



Ministerial Statement

By:

The Hon. Jason P. Hayward, JP, MP

The Minister of Economy and Labour

BERMUDA'S 4th QUARTER ECONOMIC PERFORMANCE

Date: May 19, 2023

Mr. Speaker,

I am pleased to rise today to share with the members of this Honourable House the fourth (4th) quarter economic results.

Mr. Speaker,

The **Quarterly GDP and Economic Performance** for Bermuda's economy continues to expand and show resilience. The Ministry of Finance estimated that the economy in 2022 would have grown by 3.4% to 3.9% in 2022. Quarterly GDP figures reflect a strong trend in that direction.

The quarterly GDP estimates indicate that the economy has expanded by at least 5.9% in nominal terms in 2022. In real terms, the inflation-adjusted economy is estimated to have grown by at least 2.9% in 2022.

Real GDP in the first quarter of 2022 has been revised upward from a 5.2% increase to a 5.7% increase, second-quarter GDP has been

revised upward from a reported 3.9% increase to a 6.8% increase, and the 5.0% contraction in the 3rd Quarter has been revised to a 2.9% contraction in quarterly GDP.

In the fourth quarter of 2022 the economy returned to positive quarterly growth, after adjusting for inflation, the GDP in constant prices increased by 2.4% in the fourth quarter of 2022. The level of economic expansion was a direct result of increased household expenditure and growth in the export of goods and services. GDP in current prices increased by 5.6% during the fourth quarter.

Mr. Speaker,

Consumer spending in the fourth quarter increased 4.5% year-over-year to \$795.2 million. Consumption of services increased 6.1% year-over-year, reflected in higher expenditure for accommodation services, air transport and catering services. Spending on durable goods rose by 4.8 % due largely to increased expenditure on furniture and furnishings, information processing equipment and motorcycles.

Mr. Speaker,

Employment income in the fourth quarter was 7.3% above 2021 levels. Industries such as hotels, restaurants, international business, transport, and communication reported strong growth in employee remuneration.

The results for **Government expenditure** showed **that** consumption declined 2.6% during the fourth quarter, with lower expenditure on equipment, rentals and salaries.

Mr. Speaker,

With respect to **business investment**, we report that **Gross Capital Formation** declined 3.5% to \$208.9 million. Investment related to construction fell 1.4%; while, investment in machinery and equipment decreased by 5.5% due to lower imports of agricultural machinery, office furniture and equipment and industrial machine parts.

Mr. Speaker,

The **4th Quarter Balance of Payments** indicates that Bermuda's trade with non-residents resulted in a \$161 million surplus for the fourth quarter of 2022, down \$64 million from a year ago. Services transactions realised a surplus of \$45 million, narrowing \$43 million year-over-year. The decrease in the surplus balance reflected decreases in the business services account and transportation account balance. The surplus on Bermuda's primary income account rose by \$12 million to \$494 million due mainly to an increase in net employee compensation.

Further, **Mr. Speaker**, reports show that the **4th Quarter International Investment Position (IIP)** for the stock of foreign assets held by Bermuda residents registered above its stock of foreign liabilities by an estimated \$4.3 billion. The net IIP increased by \$569 million from the third quarter of 2022.

Mr. Speaker,

Total **business registrations** increased by 0.8% year-over-year, bringing the complete business register to 16,103. There were 132

new businesses registered in Bermuda during the fourth quarter of 2022.

Mr. Speaker,

In conclusion, the Government continues to facilitate the expansion and sustainability of Bermuda's economy by creating a business environment which allows business to thrive. Within the coming weeks the Government will be releasing an Economic Development Strategy for Bermuda. The Economic Development Strategy will provide a strategic framework that will guide Bermuda to sustainable economic growth and development.

Thank you, **Mr. Speaker.**