GOVERNMENT OF BERMUDA
Ministry of Finance

2021 National Economic Report of Bermuda

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NATIONAL ECONOMIC REPORT OF BERMUDA 2021

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THE ECONOMY IN 2021

The Ministry of Finance estimates that Bermuda's GDP may have grown by 3.0-5.0 per cent in 2021[1] due to a rebound in economic activity following the severely negative effects of COVID-19 leading to a contraction of 6.9 per cent in 2020.

Many of the major economic indicators such as international business figures, tourism data, retail sales, and the value of new construction projects started increasing in 2021. However, scheduled construction work and employment levels declined.

During 2021, 934 new international companies and partnerships were registered in Bermuda, representing a 27.4 per cent increase compared with 733 registrations in 2020. The total number of international companies and partnerships stood at 11,874 in 2020 compared to 12,302 at the end of 2021, representing growth of 3.6 per cent.

In the tourism sector, air visitors increased by 71.5 per cent, while cruise arrivals grew by 34.8 per cent. Air visitor spending advanced by 77.8 per cent. Although the 2021 figures have increased when compared to 2020, it is important to note that they remain below the 2019 pre-pandemic figures.

The gross turnover generated by retail stores increased by 1.7 per cent in 2021, while jobs in the sector fell by 17 posts or 0.6 per cent.

Over the first three quarters of 2021, the value of new projects started grew by $10.4 million or 22.1 per cent. However, the level of construction activity declined by 22.1 per cent, with the value of work put in place decreasing by $13.1 million. Jobs in this industry fell by 3.9 per cent year over year.

The number of jobs is estimated to have declined by 3.6 per cent. The official unemployment rate calculated in November 2020 was 7.9 per cent.

GROSS DOMESTIC PRODUCT 2020

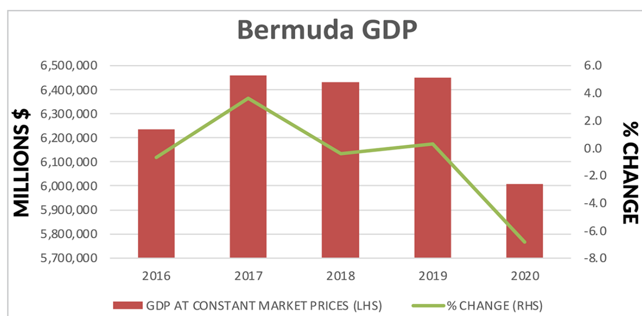
The most recent estimates for GDP published by the Department of Statistics are for the year 2020.

In 2020, the Bermuda economy contracted by 7.3 per cent at current market prices. This decline comes after five consecutive years of economic growth along with seven increases in the last eight years in nominal terms, after declining in 2014. Nominal GDP was reported to be approximately $6.882 billion, reflecting a decrease of approximately $542 million below the 2019 revised figure of roughly $7.423 billion. As a result, Bermuda's GDP per capita (measured at current prices) declined from $115,943 in 2019 to $107,435 in 2020. When adjusted for inflation, the level of economic activity, or real GDP, fell by 6.9 per cent. This rate was lower than the five-year average (2016–2020) of negative 0.8 per cent. However, this rate was greater than the Ministry of Finance's 2020 estimate (made in February 2021) of a contraction in GDP of 8.5 per cent.

The negative movement in GDP of 7.3 per cent at current market prices was largely driven by a 64.2 per cent decrease in the output of the accommodation and food service sector, a decline of 7.7 per cent in the financial and insurance activities sector, and a 23.6 per cent reduction in the construction and quarrying sector.

The negative growth in the level of GDP in real terms of 6.9 per cent was mainly driven by decreases of $160.0 million in the output of the accommodation and food service sector, a $77.6 million fall in construction and quarrying sector, and a reduction of $63.5 million in the professional, scientific and technical activities sector. These losses were offset by gains of $15.7 million in the international business 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 Bermuda's economy in 2020. This sector provided $1.90 billion in total output or 27.5 per cent of total GDP, which was a 3.3 per cent increase when compared with 2019. The growth in output in this sector benefitted from increases in the value added of businesses engaged in insurance brokerage services and reinsurance services.

Following the last decline in 2011, 2020 marked the ninth consecutive year that the value added by the international business sector increased. The value added from this sector

[1] Official 2021 GDP estimates are not yet available.

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.

Real estate activities were the second-largest contributor to GDP. This sector accounted for $1.0 billion in output or 15.2 per cent of total GDP. The value added from this industry increased by 0.2 per cent. The growth experienced in this sector was mainly the result of a 2.0 per cent rise in the imputed rent for owner-occupied dwellings, as well as a 0.4 per cent increase in real estate activities with leased property.

The next largest contributor to Bermuda's economy is the financial and insurance activities sector. This sector accounted for $985.3 million in output, which represents 14.3 per cent of total GDP. The 7.7 per cent year over year decline in this sector was attributed mostly to the reduced activities of the non-life insurance sector, trust companies and the commercial banking sector.

The professional, scientific and technical activities sector contributed $426.8 million to the output of the economy, representing 6.2 per cent of GDP. Output in this sector fell by 2.1 per cent, led by declines in architectural, legal and accounting services sub-industry groupings.

Output generated in the wholesale and retail trade sector was recorded at $400.6 million in 2020, which represents 5.8 per cent of total output. This sector experienced a decrease in output of 1.1 per cent, which was primarily driven by lower retail sales of clothing, fuel, electronic equipment and building materials.

The human health and social work sector represented 5.5 per cent of GDP in 2020, with an output level of $377.2 million, which is a 0.6 per cent increase over 2019. This sector increased for the sixth consecutive year and was bolstered by growth in both public and private health activities.

The public administration sector declined by 7.1 per cent and accounted for 4.9 per cent of GDP. The output of $337.7 million was driven mainly by a reduction in compensation related to superannuation contributions.

ECONOMIC TRENDS 2021

DOMESTIC DEMAND

PERSONAL CONSUMPTION AND THE RETAIL SECTOR

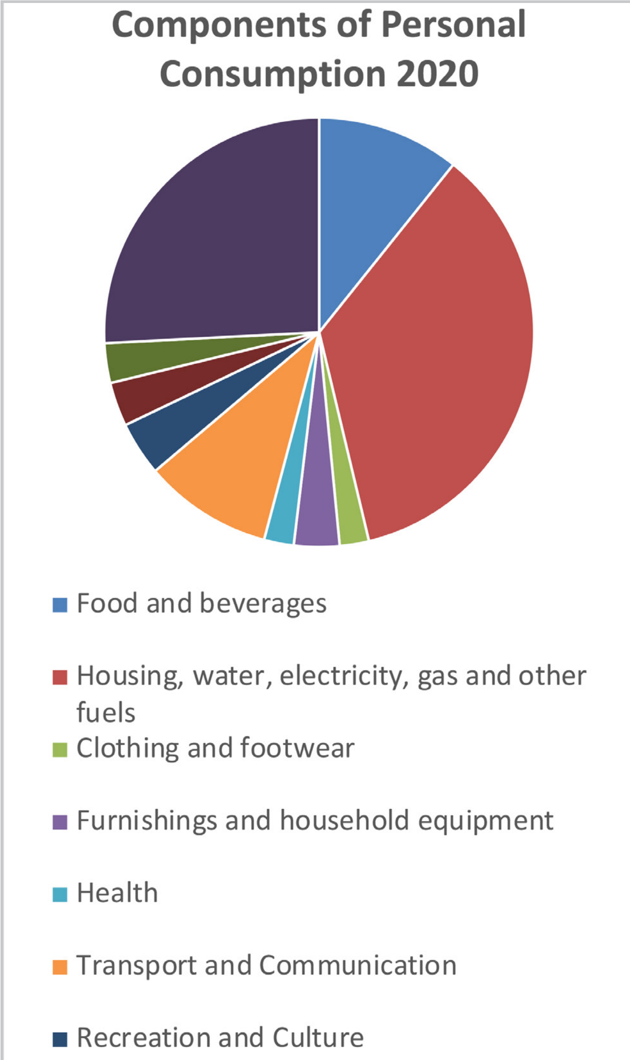
Employment income supports personal consumption and is estimated to have increased by 6.0 per cent for the first three quarters of 2021 compared with the same period in 2020. For the 12-month period ending September 2021, total employment income was $3.52 billion, some $140 million more than the 12-month period ending September 2020.

The year over year level of employment income declined in the first quarter of 2021 but grew in the second and third quarter. In 2021, employment income fell marginally by 0.4 per cent during the first quarter but grew by 11.5 per cent in the second quarter and by 9.0 per cent in the third quarter.

The most recent unemployment rate was calculated in the November 2020 Labour Force Survey where the rate was measured at 7.9 per cent. This unemployment rate was negatively affected by the pandemic as many businesses were closed in an effort to stop the spread of COVID-19. The unemployment rate in the 2019 Labour Force survey was 3.8 per cent.

The most recent estimates by the Department of Statistics for household personal consumption for the entire year are for 2020. During that year, total household personal consumption was $3.12 billion, reflecting a decline of 9.9 per cent over 2019.

FIGURE 2



While 2021 personal consumption estimates are not available for the entire year, the Retail Sales Index (RSI) for 2021 offers insight into the expenditure trends of consumers in Bermuda's retail stores.

In the first eleven months of 2021, total gross turnover stood at $964.3 million, which represents a 1.7 per cent increase when compared with 2020. In the first three quarters of 2021, employment income grew by 6.0 per cent, and the growth in income translated into the positive results witnessed in the RSI. Every sector in the RSI recorded increased sales in 2021, except for food and liquor stores.

Motor vehicle stores experienced the greatest increase in sales of all sectors. Eight months in 2021 recorded growth in sales, with the largest monthly increase occurring in April. In April 2020, this sector recorded the greatest decline in sales following mandatory closures due to pandemic restrictions. During April 2021, the value of sales rose from an index number of 0.8 to 48.1, an increase of over 5,000 per cent. The majority of the increased sales in 2021 are due to greater opportunities for vehicle sales compared to 2020 as a result of temporary closures due to COVID-19 restrictions.

Monthly receipts in the apparel stores grew by an average of 66.1 per cent, due in part to residents purchasing locally with less overseas travel during the year. Local spending also increased due to fewer Government restrictions on store operations which resulted in more foot traffic. The largest sales growth occurred in April when sales grew over 500 per cent.

Building material stores recorded the next largest growth in sales of all sectors. The sales level recorded in this sector was led by an increase in sales of 380 per cent in April due to more shopping days after pandemic restrictions in 2020. This sector also experienced increased demand for home improvement projects and renovations. The average monthly sales growth in this sector was 40.1 per cent.

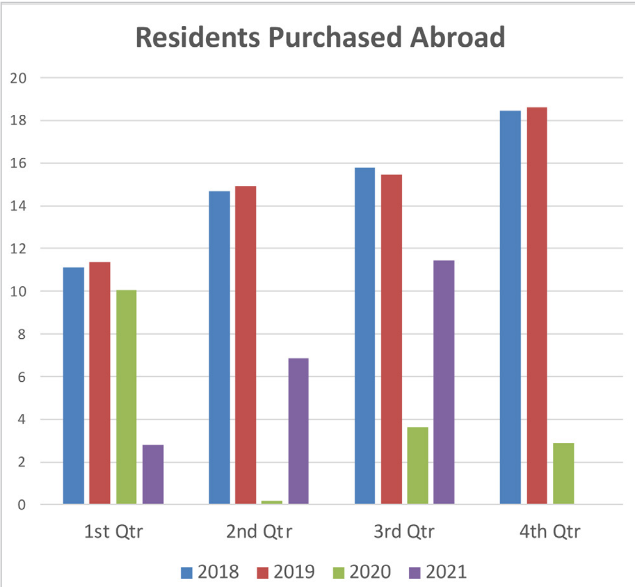
The only sectors to record fewer sales were food and liquor stores which experienced average declines in sales of 1.5 per cent and 2.5 per cent respectively in 2021. The uncertainty with the COVID-19 pandemic and the anticipation of Government restrictions and stay-at-home orders in 2020 resulted in larger than average food and liquor purchases compared to 2021.

During the first eleven months of 2021, overseas purchases declared by residents via courier, post office, sea and when returning to Bermuda via the airport, grew from $201.8 million to $274.4 million year over year, representing a 36.0 per cent increase. As expected, due to the restrictions imposed and the temporary closure of the airport as a result of COVID-19 in 2020, overseas declarations by residents returning to Bermuda via the airport increased by 79.6 per cent while overseas declarations via courier experienced virtually no change, decreasing by 0.2 per cent in 2021.

The declared value of overseas purchases by returning residents at the airport and via courier during 2021 equated to 2.4 per cent and 12.0 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 22.2 per cent of gross turnover.

Residents travelling overseas during the first three quarters of 2021 declared that 43.7 per cent of their overseas expenditure was on clothing and footwear and 9.5 per cent was on electronic and photographic equipment.

FIGURE 3



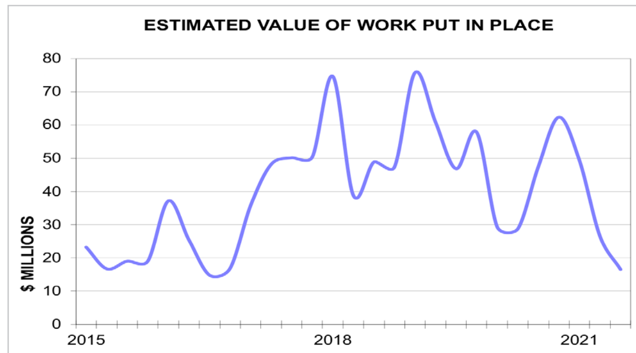
CAPITAL FORMATION AND THE CONSTRUCTION INDUSTRY

Building permit applications are a leading indicator of projects that are expected to commence in the near future. The Department of Planning indicated that new residential and commercial (excluding minor works building permit applications) building permit applications registered declined from 435 in 2020 to 419 in 2021, a reduction of 3.7 per cent. New planning applications increased from 402 in 2020 to 668 in 2021, which is 266 or 66.2 per cent more than 2020.

During the first three quarters of 2021, the value of new projects started grew from $47.1 million in 2020 to $57.5 million, an increase of 22.1 per cent. However, the estimated value of work put in place during the same time period decreased from $105.4 million in 2020 to $92.3 million in 2021, a reduction of 12.4 per cent. The increase in the value of new projects started is due in large part to Government projects that began in the second quarter of 2021. These projects include a combined $17.8 million in Capital Grants to WEDCO for work to be performed on King Warf and the South Basin and a $6 million Capital Grant to the Bermuda Housing Corporation for work to be performed throughout the year. In 2020, one of the main ongoing construction projects was the airport and airport landscaping projects. This project was completed in 2020 and as a result, in 2021, the contribution of the sector titled roads, bridges and airports declined by $22 million or 75.1 per cent, which is the largest loss of all categories and more than accounts for the decline in the construction industry.

Work performed on hotels and guest houses accounted for 34.2 per cent of total construction activity, while construction on offices, shops and warehouses contributed 20.3 per cent, and residential work represented 18.1 per cent of total activity in the construction industry. Together, these three categories accounted for 72.6 per cent of all work put in place between January and September 2021. Of the construction work performed during that period, 53.1 per cent was conducted by the private sector and 46.9 per cent by the public sector.

FIGURE 4



During the first nine months of 2021, 102 new dwelling units were completed in the residential sector of the construction industry, which represented an increase of 46 units or 82.1 per cent year over year. The increase in residential dwelling units halts two consecutive years of declines. 2019 marked the first three-quarter decrease 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 2021 with 2020, the number of new studio apartments grew from 6 units to a total of 19 (216.7 per cent), one-bedroom apartment totals experienced the largest growth of 22 units to end the third quarter with 47 (88.0 per cent), two bedrooms increased from 10 to 20 units (100.0 per cent) and three bedrooms and over expanded marginally to end the third quarter with 16 units, up by 1 unit over 2020 (6.7 per cent).

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 2021 these two sectors of the economy represented 66.6 per cent of the total balance of payments current account receipts, providing $1,769.6 million in foreign currency receipts (excluding financial services). This combined figure grew by $156.6 million or 9.7 per cent when compared with 2020. Individually, the amount of foreign exchange earnings produced by the international business sector grew by 8.0 per cent year over year, with a cumulative three-quarter total of $1,684.4 million for 2020. The amount of foreign exchange earnings generated by tourism activity increased by 61.1 per cent, recording earnings of $85.2 million at the end of September 2021.

INTERNATIONAL BUSINESS

In 2021, the international business sector provided 4,411 jobs in the economy, reflecting growth of 4.0 per cent year over year, or an increase of 171 posts. During 2021, 934 new international companies and partnerships were registered in Bermuda, representing a 27.4 per cent increase compared with 733 registrations in 2020. The total number of international companies and partnerships stood at 11,874 in 2020 compared to 12,302 at the end of 2021, representing growth of 3.6 per cent. Over the first nine months of 2021, the foreign exchange earnings of the international companies increased by $124.3 million to $1.68 billion, representing growth of 8.0 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. For FY-2020 premium volume increased compared to FY-2019. Net written premium increased from $45.9 billion in FY-2019 to $49.2 billion in FY-2020. Net income dropped to $7.1 billion, with more losses despite higher investment income. Total assets increased to $281.3 billion, 15.2 per cent higher than 2019. Investment income increased in FY-2020 on aggregate. Nevertheless, Bermuda (re)insurers achieved a Return on Investment (RoI) at 4.7 per cent for FY-2020, while Return on Equity (RoE) stood at 5.6 per cent and Return on Assets (RoA) stood at 2.5 per cent.

Between FY-2019 and FY-2020, the combined ratio increased by 6.9 per cent to 106.5 per cent. The loss ratio increased by 7.6 per cent during the year, while the expense ratio increased by 5.3 per cent. Reinsurance assets dropped by 8.6 per cent, reaching $24.9 billion. During the same period, financial leverage (i.e., assets relative to capital and surplus) dropped by 3.8 per cent to 221.1 per cent due to the faster rate of increase of capital and surplus compared to assets. The reserve ratio dropped by 0.1 per cent. Reserves increased by 15.0 per cent.

Due to Covid-19, central bankers have introduced high levels of money into the financial system, and the risks of inflation have increased for the next few years which will have an effect in the insurance sector – mostly life and casualty lines of business. However, Bermuda (re) insurers of classes 3B and 4, withstood the events of 2020.

Bermuda international insurers and reinsurers continue to play an influencing role on cyber risk and 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 its 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 originating in the US. This growth has been fuelled, among other things, by historically low delinquency rates in the US mortgage sector as well as by the increased participation of capital markets in underwriting these risks ("search for yield").

TOURISM

As the world breathed a collective sigh of relief with the rollout of vaccines from major pharmaceuticals in 2021, the travel industry felt the first ripples of a comeback. Bermuda's tourism sector stood ready for a return to business but faced several COVID-induced setbacks, including three local outbreaks that shifted Bermuda onto the CDC Level IV designation in Spring, Summer, and Winter 2021. Although air visitor arrival numbers were at 27 per cent of 2019 figures and cruise arrival numbers crashed, the island still managed to attract important pinnacle events with significant economic impact and saw leisure numbers leapfrog over the dismal 2020 figures.

Total air visitor figures increased by 71.5 per cent in 2021, growing from 42,071 in 2020 to 72,153 in 2021. Cruise visitor arrivals totaled 12,630 in 2021 compared to 9,366 in 2020, an increase of 34.8 per cent. Air visitor spending increased from $68.9 million in 2020 to $122,6 million in 2021 or 77.8 per cent.

[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.

Although there was significant upward movement from 2020, the 2021 Year-end statistics highlighted stark declines in key metrics compared to 2019 baseline figures.

- Total leisure air visitors down 71.2 per cent compared to 2019
- Total air capacity was down 59.1 per cent compared to 2019
- Total spend by air leisure visitors was down to $122.57 million (69.3 per cent less than 2019)
- Cruise Arrivals were 97.6 per cent down from 2019

Not everything was gloomy as the sector saw glimmers of hope with increased length of stay alongside greater per person spend by air visitors and an increased volume of superyachts calling on Bermuda.

Leisure traveller length of stay went up by 27.7 per cent to an average of 6.92 days compared to 2019. Air leisure visitor spend per person was up 13.9 per cent compared to 2019 and Superyacht calls went up 6.5 per cent compared to 2020* (*Superyacht legislation came into effect in 2020).

The numbers were in line with expectations. There was an interplay of factors between global travel trends, international border restrictions, and local COVID surges and their associated CDC downgrades.

Collectively, they contributed to a dampening of visitor influx across three seasons. However, there were some anomalous trends that were noteworthy. Business air travel plummeted by 87.0 per cent vs 2019 figures, representing a 34.5 per cent decline even from 2020 numbers. This drop could be attributed to a seismic shift to digital meetings in corporate environments coupled with corporate policies that expressly prohibited international travel for business or leisure in some industries. The BMA has not yet reinstated the requirement for locally domiciled companies to conduct physical face to face Board meetings in Bermuda. The decline in business travel had a knock-on effect for the tourism sector as Bermuda historically sees vacation add-ons to local conferences and international business meetings.

An unexpected win is the pace of rebound in the Vacation Rental category. With more extended stays trending, and a reduced hotel inventory on the island, self-contained options provided by local homeowners gathered steam at a higher rate than hotels.

While vacation rentals trended upward, the return of hotel inventory moved more slowly. However, Bermuda had 77 per cent of hotel rooms back open by the end of the year and 50 per cent of air capacity (seats) back.

Following more than a year of work-life disruption and lockdowns, the first wave of travellers responded to the opening of destinations and acted on pent-up demand for travel. Those who were able pounced on opportunities for international travel, most freshly armed with vaccinations, others simply eager to book revenge travel and make up for nearly two years of holiday deprivation. Bermuda established the island as a safe destination with rigorous border protocols and solid public health infrastructure. Bermuda's safety factor helped land us major international sporting contracts such as:

- SailGP – April 2021 (Downsized)
- Bermuda Triple Crown Billfish Championships – July 2021
- World Triathlon Championship Series – September 2021 – (Postponed)
- Butterfield Bermuda Championship – October 2021
- Black Golf Preview Event – November 2021 – (Downsized)
- World Rugby Classic Bermuda – November 2021

Although the BTA business development team secured a host of significant events, a fluid public health situation meant several had to be postponed, repositioned, or downsized. Case in point, the island faced an island-wide lockdown in April 2021 during the SailGP season opener. While the island was able to support the execution of the Grand Prix competition, the public health restrictions meant that the associated hospitality events were cancelled. The outcome of decimated SailGP visitor arrival numbers was a sharply reduced on-island spend. Nonetheless, SailGP's economic infusion still made a significant impact of $5.7 Million. However, the postponement of WTS Bermuda, slated to be held on the heels of Bermuda's first Olympic Gold Medal in the sport, was another crushing loss for tourism's group business. The postponement was necessitated by the devastating impact of the Delta variant-fueled surge in September.

The event will now take place in November 2022. While local outbreaks impacted some events, international travel restrictions limited inbound travel from Canada and the United Kingdom at times throughout the year. Even with the array of challenges, Bermuda's tourism industry was preparing for the expected rebound with collaborative recruitment and training efforts, property renovations, media outreach and marketing. The island is focused on the road to recovery.

EMPLOYMENT

The November 2020 Labour Force Survey Report produced by the Department of Statistics reported that the current unemployment rate was calculated at 7.9 per cent. The unemployment rate for Bermudians was above the total unemployment rate at 9.6 per cent.

Preliminary data from the 2021 Employment Survey indicates that the total number of jobs in Bermuda declined by 1,177 posts from 32,427 in 2020 to 31,250 in 2021, which equates to a 3.6 per cent decrease.

This year represents the second consecutive year of job declines. Due to COVID-19, 2020 experienced the first loss in employment since 2015. 2019 represented the fourth consecutive year in which the number of jobs had 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 8,963 jobs since 2008, a reduction of 22.3 per cent.

Accommodation and food service activity and financial and insurance activities are the only sectors to have shed over 100 jobs, declining by 696 and 152 posts respectively. The next largest job losses occurred in construction and quarrying, followed by information and communication activities, which experienced reductions of 83 and 78 positions respectively.

Accommodation and food service activity recorded the largest job declines of any industrial sector. This sector's employment numbers fell from 3,591 in 2020 to 2,895 in 2021. These figures equated to a decrease in employment of 19.4 per cent.

The financial and insurance activities sector experienced a reduction in posts of 7.2 per cent, settling at 1,969 jobs in 2021 from 2,121 a year earlier.

Employment levels in the construction and quarrying sector stood at 2,068 in 2021, a loss of 83 posts or 3.9 per cent. The sector with the next largest decline in jobs was information and communication. This sector experienced a decrease of 78 jobs, registering a total of 594 posts in 2021 or 11.6 per cent decline year over year.

Collectively, the three divisions of economic activity with the greatest reductions in jobs accounted for 931 job losses in 2021.

These job losses were offset in large part by international business activity which recorded the largest growth in jobs in 2021. This sector's employment numbers grew from 4,240 in 2020 to 4,411 in 2021. This figure equated to growth in employment of 171 posts or 4.0 per cent.

The only other division of economic activity to experience a growth in jobs was other service activities. This sector gained 11 positions, or 1.4 per cent, growing from 773 jobs in 2020 to 784 in 2021.

Seven of the ten major occupational groups experienced job losses in 2021. Service workers and shop and market sales workers experienced the largest decrease of 484 positions, followed by clerks, whose jobs fell by 291 posts. Other groups with declines in employment were senior officials and managers (-180), plant and machine operators and assemblers (-134) and craft and related trade workers (-98).

Bermudian employment levels declined from 22,750 in 2020 to 21,967 in 2021, which equates to 783 posts or 3.4 per cent. Non-Bermudians' employment decreased by a total of 299 posts or 4.1 per cent to finish 2021 with 6,929 positions. Non-Bermudian spouses of Bermudians accounted for an additional 88 job losses or 4.9 per cent to end the year with 1,703 posts. Jobs occupied by permanent resident certificate holders also exhibited a marginal decrease in employment in 2021. This category's jobs fell by 7 positions from 658 in 2020 to 651 in 2021, which is a 1.1 per cent decline.

INFLATION IN BERMUDA

The CPI increased at an average annual rate of 1.5 per cent in 2021.

The average rate of 1.5 per cent is below the UK (4.1 per cent), the US (4.7 per cent) and Canada (3.4 per cent). Over the last five years, the rate was 1.9 per cent in 2017, fell to 1.4 per cent in 2018 and then again to 1.0 per cent in 2019 before dropping again to 0.0 per cent in 2020 before increasing 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 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. The current trend in inflation levels has seen the index increase steadily through the course of 2021, beginning the year at -0.3 per cent in January and ending the year at 2.7 per cent. Continuing supply chain issues that have seen the US inflation rate surge have also increased Bermuda's CPI index which will continue to rise until the supply chain issues subside.

During 2021, the largest price increases were recorded in the transport & foreign travel, health and personal care, and education, recreation, entertainment & reading sectors, while the largest price declines occurred in the fuel & power and rent sectors.

The increases in price levels of the transport & foreign travel sector were the most significant contributor to the level of inflation in 2021. The average rate of price increases for this sector was 6.5 per cent, which can primarily be attributed to increases in the average cost of airfares, oversees accommodations and premium fuel.

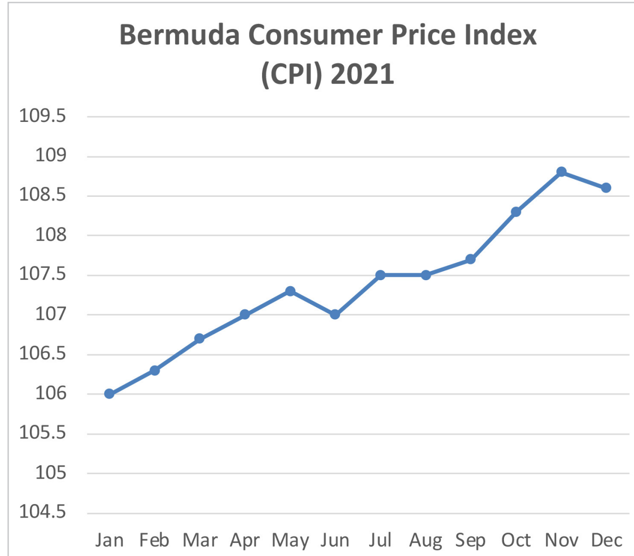
During 2021, the health and personal care sector had the next largest monthly price increases, averaging 3.6 per cent for the year. The increases were due to the average cost of health insurance premiums increasing by 1.5 per cent in April 2021. Also, in November the cost of the Health Insurance Plan (HIP) and Future Care rose 7.0 per cent and 6.0 per cent respectively.

The education, recreation, entertainment & reading sector experienced price increases at an average rate of 2.9 per cent in 2021. Costs in this sector rose in large part as a result of the average cost of tuition fees for local and overseas schools rising in September by 1.9 per cent and 1.8 per cent respectively.

The prices in the fuel & power sector fell at an average rate of 5.0 per cent in 2021, which was partially due to the average cost of electricity declining in June as a result of a reduction.in the BELCO retail Tariff which came into effect on June 1, 2021.

The rent sector experienced cost declines at an average rate of 0.3 per cent in 2021. 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 2021 was recorded at $768 million. This figure is 19.8 per cent greater than the $641 million recorded over the first three quarters of 2020.

The growth in the current account surplus was due in large part to a $212 million or 16.1 per cent increase in primary income account. Within the primary income account, employee compensation surged by $134 million over the first three quarters of 2021. This figure represents a gain of 11.7 per cent. There was also a significant increase in the investment income account of $62 million which saw it jump over 5-fold from $11 million in 2020. The gain was due in large part to reinvested earnings.

The services account experienced gains of $16 million led by increases of $27 million in both the travel account and the other business services account. These gains were offset by losses in the transportation services account of $20 million and the Information, Computer & Technology (ICT) services account of $18 million. The increases experienced in the travel account and the other business services account were the result of greater expenditure in Bermuda by visitors and larger receipts for accounting services respectively. The reductions in the transportation services account were due to residents paying more for freight transport and air passenger transport services.

Based on the level of the current account balance after the first three quarters of 2021 and taking into account the average surplus over the last five quarters and the current transaction trends between Bermuda and our trading partners, 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 $96 million more than the $853 million surplus posted in 2020.

FINANCIAL SECTOR

The Bermuda banking sector's balance sheet continued to show steady growth, up 12.9 per cent in Q3 2021, when compared to the same quarter of last year.

Roughly 18 months following COVID-19 being declared a global pandemic, the banking industry has begun to accumulate sufficient data to assess its impact. Loan loss provisions have been building up during the pandemic due to negative economic activity. Nevertheless, during the third quarter of 2021, banks updated their estimates of future economic activity and valuations, which resulted in the release of excess provisions due to improved performance in the credit portfolio. With customer forbearance schemes ended and economic activity gradually increasing as shelter-in-place guidelines are relaxed, travel restrictions are eased and staff continue to return to office premises, the Bermuda Monetary Authority (Authority or BMA) has scaled back on its enhanced monitoring framework as the economy transitions to the new normal.

Banking sector capital ratios were marginally down in the third quarter of 2021 compared to a year ago, with the Common Equity Tier 1 (CET1) ratio and Risk Asset Ratio (RAR) at 20.1 per cent and 22.3 per cent respectively. Year-on-year, the CET 1 ratio was down 0.3 percentage points while the RAR declined by 0.5 percentage points. The yearly decline was due to the increase in risk-weighted assets (RWAs), which grew by 1.1 per cent to $9.0 billion, relative to total regulatory capital levels which fell by 0.9 per cent to $2.0 billion over the same period. The portion of regulatory capital is largely dominated by CET 1, measuring at 90.2 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 RWAs, increasing the minimum Common Equity Tier 1 (CET1) requirement (plus CCB) to 7.0 per cent of RWAs. Year-on-year, the leverage ratio declined by 0.9 percentage points to 6.4 per cent but remained above the 5.0 per cent regulatory minimum requirement.

The domestic liquidity position increased in the third quarter of 2021 when compared to a year ago, as the stock of local customer deposits of $3.9 billion held by the banks, less the amount of domestic loans outstanding of $3.1 billion, increased the net surplus position to just over $0.8 billion for the third quarter. All banks met the minimum regulatory requirements for the Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR).

Total consolidated asset grew by 12.9 per cent (or $3.1 billion) to $27.1 billion compared to the same quarter of last year. The year-on-year growth in total assets was reflected in the increases in interbank deposits up 68.8 per cent (or $2.2 billion) to $5.4 billion, investments up 6.9 per cent (or $0.8 billion) to $12.4 billion and loans and advances up 1.2 per cent (or $0.1 billion) to $8.6 billion. Cash and other assets remained unchanged at $0.1 billion and $0.7 billion respectively. On the liabilities side, banks experienced a 16.0 per cent (or $3.4 billion) increase in customer deposits over the same quarter last year. Total customer deposits held by the banking sector totaled $24.6 billion at the end of the third quarter of 2021. Customer deposit growth was led by the increases in demand deposits up 31.4 per cent (or $3.2 billion) to $13.4 billion and time deposits up 8.3 per cent (or $0.3 billion) to $3.9 billion. Conversely, saving deposits fell by 1.4 per cent (or $0.1 billion) to $7.3 billion over the same period.

The banking sector reported after-tax net income of $64.9 million for the third quarter of 2021, a decline of 4.6 per cent (or $3.1 million) from the same quarter one year ago. Year-on-year, the net interest income fell by 4.7 per cent to $119.9 million, while noninterest income increased slightly, up 0.5 per cent (or $0.4 million) to $75.4 million. Overall, total income amounted to $195.3 million for the quarter, down 2.8 per cent (or $5.5 million) compared to the same quarter one year ago. Total operating and non-operating expenses were down 2.0 per cent (or $2.6 million) to $129.7 million compared to one year ago.

The banks' investment book structure is predominately comprised of "Securitised" investments – composed of non-equity, US government-sponsored agency instruments and "Sovereign" investments. These represented 42.6 per cent and 44.8 per cent of total investments respectively in the third quarter of 2021.

GLOBAL ECONOMIC OUTLOOK

According to the IMF's October 2021 World Economic Outlook (WEO), the global economic recovery is continuing, even as the pandemic resurges. Global growth is projected to increase by 5.9 per cent in 2021 and 4.9 per cent in 2022, with the 2021 forecast 0.1 percentage points lower than the July 2021 WEO, while the 2022 projection remained unchanged. The downward revision for 2021 is partially indicative of a downgrade for advanced economies resulting in part from supply disruptions.

Although the global economy is recovering, the continuing pandemic is preventing a full return to normality. Pandemic outbreaks in critical links of global supply chains have resulted in extended supply disruptions and increased inflation in many countries. Overall, risks to economic prospects have increased and policy trade-offs have become more complex.

Inflation has been on the rise in the US and in some emerging market and developing economies. In most cases, increased rates reflect pandemic related supply-demand divergence and higher commodity prices compared to their low base last year. Although price pressures are expected to subside in 2022, in some emerging market and developing economies, price pressures are expected to persist due to elevated food prices, lagged effects of higher oil prices, and exchange rate depreciation increasing the price of imported goods.

World economies continue to face policy challenges during this pandemic. Multilateral efforts to increase global vaccine access, provide liquidity and debt relief to constrained economies, and mitigate and adapt to climate change remain essential. Quickening the vaccination of the world population remains the top priority of the world economy while continuing the push for widespread testing and investing in therapeutics which would save millions of lives and hasten the global economic recovery. Health care related spending is also a priority. As the pandemic persists and fiscal space is limited in some countries, lifelines and transfers will need to become increasingly targeted to the worst affected and provide retraining and support for reallocation. Another priority for the global economy is the need to slow the rise in global temperatures and contain the growing adverse health and economic effects of climate change. Combined with the pandemic, climate change threatens to exacerbate the economic divergences among the world' economies.

UNITED STATES OF AMERICA

Real GDP is anticipated to grow by 5.6 per cent in 2021, before rising by 3.7 per cent and 2.4 per cent in 2022 and 2023 respectively. Supply disruptions will gradually ease, facilitating a rebuild of business inventories and stronger consumption growth in the near-term. With the continued recovery in the labour market, nominal wage growth will pick up further. While price inflation is projected to moderate in some sectors as supply disruptions abate, higher wages, along with recent increases in housing rents and shipping rates, will lead to stronger overall consumer price growth than prior to the pandemic.

Monetary policy remains highly accommodative, but the announced tapering of Government bond purchases is appropriate as the recovery becomes more firmly entrenched. Sustained price pressures will prompt a gradual increase in the federal funds rate starting in mid-2022. The ongoing withdrawal of fiscal support is now having a dampening impact on economic growth. Nevertheless, accumulated excess savings from earlier stimulus measures and lockdowns will continue to underpin household consumption and business investment over the coming quarters. In plotting a path to achieving net zero emissions by 2050, further investment in clean and resilient infrastructure, as well as enhanced pricing of environmental externalities will be important.

After a surge in COVID-19 cases and supply disruptions caused growth to moderate in the third quarter, recent monthly data suggests a subsequent reacceleration of activity. For instance, indicators of consumer spending and industrial production picked up notably in October. The proportion of the total population fully vaccinated continues to rise steadily, but at around 60 per cent, it is below that in most other OECD countries.

The labour market recovery continues to progress, although the employment to population ratio remains over 2 percentage points below pre-pandemic levels. Inflation has spiked, with particularly strong growth in components related to motor vehicles and energy. There are also signs of emerging inflationary pressures due to rising housing rents and wage pressures in some sectors. Notable wage increases have been observed in the leisure and hospitality sector, as well as in transport and warehousing.

The pandemic-related fiscal measures announced in 2020 and early 2021 have now largely expired. Even so, earlier stimulus checks, supplementary unemployment benefit payments and expanded benefit coverage, have resulted in significant accumulated savings that will continue to support the economic recovery. The household saving rate increased by around 9 percentage points in 2020 and remained well above pre-pandemic levels in 2021. Longer-term public spending plans related to physical infrastructure are likely to start being implemented next year, with new funding for transport networks, broadband upgrades and improvements to power and water systems.

Monetary policy continues to provide substantial support to the economic recovery, both through the near-zero federal funds rate and central bank purchases of Treasury securities and agency mortgage-backed securities. Monthly asset purchases will now be reduced, reflecting substantial progress in both returning the economy to maximum employment and inflation to above 2 per cent. It is anticipated that asset purchases will gradually and predictably decline over the ensuing months. This will mark a slowing in the pace at which additional monetary policy accommodation is added. The Federal Open Market Committee has stressed that the decision to reduce asset purchases is distinct from any eventual decision to raise the federal funds rate from its current 0-¼ per cent range.

Real GDP growth is anticipated to strengthen through the end of 2021 and early 2022. Recent improvements in the public health situation will support increased services consumption and labour market participation through this period. Supply disruptions may take some time to fully ease but will eventually allow stronger goods consumption by households and businesses to rebuild inventories. This will be accompanied by a recovery in trade growth. As the labour market further tightens, broadly-based wage pressures will become more pronounced. It is anticipated that inflation will recede somewhat from its current elevated level, with a gradual abatement of supply shortages related to motor vehicles and energy reducing price pressures in these components. Nonetheless, higher wages, along with recent increases in housing rents and shipping rates, will contribute to consumer price inflation remaining well above 2 per cent. This is expected to prompt the Federal Reserve to begin raising the federal funds rate in mid-2022 and then announce further rate rises, reaching 1.5-1.75 per cent by the end of 2023.

An upside risk to the projections is that the high levels of accumulated household savings fuel a stronger rebound in consumption than expected. In contrast, inflation could continue to surprise and a de-anchoring of longer-term inflation expectations could prompt tighter monetary and financial conditions starting in early 2022 that dent the recovery. A further resurgence in COVID-19 cases that restricts economic activity is also a downside risk, with those states with relatively low vaccination rates being particularly susceptible.

UNITED KINGDOM

The economy is recovering and expected to reach pre-crisis levels at the beginning of 2022. Output is projected to rise by 6.9 per cent in 2021, with growth moderating to 4.7 per cent in 2022 and 2.1 per cent in 2023. Consumption is the main driver of growth during the projection period. Business investment will improve but continues to be held back by uncertainty. Increased border costs following the exit from the EU Single Market are weighing on imports and exports. Unemployment will continue to decline. Inflation will keep increasing due to higher energy and commodity prices and continuing supply shortages. It is expected to peak at 4.9 per cent in the first half of 2022 and then fall back towards the 2 per cent target by the end of 2023.

Monetary policy should tighten gradually to bring inflation back to target over the medium term, as price pressures show signs of becoming persistent. Fiscal policy should continue to support the economy and become more targeted to aid economic restructuring. Boosting training and career counselling programmes can facilitate economic reallocation and ease job transitions. Government programmes should focus on providing certainty on long-term issues such as the transition to net zero in order to support investment. The effects from phasing out fiscal support measures on businesses and households should be closely monitored in the context of planned tax increases to avoid derailing the recovery.

A fast initial roll-out of COVID-19 vaccines has weakened the link between new COVID-19 cases, hospitalisations and deaths, allowing a broad reopening of the economy. In England, practically all COVID-19-related restrictions were lifted on 19 July, allowing nightclubs to reopen and easing restrictions on large events and performances. Hygiene and distancing advice remains in place.

Output rose strongly in the first half of 2021 as the economy gradually reopened, but high frequency data indicates a slowing of the economy due to supply and labour shortages. GDP growth slowed to 1.3 per cent in the third quarter of

2021. Hospitality services and events benefited particularly from the lifting of COVID-19 restrictions in England. Production output, in particular from mining and quarrying, grew in the third quarter, whereas the construction sector contracted. The labour market has rebounded strongly, with vacancies reaching a record high level of almost 1.2 million in September. Employment is on the rise, while unemployment has been decreasing since January.

Output is projected to grow by 6.9 per cent in 2021 before growth slows to 4.7 per cent in 2022 and 2.1 per cent in 2023. Consumption will continue to support growth but is expected to slow as Government support is wound down and households feel the income effects of rising prices. Business investment in 2022 will be supported by an increased deduction for some types of investments available until April 2023. Unemployment will gradually decline to 4.2 per cent in 2023 as the labour market continues to tighten. Public investment will rise over the course of 2022 and 2023 reflecting planned spending increases on infrastructure and climate. The general Government deficit is projected to decline gradually to 5.4 per cent of GDP in 2022 and 4 per cent of GDP in 2023.

The projection is surrounded by risks. Lingering public health concerns and higher-than-expected goods and energy prices could weigh on consumption. A prolonged period of acute supply and labour shortages could slow down the recovery by forcing firms into a more permanent reduction in their operating capacity. Higher inflation expectations could lead to an earlier-than-expected increase of the policy rate.

CHINA

Economic growth will reach 8.1 per cent this year as the economy rebounds but will slow to 5.1 per cent in 2022 and 2023. The swift recovery, driven by strong exports on the back of re-opening of overseas economies and robust investment, has stalled in the second half of the year. A large real estate company's default is shaking financial markets and confidence in the sector, thereby weakening real estate investment, an important engine of growth. Prospects for manufacturing investment have also worsened due to temporary power cuts in many provinces. Consumption growth is stable, but adverse confidence effects coupled with inadequate social protection still hold it back. Consumer price inflation is low as there is only limited pass-through from surging prices in upstream industries.

Monetary policy will remain prudent, ensuring sufficient liquidity, but refraining from significant easing. Fiscal policy will consolidate further to meet fiscal rule targets. The rebound of economic activities and the phasing out of COVID-19-related tax exemption and reduction measures has resulted in buoyant revenues. Reining in anti-competitive practices may cause disruptions in service provision in the short term but will lead to greater efficiency over time. Confidence would be enhanced by more systematic implementation of anti-trust regulations. The authorities should adhere to their commitment not to bail out failing private enterprises to sharpen risk pricing. On-going electricity shortages and power cuts should be used to accelerate the transition toward renewables as well as the adoption of cleaner technologies.

Strict measures remain in place to keep the spread of the virus under control and sporadic outbreaks are suppressed by stringent, localised lockdowns, mass testing and mass isolation measures. Inoculation targets have been met and as of end-October nearly 80% of the population is vaccinated. A new large-scale isolation centre is being built in Guangdong Province for overseas arrivals. However, with the preponderance of virus variants that are more contagious and more difficult to trace, and the disruption of supply chains due to restrictions, the zero-tolerance policy is increasingly questioned. Given the rapid spread of new variants and the high share of asymptomatic carriers (partly owing to vaccination), border controls are unlikely to be an effective way to remain COVID-free in the longer run.

Growth in the third quarter was 4.9 per cent year-on-year (0.2 per cent quarter-on-quarter) following very high rates in the preceding quarters. Industrial output slowed due to stringent implementation of environmental targets and power cuts spreading across over half of the provinces, but the services sector recovery continued to gain momentum. Export growth remained strong as overseas economies continued to rebound, although it was affected by COVID-19-related port closures. Investment growth is slowing as some of its key components such as real estate and infrastructure investment have weakened.

Monetary policy is assumed to remain neutral, avoiding large-scale easing, but replenishing liquidity as needed. The benchmark interest rate has remained unchanged for over a year and other rates are also relatively stable. Credit events in the property market have tightened borrowing conditions not only for companies in the sector but also for other high-risk borrowers. This has led to a slight increase in informal interest rates, which reflect credit risk for smaller private companies. As the share of unsold properties reached the highest level in thirteen years, many cities adopted stimulus measures such as lump-sum or per-square-metre subsidies for first-time buyers, tax reductions, or broadening the definition of eligible home buyers.

Growth in 2021 will be strong but will return to the gradually slowing pre-pandemic path thereafter. Infrastructure investment will pick up as the issuance of special bonds accelerates and as projects are frontloaded. This will make up for some of the lower investment in real estate. Further acceleration of corporate defaults will improve risk pricing, but may adversely affect banks, trust companies, and other private and institutional investors. Sporadic virus outbreaks will continue, constraining consumption. In any case, for a sustainable pick-up in consumption, the social protection net needs to be strengthened. CPI inflation will be somewhat higher due to the very low base and some pass-through from producer prices but will remain under the target.

The sanitary situation remains a downside risk as sporadic outbreaks continue even with very high rates of inoculation. The lack of mutual recognition of vaccination certificates prevents the reopening of borders. Continued credit events and disorderly deleveraging in the overstretched property sector may trigger failures of smaller banks and shadow banking institutions.

CANADA

Supply-chain disruptions have slowed but not arrested Canada's economic recovery. With a fourth wave of infections receding, output is projected to surpass pre-pandemic levels by the end of 2021 and grow faster than trend at 3.9 per cent in 2022 and 2.8 per cent in 2023. Inflation is projected to moderate as production bottlenecks clear, before strengthening again as unemployment falls. More persistent supply constraints could however mean that inflation stays high for longer and delay a projected acceleration in trade and consumer spending.

Monetary support should start to be withdrawn as remaining spare capacity in the economy is absorbed. Underlying price pressures and financial imbalances need to be closely monitored. Budget deficits will decrease over the next two years as improved business conditions enable a gradual withdrawal of pandemic support. The public debt burden should be reduced in the medium term to rebuild fiscal space for future shocks. Measures to improve housing affordability and childcare support are appropriately on the social policy agenda. Improvements to insolvency processes would support a strong business sector recovery.

A fourth wave of infections peaked in September, delaying economic re-opening plans in some provinces. Case numbers have since fallen, enabling further lifting of containment measures. The United States has also reopened its northern border to vaccinated Canadians. Data on trade and household consumption have revealed the significant effect of larger-than-anticipated disruptions to the manufacture and supply of durable goods, including motor vehicles. Cooling housing market activity has also been tempering growth in domestic expenditure. Residential construction remains at high levels but has declined from a peak registered during lockdown conditions in April.

Hiring has picked up, consistent with expectations of strengthening demand. Employment is above pre-pandemic levels and labour force participation has increased. However, many of those employed are still working reduced hours – total hours worked are below levels in February 2020. Moreover, the unemployment rate remains elevated and over a quarter of those unemployed have been out of work for half a year or more (up from 16 per cent before the pandemic). Meanwhile, labour shortages have emerged in some industries, partly ascribed to the reluctance of workers to return to some service-sector jobs. Supply-chain bottlenecks have coincided with strong demand for durable goods, disruption due to extreme weather in British Columbia, as well as increased housing and food prices. The consumer price index rose by 4.7 per cent year-on-year in October. However, long-term inflation expectations remain anchored and economy-wide wage pressures are moderate.

After faltering over the summer, the economic recovery is projected to gather pace going into 2022. International supply-chain disruptions have been more pervasive and persistent than previously anticipated. A gradual clearing of bottlenecks will enable a further release of pent-up domestic demand, in particular from households with significant savings accumulated during the pandemic. Strong household consumption and increased business investment will more than offset a moderation in housing investment from the high levels seen earlier in the year.

The potential for future outbreaks and more contagious variants of COVID-19 remains a risk to the economic outlook. However, with a high vaccination rate, Canada is better prepared than many other countries to withstand such pressures without re-imposition of strict lockdowns.

2022 OUTLOOK FOR BERMUDA

In Bermuda, with the onset of the COVID-19 pandemic in March 2020, the Government moved quickly to take action to protect the country on the health front. This included providing emergency funding of $2.8 million to the Ministry of Health to fund personal protective equipment, testing kits, and testing equipment. Other steps taken by the Government included closing the airport, implementing curfews, closing and/or restricting operating hours of retail establishments, and implementing 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.

To assist individuals and businesses that had an immediate need for financial relief, the Government instituted several temporary emergency measures. To assist employees who had been negatively impacted by the pandemic, on 24 March 2020, the Government implemented the Unemployment Benefit programme. This programme provided temporary relief to eligible workers who were left out of work as a direct result of public health measures related to COVID-19. Measures taken to assist businesses have included extending deadlines for tax filings and the deferring and waiving of fees, taxes, and penalties. Furthermore, payroll tax relief was provided to the restaurant and bar, taxi, and hotel sectors, all of which were severely impacted by the lockdown measures that were put in place.

The impact of COVID-19 on the Bermuda economy may linger for a longer period than the disease itself. The economic impact witnessed in 2020 has been much more severe than any downturn in recent memory. The devastating economic impact of the pandemic and the resulting economic contraction of 6.9 per cent in 2020 prompted the Government to devise a plan to restore economic prosperity to the country.

The Economic Recovery Plan (ERP) is the response to these various challenges. This ambitious but achievable plan combines fiscal responsibility with a clear path to growth, employment, and greater economic equity. The plan derived from the Government's 2020 election platform and November 2020 Throne Speech and was informed by leading practices from similar economies and the latest insights taken from successful COVID-19 recovery strategies internationally.

The proposed policies in the ERP have been prioritised to focus investment and implementation capacity in areas with the highest impact for Bermuda's medium-term economic growth and employment. This exercise consisted of analysing 81 policy initiatives with a total indicative cost of $60–70 million, of which 31 have been identified as highest priority and include:

- Diversifying Bermuda's economy through the growth of new industries, with a focus on those with the largest expected impact relative to the Government's commitment – e.g., medical tourism, vertical farming, SME marketplace, residential schemes, casino industry, sub-sea communications, the Space Strategy;
- Making financial markets work better for businesses and consumers – e.g., lowering interest rates, COVID-19 SME support, National Digital Bank;
- Building critical new infrastructure or enhancing existing infrastructure – e.g., shoreside facility for fishing, water and waste management facility, electric vehicle recharging;
- Expanding the resident population – e.g., through short-term measures such as introduction of the Economic Investment Certificate, as well as medium-term initiatives such as regularising the position of long-term residents and making it easier for Bermudians born overseas to return home;
- Introducing labour market reforms and social development measures to deliver skills, employment, and economic security in the future economy – e.g., execution of a jobs strategy and youth employment strategy, establishment of national unemployment insurance, implementation of minimum and living wages legislation; and
- Developing supportive legal and regulatory frameworks – e.g., energy regulatory sandbox, digital/FinTech, marine development zone.

International benchmarks suggest that, with the successful implementation of these 31 highest priorities, Bermuda should look to expect an increase in GDP of 1.3–1.5 per cent per year above baseline economic growth, from 2023.

Another method that the Government uses to promote economic activity is through the Bermuda Business Development Agency (BDA) whose overall purpose 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.

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. They work with the Government and the private sector to identify and address perceived barriers to doing business by advancing relevant policies and legislation.

In 2022, the BDA will pursue targeted business development opportunities in key industries aligned with Bermuda's value proposition and anticipated future growth potential. These include: 'Risk and Insurance Solutions' (with a particular focus on climate risk finance); 'High Net Worth Services' (i.e., trusts, private clients, and family offices); 'Asset Management' (i.e., funds, Insurance-Linked Securities (ILS), and private equity); 'Technology' (i.e., Tech, Financial Technology (FinTech), and Insurance Tech (InsurTech)); and 'Infrastructure' (i.e., hotel development, subsea cables, space and satellites, renewable energy, and blue economy). As such, focus will be on priority areas to drive new economic investment into Bermuda as well as create direct and indirect economic impacts that will benefit the entire Bermuda community.

1. Technology and Innovation

As part of Bermuda Tech Week, in partnership with Government/private sector stakeholders, the BDA will organise an in-person Bermuda Tech Summit in October 2022, bringing tech leaders and entrepreneurs to the island to participate in Bermuda's growing tech ecosystem. The BDA will also endeavour to develop strategic partnerships in key global tech centres, namely:

- Silicon Valley, CA
- Dublin, Ireland
- Tel Aviv, Israel

2. Climate Risk Finance (CRF)

The BDA will bring hundreds of investors, entrepreneurs, and senior policymakers to Bermuda in March and May by organising two in-person CRF/Risk events to help stimulate the local tourism sector, injecting much needed business traveller spending. Following their New York City (NYC) roadshows in 2021, the BDA will add a CRF roadshow as an extension to their attendance at RIMS in San Francisco in April 2022. The BDA will build upon on its participation at the 26th United Nations Climate Change Conference (COP26) in Glasgow in 2021 by attending COP27 in Egypt in November 2022.

3. High Net Worth/Asset Management (HNW/AM)

With an initial focus on Singapore and Hong Kong, the BDA will explore opportunities through a targeted effort to retell the Bermuda story to key law firms, accounting firms, and other professional services firms that support and advise businesses and HNW/AM clients in the Asia and Pacific region regarding domicile choices like Bermuda. The BDA will attend the International Private Client Forum in Lake Como, Italy, in November 2022.

The Bermuda Tourism Authority (BTA) also has a huge part to play in Bermuda's economic recovery in 2022 and beyond. With the tourism industry classified as a pillar of the economy along with international business, the activity of the BTA is very important.

Bermuda closed out 2021 with an Omicron-fuelled surge that saw the greatest number of infections since the start of the pandemic and led to a critical backlog in Bermuda's testing infrastructure. The surge combined with the island's back-to-school testing requirements, increased traveller testing needs, and staffing shortfall, laid bare the limitations of our PCR testing capacity. The Government responded to traveller frustrations with a welcomed revision of the island's border protocols. The shift to rapid antigen tests and the elimination of on-island testing for vaccinated travellers slated to come into effect 7 March 2022 looks to be a positive move for our tourism economy. If 2021 saw Bermuda's attractiveness as a destination challenged by onerous travel protocols, then 2022's safe and simple guidelines are set to elevate the island's ranking for travel-starved visitors.

The reality is that despite the upward trend in post-pandemic international travel, inbound visitor arrivals to Latin America and the Caribbean are forecast to be 69 per cent below 2019 levels, remaining below pre-crisis levels until 2025. Reluctance to travel due to health and safety concerns is fading as COVID fatigue, vaccination penetration, and eased travel protocols drive travel volumes globally.

As an organisation, the BTA is aiming to deliver on key metrics aligned with the Bermuda National Tourism Plan. They have been revised in the context of projected global travel trends and the parameters of the local tourism infrastructure, from increased visitor spending, growth in visitor arrivals from the UK market, and improved visitor sentiment to increased economic impact for the yacht and superyacht category.

Generating group business will be a focus for 2022. The organisation has identified sports tourism and pinnacle sporting events as a key part of our strategic plan, but these are undergirded by hundreds of events, association, and social group bookings that the sales team has negotiated for 2022 and beyond.

In 2021, the island's airline capacity grew to 41 per cent of 2019 figures. The expectation is that despite Jet Blue's move to a seasonal schedule for November 2022 and the temporary loss of a direct Boston to Bermuda service, the island will further increase Bermuda's airline seats to between 54 per cent and 63 per cent of 2019 airline capacity. While high-volume tourism will be slow to return, indications are that stimulating group business will be key to achieving the incremental wins by filling seats and incentivising a return to a more robust schedule.

With the negotiated switch from Gatwick to London Heathrow, Bermuda has gained powerful access to significantly more European and international connections. The move is expected to bring recovery from that market forward a couple of years. The BTA has engaged a UK-based marketing team and put in place a strategic marketing plan focused on maximising the opportunities.

The island welcomes news of hotel developments, openings, and renovation plans for 2022. The South Shore corridor is set to welcome the Tapestry by Hilton Bermudiana Beach Resort in 2023. This is exciting news for the island and is bolstered by Hilton's brand cache and high-volume international rewards programme. Ariel Sands has announced its plans for development of the South Shore property. Cambridge Beaches began work on the West End property in winter of 2021. Azura Hotel is open, while its sister property, Nautilus, perched on the South Shore cliffs, is in the midst of construction that will bring Bermuda a new modern luxury resort offering fractional ownership of ocean view units.

The Bermuda Tourism Authority is focused on stimulating group business through pinnacle sporting events, conferences, meetings, weddings, and social groups. Key BTA-led fixtures on the 2022 calendar include:

- Forbes Under 30 Residency
- Bermuda Sail Grand Prix presented by Hamilton Princess
- Clipper Round the World Race
- Bermuda Triple Crown Billfish Championship
- The Butterfield Bermuda Championship
- Bermuda Black Golfers Week

These high visibility events are a key part of our strategic plan but are undergirded by hundreds of events, association, and social group bookings that the sales team has negotiated for the year.

With the spectre of remote work continuing indefinitely, attracting digital nomads to Bermuda remains a joint effort between the Bermuda Business Development Agency (BDA), the BTA, and the Bermuda Government. The Work from Bermuda programme, created in 2020, has been demonstrated to offer the island direct economic impact for residents who behave like visitors. The BTA built on the concept, attracting the Forbes Under 30 brand to host its first ever Residency programme in Bermuda. The initiative will serve as a template for future work from Bermuda partnerships. We will continue to support the development of innovative, memorable, on-island experiences through the BTA Experience Investment Programme. The programme will award grants and provide marketing support for qualified tourism entrepreneurs for the spring/summer and fall/winter seasons.

With the 2020 Superyacht legislation in place, the island has seen incremental growth in the number of calls to the island. For 2022 the plan is to expand that to all yachts with collaborative outreach efforts between the BTA and stakeholder partners, locally and internationally. The SailGP event, the Clipper Around the World Race, the Bermuda Gold Cup, and the Newport Bermuda Race are expected to draw international yachting enthusiasts to the island. The Superyacht Marina at Ordnance Island is set to open this year, which will enhance the island's yachting infrastructure and meet the needs of the yachting community.

The Government's desire is to strengthen the local economy through targeted investment strategies and diversification. This will be accomplished not only through developing new and enhancing existing industries with the ERP, but also by the continuing efforts of organizations such as the BDA and BTA. The output of the ERP, BDA, and BTA is 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 2022 is projected to grow between 2.5–4.5 per cent.

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Tables

TABLE 1

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

INDUSTRIAL SECTIONS	2015	2016	2017	2018	2019	2020
A. Agriculture, Forestry and Fishing	14,371	20,837	19,809	17,075	17,292	17,529
C. Manufacturing	32,195	32,965	35,077	34,210	34,198	27,615
D/E. Electricity, Water Supply and Waste Management	84,723	64,456	65,488	71,943	75,701	89,195
F/B. Construction & Quarrying	210,123	232,200	242,841	264,421	318,648	241,024
G. Wholesale and Retail Trade	333,917	331,394	341,611	327,108	309,349	311,556
H. Transportation and Storage	121,754	122,501	132,079	133,029	129,613	100,862
I. Accommodation and Food Service	211,060	214,665	271,408	253,786	234,739	74,731
J. Information and Communication	182,124	171,776	182,170	174,049	168,190	149,418
K. Financial and Insurance Activities	906,266	890,566	906,103	913,647	879,425	825,793
L. Real Estate Activities	881,827	890,816	935,268	953,742	963,582	970,629
M. Professional, Scientific and Technical Activities	377,085	379,316	382,360	376,435	376,236	312,745
N. Administrative and Support Services	118,538	119,970	125,491	130,901	135,052	108,390
O. Public Administration	337,432	325,322	336,715	327,397	338,176	311,531
P. Education	126,896	130,895	129,507	128,177	127,159	109,652
Q. Human Health and Social Work	308,532	313,745	315,367	313,661	329,471	329,730
R. Arts, Entertainment and Recreation	36,046	44,659	61,021	24,392	28,192	20,605
S. Other Service Activities	60,097	57,474	58,820	58,062	62,535	50,590
T. Activities of Households as Employers	14,123	13,820	13,739	13,161	14,270	11,254
U. International Business Activities	1,620,986	1,582,809	1,597,923	1,622,618	1,627,102	1,642,771
GDP at Constant Basic (2013) Prices	5,978,095	5,940,187	6,152,797	6,137,813	6,168,931	5,705,619
Add: Taxes less Subsidies on Products	296,647	293,317	305,825	292,856	281,433	302,672
GDP at Constant Purchasers' (2013) Prices	6,274,742	6,233,504	6,458,622	6,430,669	6,450,364	6,008,291
Percentage Change	0.8%	-0.7%	3.6%	-0.4%	0.3%	-6.9%

Source: Department of Statistics

TABLE 2

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

INDUSTRIAL SECTIONS	2015	2016	2017	2018	2019	2020
A. Agriculture, Forestry and Fishing	15,165	21,184	19,620	16,980	16,403	17,600
C. Manufacturing	34,216	29,743	33,116	35,210	38,308	23,172
D/E. Electricity, Water Supply and Waste Management	99,548	106,655	118,200	111,316	107,338	114,872
F/B. Construction & Quarrying	207,240	232,733	242,176	265,444	327,277	250,073
G. Wholesale and Retail Trade	386,595	396,890	418,693	407,792	404,889	400,559
H. Transportation and Storage	126,958	133,111	154,874	187,181	174,649	126,487
I. Accommodation and Food Service	258,854	279,639	330,518	344,621	335,736	120,033
J. Information and Communication	179,968	179,209	183,836	177,811	166,807	148,134
K. Financial and Insurance Activities	1,018,047	1,059,176	1,068,724	1,124,061	1,067,225	985,330
L. Real Estate Activities	905,071	929,593	981,178	1,013,118	1,040,952	1,042,984
M. Professional, Scientific and Technical Activities	387,414	441,179	435,241	412,993	435,850	426,755
N. Administrative and Support Services	112,923	140,393	121,535	124,180	153,789	125,297
O. Public Administration	341,522	331,053	346,146	344,301	363,401	337,749
P. Education	133,428	136,654	140,953	141,155	144,309	129,910
Q. Human Health and Social Work	335,659	342,056	344,429	354,351	374,822	377,205
R. Arts, Entertainment and Recreation	40,229	55,803	84,731	30,330	34,298	26,535
S. Other Service Activities	64,645	59,466	61,723	74,539	68,397	57,370
T. Activities of Households as Employers	19,034	17,355	15,887	15,085	17,077	16,161
U. International Business Activities	1,706,098	1,717,470	1,718,780	1,724,175	1,835,460	1,895,347
GDP at Current Basic Prices	6,372,613	6,609,362	6,820,360	6,904,645	7,106,986	6,621,575
Add: Taxes less Subsidies on Products	281,929	290,550	321,956	321,332	316,479	260,087
GDP at Current Purchasers' Prices	6,654,541	6,899,911	7,142,316	7,225,977	7,423,465	6,881.662
Percentage Change	3.8%	3.7%	3.5%	1.2%	2.7%	-7.3%

Source: Department of Statistics

TABLE 3

NUMBER OF FILLED JOBS BY ECONOMIC ACTIVITY GROUP	2017	2018	2019	2020 (F)	2021 (P)
Agriculture forestry and fishing	188	180	183	173	173
Manufacturing	421	399	383	361	344
Electricity water supply and waste management	355	348	329	324	319
Construction and quarrying	2,013	2,137	2,233	2,151	2,068
Wholesale and retail trade	4,265	4,277	4,232	3,972	3,951
Transportation and storage	1,483	1,447	1,474	1,356	1,298
Accommodation and food service activities	4,370	4,546	4,691	3,591	2,895
Information and communication	803	770	748	672	594
Financial and insurance activities	2,291	2,243	2,204	2,121	1,969
Real estate activities	362	363	366	355	351
Professional scientific and technical activities	2,304	2,264	2,290	2,253	2,190
Administrative and support services	1,632	1,637	1,645	1,726	1,697
Public administration	3,715	3,774	3,988	4,064	4,003
Education	921	911	922	971	951
Human health and social work	2,769	2,798	2,890	2,440	2,420
Arts entertainment and recreation	500	471	473	387	361
Other service activities	737	741	796	773	784
Activities of households as employers et cetera	508	472	486	472	446
Activities of extraterritorial organsiations and bodies	22	26	25	25	25
International business activity	4,000	4,051	4,020	4,240	4,411
Total	**33,659**	**33,855**	**34,378**	**32,427**	**31,250**

P = Preliminary data includes 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	
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	100.5	(2.6)	107.6	2.0	103.8	(0.9)	77.1	(11.5)	108.4	(2.3)	105.6	(11.9)	82.3	(9.7)	101.6	(0.5)
2020	101.8	1.2	120.9	12.4	123.6	19.1	70.1	(9.1)	89.7	(17.3)	103.6	(1.9)	55.9	(32.1)	101.5	(0.1)
2020																
Jan	91.4	(1.3)	106.0	2.1	77.4	3.8	85.4	(4.2)	89.7	(3.4)	94.8	(14.5)	50.3	(11.9)	87.4	(0.7)
Feb	88.6	3.0	102.4	8.1	79.4	(0.1)	75.2	5.9	86.5	(2.4)	96.0	(15.0)	42.3	(15.3)	88.4	3.7
Mar	103.2	4.1	139.1	27.8	124.7	30.2	48.8	(35.8)	85.1	(16.4)	146.6	(0.1)	30.5	(54.8)	89.4	(4.7)
Apr	70.6	(28.4)	129.3	26.2	135.1	46.5	0.8	(99.0)	39.3	(62.2)	18.2	(82.6)	2.3	(97.0)	41.9	(59.4)
May	93.0	(13.8)	121.9	9.8	141.4	23.4	59.7	(31.0)	77.0	(33.7)	87.3	(14.8)	20.7	(76.0)	84.4	(24.9)
Jun	104.2	(2.1)	117.4	2.4	133.9	8.6	63.5	(18.6)	97.4	(24.3)	121.2	20.5	80.8	(42.5)	115.4	5.1
Jul	116.7	1.7	126.2	6.4	153.8	15.9	95.0	(4.6)	116.9	(18.1)	96.3	8.4	64.3	(20.8)	125.6	6.4
Aug	106.7	9.7	117.1	12.8	126.3	14.4	90.4	39.7	105.7	(7.0)	93.0	(9.2)	61.3	(18.9)	111.7	15.3
Sep	103.1	8.2	116.9	8.9	115.3	9.0	80.7	32.7	99.7	(9.2)	136.0	32.2	56.4	(16.8)	97.4	9.1
Oct	106.6	8.7	121.3	11.5	119.1	20.7	92.7	19.2	99.3	(7.3)	103.6	(0.5)	57.1	(10.8)	108.4	12.5
Nov	108.9	10.4	118.3	13.3	112.9	19.7	67.1	(2.8)	91.3	(7.8)	156.2	46.7	76.9	(11.1)	117.5	16.3
Dec	128.3	14.7	134.6	19.5	164.0	32.5	82.0	12.9	88.3	(8.8)	94.3	11.6	128.1	(5.5)	150.1	20.5
2021																
Jan	97.5	6.7	119.7	12.9	96.6	24.8	65.7	(23.1)	81.3	(9.4)	99.7	5.1	48.1	(4.4)	97.6	11.7
Feb	93.7	5.8	108.0	5.5	97.5	22.8	64.0	(14.9)	83.6	(3.3)	110.1	14.7	45.0	6.4	98.3	11.1
Mar	113.3	9.7	123.2	(11.4)	141.7	13.6	105.6	116.3	96.3	13.2	185.3	26.4	53.2	74.3	111.4	24.6
Apr	88.5	25.3	124.0	(4.1)	108.8	(19.5)	47.9	5,988.6	68.6	74.6	87.2	380.3	14.1	508.6	77.7	85.7
May	104.4	12.2	118.5	(2.8)	122.1	(13.7)	70.6	18.1	99.5	29.3	121.3	38.9	50.1	142.1	106.4	26.1
Jun	112.6	8.0	116.7	(0.6)	126.1	(5.9)	111.1	75.1	121.8	25.0	130.3	7.6	109.1	35.0	116.4	0.8
Jul	112.2	(3.9)	121.0	(4.1)	140.6	(8.6)	95.3	0.3	129.3	10.5	99.9	3.8	63.8	(0.8)	112.1	(10.8)
Aug	106.7	0.0	110.2	(5.9)	108.9	(13.8)	98.6	9.1	117.8	11.5	107.9	16.0	59.9	(2.3)	114.2	2.3
Sep	102.3	(0.7)	116.6	(0.2)	105.3	(8.7)	97.5	20.9	100.0	0.3	103.7	(23.7)	50.2	(11.0)	99.0	1.7
Oct	103.1	(3.3)	120.4	(0.8)	110.4	(7.3)	79.4	(14.4)	101.0	1.7	109.7	5.8	47.8	(16.3)	103.5	(4.5)
Nov	103.8	(4.7)	112.6	(4.8)	100.5	(11.0)	79.0	17.7	101.5	11.2	104.2	(33.3)	73.6	(4.3)	111.0	(5.4)

(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)										
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	Nil	+4.5	-1.8	+0.9	+2.3	-1.8	+0.3	-4.6	+1.1	+2.8
2021	+1.5	+0.4	-0.3	+1.0	-0.6	-5.0	+1.7	+6.4	+2.0	+2.3
MONTHLY (per cent)										
2019										
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	Nil	-0.2	+0.5	Nil	+0.2	Nil	+0.1	-0.9	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
2021										
Jan	+0.3	+0.1	+0.5	+0.5	+0.3	+1.0	Nil	+1.5	-0.1	Nil
Feb	+0.3	+0.3	Nil	Nil	-0.8	Nil	Nil	+2.2	+0.2	Nil
Mar	+0.4	+0.3	+0.2	Nil	Nil	Nil	Nil	+2.2	Nil	Nil
Apr	+0.3	Nil	Nil	-0.6	+0.1	+1.5	+0.3	+0.7	Nil	+1.1
May	+0.3	-0.1	-0.7	Nil	-0.1	+0.2	+0.3	+3.7	+0.1	Nil
Jun	-0.3	+0.5	-0.3	Nil	-1.3	-14.1	Nil	+0.8	+0.9	+0.7
Jul	+0.5	+0.1	+0.2	+1.1	+0.1	+2.8	Nil	+1.5	+0.1	Nil
Aug	Nil	+0.5	+0.6	Nil	+0.3	Nil	+0.1	-1.8	+0.1	Nil
Sept	+0.2	+0.3	-0.4	Nil	+0.2	Nil	Nil	+0.2	+1.2	Nil
Oct	+0.6	+0.2	-0.4	+0.3	Nil	+6.9	+0.5	+3.1	+0.1	-0.2
Nov	+0.5	+1.7	+0.1	Nil	+2.3	Nil	Nil	-1.1	+0.4	+1.5
Dec	-0.2	Nil	Nil	Nil	-0.3	+0.2	+0.1	-1.4	Nil	-0.1
Dec '21	108.6	117.8	99.9	108.3	126.4	103.8	105.8	102.0	113.6	119.0
Dec '21 / Dec '20	+2.7	+3.8	-0.2	+1.3	+0.7	-2.8	+1.2	+12.0	+2.7	+3.2

Source: Department of Statistics

TABLE 6

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

Year	Quarter	Value Of New Projects Started	Type of Project: Residential	Offices, Shops, Warehouses	Hotels, Guest-Houses	Schools, Hospitals, Community Centres	Roads, Bridges, Airports	Industrial Plant & Other	Total	Sector: Public	Private
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
2020		49.7	16.6	22.5	70.4	8.3	29.1	20.8	167.7	42.2	125.5
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	4.0	3.2	5.1	20.3	2.7	13.9	2.2	47.4	9.8	37.6
	Q4	2.7	2.3	6.8	50.1	0.6	-0.1	2.6	62.3	4.7	57.6
2021	Q1	8.3	3.9	8.3	20.0	0.5	4,1	12.6	49.3	21.9	27.4
	Q2	43.1	9.0	4.3	10.0	0.4	1.4	1.4	26.5	10.3	16.2
	Q3	6.1	3.8	6.1	1.6	1.6	1.8	1.6	16.5	11.1	5.4

[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
2017		13	28	12	9	62
2018		7	39	18	16	80
2019		8	42	15	16	81
2020		11	33	19	28	91
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	4	12	4	7	27
	Q4	5	8	9	13	35
2021	Q1	7	13	9	4	33
	Q2	4	13	6	3	26
	Q3	8	21	5	9	43

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
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	9,366	51,437	-84.4	-98.3	93.6
2021		72,153	12,630	84,783	71.5	34.8	64.8
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	9,366	33,263	-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
2021	Q1	3,423	0	3,423	-85.7	-100	-89.7
	Q2	16,935	0	16,935	40,221.4	-100	40,221.4
	Q3	35,506	2,710	38,216	328.0	-100	360.7
	Q4	16,289	9,920	26,209	65.6	-100	166.5

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
2019	197.5	158.4	1,186.4	313.5

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

TABLE 10

BALANCE OF PAYMENTS ESTIMATES
$ millions

	2017	2018	2019	2020	2021*
Exports	18	17	18	11	9
Imports	1,094	1,100	1,152	927	784
Merchandise Trade Balance	-1,077	-1,084	-1,134	-916	-775
Services & Income – receipts	3,565	3,696	3,852	3,241	2,650
Services & Income- payments	1,615	1,727	1,882	1,473	1,106
Current account balance	872	885	834	853	768
Financial Account					
Direct Investment	-42	-35	-38	-11	-24
Portfolio Investment	333	-798	241	1,046	-503
Financial Derivatives	134	121	102	95	74
Other Investments	-236	773	920	1,073	1,905
Reserve Assets	21	-10	10	18	47
Net Acquisition of Financial Assets	211	51	1,235	2,220	1,499
Direct Investment	-288	95	5	477	-26
Portfolio Investment	-365	119	-327	193	-91
Financial Derivatives	-11	3	15	46	-46
Other Investments	62	-1,066	710	679	915
Net Incurrence of Financial Liability	-602	-849	404	1,396	752
Total Net Financial Account	-813	-900	-831	-825	-747
Total Net Capital Account	0	0	0	0	0
Total Net Lending (+)/ Net Borrowing (-)	813	900	831	825	747
Balancing Item	-59	15	-2	-28	-21

Numbers may not add due to rounding

* Q1 – Q3 provisional estimate

Source: Department of Statistics

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