



# Economic Insights

## Economic Review of the Bahamian Economy for 2024

In 2024, the Bahamian economy demonstrated resilience and growth, building upon the recovery from the COVID-19 pandemic and the impacts of Hurricane Dorian in 2019. Key sectors such as tourism and construction played pivotal roles in this positive trajectory.

### Tourism Sector:

Tourism, a cornerstone of the Bahamian economy, continued its robust performance in 2024. The country welcomed over 11.22 million visitors, with 1.7 million arriving by air. Notably, tourists from the United States accounted for approximately 85% of all international visitors. This influx significantly contributed to the nation's GDP, underscoring the sector's critical role in economic growth.

### Government Finances:

The Bahamian government's fiscal position showed improvement in 2024. Provisional estimates for the second quarter of the fiscal year indicated a reduction in the budget deficit compared to the same period in the previous year. This positive outcome was attributed to an expansion in aggregate revenue, primarily driven by Value-Added Tax (VAT) collections, coupled with a decrease in total expenditure. The government secured financing through both domestic and external sources, with internal borrowings comprising a mix of long and short-term debt instruments.

### Economic Growth:

The Bahamian economy maintained its growth trajectory in 2024, albeit at a more tempered pace. Economic indicators aligned more closely with their expected medium-term potential. The tourism sector continued to be a significant driver of this growth, supported by sustained demand from key source markets. Additionally, several small to medium-scale foreign direct investment projects provided ongoing support to the construction sector, further bolstering economic activity.

### Monetary Policy and Inflation:

The Central Bank of The Bahamas reported a build-up in liquidity through the third quarter of 2024, resulting from sustained economic momentum and a reduction in external borrowings. In contrast, growth in the deposit base continued to trail the expansion in credit. Inflationary pressures remained subdued, contributing to a stable economic environment.

### Outlook:

Looking ahead, the Bahamian economy is expected to continue its growth trajectory, supported by the ongoing recovery in tourism and sustained foreign investment. However, the pace of economic expansion may moderate as the economy converges toward its medium-term growth rate potential. Ongoing efforts to diversify the economy and enhance resilience against external shocks will be crucial for sustaining long-term growth.

In summary, 2024 was a year of continued recovery and growth for the Bahamian economy, with significant contributions from the tourism and construction sectors. The government's improved fiscal position and the Central Bank's monetary policies have provided a stable foundation for future economic development.