



## First Quarter Economic Review

March 31<sup>st</sup>, 2026

### **The Economy**

During the first quarter of 2026, the Bahamian economy maintained its growth momentum, with economic activity continuing to align with its medium-term potential. Tourism remained the principal driver of output, supported by robust performance in both the cruise and stopover segments, alongside strengthening foreign exchange inflows. Foreign investment activity and ongoing tourism-related developments continued to support construction and broader economic activity.

### **Tourism activity strengthened across both segments**

During the first quarter of 2026, total visitor arrivals increased by 17.5% to 3.9 million, reflecting continued strength in tourism demand. This performance was driven primarily by:

- A 19.6% increase in sea arrivals to 3.3 million
- A 5.2% increase in air arrivals to 0.5 million

The growth in cruise traffic remained broad-based across the major islands, while stopover activity recorded modest gains despite capacity constraints and softer demand from key markets. Departures through Nassau's international airport rose by 4.6% year-to-date, supported by strong growth in non-U.S. travel, offsetting more subdued performance in U.S. visitor flows.

In the short-term vacation rental market, performance improved in line with increased stopover arrivals:

- Total room nights sold increased by 10.8% in the first quarter
- Occupancy rates trended upward across both entire place and hotel-comparable listings

### **Bank liquidity expanded, while credit growth strengthened and credit quality improved**

Monetary conditions eased modestly during the first quarter, as banking sector liquidity increased, supported by growth in the deposit base outpacing the expansion in domestic credit. On a year-to-date basis:

- Excess reserves increased by \$132.7 million
- Excess liquid assets expanded by \$199.9 million

Private sector credit growth strengthened moderately, totaling \$99.6 million, led by:

- Commercial lending (+\$66.8 million)
- Consumer credit (+\$36.0 million)
- Mortgages (-\$3.2 million)

Credit quality indicators continued to improve:

- The average arrears rate declined to 7.0% (from 7.7%)
- The non-performing loan ratio fell to 4.7% (from 5.5%)

Improvements were largely driven by reductions in mortgage and consumer delinquencies, although some deterioration persisted in commercial loan performance.



External reserves improved during the quarter, supported by strong foreign currency inflows from both public and private sector activity:

- External reserves increased by \$273.1 million during Q1
- The reserve position reached approximately \$3.1 billion at end-March

Reserve adequacy remained strong, with balances equivalent to:

- 7.2 months of import cover
- 96.1% of demand liabilities

### **The government's fiscal position continued to improve, supported by revenue growth**

Fiscal conditions strengthened during the first half of FY2025/26, as improved revenue performance continued to outpace expenditure growth:

- The fiscal deficit narrowed to \$342.4 million, compared to \$367.7 million in the prior period
- Total revenue increased by 4.6%, driven largely by VAT receipts (+11.5%)
- Expenditure growth remained contained at 2.3%

These developments reflect sustained gains in tourism-related activity, improved compliance, and continued fiscal consolidation efforts.

### **Domestic Outlook**

The Bahamian economy maintained its growth trajectory in Q1 2026, driven by strong tourism activity and supported by robust external reserves and improving financial conditions, although emerging external risks—particularly elevated oil prices and geopolitical tensions—pose near-term headwinds.

### **The Markets**

During the first quarter of 2026, the BISX All-Share Index rose modestly by 0.54 percent, increasing from 3,109.50 at December 31, 2025 to 3,126.27 at March 31, 2026. Market performance was mixed, with gains concentrated in select financial and insurance names. Leading the gains were Colina Holdings (CHL) at +15.7 percent, Bahamas First (BFH) at +11.1 percent, and Bank of The Bahamas (BOB) at +8.1 percent. On the downside, Benchmark Bahamas (BBL) declined 18.5 percent, followed by Fidelity Bank (FBB) at -8.1 percent and Consolidated Water (CWCO) at -6.2 percent.