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Regional

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Barbados Long-Term Sovereign Credit Ratings Lowered To 'B-' From 'B'

- On September 23, 2016, Standard and Poor's lowered its long-term foreign and local currency sovereign ratings on Barbados from B to B- with a negative outlook. The short-term ratings were affirmed at B.
- Barbados' fiscal adjustment again fell short of stemming another increase in debt to GDP, which is already very high.
- The Central bank continues to finance the government's deficit, exacerbating Barbados' financial and external weaknesses.
- Economic growth is expected to pick up during the next two to three years however, lackluster private-sector confidence, continued delays in several tourism projects, and potential spillover from Brexit should keep growth moderate.
- Current account deficits (CADs) were consistently high which averaged 10% of GDP for the period 2011 to 2015. Based on the expectation of low commodity prices over the next two to three years and some pickup in tourism arrivals, especially from the U.S., the CAD should hover around the lower estimate of 7% of GDP for the period 2016 to 2018.
- The outlook on the long-term rating is negative, reflecting a greater than one-in-three chance of a downgrade, should the government be unable to lower its fiscal deficits, or if growth fails to strengthen, putting additional pressure on the country's weakening external position.

Selected Indicators	2013	2014	2015	2016f	2017f	2018f	2019f
Real GDP growth (%)	(0.0)	0.2	0.8	1.0	1.5	1.8	2.0
General government balance/GDP (%)	(8.4)	(5.8)	(6.1)	(5.3)	(5.1)	(4.8)	(4.9)
General government debt/GDP (%)	94.4	100.1	105.9	109.0	110.2	110.4	110.4
Net general government debt/GDP (%)	77.8	84.8	93.2	96.6	98.2	98.9	99.4
General government interest expenditure/revenues (%)	14.4	14.7	14.4	14.7	14.8	14.8	14.8
CPI growth (%)	1.8	1.9	(1.1)	1.1	2.2	2.5	2.5
Current account balance/CARs (%)	(20.4)	(20.5)	(15.2)	(13.2)	(13.6)	(14.6)	(15.0)

Source: Standard & Poor's



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