

NATIONAL ECONOMIC REPORT OF BERMUDA

Education Reform

Our children,
our future



GOVERNMENT OF BERMUDA
Ministry of Finance

NATIONAL ECONOMIC REPORT
OF BERMUDA
2022

Published by:
Government of Bermuda
Ministry of Finance

Government Administration Building
30 Parliament Street
Hamilton HM 12
Bermuda

February 2023

Design: Department of Communications
Printed by: The Bermuda Press Ltd

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THE ECONOMY IN 2022

The Ministry of Finance estimates that Bermuda's GDP may have grown by 3.4-3.9 per cent in 2022, driven by growth in the International Business sector and the continuous recovery in the Tourism industry.

Despite the heavy foreign inflationary pressures experienced in Bermuda due to the Russia-Ukraine conflict and global supply chain disruptions, many of the major economic indicators showed positive growth. International business figures, tourist arrivals and spend, retail sales, employment levels and the value of new construction projects, among others, showed an uptick compared to 2021.

During 2022, 812 new international companies and partnerships were registered in Bermuda, with the sector providing 4,642 jobs in the economy, reflecting growth of 5.2 per cent year-over-year, or an increase of 230 posts. The sector's employment income for the first three quarters also recorded a growth of \$94.3 million or 8.9 per cent which can be associated with the increase of personal consumption and retail sector sales recorded.

The gross turnover generated by retail stores increased by 3.1 per cent in 2022, while personal consumption increased by 17.5 per cent.

In the tourism sector, air visitors increased by 80 per cent, while cruise arrivals grew significantly by 2,735 per cent. In terms of spend, total air visitor spending increased by 120 per cent, while cruise visitor spend increased by 2,405 per cent. Although the 2022 figures have increased when compared to 2021, they remain below 2019 pre-pandemic figures.

Over the first three quarters of 2022, the value of new projects started grew from \$83.4 million in 2021 to \$100.6 million, an increase of 20.6 per cent. However, the estimated value of work put in place during the same time period decreased from \$92.9 million in 2021 to \$75.3 million in 2022, a reduction of 18.9 per cent.

The number of jobs is estimated to have increased by 1.3 per cent, driven primarily by increased job posts in International Business and the recovering Accommodation and Food Services activities sector.

GROSS DOMESTIC PRODUCT 2021

The most recent estimates for GDP published by the Department of Statistics are for the year 2021.

In 2021, the Bermuda economy grew by 5.8 per cent at current market prices. This increase comes after a large decline of 7.3 per cent in 2020. Nominal GDP was reported to be approximately \$7.287 billion, reflecting an increase of approximately \$399 million above the 2020 revised figure of roughly \$6.887 billion. As a result, Bermuda's GDP per capita (measured at current prices) increased from \$107,521 in 2020 to \$113,755 in 2021. When adjusted for inflation, the level of economic activity, or real GDP, grew by 5.4 per cent. This rate was higher than the five-year average (2017–2021) of 0.41 per cent.

The growth in GDP of 5.8 per cent at current market prices was largely driven by International Business activities, Accommodation and Food Services activities, and Professional, Scientific, and Technical activities which grew by \$98.671 million (5.2 per cent), \$52.629 million (43.9 per cent) and \$51.397 million (12 per cent), respectively. Only 3 out of the 19 sectors experienced a contraction, Construction and Quarrying, Public Administration, and Activities of Households as Employers. These sectors declined by \$5.5 million (-2.2 per cent), \$2.9 million (0.9 per cent), and \$0.6 million (3.5 per cent), respectively.

The growth in the level of GDP in real terms of 5.4 per cent was mainly driven by increases of \$138.5 million in the output of the International Business sector, \$63.0 million in the output of the Accommodation and Food Service sector, and an increase of \$45.2 million in the Professional, Scientific and Technical activities sector. These increases were offset by losses of \$10.2 million in Public Administration and \$7.2 million in the Construction and Quarrying sector.

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

In real terms, International Business contributed the greatest amount to Bermuda's economy in 2021. This sector provided \$1.78 billion in total output or 28.1 per cent of total GDP, an 8.4 per cent increase compared with 2020. Within the International Business sector, businesses engaged in reinsurance, portfolio management services, and insurance brokerage services experienced the largest increases

¹ Official 2021 GDP estimates are not yet available.

in value added. Conversely, communication activities experienced a 51.4 per cent decline in value added.

Following the last decline in 2011, 2021 marked the tenth consecutive year that the value added by the International Business sector increased. The value added from this sector represents approximately a quarter of total GDP and is a continuation of the trend from previous years. Companies in the insurance and reinsurance industry are the biggest contributors to this sector. Contributions also emanate from the trading operations of security and commodity brokerage, shipping, consultancy and other forms of international business activity.

Real Estate activities were the second-largest contributor to real GDP. This sector accounted for \$1.0 billion in output or 15.9 per cent of total GDP. Real Estate activities rose 3.2 per cent or \$31.0 million. There was also a 2.8 per cent rise in the imputed rent for owner-occupied dwellings, as well as a 2.1 per cent increase in real estate activities with leased property. The increase was reflected mostly in a 30.7 per cent rise in real estate activities on a fee or contract basis.

The next largest contributor to Bermuda's economy is the Financial and Insurance Activities sector. This sector accounted for \$828 million in output, which represents 13.1 per cent of total real GDP. Financial and insurance activities decreased 0.1 per cent or \$0.8 million. This decline was attributed primarily to the activities of the commercial banking sector which fell 5.5 per cent, reporting less net interest income. The value added of trust companies and similar financial entities increased 13.9 per cent. Non-life insurance increased due to a 7.2 per cent rise in premiums.

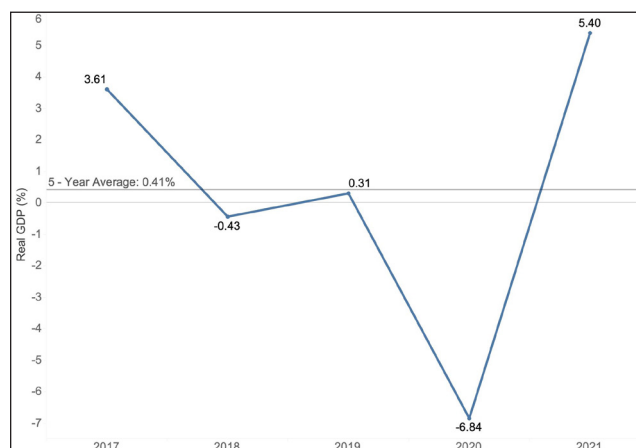
The Professional, Scientific, and Technical activities sector contributed \$357.8 million to the real output of the economy, representing 5.6 per cent of GDP. Output in this sector increased by 14.5 per cent or \$45.2 million compared to 2021, led by increases in accounting services, legal services, and professional services sub-industry groupings.

Real output generated in the Wholesale and Retail Trade sector was recorded at \$308 million in 2021, 4.9 per cent of total output. Wholesale and Retail Trade recorded a decrease in value added of 1.0 per cent or \$3.2 million. Retail Trade activities decreased 6.3 per cent, influenced primarily by lower sales of food, clothing, and building materials and was offset by increases in sales of fuel. Wholesale trade activities increased 14.7 per cent, influenced mainly by wholesale of fuel, food, beverages, and tobacco.

The Human Health and Social Work sector represented 5.4 per cent of GDP in 2021, with an output level of \$341.7 million, a 6.4 per cent increase over 2021. Within the sector, private health activities grew 13.1 per cent while public health activities fell 2.1 per cent. Social work activities recorded a 45.7 per cent increase due mostly to residential care activities for the elderly and disabled.

The Public Administration sector declined by 3.4 per cent or \$10.5 million, mostly due to a fall in compensation and lower expenditure on professional services.

Figure 1: Annual Real GDP



ECONOMIC TRENDS 2021

DOMESTIC DEMAND

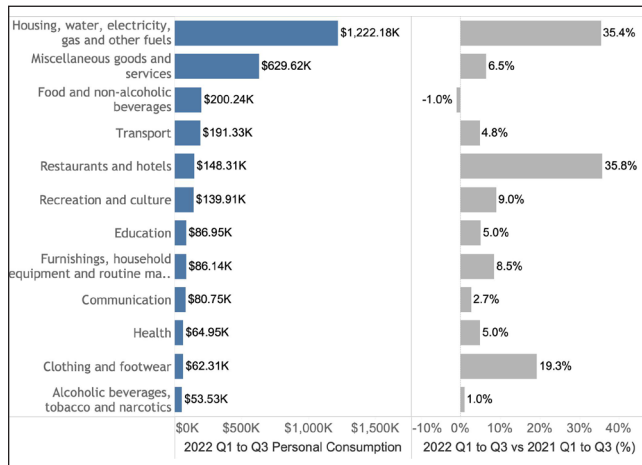
PERSONAL CONSUMPTION AND THE RETAIL SECTOR

Employment income supports personal consumption and is estimated to have increased by 6.6 per cent or \$180.6 million for the first three quarters of 2022 compared with the same period in 2021. This increase was primarily driven by the International Business sector, which saw an increase of \$94.3 million or 8.9 per cent. For the 12-month period ending September 2022, total employment income was \$3.74 billion, some \$178.9 million more than the 12-month period ending September 2021.

Household personal consumption for the first three quarters of 2022 was estimated to be \$2.97 billion, reflecting an increase of 17.5 per cent or \$441.7 million over 2021. This increase was significantly driven by expenditures on utilities (housing, water, electricity, gas and other fuels) which increased by \$319.2 million or 35.4 per cent when compared to 2021. This comes against the backdrop of rising fuel costs experienced throughout 2022. The second largest increase in consumption was on restaurants and hotels which increased by \$39.1 million or 35.8 per cent.

All other categories of personal consumption experienced an increase when compared to 2021 with the exception of food and non-alcoholic beverages. Personal consumption on food and non-alcoholic beverages declined by 1 per cent or \$2 million.

Figure 2: Personal Consumption by Category (2022 Q1 to Q3)



Coupled with the increases in both employment income and personal consumption, the Retail Sales Index (RSI) showed a positive uptick in overall sales in Bermuda's retail stores. In the first ten months of 2022, total gross turnover stood at \$990.6 million, representing a 3.1 per cent increase compared to 2021. This was driven primarily by inflation rather than increased volumes, as retail sales, after adjusting for the rate of inflation, declined by 1.7 per cent.

The average monthly growth of retail sales for the first ten months of 2022 was 3.4 per cent, peaking at 19.5 per cent in April and at its lowest in March at -4.5 per cent when compared to 2021. The Services Stations sector experienced the greatest increase in sales of all sectors with all ten months in 2022 recording positive growth. The largest monthly increase occurred in April (44.6 per cent), driven by rising fuel prices. Service Stations average monthly sales adjusted for inflation was 5.5 per cent for the first ten months of 2022, peaking in April with a year-over-year growth of 32.6 per cent.

Monthly receipts in the Apparel Stores sector grew by an average of 33.97 per cent in the first ten months of 2022, primarily due to increased foot traffic and spending subsequent to the easing of COVID-19 restrictions. The largest sales growth occurred in April where sales grew by over 377.5 per cent when compared to 2021. When adjusted for inflation, monthly Apparel Store receipts grew by 31.78 per cent on average.

Figure 3: Monthly Retail Sales Value and Volume Index

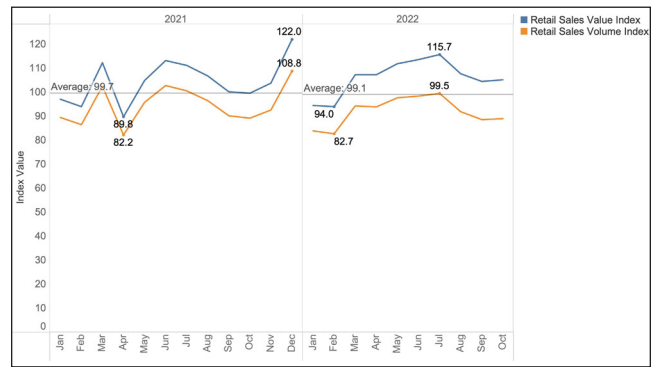
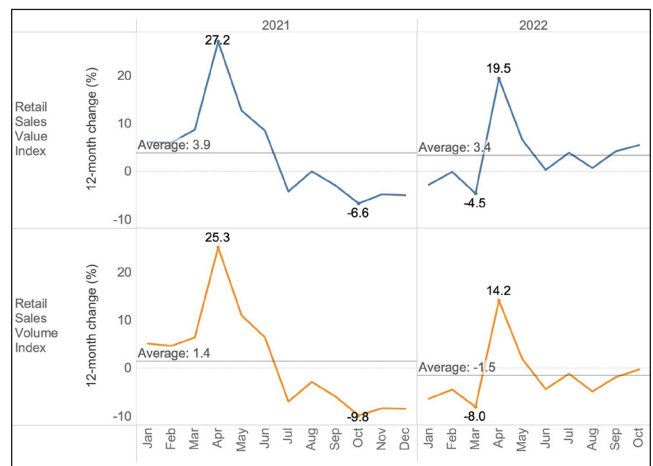


Figure 4: Monthly Retail Sales Value and Volume Index (12-month change)



The Food sector recorded an average monthly decline in sales of -0.5 per cent for the first ten months of 2022, beginning the year with an average monthly decline of -5.6 per cent from January to April when compared to 2021 before reversing the downward trend. From May to October, the average monthly sales growth was 2.8 per cent. This reverse in trend was driven primarily by rising food costs. The average monthly sales when adjusted for inflation was -11.5 per cent for January to April and -7.9 per cent for May to October in 2022 compared to 2021.

The Liquor sector average monthly sales growth was -4.85 per cent for the first ten months of 2022. When adjusted for the rate of inflation, the sector's average growth of sales recorded was -5.2 per cent. This decline can be partially attributed to the easing of COVID-19 restrictions and the re-emergence of residents dining and drinking out.

The Building Materials sector recorded average monthly sales growth of 7.6 per cent, for January to October 2022. During 2022, the sector's sales when adjusted for inflation surpassed pre-pandemic sales of 2019 for several months with an average monthly growth of 7.1 per cent.

Motor Vehicle Stores recorded an average monthly growth in sales of 4.2 per cent for the first ten months of 2022 and 2.9 per cent when adjusted for inflation. The sector experienced its largest growth in sales in April 2022 of 115.1 and 112.7 per cent inflation adjusted when compared to 2021. This was driven primarily by increased automobile sales.

During the first ten months of 2022, overseas purchases declared by residents via courier, post office, sea, and when returning to Bermuda via the airport, grew from \$244.6 million to \$269 million year-over-year, representing a \$24.4 million or a 10 per cent increase. As a result of COVID-19 restrictions continuing to ease globally and borders reopening throughout 2022, Bermudians are travelling more. Against the backdrop of increased travel, overseas declarations by residents returning to Bermuda via the airport increased by \$10.7 million or 40.8 per cent, while overseas declarations via courier experienced a \$16.1 million or a 12.1 per cent increase in 2022. On the other hand however, overseas declarations by Bermudians returning by sea have declined by 3.4 per cent or \$2.8 million when compared to 2021.

Residents travelling overseas during the first three quarters of 2022 declared that 48.7 per cent of their overseas expenditure was on clothing and footwear compared to 43.7 per cent in 2021, and 7.5 per cent compared to 9.5 per cent in 2021 was on electronic and photographic equipment.

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 417 in 2021 to 340 in 2022, a reduction of 18.5 per cent. New planning applications decreased from 1,116 in 2021 to 1,053 in 2022, which is 63 or 5.6 per cent less than 2021.

During the first three quarters of 2022, the value of new projects started grew from \$83.4 million in 2021 to \$100.6 million, an increase of 20.6 per cent. However, the estimated value of work put in place during the same time period decreased from \$92.9 million in 2021 to \$75.3 million in 2022, a reduction of 18.9 per cent. The increase in the value of new projects started is driven in large part by Government projects. These projects include the development of public transportation facilities and infrastructure, Tynes Bay Waste to Energy Facility Capital Stabilization Programme, the development of residential apartments at Morgan's

Point, expansions to the City of Hamilton, and continuous investments into accommodations such as Cambridge, Bermudiana, Azura, St. Regis, and St. Georges Club.

Figure 5: Value of New Projects Started in the Period

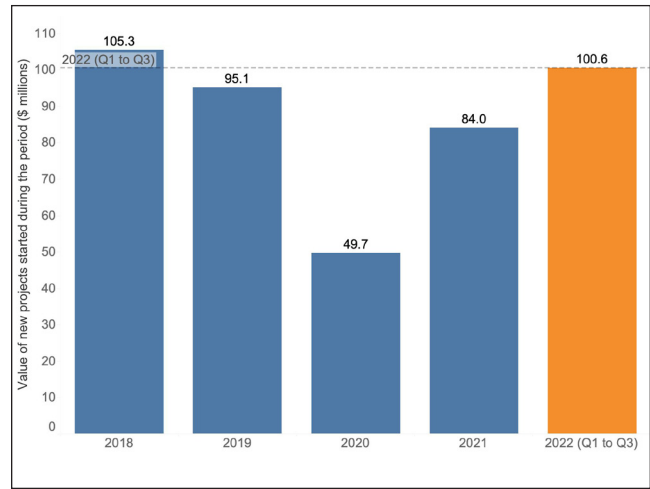
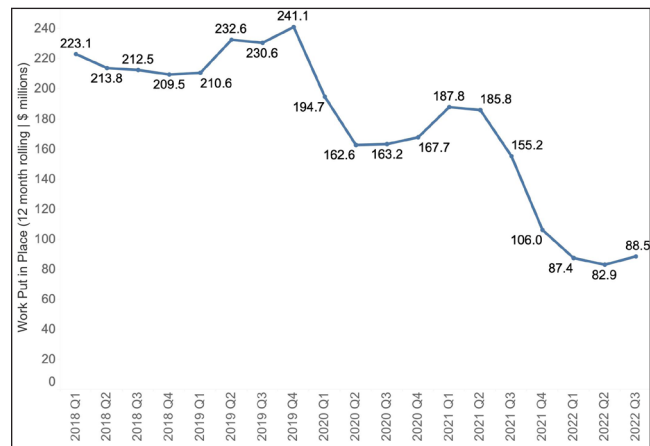


Figure 6: Estimate Value of Work Put in Place (12-month rolling total)



Work performed on hotels and guest houses accounted for 31.4 per cent of total construction activity, while residential work represented 25.3 per cent of total activity, and construction on industrial, plant and other work contributed 19.8 per cent in the construction industry. Together, these three categories accounted for 76.4 per cent of all work put in place between January and September 2022. Of the construction work performed during that period, 59.8 per cent was conducted by the private sector and 30.2 per cent by the public sector.

During the first nine months of 2022, 46 new dwelling units were completed in the residential sector of the construction industry, which represented a decrease of 56 units or 54.9 per cent year over year. This decline was primarily driven by a reduction in the number of one bedroom dwelling units completed. Residential dwelling units are made up of four

categories: studio apartments, one bedroom, two bedrooms, and three bedrooms and over. Comparing the first nine months of 2022 to 2021, the number of new studio apartments decreased from 19 units to a total of 6 (68.4 per cent), one bedroom units experienced the largest decline of 26 units to end the third quarter with 21 (55.3 per cent), two bedrooms decreased from 20 to 10 units (50.0 per cent) and three bedrooms and over ended the third quarter with 9 additional units, down by 7 units over 2021 (43.8 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 2022 these two sectors of the economy represented 65.5 per cent of the total balance of payments current account receipts, providing \$1,973.4 million in foreign currency receipts (excluding financial services). This combined figure grew by \$224 million or 12.8 per cent when compared with 2021. Individually, the amount of foreign exchange earnings produced by the International Business sector grew by 7.7 per cent year-over-year, with a cumulative three-quarter total of \$1,777.7 million for 2022. The amount of foreign exchange earnings generated by tourism activity increased by 99.3 per cent, recording earnings of \$195.7 million at the end of September 2022.

INTERNATIONAL BUSINESS

In 2022, the International Business sector provided 4,642 jobs in the economy, reflecting growth of 5.2 per cent year over year, or an increase of 230 posts. Bermudians (54.7 per cent) and non-Bermudian spouses of Bermudians (6.1 per cent) accounted for 60.8 per cent of jobs in the sector. During 2022, 812 new international companies and partnerships were registered in Bermuda, representing a 13.1 per cent decrease compared with 934 registrations in 2021. The total number of international companies and partnerships stood at 12,302 in 2021 compared to 12,294 at the end of 2022, representing a decline of 0.1 per cent. Over the first nine months of 2022, the foreign exchange earnings of the international companies increased by \$126.5 million to \$1.78 billion, representing growth of 7.7 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 resilience, strong balance sheets and income statements. Emerging risks, in particular, climate-related, cyber and new technologies, continue to focus the attention of large carriers, while the life sector continues to show growth. With respect to banking, the Bermuda Banking sector's balance sheet was down 6.3 per cent in Q3 2022 when compared to the same quarter of last year, with total assets amounting to \$25.5 billion at the end of September 2022 (\$27.2 billion at end of September 2021).

INSURANCE SECTOR (INTERNATIONAL)²

During 2022, the Bermuda Monetary Authority registered 80 new insurers and 4 new insurance intermediaries (64 and 14 respectively in 2021). The largest number of new registrations continue to be generated by the insurers funding their underwriting exposure from the capital markets. In 2022, BMA registered 26 such insurers, i.e., 24 Special Purpose Insurers and 2 Collateralised Reinsurers, a recently introduced licence class (27 Special Purpose Insurers in 2021). Most importantly, 4 Innovative Insurer licences were granted by the BMA during 2022 (1 in 2021), showing that BMA's tailored risk-based regulatory framework continues to attract innovative business to the island. Last but not least, BMA granted 18 new Life Insurance licences during 2022 (13 in 2021).

With respect to the commercial property and casualty (P&C) segment, Bermuda-based insurers and reinsurers continued to show sound financial strength and a firm market position. For 2021, premium volume increased compared to 2020. Net written premium increased by 20.1 per cent, from \$49.2 billion in 2020 to \$59.1 billion in 2021. Net income nearly doubled, from \$7.1 billion in 2020 to \$13.9 billion in 2021 (95.9 per cent increase). Total assets showed a marginal 1 per cent increase, from \$281.3 billion in 2020 to \$283.5 billion in 2021. Financial indicators improved in 2021. Aggregate RoA increased to 4.9 per cent (2.5 per cent in 2020), while RoE increased to 10.8 per cent (5.6 per cent in 2020) and RoI dropped to 3.1 per cent (4.7 per cent in 2020).

Between 2020 and 2021, the sector's combined ratio showed a substantial improvement, from 106.5 per cent in 2020 to 93.3 per cent in 2021, a 12.4 per cent drop. The loss ratio dropped by 11.0 per cent during the year (i.e. 67.1 per cent in 2021 and 75.4 per cent in 2020), while the expense ratio dropped by 15.9 per cent (i.e. 26.2 per cent in 2021 and 31.1 per cent in 2020). During the same period, financial leverage (i.e., assets relative to capital and surplus) showed a marginal improvement, from 221.1 per cent in 2020 to 219.4 per cent in 2021 (a 0.7 per

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.

cent drop), due to the faster rate of increase of capital and surplus compared to assets. The reserve ratio dropped by 2.2 per cent (i.e. 37.0 per cent in 2020 and 36.2 per cent in 2021).

Largely driven by COVID-19 related developments, in particular supply-chain constraints and by the armed conflict in Ukraine, inflation levels have increased worldwide and are having an effect on financial markets, including insurance. BMA has been monitoring the impact of inflation on Bermuda insurers and has not found material matters of concern. However, close monitoring will continue during 2023.

Bermuda international insurers and reinsurers continue to play an influential role on cyber risk and the threats emerging from climate risk. Growth has also been witnessed on the life side, with new companies setting a presence in Bermuda across all lines of life business, as shown by the numbers of life insurer licences granted by the BMA in 2022. Finally, in relation to credit risk insurance and reinsurance, Bermuda carriers have continued to grow their portfolios of these lines of business, in particular mortgage insurance originating in the US.

TOURISM

After two challenging years in the world of tourism, 2022 became a pivotal year for the sector. Following the wide-scale deployment of COVID-19 vaccines and boosters, visitors began to take advantage of the resurgence of both domestic and international travel. The country navigated through a phased approach to eliminate our COVID-19 travel protocols which ended in November 2022.

The island’s hotel inventory has been a limiting factor contributing to the challenges in securing a full return to 2019 air capacity levels. American Airlines’ service from Charlotte and British Airways’ London Heathrow gateway were bright spots in 2022, allowing visitors additional connections throughout the United States and Europe.

While Bermuda has not yet returned to 2019 visitor volumes, the island saw significant year over year growth across key tourism measures in 2022, including air capacity, leisure air visitors, and cruise travel compared against 2021.

- Total leisure air visitors was down 48 per cent compared to 2019 but up 80 per cent when compared to 2021.
- Total air capacity was down 39 per cent compared to 2019 but up 50 per cent from 2021.
- Cruise arrivals were 25 per cent down from 2019 but up 2,735 per cent from 2021.

Further, the tourism sector experienced greater visitor spend when compared to 2021 for both air and cruise visitors.

- Total air visitor spending reached \$270.1 million in 2022, up 120 per cent when compared to 2021, but only 68 per cent of 2019 total spend.
- The average spend per air visitor rose to \$1,852 per person, up 24.8 from 2021.
- Total cruise visitor spending reached \$102.7 million in 2022, up 2,405 per cent from 2021, but only 91 per cent of 2019 total spend.
- The average spend per cruise visitor rose to \$255 per person, up 13 per cent from 2021.

Figure 7: Annual Leisure Air Visitors

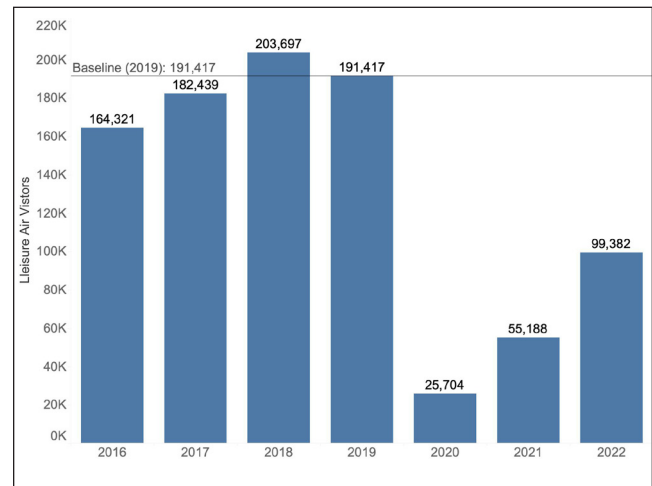
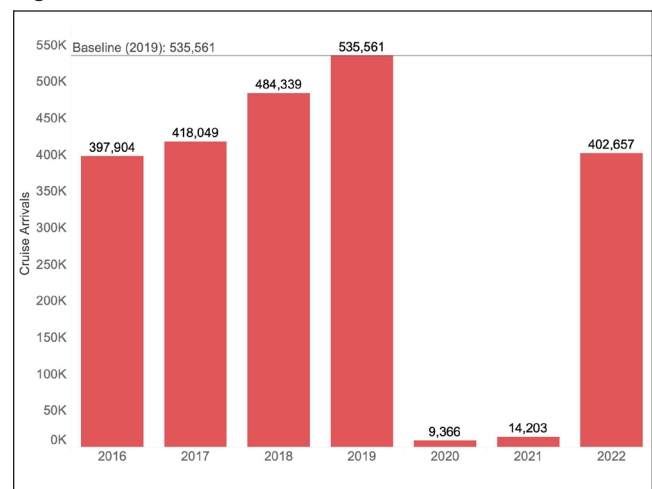


Figure 8: Annual Cruise Arrivals



Though significant increases were seen in 2022, year-end statistics underscore that more work remains to be done before reaching the baseline numbers of 2019.

The Vacation Rentals sector, many managed by a cross-section of island homeowners, continued to perform well, with results exceeding the 2019 occupancy levels by a growth of 10 per cent. Superyacht growth continued into 2022, with calls increasing 84 per cent when compared to 2021, resulting in increased revenue of 147 per cent, from \$1.4 million in 2021 to \$3.4 million in 2022.

The uptick in overall tourism activity has resulted in a rebound in jobs in the Accommodation and Food Service sector which grew by 6.3 per cent when compared to 2021. This sign of recovery comes after two years of significant declines, -23.4 per cent in 2020 and -14.3 per cent in 2021.

EMPLOYMENT

Preliminary data from the 2022 Employment Survey indicates that the total number of jobs in Bermuda increased by 402 posts from 31,316 in 2021 to 31,718 in 2022, which equates to a 1.3 per cent increase.

This year represents the first since the start of the COVID-19 pandemic in 2020 that jobs have increased. This increase is off the backdrop of the moderate recovery of global economic activity and was primarily driven by the International Business Sector which grew by 5.2 per cent (230 new jobs), followed by the Accommodation and Food Services Sector (193 new jobs), which grew by 6.3 per cent when compared to 2021.

For the year 2022, 13 out of the 20 industrial sectors experienced an increase in the number of jobs filled, accounting for 641 new jobs. Collectively, the International Business (230 new jobs), Accommodation and Food Services (193 new jobs) and Professional, Scientific, and Technical (65 new jobs) Sectors represented 76.1 per cent of the total new jobs filled.

The job gains in these sectors were offset by a total of 236 net job losses in the other 7 sectors. Public Administration is the only sector to have shed over 100 jobs, declining by 125 posts or 3.1 per cent. The next largest job losses occurred in the Financial and Insurance activities and Manufacturing sectors, which experienced reductions of 55 (-2.3 per cent) and 28 (-8.1 per cent) respectively.

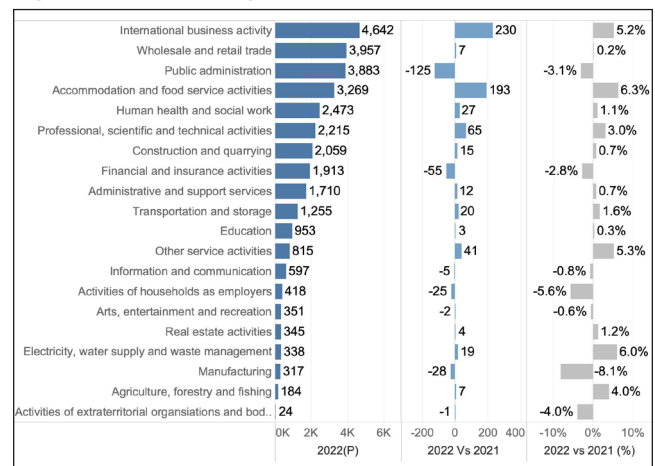
The overall sectoral composition of the labour market remained the same for 2022 with the top five industrial sectors representing over 55 per cent of total job posts, totalling 18,226. However, despite the increase of jobs experienced in the Accommodation and Food Services activities sector of 6.3 per cent for 2022, the sector has still not returned to its former position as the largest employer. On the other hand,

jobs in the International Business sector have continued to increase on average by 5 per cent annually since 2020, making this sector the largest employer since the same year. Job posts in the International Business Sector as of 2022 stood at 4,642, up from 4,020 in 2019, an increase of 15 per cent.

On an occupational group basis, seven of the ten major groups experienced an increase in jobs when compared to 2021. Senior Officials and Managers saw the largest increase of 204 new jobs (3.3 per cent), followed by Service, Shop, and Market Sales Workers which increased by 143 jobs (2.4 per cent). Craft and Related Trades Workers experienced the largest decline of 17 jobs (-0.7 per cent), followed by Elementary Occupations which declined by 10 jobs (-1.0 per cent).

Bermudian employment levels are on an incline after decreasing in 2021, representing 70 per cent of total employment in Bermuda. Bermudian employment increased from 22,003 in 2021 to 22,104 in 2022, which equates to 101 posts or 0.5 per cent increase. Non-Bermudians' employment also increased by a total of 301 posts or 3.2 per cent to finish 2022 with 9,614 posts. Meanwhile, the employment of non-Bermudian spouses of Bermudians increased by 25 posts or 1.5 per cent, ending the year with 1,735 posts. Jobs occupied by permanent resident certificate holders remained unchanged for 2022, totalling 651 posts.

Figure 9: Filled Jobs by Industrial Sector 2022

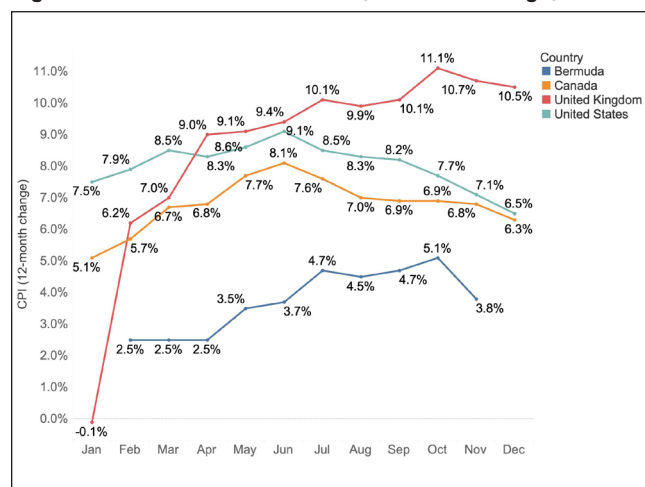


INFLATION IN BERMUDA

At the end of November 2022, the CPI increased at an average annual rate of 3.8 per cent. While this was above the previous year's 2.8 per cent, it remained well below the UK (10.7 per cent), the US (7.1 per cent) and Canada (6.8 per cent). During 2022, the Food sector was the largest contributor to the increase, driven by the rise in the average cost of eggs (+50.3 per cent), fruit juices (+32.9 per cent), ice cream (+21.1 per cent) and bread (+19.0 per cent). These increases mirrored

the global economy where supply-chain disruptions and heightened shipping and freight costs created economic uncertainty. As producers responded to global shortages by increasing production, prices fell in the second half of the year from a year high of 5.1 per cent in September 2022.

Figure 10: Consumer Price Index (12-month change)



All other sectors, apart from Tobacco and Liquor (-1.3 per cent), saw an uptick in prices when compared to November 2021. Fuel and Power impacted the annual rate of inflation by +5.1 per cent; Education, Recreation, Entertainment & Reading (+4.0 per cent); Clothing and Footwear (+3.9 per cent); Household Goods, Services, and Supplies (+3.8 per cent); Transport & Foreign Travel (+3.5 per cent); Health & Personal Care (+3.3 per cent), and Rent (+1.0 per cent).

Inflation is expected to continue falling through 2023 as fuel and non-fuel commodities continue to decline, lowering headline inflation, notably in the United States, the euro area, and Latin America. In addition, countries such as the United States which impact Bermuda's prices are tightening their monetary policy, resulting in the slowing of demand and placing further downward pressures on inflation.

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 2022 was recorded at \$926 million. This figure is 25.8 per cent greater than the \$736 million recorded over the first three quarters of 2021.

The growth in the current account surplus was due in large part to a \$216 million or 14.6 per cent increase in the primary income account. Within the primary income account, employee compensation surged by \$108 million over the first three quarters of 2022. This figure represents a gain of 8.8 per cent. There was also a significant increase in the investment income account of \$99 million or 133.8 per cent, from \$74 million in 2021 to \$174 million in 2022. This gain was due in large part to reinvested earnings. The other income account increased by \$9 million or 5.1 per cent when compared to 2021.

The services account also saw a significant increase in its surplus for the first three quarters of 2022. The services account grew by \$106 million or 53.5 per cent when compared to 2021, totalling \$304 million. Within the services account, travel receipts surged by \$173 million over the first three quarters of 2022, resulting in a surplus balance of \$84 million compared to a deficit of \$43 million in 2021. This figure represents a gain of 63.2 per cent when compared to 2021. This significant increase is a result of a recovering Tourism sector with both an uptick in visitors and their expenditure in Bermuda. All other categories within the services account apart from Transportation experienced moderate increases when compared to 2021. Business Service increased by \$14 million or 4.7 per cent and Government Services by \$10 million or 24.4 per cent. Transportation experienced a decline of \$45 million 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 2022 and considering 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 is on a trajectory to surpass 2021.

FINANCIAL SECTOR

The Banking sector continued to show very high capital levels, with capital ratios increasing in the third quarter of 2022 compared to a year ago. The Risk Asset Ratio (RAR) and Common Equity Tier 1 (CET1) stood at 23.5 per cent and 21.2 per cent respectively. Year-on-year, the RAR ratio increased by 1.2 per cent while the Common Equity Tier 1 (CET 1) was up 1.1 per cent. The year-on-year growth was due to banks reducing their overall risk exposure as risk-weighted assets (RWAs). These fell by 6.6 per cent to \$8.4 billion, relative to total regulatory capital levels which were unchanged at \$2.0 billion over the same period.

The quality of the loan book continued to improve, as measured by the share of Non-Performing Loans (NPL) to total loans ratio, which fell to 5.3 per cent at the end of the third quarter of 2022 from 6.0 per cent compared to a year ago. All banks are required to hold additional capital in the form of a Capital Conservation Buffer (CCB) at 2.5 per cent of RWAs, increasing the minimum Common Equity Tier 1 (CET1) requirement (plus CCB) to 7.0 per cent of RWAs. Year-on-year, the leverage ratio increased by 0.3 per cent to 6.7 per cent, which remained above the 5.0 per cent regulatory minimum requirement.

The domestic liquidity position was marginally higher in the third quarter of 2022 when compared to 2021, as the stock of local customer deposits of \$3.9 billion held by the banks (less the amount of domestic loans outstanding of \$3.0 billion) resulted in a net surplus position of just over \$0.9 billion for the third quarter. The domestic loans to total deposits ratio was 76.9 per cent for the third quarter, down 2.6 per cent from a year ago. All banks met the minimum regulatory requirements for the Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR).

Total consolidated assets contracted by 6.3 per cent (or \$1.7 billion) to \$25.5 billion compared to the same quarter of 2021. The year-on-year decrease in total assets was reflected in the decline in interbank deposits, down 40.7 per cent (or \$2.2 billion) to \$3.2 billion. However, growth in other asset classes offset some of the decline, with loans and advances up 3.5 per cent (or \$0.3 billion) to \$8.9 billion, investments up 0.8 per cent (or \$0.1 billion) to \$12.5 billion, and other assets up 14.3 per cent (or \$0.1 billion) to \$0.8 billion. Cash remained unchanged at \$0.1 billion. On the liabilities side, banks experienced a 6.5 per cent (or \$1.6 billion) decrease in customer deposits over the same quarter last year. Total customer deposits held by the Banking sector amounted to \$23.0 billion at the end of the third quarter of 2022, due to decreases in demand deposits down 11.9 per cent (or \$1.6 billion) to \$11.8 billion and time deposits down 2.6 per cent (or \$0.1 billion) to \$3.8 billion. Conversely, saving deposits increased by 1.4 per cent (or \$0.1 billion) to \$7.4 billion over the same period.

The Banking sector's net after-tax income for the third quarter of 2022 totalled \$97.9 million, an increase of 50.9 per cent (or \$33.0 million) from the same quarter one year ago. Growth in banking income was driven by the increase in net interest income, which amounted to \$169.5 million, a 41.3 per cent (or \$49.6 million) increase compared with the same quarter one year ago, while non-interest income increased slightly,

up 0.8 per cent (or \$0.6 million) to \$76.0 million). Overall, total income amounted to \$245.5 million for the quarter, up 25.7 per cent (or \$50.2 million) compared to the same quarter over the prior year. Total operating and non-operating expenses were up 13.1 per cent (or \$17.0 million) to \$146.6 million compared to the prior year.

GLOBAL ECONOMIC OUTLOOK

According to the International Monetary Fund's (IMF) January 2023 World Economic Outlook (WEO), global growth is projected to fall from an estimated 3.4 per cent in 2022 to 2.9 per cent in 2023, then rise to 3.1 per cent in 2024. The rise in central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on economic activity. The rapid spread of COVID-19 in China dampened growth in 2022, but the recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall from 8.8 per cent in 2022 to 6.6 per cent in 2023 and 4.3 per cent in 2024, still above pre-pandemic (2017–19) levels of approximately 3.5 per cent.

The balance of risks remains tilted to the downside, with about a 25 per cent chance of one-year-ahead global growth falling below 2.0 per cent according to the IMF. Monetary policy could miscalculate the right stance to reduce inflation. Policy paths in advanced economies could continue to diverge, leading to further US dollar appreciation and cross-border tensions. More energy and food price shocks might cause inflation to persist for longer. Russia's war in Ukraine could escalate, and tighter global financing conditions could worsen debt distress. A resurgence of COVID-19 or new global health scares might further stunt growth. A worsening of China's property sector crisis could spill over to the domestic banking sector and weigh heavily on the country's growth, with negative cross-border effects. And geopolitical fragmentation could impede trade and capital flows, further hindering climate policy cooperation.

On the upside, a stronger boost from pent-up demand in numerous economies due to excess private savings or a faster fall in inflation are plausible. The prioritisation of actions to reduce inflation remains for most economies. With tighter monetary conditions and lower growth potentially affecting financial and debt stability, it is necessary to deploy macroprudential tools and to relook debt restructuring strategies. Fiscal support should be focused on those most affected by elevated food and energy prices, and broad-based fiscal relief measures should be reduced to reduce pressures on fiscal balances.

UNITED STATES OF AMERICA

Real GDP is projected to grow by 1.8 per cent in 2022, 0.5 per cent in 2023 and 1.0 per cent in 2024. This slowdown in growth is driven by an expected slowdown in spend across the economy due to high inflation and tighter financial conditions. Domestic production, labour demand and wage growth are also expected to weaken. Stabilising energy prices coupled with slowing demand is expected to ease the upward pressure on prices, but core inflation is not projected to return to the vicinity of the Federal Reserve target until late 2024.

The continued tightening of monetary policy will dampen near-term growth. With the reduction of pandemic support, Government spending has now returned to more normal levels, though some states have introduced new measures in response to rising energy prices.

The OECD predicts that the Federal Funds Rate will be further increased to a peak of 5 to 5¼ per cent in early 2023. Private investment, especially in housing, is expected to weaken further in response to weaker demand and higher interest rates. With the slowing in domestic production, pressure in the labour market will begin to ease with the expected unemployment rate to rise to 4.7 per cent in 2024.

UNITED KINGDOM

The United Kingdom is expected to be the only G7 country to fall into recession in 2023 according to the IMF, predominantly due to higher taxes, lower government spending, rising interest rates, and the high cost of energy. Following a projected contraction of 0.6 per cent in 2023, GDP is projected to increase by 0.9 per cent in 2024. Consumer price inflation is expected to continue on its downward trajectory, before gradually declining to an estimated 2.7 per cent by the end of 2024. Private consumption is expected to slow due to rising living costs, but will be aided by a 9.7 per cent increase in the minimum wage and the usual uprating of welfare benefits and pensions in April 2023. Public investment is set to rebound in 2023 and 2024 as supply bottlenecks ease, in line with government plans. The unemployment rate is expected to rise to 5 per cent by the end of 2024.

Following an uptick in 2022 from loosening covid restrictions and targeted schemes for Ukrainians, Afghans, and Hong Kong residents, it is expected that immigration to the UK will contribute between £19bn to £30bn to real GDP in 2023.

House prices and demand are expected to fall in 2023 as higher interest rates and cost of living affect the sector.

The untargeted Energy Price Guarantee announced in September 2022 by the government will increase pressure on already high inflation in the short-term, requiring monetary policy to tighten more resulting in raising debt service costs. Implementing policies to cushion the impact of high energy prices would lower the budgetary cost, better-preserve incentives to save energy, and reduce the pressure on demand at a time of high inflation.

CANADA

Growth in real GDP is projected to slow from 3.2 per cent in 2022 to 1.5 per cent in 2023 and 1.5 per cent in 2024. Consumer spending will dampen due to higher borrowing costs while export growth weakens in the short-term due to slowed demand in the United States and other countries. Unemployment is expected to increase with slower output growth, while wage growth moderates. Inflation will continue to converge on target as underlying cost drivers ease and remaining supply bottlenecks clear. The policy interest rate is expected to decline to 3.75 per cent by the end of 2024.

Higher interest rates are expected to dampen housing investment and private consumption in 2023. The pace of monetary tightening should slow if labour markets show signs of deteriorating. Living-cost relief rebates are expected to be reduced as price pressures ease, reducing the impact on the fiscal balance

A set of policies have been developed to ensure long-term growth in Canada's economy is sustainable. These policies are focused on improving access to affordable childcare, reducing barriers of trade among Canada's provinces, and boosting investment and productivity.

CHINA

China's economic growth is projected to slow to 3.0 per cent in 2022 and rebound to 5.2 per cent in 2023 and 4.5 per cent in 2024. The expected slowed growth of 2022 comes as a result of the series of Omicron waves of lockdowns disrupting economic activity. Growth in 2023 is expected to be driven by infrastructure investment and supportive measures that moderate the contraction in the real estate sector. Consumer spending is expected to decrease due to a combination of precautionary saving, low consumer confidence, and inadequate social protection. Export growth will remain low due to a projected slowdown in global demand, before picking up in 2024.

Consumer price inflation is expected to remain stable due to the current measures to manage energy and food prices. China's large grain reserves and export restrictions in the form of quotas will continue to mitigate the impact of rising global grain prices on domestic inflation and reduce the risk of shortages. The country's decision to replace part of crude oil imports with discounted Urals oil from Russia is also helping to contain inflationary pressure experienced by other countries.

The support of monetary and fiscal policy remains critical in the growth trajectory of China's economy. The series of reductions in the interest rate and the reserves requirement rate contributed to a widening interest rate differential with the United States, leading to capital outflows and a depreciation of the currency, along with a more favourable export environment. Fiscal policy is expected to continue to provide support in the form of cuts and deferrals of taxes and charges, and spending of reserve funds.

2023 OUTLOOK FOR BERMUDA

The Ministry of Finance estimates that Bermuda's economy will expand within a range of 2.5 to 3.5 per cent in 2023. This positive outlook hinges on the continued growth in international business, the recovery of the tourism industry, and the continued execution of the Economic Recovery Plan.

In 2023, the Bermuda Business Development Agency (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 November 2023, 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

2. Climate Risk Finance (CRF)

The BDA will bring hundreds of investors, entrepreneurs, and senior policymakers to Bermuda in March and June by organising two in-person CRF/Risk events to help stimulate the local tourism sector, injecting much needed business traveller spending. In addition, the BDA will continue its roadshow globally, attending several major events such as Climate Week NYC, RIMS Riskworld, and Israel InsurTech, among others. The BDA will build upon its participation at the 27th United Nations Climate Change Conference (COP27) in Egypt in 2022 by attending COP28 in Dubai in November 2023.

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

The BDA will continue to 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. This is expected to drive economic activity through the Economic Investment Programme and business activity within the International Business sector.

The Bermuda Tourism Authority (BTA) and its initiatives will continue to play a huge part in Bermuda's economic recovery into 2023 and beyond.

With the termination of the island's Public Health (COVID) Emergency Orders in November of 2022, Bermuda's appeal as a vacation destination for 2023 has grown. As a result, an uptick is expected in cruise arrivals which will positively impact tax revenue and generate more visitor traffic to businesses at each port.

Air capacity is expected to increase in 2023 with the BTA continuing to collaborate with the Ministry of Transport through the Air Service Development Committee to identify needs and engage new and familiar partners.

Tourist arrivals are projected to increase despite the cancellation of the American Airlines Miami air lift during the summer season for 2023. The five daily flights scheduled out of the New York area, in addition to the scores of flights across the US, Canada, and UK, are expected to drive tourist arrivals by air. It is also expected that this year Bermuda will see an increase in air capacity, shy of pre-pandemic volumes.

A robust year-round calendar of BTA-led and supported signature events alongside Bermuda's existing events portfolio to attract new visitors has been developed for 2023 and is expected to counteract the seasonal nature of tourism. The Bermuda Triangle Challenge was the first major visitor-oriented event in 2023 and kicked-off a wave of sporting events throughout the year, including the World Rugby 7's and the return of the 2nd Annual USATF Bermuda Grand Prix. The upcoming Black Golfers Week in April has already attracted many celebrity participants which is expected to attract other visitors to the island.

The Government will continue to strengthen the local economy in 2023 through targeted investment strategies and diversification, prioritising several initiatives outlined in the ERP:

- 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, subsea 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.

The local economy is however vulnerable to several external risks which could dampen Bermuda's expected growth in 2023. Inflationary pressures, though declining, remain elevated and the International Monetary Fund (IMF) expects inflation to persist, before declining to its norm in 2024. The lingering conflict between Russia and Ukraine has resulted in geopolitical tensions in Europe that could lead to reduced oil supply and elevated oil prices. Higher prices coupled with higher interest rates have the potential to weaken personal consumption. These factors can contribute to a global slowdown in demand with an increased risk of a recession.

The continued collaboration between the Government and private sector will remain critical in 2023 to navigate the challenges ahead and drive sustainable growth within Bermuda's economy.

Acknowledgements

The Ministry of Finance gratefully acknowledges the assistance of the following entities in providing relevant data and text used in this edition of the National Economic Report of Bermuda:

The Bermuda Monetary Authority

The Bermuda Department of Statistics

The Bermuda Tourism Authority

The Bermuda Business Development Agency

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TABLE 1**GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN****(At constant market prices \$000's) 2013= 100**

INDUSTRIAL SECTIONS	2017	2018	2019	2020R	2021P
A. Agriculture, Forestry and Fishing	19,809	17,075	17,292	17,517	21,856
C. Manufacturing	35,077	34,210	34,198	27,602	25,871
D&E. Electricity, Water Supply and Waste Management	65,488	71,943	75,701	89,002	98,331
F&B. Construction and Quarrying	242,841	264,421	318,648	240,946	233,715
G. Wholesale and Retail Trade	341,611	327,108	309,349	311,330	308,093
H. Transportation and Storage	132,079	133,029	129,613	101,874	107,030
I. Accommodation and Food Service	271,408	253,786	234,739	73,201	136,229
J. Information and Communication	182,170	174,049	168,190	149,360	151,194
K. Financial and Insurance Activities	906,103	913,647	879,425	828,868	828,082
L. Real Estate Activities	935,268	953,742	963,582	978,108	1,009,102
M. Professional, Scientific and Technical Activities	382,360	376,435	376,236	312,598	357,796
N. Administrative and Support Services	125,491	130,901	135,052	108,373	127,000
O. Public Administration	336,715	327,397	338,176	311,406	300,924
P. Education	129,507	128,177	127,159	110,707	110,828
Q. Human Health and Social Work	315,367	313,661	329,471	321,158	341,783
R. Arts, Entertainment and Recreation	61,021	24,392	28,192	20,579	24,247
S. Other Service Activities	58,820	58,062	62,535	50,553	63,979
T. Activities of Households as Employers	13,739	13,161	14,270	11,254	13,036
U. International Business Activity	1,597,923	1,622,618	1,627,102	1,641,865	1,780,412
GDP at Constant Basic (2013) Prices	6,152,797	6,137,813	6,168,931	5,706,302	6,039,510
Add : Taxes less Subsidies on Products	305,825	292,856	281,433	302,988	295,095
GDP at Constant Purchasers' (2013) Prices	6,458,622	6,430,669	6,450,364	6,009,291	6,334,606
Percentage Change	3.60%	-0.40%	0.30%	-6.80%	5.40%

Source: Department of Statistics

Notes:

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

R— Revised; P—Provisional

TABLE 2

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

INDUSTRIAL SECTIONS	2017	2018	2019	2020R	2021P
A. Agriculture, Forestry and Fishing	19,620	16,980	16,403	17,596	21,171
C. Manufacturing	33,116	35,210	38,308	23,167	25,244
D&E. Electricity, Water Supply and Waste Management	118,200	111,316	107,338	114,846	115,968
F&B. Construction and Quarrying	242,176	265,444	327,277	250,021	244,502
G. Wholesale and Retail Trade	418,693	407,792	404,889	400,620	402,099
H. Transportation and Storage	154,874	187,181	174,649	128,637	158,427
I. Accommodation and Food Service	330,518	344,621	335,736	120,003	172,632
J. Information and Communication	183,836	177,811	166,807	139,054	156,161
K. Financial and Insurance Activities	1,068,724	1,124,061	1,067,225	985,161	985,776
L. Real Estate Activities	981,178	1,013,118	1,040,952	1,051,280	1,095,890
M. Professional, Scientific and Technical Activities	435,241	412,993	435,850	426,693	478,090
N. Administrative and Support Services	121,535	124,180	153,789	125,279	148,719
O. Public Administration	346,146	344,301	363,401	337,694	334,714
P. Education	140,953	141,155	144,309	130,809	133,857
Q. Human Health and Social Work	344,429	354,351	374,822	373,564	420,133
R. Arts, Entertainment and Recreation	84,731	30,330	34,298	26,530	33,230
S. Other Service Activities	61,723	74,539	68,397	57,359	57,888
T. Activities of Households as Employers	15,887	15,085	17,077	16,161	15,600
U. International Business Activity	1,718,780	1,724,175	1,835,460	1,902,585	2,001,256
GDP at Current Basic Prices	6,820,360	6,904,645	7,106,986	6,627,060	7,001,356
Add : Taxes less Subsidies on Products	321,956	321,332	316,479	260,087	285,251
GDP at Current Purchasers' Prices	7,142,316	7,225,977	7,423,465	6,887,147	7,286,607
Percentage Change	3.50%	1.20%	2.70%	-7.30%	5.80%
Memo Item: GDP per Capita at Current Purchasers' Prices	111,787	112,954	115,943	107,521	113,755

Source: Department of Statistics

Notes:

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

R—Revised; P—Provisional

TABLE 3**NUMBER OF FILLED JOBS BY ECONOMIC ACTIVITY GROUP**

	2018	2019	2020	2021(F)	2022(P)
Agriculture forestry and fishing	180	183	173	177	184
Manufacturing	399	383	361	345	317
Electricity water supply and waste management	348	329	324	319	338
Construction and quarrying	2,137	2,233	2,151	2,044	2,059
Wholesale and retail trade	4,277	4,232	3,972	3,950	3,957
Transportation and storage	1,447	1,474	1,356	1,235	1,255
Accommodation and food service activities	4,546	4,691	3,591	3,076	3,269
Information and communication	770	748	672	602	597
Financial and insurance activities	2,243	2,204	2,121	1,968	1,913
Real estate activities	363	366	355	341	345
Professional scientific and technical activities	2,264	2,290	2,253	2,150	2,215
Administrative and support services	1,637	1,645	1,726	1,698	1,710
Public administration	3,774	3,988	4,064	4,008	3,883
Education	911	922	971	950	953
Human health and social work	2,798	2,890	2,440	2,446	2,473
Arts entertainment and recreation	471	473	387	353	351
Other service activities	741	796	773	774	815
Activities of households as employers et cetera	472	486	472	443	418
Activities of extraterritorial organisations and bodies	26	25	25	25	24
International business activity	4,051	4,020	4,240	4,412	4,642
Total	33,855	34,378	32,427	31,316	31,718

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	
2017	105.0	3.0	105.1	2.7	105.3	1.7	98.7	(4.2)	111.5	8.3	117.4	10.2	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	(9.8)	102.1	(1.2)
2019	100.5	(2.4)	107.6	1.9	103.8	(1.0)	77.1	(11.4)	108.4	(2.4)	105.6	(11.8)	82.3	(9.7)	101.6	(0.5)
2020	101.7	1.2	120.8	12.3	123.5	19.0	70.1	(9.1)	89.7	(17.3)	103.6	(1.9)	55.9	(32.1)	101.5	(0.1)
2021	104.6	2.8	116.4	(3.6)	114.8	(7.1)	81.2	15.9	100.7	12.3	108.4	4.7	64.6	15.6	108.4	6.8
2021																
Jan	97.1	6.2	119.7	12.9	96.6	24.8	65.3	(23.5)	82.1	(8.5)	84.1	(11.3)	49.3	(2.0)	98.0	12.2
Feb	94.0	6.1	108.1	5.6	97.9	23.3	63.6	(15.4)	85.1	(1.6)	107.7	12.3	46.4	9.7	98.7	11.6
Mar	112.3	8.8	123.2	(11.4)	141.7	13.6	105.2	115.6	95.9	12.7	150.6	2.7	54.8	79.3	113.4	26.9
Apr	89.8	27.3	124.2	(3.9)	111.2	(17.7)	47.8	5,969.9	74.4	89.3	86.9	378.5	14.8	539.0	79.9	90.8
May	104.9	12.9	118.5	(2.8)	122.0	(13.7)	70.6	18.1	99.4	29.2	121.3	39.0	51.9	150.8	107.9	27.8
Jun	113.2	8.6	116.7	(0.6)	123.9	(7.4)	111.6	75.9	121.6	24.7	130.5	7.7	113.4	40.4	117.8	2.0
Jul	111.2	(4.1)	119.3	(4.8)	134.7	(11.8)	92.5	(2.6)	129.3	10.5	99.6	3.4	66.3	3.1	113.4	(9.7)
Aug	106.8	0.1	110.2	(5.9)	108.9	(13.8)	98.6	9.1	117.8	11.5	108.0	16.1	62.0	1.3	113.8	1.9
Sep	100.2	(2.8)	110.4	(5.5)	102.5	(11.0)	97.5	20.9	99.9	0.2	104.0	(23.5)	52.2	(7.3)	100.9	3.5
Oct	99.6	(6.6)	110.2	(9.1)	102.2	(14.2)	78.7	(15.1)	100.9	1.6	110.7	6.8	51.7	(9.5)	102.1	(5.8)
Nov	104.0	(4.5)	112.6	(4.8)	100.5	(11.0)	79.0	17.8	101.5	11.2	104.2	(33.3)	76.6	(0.5)	111.0	(5.5)
Dec	122.0	(4.9)	124.1	(7.8)	134.9	(17.8)	64.2	(21.7)	101.1	14.6	93.8	(0.5)	136.4	6.5	143.6	(4.3)
2022																
Jan	94.5	(2.7)	112.5	(6.0)	83.0	(14.1)	68.3	4.6	87.0	6.0	94.0	11.8	43.9	(10.8)	97.3	(0.7)
Feb	94.0	0.0	104.5	(3.3)	86.2	(11.9)	72.2	13.6	92.7	9.0	117.3	8.9	45.4	(2.1)	98.5	(0.2)
Mar	107.3	(4.4)	114.9	(6.7)	110.5	(22.0)	74.9	(28.8)	106.1	10.7	163.1	8.3	59.6	8.9	112.5	(0.8)
Apr	107.3	19.5	116.3	(6.4)	100.8	(9.4)	102.8	115.3	107.6	44.6	132.0	51.9	54.9	271.0	106.0	32.7
May	111.9	6.6	118.6	0.1	119.5	(2.1)	89.3	26.6	118.3	19.0	120.2	(0.9)	67.8	30.6	115.5	7.1
Jun	113.6	0.4	123.2	5.6	125.8	1.5	67.3	(39.7)	127.8	5.2	124.4	(4.7)	114.8	1.2	122.7	4.1
Jul	115.7	4.0	125.7	5.4	142.6	5.8	71.1	(23.1)	143.6	11.1	89.9	(9.7)	70.8	6.8	122.4	7.9
Aug	107.7	0.8	113.1	2.6	112.5	3.3	79.9	(19.0)	122.1	3.6	106.6	(1.2)	64.0	3.2	116.9	2.7
Sep	104.5	4.3	111.8	1.3	106.6	4.0	93.3	(4.3)	112.5	12.6	116.5	12.1	59.9	14.7	106.5	5.6
Oct	105.2	5.6	112.4	2.0	98.3	(3.9)	76.5	(2.9)	109.9	8.9	110.5	(0.2)	60.2	16.6	115.9	13.5

(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	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	2.7	0.9	1.9	3.8	1.1	Nil	-3	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	-0.6	-5	1.7	6.4	2	2.3
MONTHLY (per cent)										
2021										
Jan	0.3	0.1	0.5	0.5	0.3	+1.0 +6.4	Nil	1.5	-0.1 +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
2022										
Jan	Nil	0.8	0.1	-0.1	-0.1	-2.0 + 6.4	0.2	-0.8	+0.1 +0.1	0.1
Feb	0.4	0.6	Nil	Nil	0.1	Nil	0.1	2.2	+0.4	Nil
Mar	0.4	0.2	0.1	Nil	-0.2	Nil	Nil	0.7	1.7	-0.1
Apr	1.2	0.4	0.2	0.2	-1	9.2	2	1.7	Nil	2.2
May	0.5	0.8	Nil	Nil	-0.1	0.2	Nil	3.2	0.3	Nil
Jun	0.6	2	0.1	Nil	-0.2	Nil	0.1	1.5	0.2	1
Jul	0.4	1.1	0.1	2.1	-0.1	1.5	0.1	0.5	Nil	0.1
Aug	0.2	1	Nil	Nil	0.6	Nil	0.5	-0.9	0.4	Nil
Sept	0.5	1.3	0.3	Nil	-0.1	Nil	0.2	0.9	0.9	Nil
Oct	-0.7	-0.1	Nil	1.6	0.2	-4.1	0.5	-4.6	0.1	Nil
Nov	0.4	1.8	0.1	Nil	-0.2	Nil	0.1	0.7	Nil	0.1
ANNUAL INFLATION RATE (per cent)										
Nov '22	3.8	10.4	1	3.9	-1.3	5.1	3.8	3.5	4	3.3
Nov '21										
MONTHLY INDEX										
Nov '21	109.0*	117.8	99.9	108.3	126.8	108.3*	105.7	103.5	113.6	119.1
Oct '22	112.6	127.7	100.8	112.5	125.3	113.8	109.6	106.4	118.2	122.9
Nov '22	113.1	130	100.9	112.5	125.1	113.8	109.7	107.1	118.2	123

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

TABLE 6

		MAJOR CONSTRUCTION PROJECTS ¹										Sector	
		Estimated value of work put in place during period \$ millions										Public	Private
		Type of Project										Total	
Value Of New Projects Started		Residential	Offices, Shops, Warehouses	Hotels, Guest-Houses	Schools, Hospitals, Community Centres	Roads, Bridges, Airports	Industrial Plant & Other	Total	Public	Private			
2018		41.8	21.6	31.8	8.6	100.6	5.1	209.5	37.1	172.3			
2019		40.2	26.7	42.7	11.6	107.1	12.8	241.1	40.0	201.1			
2020		16.6	22.5	70.4	8.3	29.1	20.8	167.7	42.2	125.5			
2021		19.8	22.6	32.9	4.0	10.2	16.5	106.0	51.9	54.1			
2018													
	1st Qtr	5.1	5.8	6.7	1.7	54.2	1.2	74.6	6.6	68.0			
	2nd Qtr	12.7	3.7	4.1	2.4	15.2	0.5	38.8	9.4	29.4			
	3rd Qtr	14.5	5.4	10.2	3.4	14.5	0.8	48.8	9.7	39.1			
	4th Qtr	9.5	6.7	10.7	0.9	16.7	2.7	47.3	11.5	35.8			
	Year	41.8	21.6	31.8	8.6	100.6	5.1	209.5	37.1	172.3			
2019													
	1st Qtr	14.0	3.1	10.6	2.8	39.5	5.5	75.7	10.4	65.3			
	2nd Qtr	13.0	8.1	10.2	2.3	26.5	0.6	60.8	9.7	51.1			
	3rd Qtr	7.6	7.2	11.2	4.4	15.3	1.2	46.8	11.5	35.3			
	4th Qtr	5.6	8.3	10.6	2.0	25.7	5.5	57.8	8.4	49.4			
	Year	40.2	26.7	42.7	11.6	107.1	12.8	241.1	40.0	201.1			
2020													
	1st Qtr ^a	3.9	4.2	0.0	3.6	2.5	15.1	29.3	19.8	9.5			
	2nd Qtr	7.2	6.4	0.0	1.4	12.9	0.9	28.7	7.9	20.7			
	3rd Qtr ^b	3.2	5.1	20.3	2.7	13.9	2.2	47.4	9.8	37.6			
	4th Qtr	2.3	6.8	50.1	0.6	-0.1	2.6	62.3	4.7	57.6			
	Year	16.6	22.5	70.4	8.3	29.1	20.8	167.7	42.2	125.5			
2021													
	1st Qtr	3.9	8.4	20.0	0.5	4.1	12.6	49.4	21.9	27.5			
	2nd Qtr	9.0	4.5	10.0	0.4	1.4	1.4	26.7	10.3	16.4			
	3rd Qtr	3.8	6.2	1.6	1.6	1.9	1.6	16.7	11.2	5.5			
	4th Qtr	3.2	3.5	1.3	1.5	2.8	0.9	13.1	8.5	4.7			
	Year	19.8	22.6	32.9	4.0	10.2	16.5	106.0	51.9	54.1			
2022													
	1st Qtr	6.6	4.8	8.5	1.4	0.1	9.4	30.8	12.5	18.3			
	2nd Qtr ^R	8.6	3.7	7.5	0.3	0.2	2.0	22.3	8.5	13.8			
	3rd Qtr	7.1	4.0	7.6	2.2	1.1	3.5	22.2	9.3	12.9			
	4th Qtr												
	Year	19.0	12.5	23.7	3.8	1.4	14.9	75.3	30.3	45.1			

¹Projects 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
2019	8	42	15	16	81
2020	11	33	19	28	91
2021	20	56	24	17	117
2019					
1st Qtr	1	12	4	1	18
2nd Qtr	0	6	4	2	1
3rd Qtr	3	12	3	5	23
4th Qtr	4	12	4	8	28
2020					
1st Qtr	2	9	2	5	18
2nd Qtr	0	4	4	3	11
3rd Qtr	4	12	4	7	27
4th Qtr	5	8	9	13	35
2021					
1st Qtr	7	13	9	4	33
2nd Qtr	4	13	6	3	26
3rd Qtr	8	21	5	9	43
4th Qtr	1	9	4	1	15
2022					
1st Qtr	1	10	1	5	17
2nd Qtr	2	1	4	1	8
3rd Qtr	3	10	5	3	21
To Date	6	21	10	9	46

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	24,123	96,276	72%	158%	87%
2022	145,865	402,657	548,522	102%	1569%	470%
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	-100.0	-99.9
Q3	8,296	0	8,296	-90.7	-100.0	-97.3
Q4	9,836	0	9,836	-81.2	-100.0	-93.0
2021						
Q1	3,423	0	3,423	-85.7	-100.0	-89.7
Q2	16,935	11,493	28,428	402.2	-	675.9
Q3	35,506	2,710	38,216	3.3	-	3.6
Q4	16,289	9,920	26,209	0.7	-	1.7
2022						
Q1	12,309	0	12,309	2.6	-	2.6
Q2	48,646	126,127	174,773	1.9	10.0	5.1
Q3	52,065	176,650	228,715	0.5	64.2	5.0
Q4	32,845	99,880	132,725	1.0	9.1	4.1

Source: Bermuda Tourism Authority

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

²Excluding passengers arriving by ship and departing by air.

TABLE 9

THE BERMUDA INSURANCE MARKET
\$ billions

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

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

TABLE 10

BALANCE OF PAYMENTS ESTIMATES
\$ millions

	2018	2019	2020	2021	2022*
Exports	17	18	11	9	7
Imports	1,100	1,152	927	1,085	913
Merchandise Trade Balance	-1,084	-1,134	-916	-1,076	-905
Services and Income - receipts	3,696	3,852	3,241	3,505	3,004
Services and Income - payments	1,727	1,884 ^r	1,473	1,467	1,173
Current account balance	885	834	853	961	926
Financial Account					
Direct Investment	-35	-38	-11	-27	12
Portfolio Investment	-798	241	1,046	-1,067	-188
Financial Derivatives	121	102	95	96	207
Other Investments	773	920	1,073	2,256	959
Reserve Assets	-10	10	18	41	5
Net Acquisition of Financial Assets	51	1,235	2,220	1,299	996
Direct Investment	95	5	112	2	-24
Portfolio Investment	119	-327	558	-95	-741
Financial Derivatives	3	15	46	-52	-11
Other Investments	-1,066	710	679	544	986
Net Incurrence of Financial Liability	-849	404	1,396	398	210
Total Net Financial Account	-900	-831	-825	-900	-786
Total Net Capital Account	0	0	0	0	0
Total Net Lending(+)/Net Borrowing (-)	900	831	825	900	786
Balancing Item	15	-2	-28	-61	-140
Numbers may not add due to rounding. r Revised * Q1- Q3 provisional estimates Source: Department of Statistics					



Printed in Bermuda by: The Bermuda Press Ltd.

February 2023