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Regional

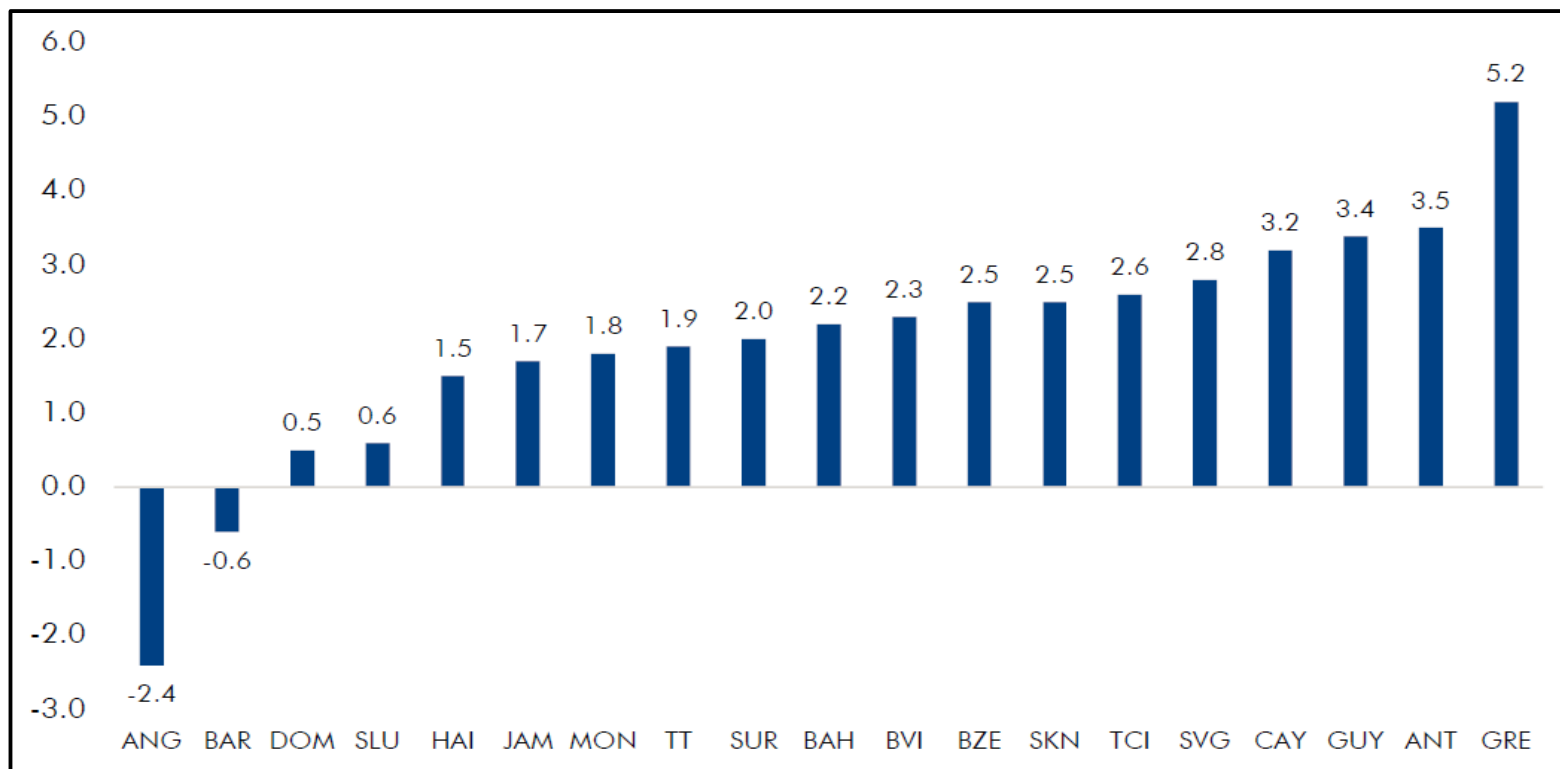
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## Caribbean Development Bank – Regional Economic Summary 2018

### Economic Performance

- While global growth slowed due to the escalating trade tensions, volatile commodity markets, and policy uncertainty with respect to both Brexit and U.S. trade, most of the Caribbean Development Bank's (CDB) Borrowing Member Countries (BMC) showed growth during 2018.
- Economic growth averaged 1.9% in 2018, an increase from the 0.5% recorded in 2017.
- The top three fastest growing economies were Grenada (5.2%), Antigua and Barbuda (3.5%) and Guyana (3.4%). Only two countries recorded contractions in their economies – Anguilla (-2.4%) and Barbados (-0.6%). The performance of the other BMCs is shown in *Graph 1*.
- The contraction in Barbados was primarily due to its fiscal consolidation exercises following its International Monetary Fund – Extended Funding Facility arrangement, as well as a decline in construction activity. Anguilla was negatively impacted by a 40% decline in visitor arrivals, following the damage done to its hotel stock during the 2017 hurricane season.
- Higher oil production and prices supported growth in Suriname and Trinidad and Tobago. Suriname's growth was also boosted by improved gold prices. Guyana also experienced economic growth due to increased construction activity associated with the upcoming commercialization of oil in 2020.
- Trends in unemployment levels varied across the BMCs. According to the CDB report: “*The unemployment rates were generally higher for women than for men, and the rate of youth unemployment remained worryingly high, with about one in five young people seeking but unable to find employment.*”



Graph 1 – Real GDP Growth  
 (Source: Caribbean Development Bank – Regional Economic Summary 2018)

### Fiscal Performance and Debt

- 13 of the 19 BMCs recorded decreases in debt as a percentage of GDP. The overall percentage however, remained above the benchmark of 60% in 11 of those countries.
- The impact of the 2017 hurricane season is still having a negative impact on the public finances of Anguilla as the expenditure associated with reconstruction rose while its revenue from taxation fell.
- The revenues from the Citizenship by Investment programme generated mixed results with Antigua and Barbuda showing a decline while St. Kitts and Nevis achieved an increase.
- Grenada’s fiscal position improved due to improved tax compliance and strengthened expenditure management. Trinidad and Tobago as well as Suriname also improved their fiscal performance as their economies grew during 2018.

- Barbados' debt restructuring and fiscal restraint helped it achieve an increased primary surplus. The 2017 debt restructuring programme that Belize undertook helped it record a primary surplus as it met the revenue enhancement targets laid-out by its creditors.

### **External Performance**

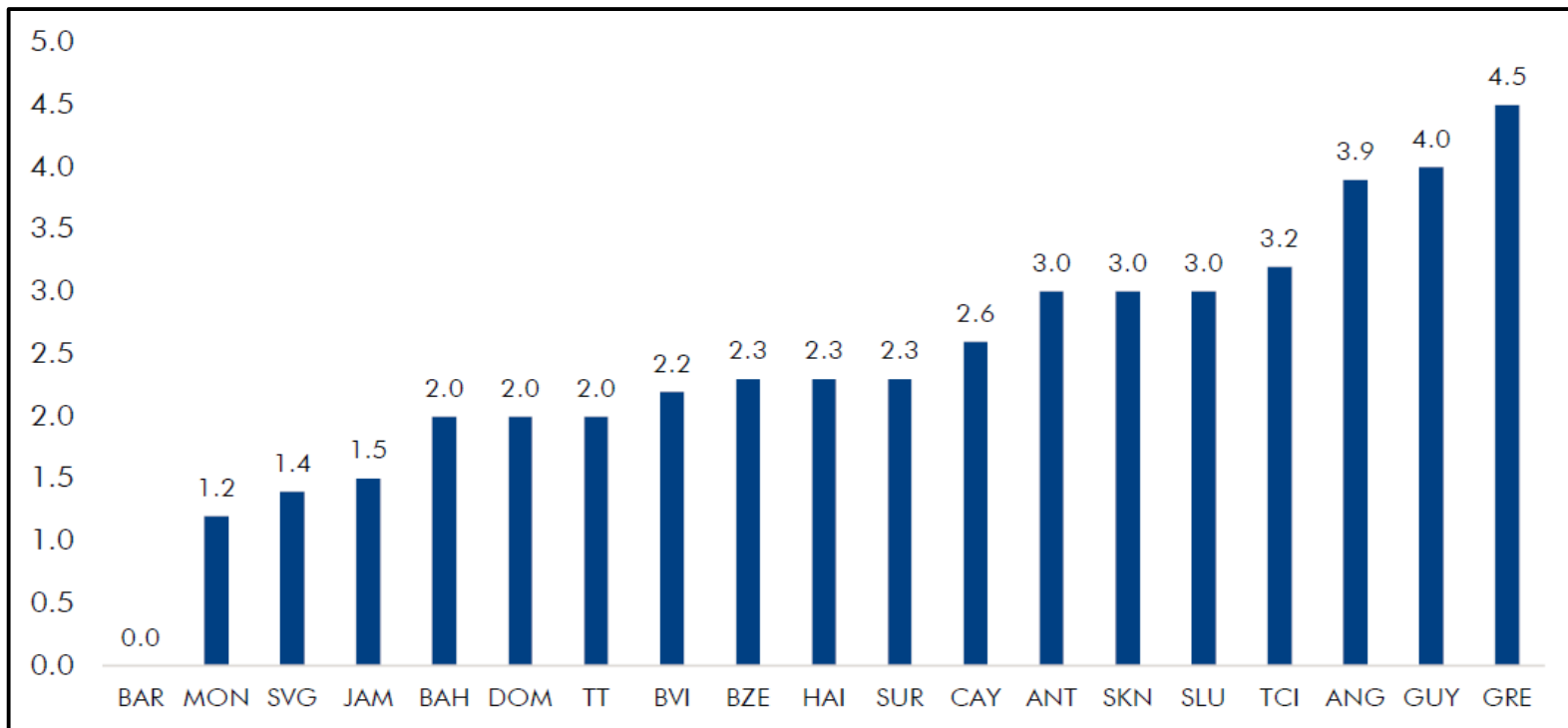
- The level of foreign exchange in most of the BMCs improved during 2018. Higher international commodity prices helped to improve the positions of Trinidad and Tobago and Suriname.
- Barbados' external reserves position improved partly due to the disbursement of external loans from the CDB, the International Monetary Fund and the Inter-American Development Bank.
- The level of reserves in Belize and Guyana stood just above the benchmark of three months.

### **Financial Sector**

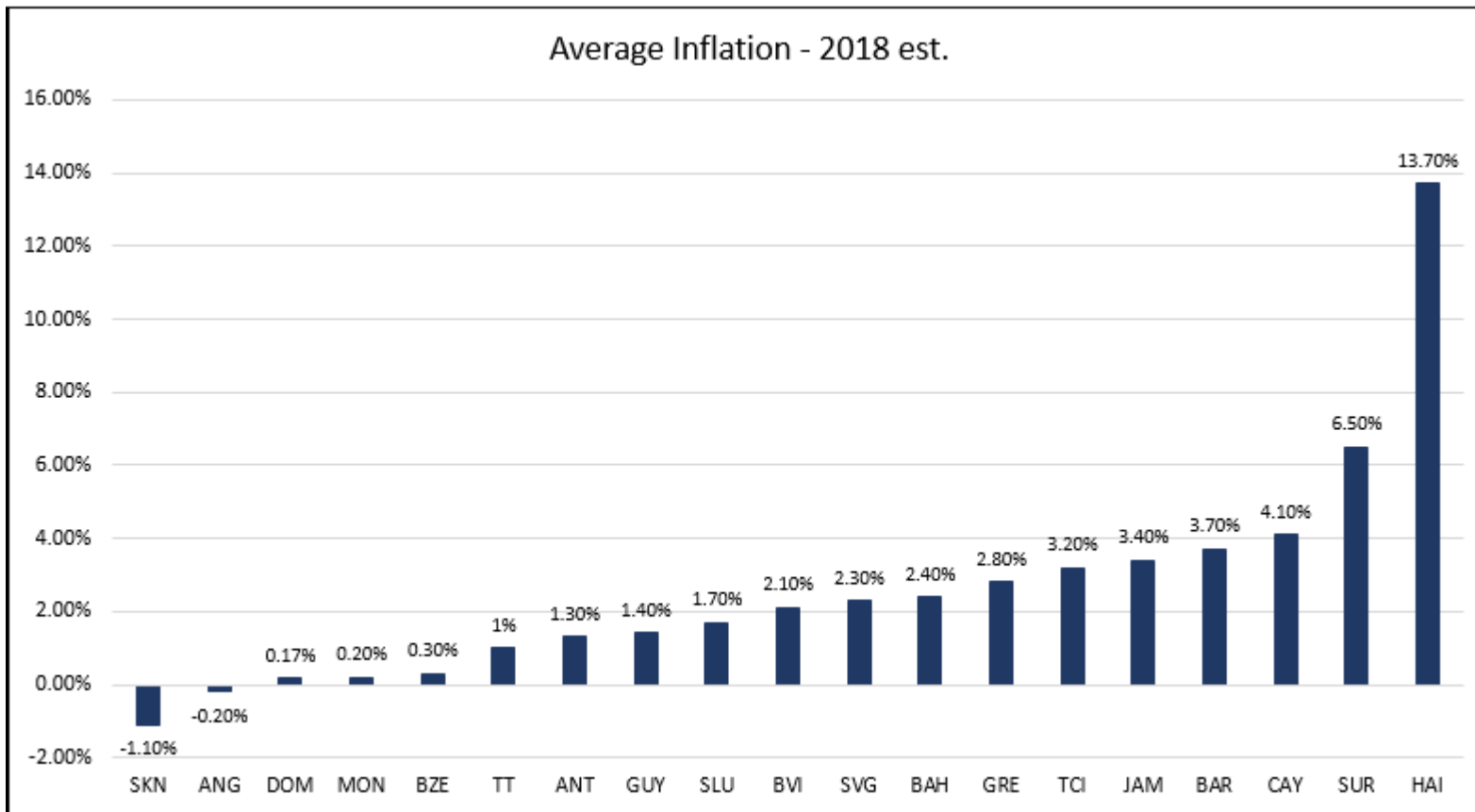
- The regional banking system remained relatively stable. The major metrics such as capitalization levels and capital adequacy ratios remained above prudential guidelines.
- One of the greatest vulnerabilities existing in some BMCs is the increasing level of non-performing loans.

### **Outlook**

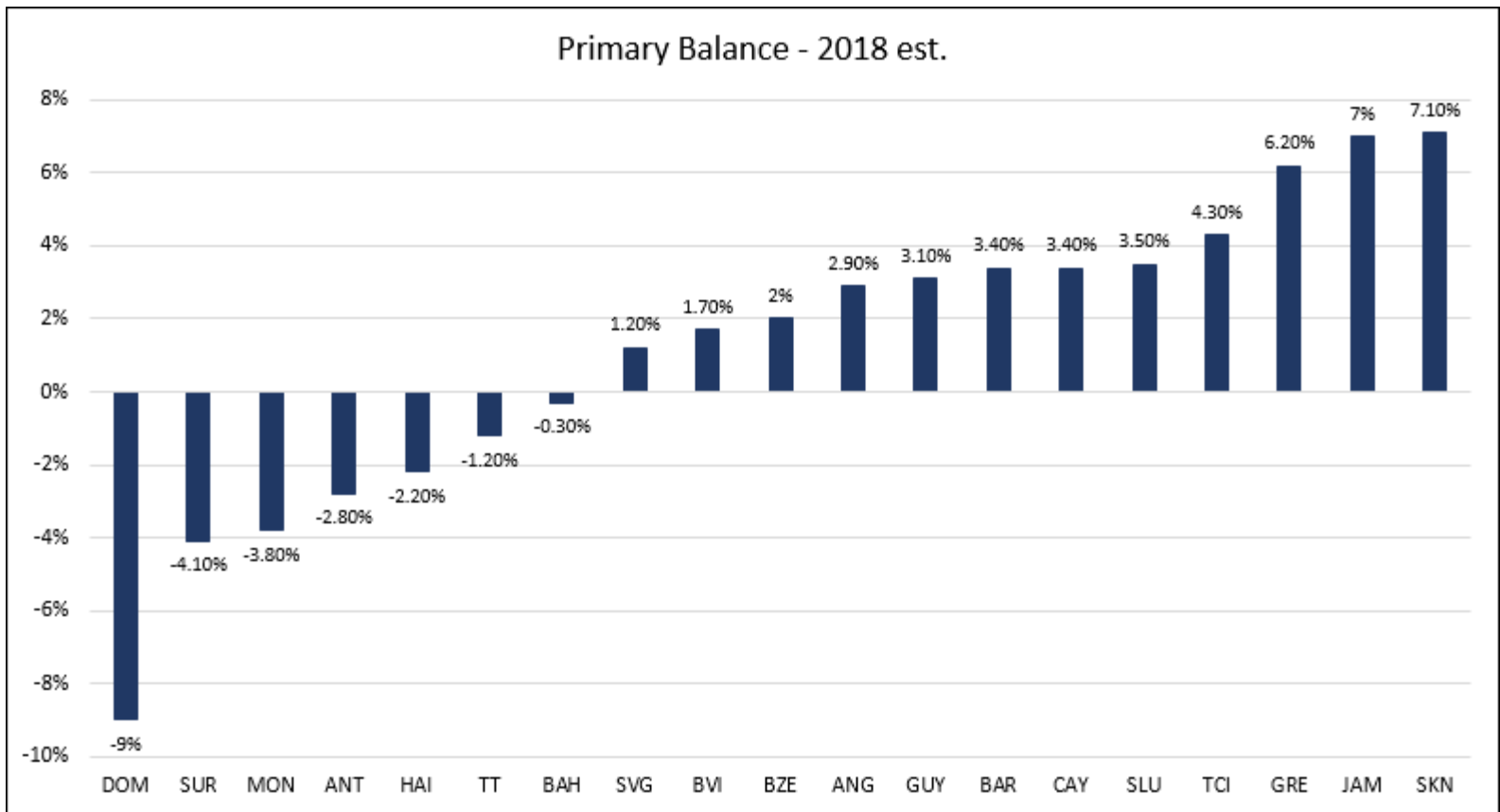
- The CDB is projecting that real GDP growth in the BMCs will be 2.1% on average.
- This growth is based on increased levels of activity in construction, tourism, and the extractive industries.
- The expectation is that all of the BMCs with the exception of Barbados will grow. Grenada is anticipated to be the leader in economic growth followed by Guyana.



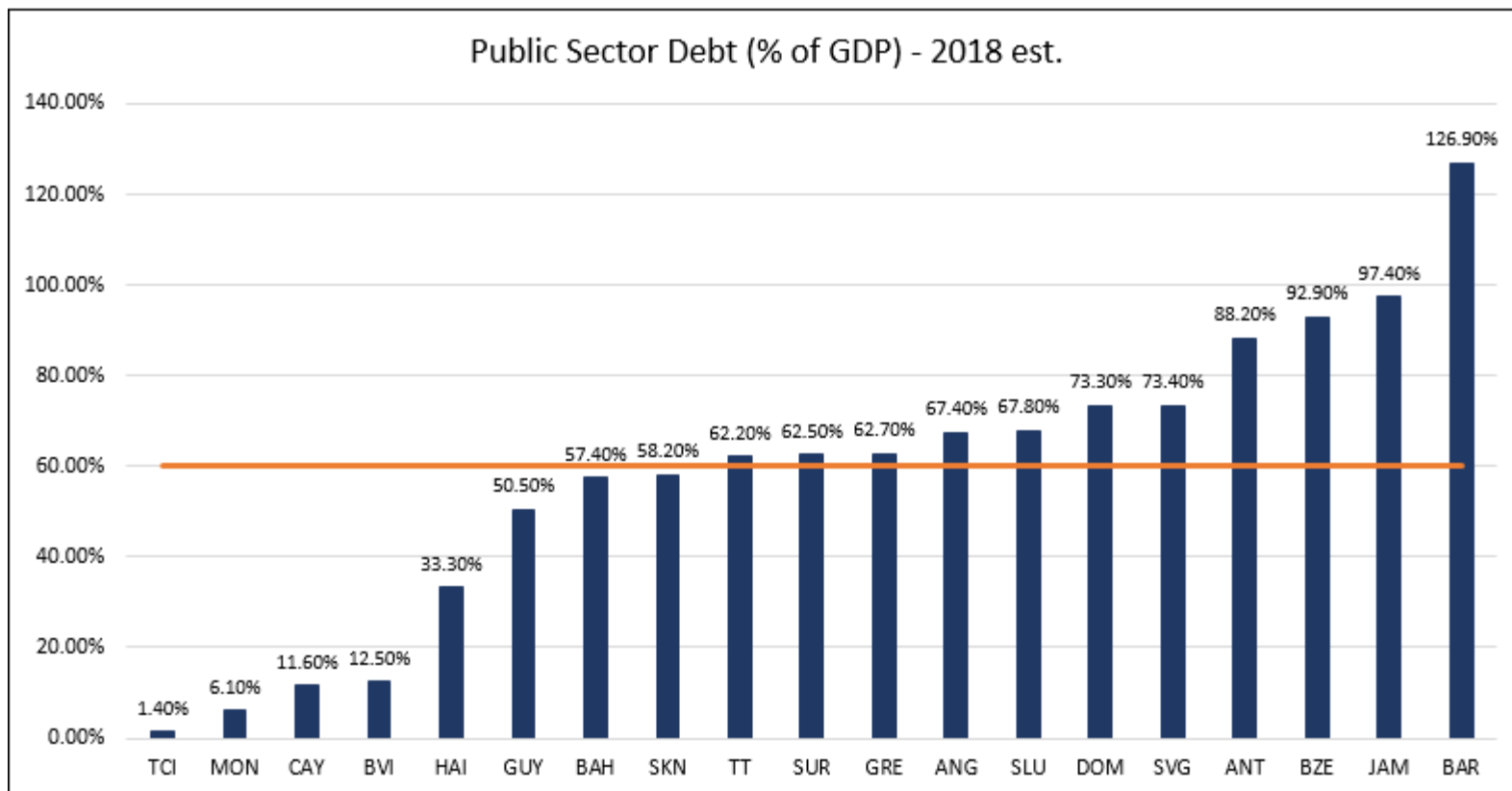
Graph 2 – Real GDP Growth 2019 Forecasts  
(Source: Caribbean Development Bank – Regional Economic Summary 2018)



Graph 3 – 2018 Estimated Average Inflation  
 (Source: FCIS, Caribbean Development Bank – Regional Economic Summary 2018)



Graph 4 – 2018 Estimated Primary Balance  
 (Source: FCIS, Caribbean Development Bank – Regional Economic Summary 2018)



Graph 5 – 2018 Estimated Public Sector Debt (% of GDP)  
 (Source: FCIS, Caribbean Development Bank – Regional Economic Summary 2018)



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