstrations over a three month period. This pattern of civil unrest was put on display for the world to see and although there were some scenes of people burning cars and clashing with police, over 90 per cent of the protests were peaceful. However, the BLM movement had a ripple effect, with thousands of protests reported throughout the world.

By August, it was as if the US had forgotten that there was global pandemic as the bear market that began in February 2020 ended when the S&P 500 surpassed the previous highs that were experienced before the fall. Trillions of dollars that was used by governments worldwide, to stimulate their own economies, resulted in the stock markets recovering in record time.

FIGURE 6

How does the current COVID-19 crash of 2020 stack up against previous market crashes?

Title	Start — End Date	Duration (Trading Days)	% Drop
Black Tuesday / Great Crash*	Sep 16, 1929 — Sept 22, 1954	300 months (7,256 days)	-86%
Nixon Shock / OPEC Oil Embargo	Jan 11, 1973 — Jul 17, 1980	90 months (1,899 days)	-48%
Black Monday**	Oct 13, 1987 — May 15, 1989	19 months (402 days)	-29%
Dot Com Bubble	Mar 24, 2000 — May 30, 2007	86 months (1,808 days)	-49%
Global Financial Crisis	Oct 9, 2007 — Mar 28, 2013	65 months (1,379 days)	-57%
COVID-19 Crash***	Feb 19, 2020 — Ongoing	5 months+ (117+ days)	-34%

Source: visualcapitalist.com

By the end of the year the tone was more positive note as pharmaceutical firms Pfizer and Moderna both announced that they would soon be rolling out vaccines. However, the difficulty lay in the fact that global perceptions were that the vaccine was not at all safe, with many people stating that they had no intention of taking the vaccine.

US

The US economy grew at a 4 per cent yearly rate in the last three months of 2020. However, this level of growth was not enough to influence growth on an annual basis as, in 2020, the economy shrank by the largest amount in 74 years.

For 2020 overall, a year when COVID-19 exacted the worst financial freeze since the finish of World War II, the US economy contracted 3.5 per cent and blurred the standpoint for the coming year. The monetary harm followed the ejection of the pandemic 10 months prior and the profound downturn it set off, with a huge number of Americans left jobless.

The drop in US GDP for 2020 was the first such decline since a 2.5 per cent fall in 2009, during the recession that followed the 2008 financial crisis. That was the deepest annual setback since the economy shrank 11.6 per cent in 1946, right after World War II.

Even though the economy contracted last year, the stock market managed to rise sharply, with the S&P 500 index gaining 16 per cent. The inconsistency between the two reflected an old saying that, 'The stock market is a forward-looking indicator, with investors focused on prospects for future corporate profits and economic health rather than on the current state of the economy.' So while the economy was plummeting last year, investors looked ahead in the hopes of a vaccine, adequate government support and solid company profits, especially among tech companies, which drove last year's gains.

The estimated drop in GDP for 2020 was the first such decline since a 2.5 per cent fall in 2009, during the recession that followed the 2008 financial crisis. That was the deepest annual setback since the economy shrank 11.6 per cent in 1946, after World War II.

Consumer spending in the final quarter of 2020 slowed down in all 15 categories tracked by the Bureau of Economics Analysis (BEA), as the sectors that drove third quarter growth faded. In essence, Americans spent less on restaurants and hotels, a sector that had been a surprising third quarter bright spot, and the growth of spending on motor vehicles and health care slowed after a steep third quarter climb.

Even as the US economy shed jobs like never before in 2020, personal income grew significantly, BEA data shows, to a great extent on account of the $1,200 stimulus checks and enhanced unemployment benefits provided by the Cares Act. Disposable personal income grew faster for lower-income households than it did for the average household.

Be that as it may, those gains were front-loaded and have begun to dissipate. Federal stimulus drove personal income to record highs in the late spring, but the levels fell off significantly in the second half of the year as relief programs under the Cares Act wound down or reach expiration. Congress also approved a $900 billion stimulus package in December, which gave Americans new $600 stimulus checks and extended unemployment benefits by as much as $300 a week and is set to expire the middle of March 2021.

In essence, economic chaos ruled in 2020. In the second quarter, GDP contracted at the fastest quarterly rate ever for the United States, as the pandemic shackled workers and businesses and kept millions from leaving their homes. Then, in the third quarter, GDP soared at a record pace as parts of the economy reopened and businesses brought workers back onto their payrolls.

The emerging economic recovery was mostly driven by a rebound of sales of automobiles and household goods such as furniture, and in renovations and supplies for home offices. Consumer spending, which accounts for more than two thirds of U.S. economic activity, used to be driven by a growing demand for services, including leisure and hospitality, and restaurants and bars.

However, as the pandemic wrecked traditional shopping habits, economists observed that consumers moved their spending from services to goods. Purchases of PCs, home office equipment and fire pits quickly surpassed those of hotel rooms and movie tickets.

In fact, 2020 became the best year for most home and garden centers as, when the pandemic hit, mostly everyone was home, and home and garden centers were considered essential and one of the few places people could actually go to shop.

The viewpoint for 2021 remains foggy. Economists caution that a sustained recovery will not probably take place until vaccines are widely administered countrywide - an initiative liable to take months. That being said, economists, surveyed by the Wall Street Journal, predict a strong rebound in 2021, with the US economy growing by 4.3 percent. That would be the best year since the late 1990s, as high earners are expected to spend the billions they have saved during the pandemic.

UK

In a theme that is prevalent in most countries, the UK economy contracted by 9.9 per cent in 2020, its largest annual contraction since the Great Frost of 1709, as the coronavirus pandemic emaciated economic activity.

In the fourth quarter of 2020, UK GDP grew by 1 percent, according to the Office for National Statistics, as the country was forced to re-impose countrywide lockdown measures in a bid to combat a resurgence of COVID-19 cases.

To put the GDP contraction into context, the 9.9 per cent annual retrenchment is more than twice that seen in 2009 in the aftermath of the global financial crisis, and narrowly worse than the 9.7 per cent slump during the Great Depression of 1921.

Monthly GDP in December increased by 1.2 per cent from the previous the month but remained 6.3 per cent below the level of February 2020. Fourth-quarter GDP remained 6.6 per cent below the level a year earlier. The October-to-December quarter saw the UK economy expanded by 1 per cent. As a result, the UK is expected to avoid what could have been its first double-dip recession since the 1970s.

All four economic sectors, tracked by the UK's Office of National Statistics saw a drop in output, with the highest fall coming in the construction sector, which contracted by 12.5 per cent. 2020's contraction is steeper than almost any other large economy, although Spain suffered an 11 per cent decline.

The UK has reported Europe's highest death toll from coronavirus and is among the world's highest in terms of deaths per head of population. Much of the damage to the UK economy is attributed, by economists, to a high dependence on the service sector, as well as disruption to schooling and routine healthcare, which few other countries factor in to GDP.

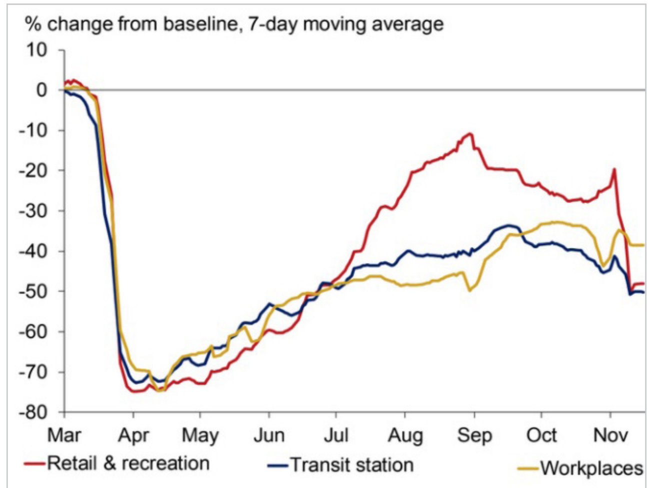
The services sector grew by 1.7 per cent in December after contracting by 3.1 per cent in November, while manufacturing registered its eighth consecutive month of growth, the ONS said, albeit its smallest increase since May 2020. However, looking at household spending, the UK lagged when compared to other large economies. Household spending in the fourth quarter was 8.4 per cent below pre-crisis levels, compared with a 2.6 per cent shortfall in the United States and 6.8 per cent in France.

UK policymakers and economists spent much of 2020 intently reviewing not only grim daily infection and death figures, but also Google and Apple device data on movement.

Google began releasing anonymized mobility data from users' devices globally after the pandemic hit, saying it had been encouraged by public health officials.

The data released on the UK showed starkly how much the virus had affected everyday economic life, and has provided near-real-time insights into how significantly government restrictions have curbed activity.

FIGURE 7



Source: Google Mobility Data

What the results show is how travel to retail and recreational locations, transit stations and workplaces collapsed in the first UK lockdown, recovered in the summer before stalling as infection levels and restrictions increased.

What this has meant is that travel, leisure, hospitality and much of retail were among the hardest hit by virus fears and curbs including total lockdowns. Almost a third of the entire UK workforce was on the government-subsidized job protection scheme, but the scale of the crisis has forced widespread cuts to roles, pay, hours and recruitment.

Official figures show UK redundancies both soared at the fastest pace and reached the highest level on record in early 2020. Moreover, 314,000 redundancies were formally reported between July and September alone, narrowly exceeding the worst of the global financial crisis just over a decade ago.

National Health System, job support and other crisis measures pushed UK government spending up by £280bn, while the economy and tax receipts have took a heavy hit.

The government used public borrowing to help plug the gap and because of this action, debt levels are expected to be the highest in peacetime history.

However, government borrowing costs remain ultra-low, and recovery should reduce much of the deficit. On the other hand, economists expect some permanent economic 'scarring,' leaving a persistent budget deficit that has already sparked debate over upcoming tax hikes and/or spending cuts.

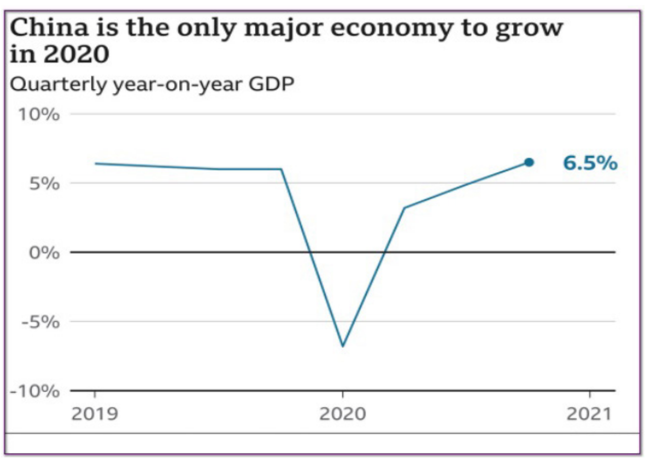
CHINA

While in 2020 China's economy grew at the slowest pace in more than four decades, it is expected that it will be the only major economy to have positive growth in 2020.

Official figures show that the Chinese economy expanded by 2.3 per cent in 2020, despite COVID-19 shutdowns causing output to collapse in early 2020.

The Chinese government's strict virus containment measures and emergency relief for businesses helped the economy recover faster than most economies globally. Growth in the fourth quarter of 2020 picked up to 6.5 per cent

FIGURE 8



Source: China's National Bureau of Statistics

Although the GDP data shows that the Chinese economy almost normalized in 2020, COVID-19 was still a major drain on growth in 2020, with nationwide shutdowns of factories and manufacturing plants forcing economic growth down to its lowest rate for four decades.

The accuracy of Chinese economic data has always been put into question. However, what has become clear is that during a year when a crippling pandemic plunged major world economies into recession, China has clearly come out on top. The expansion also beat expectations. The International Monetary Fund (IMF), for example, predicted that China's economy would grow 1.9 per cent in 2020. It's the only major world economy the IMF expected to grow at all.

Trade has been strong. China's overall surplus for 2020 hit a record $535 billion, up 27 per cent from 2019, according to statistics released. Analysts pointed out that the country benefited from a lot of demand for protective gear and electronics as people around the world worked from home.

Many analysts are tipping growth to accelerate in 2021, but the China Bureau of Statistics has warned of a "grave and complex environment both at home and abroad", with the pandemic having a "huge impact".

There are still some weak spots, though. Although retail sales grew by 4.6 per cent in the fourth quarter of 2020, on an annual basis they slumped 3.9 per cent in 2020. A spokesperson from the National Bureau of Statistics blamed the anemic sales on a resurgence of COVID-19 in some places and added that the "sporadic" cases in China "will bring uncertainty to our economic recovery".

Most analysts believe that the country has the pandemic under control and that the excess savings, that households accumulated in 2020, will spur on consumption and retail sales in 2021.

CANADA

Canada's economy surprised to the upside in the last two months of 2020, even amidst a second wave of COVID-19 restrictions. Gross Domestic Product (GDP) expanded 0.7 per cent in November from a month earlier, Statistics Canada (Statscan) reported, mostly driven by mining, and oil and gas extraction, thus beating analyst estimates of a 0.4 per cent gain. Statscan has estimated that GDP grew 0.3 per cent in December, defying expectations of a contraction.

There were bright shoots in the economy in such areas as resource production as growth in the fourth-quarter is estimated to have come in at about 8 per cent annualized, well above the 4.8 per cent pace initially projected by the Bank of Canada. November saw positive news about vaccines and a presidential election south of the border where Joe Biden defeated Donald Trump.

Improved sentiment fueled stock market activity as the finance and insurance sector grew by 1.3 per cent in November. Mining saw an increase in demand for things such as potash and non-metallic minerals. Likewise, the oil and gas sector saw gains as facilities in Alberta restarted production.

The retail sector was up by 1.1 per cent in November, including growth of 6.1 per cent in the food and beverage subsector that Statscan attributed to higher activity in grocery stores and stores selling beer, wine and liquor. Statistics Canada said total economic activity in November remained about three per cent below where it was in February, just before the pandemic.

Preliminary data point to the Canadian economy posting its biggest GDP drop on record in 2020, estimated to be down 5.1 per cent on the year, Statscan said in their preliminary estimate. Economic activity remains about 3 per cent below pre-pandemic levels. The drop in 2020 can largely be attributed to steep declines in March and April as large swaths of the economy were shut down during the first wave of the COVID-19 pandemic. Since then, economic activity has slowly and then steadily grown.

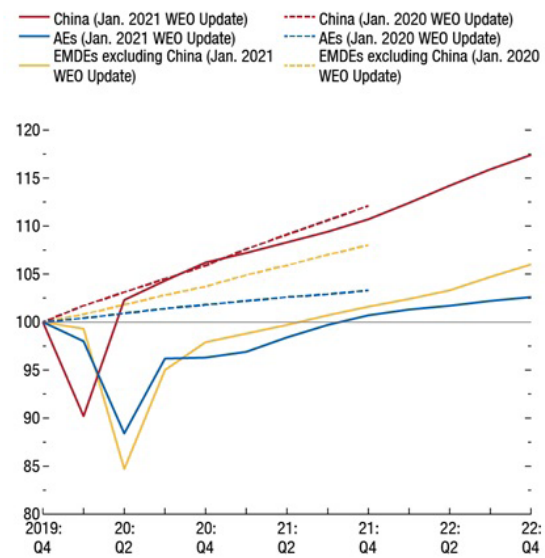
The growth has been uneven such that it has created a K-shaped recovery with some sectors doing well while others lag behind, and further strained by the second wave of COVID-19 even if it doesn't seem reflected in GDP numbers. While growth in the last two months of 2020 beat expectations, post-holiday lockdowns are expected to weigh on economic activity in the new year.

GLOBAL GROWTH

The IMF has estimated, in their January 2021 report, that global growth is projected to rise from an estimated contraction of -3.5 per cent in 2020 to 5.5 percent in 2021. This can be attributed to the fact that recent vaccine approvals have raised hopes of a turnaround in the pandemic in the latter part of 2021, although renewed waves and new variants of the virus pose concerns for the outlook. That being said, the strength of the recovery is projected to differ fundamentally across nations, "depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers, and structural characteristics entering the crisis."

FIGURE 9

Figure 1. Divergent Recoveries: WEO Forecast for Advanced Economies and Emerging Market and Developing Economies
(Index, 2019:Q4 = 100)



Source: IMF staff estimates.
Note: AEs = advanced economies; EMDEs = emerging market and developing economies; WEO = World Economic Outlook.

The IMF recommends that strong multilateral cooperation be used to bring the pandemic under control everywhere. A multilateral approach to funding the COVAX facility (COVAX is a global collaboration whose aim is to accelerate the development, production, and equitable access to COVID-19 tests, treatments, and vaccines) to accelerate access to vaccines for all countries, ensuring widespread distribution of immunizations, and facilitating access to therapeutics at affordable prices for all would ensure the COVID-19 virus is contained and controlled globally.

Numerous countries, especially low-income developing economies, entered the crisis with high debt obligations that are set to rise further during the pandemic. The global community, especially multilateral agencies, will need to continue working closely to ensure adequate access to international liquidity for these countries. Where sovereign debt is unsustainable, low-income countries will need continued support through grants, low-interest loans and debt relief, and some countries may require debt restructuring.

FIGURE 10

Latest World Economic Outlook Growth Projections

(real GDP, annual percent change)	ESTIMATE 2020	PROJECTIONS 2021	2022
World Output	**-3.5**	**5.5**	**4.2**
Advanced Economies	**-4.9**	**4.3**	**3.1**
United States	-3.4	5.1	2.5
Euro Area	-7.2	4.2	3.6
Germany	-5.4	3.5	3.1
France	-9.0	5.5	4.1
Italy	-9.2	3.0	3.6
Spain	-11.1	5.9	4.7
Japan	-5.1	3.1	2.4
United Kingdom	-10.0	4.5	5.0
Canada	-5.5	3.6	4.1
Other Advanced Economies	-2.5	3.6	3.1
Emerging Markets and Developing Economies	**-2.4**	**6.3**	**5.0**
Emerging and Developing Asia	-1.1	8.3	5.9
China	2.3	8.1	5.6
India	-8.0	11.5	6.8
ASEAN-5	-3.7	5.2	6.0
Emerging and Developing Europe	-2.8	4.0	3.9
Russia	-3.6	3.0	3.9
Latin America and the Caribbean	-7.4	4.1	2.9
Brazil	-4.5	3.6	2.6
Mexico	-8.5	4.3	2.5
Middle East and Central Asia	-3.2	3.0	4.2
Saudi Arabia	-3.9	2.6	4.0
Sub-Saharan Africa	-2.6	3.2	3.9
Nigeria	-3.2	1.5	2.5
South Africa	-7.5	2.8	1.4
Memorandum			
Low-Income Developing Countries	-0.8	5.1	5.5

Source: IMF, *World Economic Outlook Update*, January 2021

Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2020/2021 starting in April 2020. India's growth projections are -7.6 percent in 2020 and 11.0 percent in 2021 based on calendar year.

INTERNATIONAL MONETARY FUND **IMF**.org

The IMF has restated that governments need to continue supporting their economies, via fiscal stimulus, until they are clearly in a recovery phase. The IMF's Chief Economist, Gita Gopinath, said in a blog post that, "Policy actions should ensure effective support until the recovery is firmly underway, with an emphasis on advancing key imperatives of raising potential output, ensuring participatory growth that benefits all, and accelerating the transition to lower carbon dependence."

Those comments ring true as they are the key to any country looking to bring themselves out of the pandemic at a more resilient fashion then when they were first beset with the COVID-19 pandemic. We believe most governments' focus will gradually shift from fighting the COVID-19 virus to dealing with higher unemployment rates by upskilling their workforce and creating jobs in newly emerging labour-intensive sectors. The theme in 2021 will be 'Moving from the great lockdown to the great recovery.'

2021 OUTLOOK FOR BERMUDA

In 2020, the Bermuda economy faced a threat that was unforeseen at the end of 2019. No one could have predicted the devastating effect that the COVID-19 pandemic had on our island. To protect the population from the virus, the Government took the unprecedented steps of closing the airport, implementing curfews, closing and/or restricting to operating hours of retail establishments, shelter-in-place and remote working to name a few of the steps taken. All of these policies had the effect of slowing economic growth.

In 2021, the Bermuda economy will continue to face the threat of the pandemic although with the introduction of vaccines, it is anticipated that the impact of COVID-19 will not be as severe this year as it was in 2020. However, the pandemic is not the only risk facing the economy. The most significant risks stems from slowing global growth. Although the world economy is predicted to grow in 2021, it will take time for people in other countries to start travelling at the rate of prior years and this could negatively impact the economy, especially the tourism sector. Other treats include insurance industry risks, risks from OECD proposals on global corporate tax rates, the impact of global warming and climate change, the effects of an aging population, declining workforce and escalating health care costs. All of these factors could have a negative impact on our growth prospects.

With the extraordinarily low level of economic activity witnessed in 2020, the Bermuda economy is expected to grow in 2021. The economic expansion will be led by sustained demand for financial services, in particular insurance and increasing tourist arrivals. The growth of the tourism industry will boost employment as the largest job losses in 2020 were in the hotel and restaurant sectors. Domestic inflation is projected to remain moderate in 2021 which will help to encourage domestic demand by consumers and investment by businesses.

In 2021, the Government maintains the position that while risks exist, the uncertainty of these times cannot be allowed to deter the efforts to promote diversification of the economy. This will create stronger economic growth for the island, as our ability to reduce our debt depends on being able to grow our economy and create more jobs in Bermuda. A stronger and more diversified economy will assist in our mission to increase employment across all sectors of the Bermuda economy and create jobs and opportunities in not only existing industries, but also new sectors that will drive stronger economic growth in the future.

[3] World Economic Outlook Update, January 2021. https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update

One method being considered by the Government to help diversify the economy is by providing shares in the Bermuda National Digital Bank which will be available for Bermudian ownership. These shares will provide an opportunity for a new generation of investors to create lasting wealth by supporting the next wave of financial services, connecting Bermudians to the global world of digital payments. The Government also intends to reform the banking laws to increase competition in the banking sector, introducing new classes of banks to Bermuda to boost the economy, and harmonizing the Bermuda base rate charged by local banks while working with these banks to reduce the interest rates charged on mortgages.

However, it is important to reiterate that while diversification is a major priority, the Government will always put stability first, taking no risks with the island's sterling reputation or the sustainability of the public finances.

The Government will continue to focus on the growth of the twin pillars, financial services and tourism, which have served the Bermuda economy well.

Financial technology (FinTech) also continues to be a key focus for Bermuda. Since this is a dynamic and rapidly changing field, Bermuda continues to view this industry as an opportunity. Our small size and ability to respond quickly to the changing environment can be an asset on which to capitalise in order to spur economic diversification and growth.

Before the pandemic, FinTech adoption was doubling every two years according, to the Global Fintech Adoption Index 2019, growing from 16% in 2015 to 64% in 2019. Much of this increase can be attributed to FinTech's ability to be more agile than conventional brick-and-mortar financial institutions. As it turns out, there is more than agility at play here. In 2020, FinTechs became essential for business survival during the pandemic, acting as a core enabler of the rapid migration to digital payments at a time when consumers were opening up to new transaction solutions when opening up their wallets.

The expectation is that for this digital transformation to continue in 2021, but for different reasons than we saw in 2020. Last year was about surviving in a pandemic ridden world, but 2021 will be about convenience, inclusion and sustainability fuelling further adoption of financial technologies, both in the coming year and beyond.

Major central banks (People's Bank of China, European Central Bank, US Federal Reserve) have announced that they are experimenting with digitizing their respective currencies in order to improve payment efficiencies in both domestic and cross-border transactions.

The Government is well placed to develop its own payment solutions by acting as a test center for major FinTech companies that have knowledge in the digital currency field but do not have the real world experience of seeing their solutions in use. Therefore Bermuda will aid in developing an ecosystem so that technology companies can base their operations in Bermuda. These new residents will enable the evolution of a technology community in Bermuda to compliment the legacy industries that provide the mainstay of the Island's employment and revenue..

Along with focusing on technology companies, the Government is also interested in modernizing Bermuda's intellectual property regime. This will protect the rights of local innovators and promote the development of this potentially lucrative area of economic diversification. Similarly, the subsea cable fees regime will be completed and will position Bermuda to reap the benefits of the need for global connectivity and data protection in an increasingly online world.

The Government will also attempted to help stimulate economic growth in the east end of the island by potentially granting a leasehold interest in the St. George's Club to the developers of the St. Regis Hotel and supporting the construction of a Marina in the Town of St. George. Additionally, municipal reform for the Corporations of Hamilton and St. George will also be advanced. These initiatives will supply a major boost to the tourism and construction sectors.

The overall purpose of the Bermuda Business Development Agency (BDA) is to promote Bermuda as a world-leading international financial centre, with a pro-business culture and gold standard regulatory regime, to key global markets. The BDA's continued critical goal is to encourage inward direct investment and growth that positively contributes to Bermuda's economy and strengthens Bermuda's image on the world stage.

The BDA pursues targeted business development opportunities in key industries aligned with Bermuda's value proposition and anticipated future growth potential. These are Risk and Insurance Solutions, High Net Worth Services (private clients and family offices), Asset Management (funds, ILS and private equity), Technology (including financial and insurance technology) and Infrastructure (including renewable energy, the blue economy, hotel investment, subsea cables and space satellites).

Safeguarding and enhancing Bermuda's outstanding reputation as an exceptional destination in which to live, work and play is part of the BDA's mandate. We work with the Government and the private sector to identify and address perceived barriers to doing business by advancing relevant policies and legislation.

In 2021, the BDA will stay focused on key objectives to stimulate economic growth in a post-COVID world: promoting Bermuda as a top-tier international finance centre, helping to create viable new industries and business platforms, assisting new companies to make Bermuda their jurisdiction of choice; and helping existing Bermuda-based global companies to retain or increase jobs, business flows, and revenues.

Delivering value to both public and private stakeholders is the agency's overarching mandate. The BDA will continue to support sustainable, equitable prosperity for Bermuda and act as a critical liaison, connecting Bermuda's industry, regulator and government on core jurisdictional issues that affect our economy.

Heading into the New Year many of the struggles from the prior year linger, setting up a very uncertain start to 2021. While vaccinations are underway in the countries that matter most to Bermuda, the rollout is slow and cumbersome. Variants of the coronavirus are emerging and proving more contagious than the highly contagious disease that decimated economic activity last year, particularly in tourism. Additionally, the United States, United Kingdom and Canada continue to implement new, tighter restrictions on their citizens and their borders in an effort to discourage travel. This has a direct impact on demand and the number of seats airlines are willing to put in the air.

Reluctance to travel due to health and safety concerns and restrictive protocols remain enormous barriers in 2021, at least for the first half of the year. However, these barriers should subside as the months tick by, giving reason for cautious optimism beyond spring.

In the lead up to Bermuda's commercial air corridors reopening to regular traffic, the Bermuda Tourism Authority (BTA) believe high net worth travellers would be the first to seek leisure trips once deemed safe to do so. Jetsetters, as the BTA calls this audience, is a traveller segment Bermuda can win.

The exit survey data from July 2020 (when regular commercial air service resumed) through December 2020 reveals a larger than normal share of air visitors were earners with annual household income above $250,000 which was predictable. However, the surprising statistic is travellers with income above $500,000 per year—growing from 7.5 per cent of total visitors to 14 per cent.

With less airline seat capacity and fewer hotel rooms available in 2021, high volume tourism will be very slow to return. And while Bermuda is forced into a situation of lower visitor arrivals, it has a tremendous opportunity to attract consumers who will spend more per person and stay longer. Between Rosewood Bermuda, The Loren, Azura, the soon-opening St. Regis and other luxury properties around the island, Bermuda has the hotel inventory necessary to meet the needs of this audience.

The BTA is recalibrating 2021 marketing activity to leverage this luxury traveller trend. Experience development will need to pivot as well. Executing well with this travel segment will accelerate the country's tourism recovery.

British Airways' London service shift from Gatwick to Heathrow in late March should also help to accelerate the tourism recovery. The BTA has readied itself and stakeholders for this moment. The first step is securing marketing resources on the ground in the UK market, the first time Bermuda has done so in several years. The conditions warrant the change as the destination pursues an increased share of leisure visitors from London and surrounding areas. London has now been elevated as a geographic focus area in the National Tourism Plan, which paves the way for more European travellers to consider Bermuda too because they are more conveniently connected to the island through Heathrow.

With major projects like the St. Regis hotel and the office building project at Albouy's Point continuing, there is reason for optimism in the construction sector. The Governments spending on capital expenditure will help to strengthen economic growth by providing vital support to our construction sector.

The Government's desire is to strengthen the local economy through targeted investment strategies and diversification. This will be accomplished not only through enhancing existing industries, but also by continuing to develop new sectors such as FinTech. These initiatives are expected to lead to higher employment numbers and provide sustained economic growth in most sectors.

Considering all the above factors, the island's economic growth in 2021 is projected to grow by 3.5 per cent.

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The Bermuda Monetary Authority

The Bermuda Department of Statistics

The Bermuda Tourism Authority

The Bermuda Business Development Agency

Tables

TABLE 1

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

INDUSTRIAL SECTIONS	2014	2015	2016	2017	2018	2019
A. Agriculture, Forestry and Fishing	14,069	14,371	20,837	19,809	17,075	17,292
C. Manufacturing	33,343	32,195	32,965	35,077	34,210	34,198
D/E. Electricity, Water Supply and Waste Management	88,366	84,723	64,456	65,488	71,943	75,701
F/B. Construction & Quarrying	208,718	210,123	232,200	242,841	264,421	317,412
G. Wholesale and Retail Trade	332,034	333,917	331,394	341,611	327,108	309,322
H. Transportation and Storage	120,550	121,754	122,501	132,079	133,029	132,684
I. Accommodation and Food Service	218,034	211,060	214,665	271,408	253,786	235,221
J. Information and Communication	193,301	182,124	171,776	182,170	174,049	168,190
K. Financial and Insurance Activities	912,412	906,266	890,566	906,103	913,647	879,566
L. Real Estate Activities	885,878	881,827	890,816	935,268	953,742	972,485
M. Professional, Scientific and Technical Activities	355,985	377,085	379,316	382,360	376,435	376,236
N. Administrative and Support Services	111,269	118,538	119,970	125,491	130,901	135,052
O. Public Administration	335,846	337,432	325,322	336,715	327,397	337,967
P. Education	130,812	126,896	130,895	129,507	128,177	126,334
Q. Human Health and Social Work	308,015	308,532	313,745	315,367	313,661	329,164
R. Arts, Entertainment and Recreation	28,751	36,046	44,659	61,021	24,392	28,192
S. Other Service Activities	62,489	60,097	57,474	58,820	58,062	62,535
T. Activities of Households as Employers	13,911	14,123	13,820	13,739	13,161	14,270
U. International Business Activities	1,614,340	1,620,986	1,582,809	1,597,923	1,622,618	1,627,102
GDP at Constant Basic (2013) Prices	5,968,123	5,978,095	5,940,187	6,152,797	6,137,813	6,178,924
Add: Taxes less Subsidies on Products	258,330	296,647	293,317	305,825	292,856	281,318
GDP at Constant Purchasers' (2013) Prices	6,226,454	6,274,742	6,233,504	6,458,622	6,430,669	6,460,243
Percentage Change	-3.7%	0.8%	-0.7%	3.6%	-0.4%	0.5%

Source: Department of Statistics

TABLE 2

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

INDUSTRIAL SECTIONS	2014	2015	2016	2017	2018	2019
A. Agriculture, Forestry and Fishing	13,541	15,165	21,184	19,620	16,980	16,397
C. Manufacturing	30,792	34,216	29,743	33,116	35,210	38,297
D/E. Electricity, Water Supply and Waste Management	88,936	99,548	106,655	118,200	111,316	112,189
F/B. Construction & Quarrying	201,269	207,240	232,733	242,176	265,444	327,387
G. Wholesale and Retail Trade	338,743	386,595	396,890	418,693	407,792	404,898
H. Transportation and Storage	122,730	126,958	133,111	154,874	187,181	174,933
I. Accommodation and Food Service	248,687	258,854	279,639	330,518	344,621	335,599
J. Information and Communication	189,102	179,968	179,209	183,836	177,811	166,773
K. Financial and Insurance Activities	1,022,286	1,018,047	1,059,176	1,068,724	1,124,061	1,066,999
L. Real Estate Activities	893,608	905,071	929,593	981,178	1,013,118	1,050,713
M. Professional, Scientific and Technical Activities	398,889	387,414	441,179	435,241	412,993	483,268
N. Administrative and Support Services	114,674	112,923	140,393	121,535	124,180	153,755
O. Public Administration	336,589	341,522	331,053	346,146	344,301	363,668
P. Education	134,632	133,428	136,654	140,953	141,155	143,415
Q. Human Health and Social Work	299,330	335,659	342,056	344,429	354,351	374,784
R. Arts, Entertainment and Recreation	32,855	40,229	55,803	84,731	30,330	34,294
S. Other Service Activities	59,010	64,645	59,466	61,723	72,892	68,376
T. Activities of Households as Employers	17,954	19,034	17,355	15,887	15,085	17,077
U. International Business Activities	1,615,797	1,706,098	1,717,470	1,718,780	1,724,175	1,834,811
GDP at Current Basic Prices	6,159,425	6,372,613	6,609,362	6,820,360	6,902,997	7,167,634
Add: Taxes less Subsidies on Products	254,563	281,929	290,550	321,956	321,332	316,479
GDP at Current Purchasers' Prices	6,413,988	6,654,541	6,899,911	7,142,316	7,224,329	7,484,113
Percentage Change	-0.8%	3.8%	3.7%	3.5%	1.1%	3.6%

Source: Department of Statistics

TABLE 3

NUMBER OF FILLED JOBS BY ECONOMIC ACTIVITY GROUP

	2016	2017	2018	2019 (F)	2020 (P)
Agriculture forestry and fishing	194	188	180	183	174
Manufacturing	421	421	399	383	351
Electricity water supply and waste management	350	355	348	329	340
Construction and quarrying	1,972	2,013	2,137	2,233	2,157
Wholesale and retail trade	4,193	4,265	4,277	4,232	3,976
Transportation and storage	1,494	1,483	1,447	1,474	1,379
Accommodation and food service activities	4,129	4,370	4,546	4,691	3,635
Information and communication	839	803	770	748	672
Financial and insurance activities	2,251	2,291	2,243	2,204	2,135
Real estate activities	352	362	363	366	349
Professional scientific and technical activities	2,283	2,304	2,264	2,290	2,322
Administrative and support services	1,597	1,632	1,637	1,645	1,651
Public administration	3,776	3,715	3,774	3,988	4,070
Education	914	921	911	922	922
Human health and social work	2,791	2,769	2,798	2,890	2,406
Arts entertainment and recreation	655	500	471	473	432
Other service activities	738	737	741	796	776
Activities of households as employers et cetera	526	508	472	486	472
Activities of extraterritorial organsiations and bodies	24	22	26	25	25
International business activity	3,982	4,000	4,051	4,020	4,199
Total	**33,481**	**33,659**	**33,855**	**34,378**	**32,443**

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

F = Final

Source: Department of Statistics Employment Survey

TABLE 3B

NUMBER OF FILLED JOBS BY ECONOMIC ACTIVITY GROUP	2016	2017	2018	2019 (F)	2020 (P)
Agriculture forestry and fishing	194	188	180	183	174
Manufacturing	421	421	399	383	305
Electricity water supply and waste management	350	355	348	329	340
Construction and quarrying	1,972	2,013	2,137	2,233	2,151
Wholesale and retail trade	4,193	4,265	4,277	4,232	3,968
Transportation and storage	1,494	1,483	1,447	1,474	1,370
Accommodation and food service activities	4,129	4,370	4,546	4,691	2,907
Information and communication	839	803	770	748	671
Financial and insurance activities	2,251	2,291	2,243	2,204	2,135
Real estate activities	352	362	363	366	349
Professional scientific and technical activities	2,283	2,304	2,264	2,290	2,321
Administrative and support services	1,597	1,632	1,637	1,645	1,647
Public administration	3,776	3,715	3,774	3,988	4,070
Education	914	921	911	922	922
Human health and social work	2,791	2,769	2,798	2,890	2,405
Arts entertainment and recreation	655	500	471	473	431
Other service activities	738	737	741	796	776
Activities of households as employers et cetera	526	508	472	486	471
Activities of extraterritorial organsiations and bodies	24	22	26	25	25
International business activity	3,982	4,000	4,051	4,020	4,016
Total	**33,481**	**33,659**	**33,855**	**34,378**	**31,454**

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

F = Final

Source: Department of Statistics Employment Survey

TABLE 4

RETAIL SALES INDEX Average Monthly Sales (1) 2015 = 100																	
Period	Total Retail Stores		Food Stores (2)		Liquor Stores (3)		Motor Vehicle Stores		Service Stations		Building Material Stores		Apparel Stores		All Other Store Types	
2015	100.0	4.0	100.0	3.8	100.0	(0.5)	100.0	20.1	100.0	(2.6)	100.0	7.2	100.0	3.6	100.0	3.6
2016	102.0	1.9	102.3	2.4	103.6	3.6	103.0	2.5	102.9	2.8	106.6	6.6	97.2	(2.9)	101.3	1.3
2017	105.0	2.9	105.1	2.7	105.3	1.6	98.7	(4.2)	111.5	8.4	117.4	10.1	101.1	4.0	103.4	2.1
2018	103.0	(1.9)	105.5	0.4	104.8	(0.5)	87.0	(11.9)	111.0	(0.4)	119.8	2.0	91.1	(9.9)	102.1	(1.3)
2019	100.3	(2.6)	107.6	2.0	103.9	(0.9)	77.0	(11.5)	108.4	(2.3)	105.6	(11.9)	82.3	(9.7)	101.6	(0.5)
2019																
Jan	92.6	(0.5)	103.7	3.2	74.5	2.0	89.1	(2.9)	92.9	(3.9)	110.9	(0.4)	57.1	(20.2)	88.0	0.7
Feb	86.0	(1.9)	94.7	1.9	79.5	(0.6)	71.0	(17.9)	88.6	(4.2)	112.9	(2.7)	50.0	(4.6)	85.3	(1.2)
Mar	99.1	(0.5)	108.8	(1.2)	95.8	(4.0)	76.0	6.9	101.8	(2.7)	146.8	32.4	67.5	(10.4)	93.8	(3.4)
Apr	98.6	2.3	102.4	5.7	92.2	3.4	80.0	(17.7)	104.1	0.4	104.1	(16.5)	76.1	(1.2)	103.2	8.3
May	107.5	(5.0)	111.9	1.9	115.6	0.8	86.6	(1.1)	116.1	(5.3)	102.5	(32.2)	86.3	(15.6)	112.4	(6.6)
Jun	106.4	(4.9)	114.7	3.5	123.3	(4.9)	78.0	(6.2)	128.7	0.8	100.5	(9.7)	140.5	20.0	109.8	(2.3)
Jul	112.0	0.0	118.5	6.1	132.7	4.1	99.5	4.0	142.8	4.4	88.8	(25.5)	81.2	(7.9)	118.0	4.7
Aug	97.3	(7.1)	103.8	(4.5)	110.4	(7.7)	64.7	(20.9)	113.6	(7.7)	102.4	(14.4)	75.5	(12.2)	96.9	(3.7)
Sep	95.2	(4.5)	107.3	0.9	105.8	3.0	60.8	(27.0)	109.8	(0.7)	102.9	(28.0)	67.8	(16.8)	89.3	0.8
Oct	98.1	(3.1)	108.8	3.3	98.7	0.1	77.8	(21.0)	107.1	(3.0)	104.1	(13.8)	64.0	(13.7)	96.3	(1.9)
Nov	98.6	(2.8)	104.4	2.2	94.3	(3.0)	69.0	(18.4)	99.0	(4.5)	106.5	(10.3)	86.5	(19.9)	101.0	1.0
Dec	111.7	(3.3)	112.6	1.3	123.8	(1.9)	71.6	(13.8)	96.7	(3.6)	84.3	(6.9)	134.9	(15.8)	124.6	(1.4)
2020																
Jan	90.4	(2.3)	103.8	0.1	77.4	3.8	85.1	(4.5)	90.6	(2.5)	95.0	(14.3)	50.2	(12.1)	86.7	(1.5)
Feb	87.9	2.2	102.6	8.3	80.2	0.8	75.2	5.9	87.5	(1.2)	95.8	(15.2)	42.2	(15.5)	85.6	0.3
Mar	103.4	4.3	139.0	27.7	113.0	18.0	48.6	(36.1)	85.5	(16.0)	167.4	14.0	25.4	(62.3)	90.0	(4.0)
Apr	68.9	(30.1)	125.1	22.1	135.1	46.5	0.8	(99.0)	39.4	(62.2)	18.2	(82.6)	2.3	(97.0)	41.7	(59.6)
May	92.6	(13.9)	122.8	9.8	142.7	23.5	60.5	(30.1)	78.1	(32.7)	83.2	(18.8)	20.6	(76.1)	83.9	(25.3)
Jun	101.3	(4.8)	119.4	4.1	131.4	6.6	64.6	(17.2)	95.8	(25.6)	108.8	8.2	79.7	(43.3)	112.6	2.6
Jul	113.4	1.3	125.3	5.7	152.7	15.1	96.0	(3.5)	115.8	(19.0)	101.1	13.8	63.6	(21.8)	126.1	6.8
Aug	107.1	10.1	119.2	14.8	125.2	13.3	91.3	41.0	104.8	(7.8)	114.7	12.0	54.7	(27.5)	109.8	13.4
Sep	101.5	6.6	117.1	9.1	117.4	11.0	81.3	33.7	99.3	(9.6)	113.9	10.8	56.2	(17.0)	96.8	8.4
Oct	106.7	8.7	121.3	11.5	119.1	20.7	92.7	19.2	99.0	(7.5)	109.5	5.1	56.9	(11.1)	107.6	11.7
Nov	106.4	8.0	116.1	11.1	108.4	15.0	67.2	(2.7)	90.8	(8.2)	120.8	13.5	76.9	(11.1)	116.3	15.1

(1) Index numbers are subject to revisions
(2) Includes household supplies, but excludes alcoholic beverages
(3) Does not include sales to bars, clubs, hotels and restaurants
Source: Department of Statistics

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)										
2016	+1.5	+1.9	+1.0	+0.4	+5.1	-3.3	+1.6	-2.2	+3.3	+4.5
2017	+1.9	+2.2	+0.1	+1.5	+7.8	+7.8	+0.5	+3.6	+2.0	+1.3
2018	+1.4	+2.1	+0.2	+1.5	+4.3	+5.8	-0.2	+0.3	+2.1	+3.1
2019	+1.0	+2.7	+0.9	+1.9	+3.8	+1.1	Nil	-3.0	+0.4	+3.4
2020	+0.0	+4.5	-1.8	+0.9	+2.3	-1.8	+0.3	-4.6	+1.1	+2.8
MONTHLY (per cent)										
2018										
Oct	-0.1	+0.4	+0.1	-0.1	-0.1	Nil	-0.1	-1.0	Nil	Nil
Nov	-0.2	-0.1	+0.1	Nil	Nil	-0.6	Nil	-1.5	-0.1	Nil
Dec	-0.1	+0.3	Nil	Nil	+0.3	-1.8	Nil	-0.3	Nil	Nil
2019										
Jan	+0.2	+1.0	+0.5	+0.4	+0.3	Nil	+0.1	-0.7	+0.1	Nil
Feb	Nil	-0.2	+0.5	Nil	+0.2	Nil	+0.1	-0.9	Nil	Nil
Mar	+0.4	-0.1	+0.9	Nil	+0.4	Nil	Nil	+2.1	-0.4	-0.1
Apr	+0.4	-0.2	-0.1	Nil	+1.0	Nil	Nil	+0.4	+0.1	+2.3
May	+0.4	-0.2	-0.1	Nil	+1.0	Nil	Nil	+0.4	+0.1	+2.3
Jun	+0.3	+1.0	-0.4	Nil	+1.1	+0.8	Nil	+0.7	-0.2	+1.4
Jul	+0.9	+0.4	+2.1	+0.2	-0.6	Nil	Nil	+2.7	+0.2	+0.1
Aug	-0.2	-0.1	+0.2	Nil	+0.2	Nil	+0.1	-1.7	-0.3	Nil
Sept	-0.4	+0.2	-0.2	Nil	+1.1	Nil	Nil	-3.0	+0.4	Nil
Oct	-0.2	-0.1	-0.9	+0.5	-0.3	-4.2	+0.1	+0.8	+0.1	+0.4
Nov	Nil	+0.5	-0.2	Nil	-0.7	-2.7	Nil	+0.9	Nil	Nil
Dec	-0.5	-0.1	Nil	Nil	+0.2	-1.5	-0.4	-2.8	Nil	Nil
2020										
Jan	+0.9	+0.8	+0.9	Nil	-0.4	Nil	+0.3	+2.2	+0.1	Nil
Feb	-0.2	Nil	-0.5	Nil	+0.8	Nil	+0.1	-0.7	Nil	Nil
Mar	-0.2	-0.3	-0.4	Nil	+0.6	Nil	Nil	-0.6	-0.1	Nil
Apr	+0.1	+0.8	-0.3	+0.5	+0.8	Nil	+0.1	-1.7	+0.1	+1.2
May	-0.2	+0.7	-0.9	Nil	-0.5	Nil	Nil	+0.1	Nil	Nil
Jun	-0.1	+0.2	-0.5	Nil	+0.1	Nil	Nil	-0.4	+0.1	Nil
Jul	-0.5	+0.1	-0.4	Nil	-0.2	-3.4	+0.1	-1.9	Nil	Nil
Aug	+0.6	+0.5	+0.3	Nil	+0.3	Nil	+0.1	+0.2	+1.7	+0.8
Sept	-0.4	+0.3	-1.3	Nil	+0.9	Nil	+0.1	-1.3	+0.1	Nil
Oct	+0.3	+0.1	+1.2	+0.2	-0.6	Nil	+0.3	+0.1	+0.1	Nil
Nov	+0.1	-0.2	-0.2	Nil	+0.1	Nil	+0.2	+1.5	-0.2	Nil
Dec	-0.1	-0.3	+0.5	Nil	-0.6	Nil	+0.7	-2.2	-0.1	Nil
Dec ‘20	105.7	113.5	100.1	106.9	125.5	106.8	104.5	91.1	110.6	115.3
Dec ‘20 / Dec ‘19	+0.3	+2.7	-1.7	+0.7	+1.4	+2.8	+1.9	-4.6	+1.8	+2.2

Source: Department of Statistics

TABLE 6

MAJOR CONSTRUCTION PROJECTS[1]
Estimated value of work put in place during period $ millions

			Type of Project							Sector	
		Value Of New Projects Started	Residential	Offices, Shops, Warehouses	Hotels, Guest-Houses	Schools, Hospitals, Community Centres	Roads, Bridges, Airports	Industrial Plant & Other	Total	Public	Private
2016		96.3	33.2	29.5	9.5	4.4	5.6	11.9	94.2	29.9	64.3
2017		596.1	61.7	23.3	36.5	5.0	51.1	6.6	184.3	37.2	147.1
2018		105.3	41.8	21.6	31.8	8.6	100.6	5.1	209.5	37.1	172.3
2019		95.1	40.2	26.7	42.7	11.6	107.1	12.8	241.1	40.0	201.1
2016	Q1	12.4	12.8	11.7	3.6	0.4	2.5	6.1	37.1	7.0	30.1
	Q2	55.4	10.9	8.4	2.3	0.4	0.7	2.7	25.4	9.5	15.9
	Q3	19.2	5.3	2.4	2.9	2.0	1.3	0.9	14.8	5.3	9.5
	Q4										
2017	Q1	13.6	13.3	7.2	3.0	2.1	7.0	3.0	35.7	12.6	23.1
	Q2	550.9	26.9	6.4	5.5	0.3	8.6	0.3	48.1	10.6	37.6
	Q3	28.8	12.9	5.3	8.0	1.6	21.4	0.8	50.1	7.2	42.9
	Q4	2.9	8.5	4.4	20.0	0.9	14.1	2.5	50.3	6.8	43.5
2018	Q1	19.1	5.1	5.8	6.7	1.7	54.2	1.2	74.6	6.6	68.0
	Q2	43.0	12.7	3.7	4.1	2.4	15.2	0.5	38.8	9.4	29.4
	Q3	35.4	14.5	5.4	10.2	3.4	14.5	0.8	48.8	9.7	39.1
	Q4	8.0	9.5	6.7	10.7	0.9	16.7	2.7	47.3	11.5	35.8
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	5.4	3.2	5.1	20.3	3.2	13.9	2.2	47.9	10.3	37.6

[1]Projects valued at $0.5 million or more

Source: Department of Statistics

TABLE 7

GROSS ADDITIONS TO THE STOCK OF RESIDENTIAL DWELLING UNITS

Number of Units		Studio apartments	One bedroom	Two bedroom	Three bedroom and over	Total units completed
2016		10	27	15	5	57
2017		13	28	12	9	62
2018		7	39	18	16	80
2019		8	42	15	16	81
2016	Q1	1	10	1	1	13
	Q2	4	6	5	2	17
	Q3	3	4	4	0	11
	Q4	2	7	5	2	16
2017	Q1	2	8	4	2	16
	Q2	6	4	5	5	20
	Q3	4	6	2	2	14
	Q4	1	10	1	0	12
2018	Q1	0	8	3	8	19
	Q2	3	9	3	2	17
	Q3	3	13	7	4	27
	Q4	1	9	5	2	17
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	0	0	1	0	1

Source: Department of Statistics

TABLE 8

VISITOR ARRIVALS

		Number of visitors			Year-on-year % changes		
		Regular Visitors[1]	Cruise Ship Visitors[2]	All Visitors	Regular Visitors	Cruise Ship Visitors	All Visitors
2015		219,814	377,398	597,212	-2.0	6.0	2.9
2016		244,491	397,904	642,395	11.2	5.4	7.6
2017		269,576	418,049	687,625	10.3	5.1	7.0
2018		281,886	484,339	766,226	4.6	15.9	11.4
2019		269,478	535,561	805,039	-4.4	10.6	5.1
2020		42,071	9,354	51,425	-84.4	-98.3	93.6
2015	Q1	28,968	319	29,287	-6.7	n.a.	-5.6
	Q2	71,972	146,479	218,451	-1.8	-0.3	-0.8
	Q3	76,487	182,256	258,743	-2.2	7.3	4.3
	Q4	42,387	48,344	90,731	1.2	23.6	12.0
2016	Q1	32,233	3,341	35,547	11.3	938.9	21.4
	Q2	75,730	150,811	226,541	5.2	3.0	3.7
	Q3	86,948	190,333	277,281	13.7	4.4	7.2
	Q4	49,580	53,419	120,999	17.0	10.5	33.4
2017	Q1	36,752	9,282	46,034	14.0	177.8	29.5
	Q2	87,351	165,560	252,911	15.3	9.8	11.6
	Q3	90,321	200,455	290,776	3.9	5.3	4.9
	Q4	55,152	42,752	97,904	11.2	-20.0	-19.1
2018	Q1	40,325	4,687	45,012	9.7	-49.5	-2.2
	Q2	92,039	196,492	288,531	5.4	18.7	14.1
	Q3	94,966	190,115	285,081	5.1	-5.2	-2.0
	Q4	54,556	93,045	147,601	-1.1	117.6	50.8
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	9,354	33,251	-37.7	-15.7	-32.8
	Q2	42	0	42	-99.9	-100	-99.9
	Q3	8,296	0	8,296	-90.7	-100	-97.3
	Q4	9,836	0	9,836	-81.2	-100	-93.0

Source: Department of Tourism

[1]Including those passengers arriving by ship and departing by air.
[2]Excluding 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

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

TABLE 10

BALANCE OF PAYMENTS ESTIMATES
$ millions

	2016	2017	2018	2019	2020*
Exports	19	18	17	18	9
Imports	980	1,094	1,100	1,152	674
Merchandise Trade Balance	-961	-1,077	-1,084	-1,134	-665
Services & Income – receipts	3,396	3,565	3,696	3,840	2,443
Services & Income- payments	1,571	1,615	1,727	1,882	1,118
Current account balance	863	872	885	824	661
Financial Account					
Direct Investment	95	-42	-35	-38	6
Portfolio Investment	406	333	-798	241	662
Financial Derivatives	208	134	121	102	80
Other Investments	561	-236	773	910	672
Reserve Assets	10	21	-10	10	18
Net Acquisition of Financial Assets	1,281	211	51	1,226	1,438
Direct Investment	-73	-288	95	4	94
Portfolio Investment	807	-365	119	-327	250
Financial Derivatives	4	-11	3	15	31
Other Investments	-280	62	-1,067	710	441
Net Incurrence of Financial Liability	450	-602	-850	403	816
Total Net Financial Account	-831	-813	-901	-823	-622
Total Net Capital Account	0	0	0	0	0
Total Net Lending (+)/ Net Borrowing (-)	831	813	901	823	622
Balancing Item	-33	-59	16	-1	-39

Numbers may not add due to rounding

* Q1 – Q3 provisional estimate

Source: Department of Statistics

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