

Central Bank of Bahamas:

Economy expansion slowed during February

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THE Central Bank of the Bahamas (CBB) says indications are that the domestic economy's expansion slowed during the month of February, relative to the same period in 2024, as indicators continued to converge closer to their expected medium-term potential.

In its 'Monthly Economic and Financial Developments February 2025', the CBB said tourism gains were tempered, as the high-value added stopover segment remained constrained by accommodation capacity, which outweighed otherwise healthy growth in the sea component.

The Central Bank said that monthly data suggests that the tourism sector output continued to be significantly paced by outcomes for the high-value stopover category, although healthy gains persisted for the cruise segment.

According to official data from the Ministry of Tourism, total visitor arrivals grew by 7.8% to one million visitors in the month of January, vis-à-vis the comparable period of 2024. Leading this outturn, sea traffic increased by 10% to 0.9 million. However, air passengers declined by 4.7% to 0.1 million.

The bank said monetary sector developments featured an improvement in the broader measure of banking sector liquidity, as the accumulation in the deposit base, contrasted with the reduction in domestic credit.

'External reserves also expanded, although on a more moderated basis than in the previous year, underpinned by a slowdown in net foreign currency inflows through the private sector, combined with a rise in outflows via the public sector.

'During the month of February, indications are that the domestic economy's expanded at a slower pace than in same period in 2024, as economic indicators continued to converge closer to their expected medium-term potential.

'Tourism momentum tempered, as the high value-added stopover segment remained under constrained accommodation capacity; albeit healthy gains persisted in the sea component. Monetary sector developments featured gains in the broad measure of banking sector liquidity, with incremental accumulation in the deposit base, contrasting with the reduction in domestic credit.

'Further, the growth in external reserves expanded-although seasonally moderated-underpinned by a slowdown in net foreign currency inflows through the private sector, combined with a rise in outflows via the public sector,' the CBB added.

The Central Bank said that expectations are that the domestic economy's expansion will slow further in 2025, converging closer to its expected medium-term potential.

'Performance is poised to remain reliant on gains, particular within the capacity-constrained stopover tourism sector. Nevertheless, the cruise segment is anticipated to maintain robust growth. Further, new and ongoing foreign investment projects are expected to provide support to the construction sector, as well as overall economic growth,' the CBB said.

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