



Ministry of
Finance

PRESS RELEASE

Release of the 2026 Pre-Election Economic and Fiscal Update (PEFU)

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In accordance with section 24 of the Public Finance Management Act, 2023, the Ministry of Finance is pleased to release the 2026 Pre-Election Economic and Fiscal Update (PEFU), which provides an objective snapshot of economic conditions, fiscal performance, and the medium-term outlook at the time of issuance.

Domestic economic conditions remained broadly stable, although amid a global backdrop of heightened uncertainty caused by the Middle East conflict and supply side shocks which have elevated crude oil prices generated broad based risks to inflation and growth. Based on the latest available data, real GDP is estimated to have grown by 3.6 percent in 2025, supported by strong gains in tourism activity and foreign direct investments. Inflation remained relatively moderate, rising to 2.3 percent in the twelve months to December 2025, driven primarily by price increases in the restaurants and hotels, and furnishings, household equipment, and routine household maintenance categories. Unemployment declined from 10.8 percent at end-February 2025, to 9.3 percent at end-June 2025.

For the medium-term horizon, the International Monetary Fund projects The Bahamas' growth to moderate to 2.2 percent in 2026, stabilizing near 1.9 percent in 2027, although downside risks remain from the impact of the ongoing crisis on tourism demand, energy costs, and imported inflation.

Steady progress was achieved with fiscal consolidation. In FY2024/25, total revenue amounted to \$3,396.0 million, representing a 10.7 percent increase over the prior year, while the overall deficit narrowed significantly to \$78.9 million, or approximately 0.5 percent of GDP. For the eight months to February of FY2025/26, revenue increased by 3.5 percent to \$2,109.2 million, and aggregate expenditure growth was 2.3 percent, inclusive of public service salary adjustments. Consequently, the overall deficit improved to \$292.9 million, from \$312.3 million in the comparable period for the prior year.

Over the medium term, the government is targeting an overall surplus of 0.5 percent of GDP in FY2025/26, rising to approximately 1.7 percent of GDP through FY2028/29. Public debt is projected to decline to 57.5 percent of GDP by FY2028/29, consistent with the government's objective of reducing debt to 50 percent of GDP by FY2030/31, while maintaining vigilance against macroeconomic and environmental risks. Any changes to these forecasts will be reflected in the 2026 Fiscal Strategy Report or the FY2026/27 Annual Budget.

The public is encouraged to visit the national Budget website at www.bahamasbudget.gov.bs to view all fiscal reports.