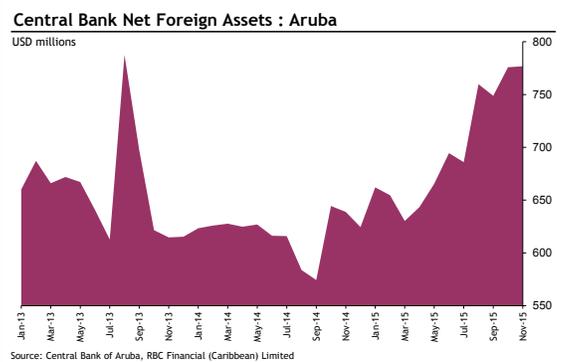
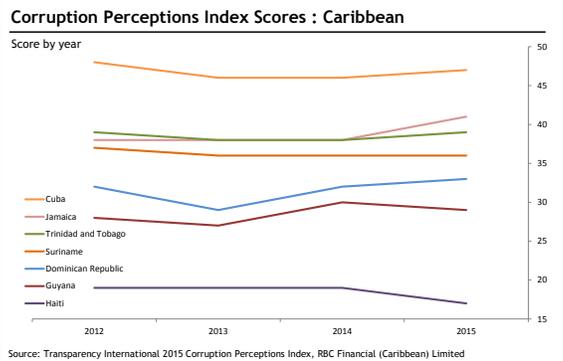
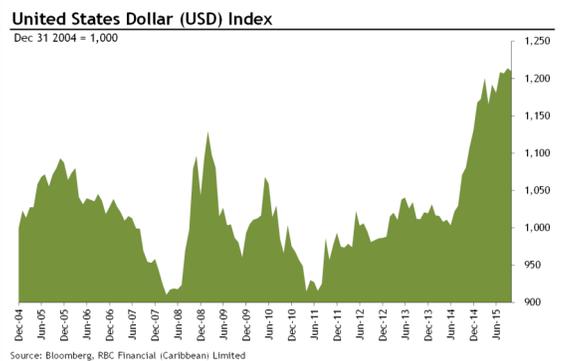
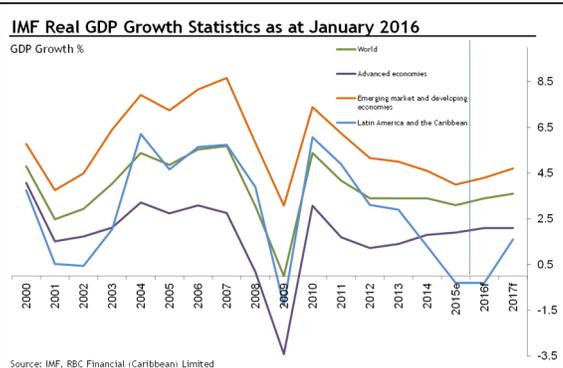


CARIBBEAN ECONOMIC REPORT

January 2016



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IMF Trims Global Growth Forecasts by 0.2pp

Following the downward revision of its growth forecasts in October 2015, the IMF has again cut its growth expectations for this year and next by 0.2 percentage points (pp) each, to 3.4% and 3.6% respectively. This, on the heels of the slowest global growth since the 2009 global financial crisis, of 3.1% in 2015. Growth in the emerging markets and developing economies, which accounts for over 70% of global growth, declined for the fifth consecutive year in 2015, pushing global growth lower. Expectations for stronger growth in 2016 and 2017 could be frustrated by geopolitical developments, monetary tightening in the USA, China’s rebalancing, even softer commodity prices, and weaker global trade. Latin America and the Caribbean contracted overall by 0.3% in 2015 (due mainly to recession in Brazil and Venezuela), and is the only sub-region in the world expected to contract in 2016, by 3.5%, before ‘recovering’ to zero growth in 2017. This 2016 growth projection was trimmed by the widest margin of all sub-regions at 1.1pp from the October 2015 projections, reflecting a 2.5pp cut to Brazil’s 2016 growth forecast.

5 Less Caribbean Countries on Corruption Index

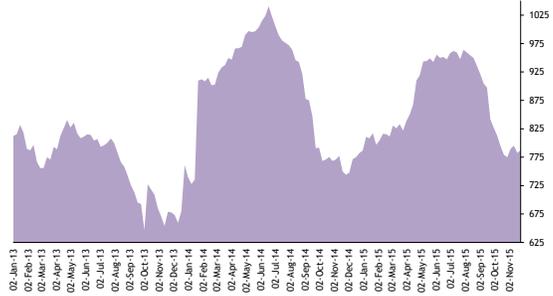
In 2014, the top five Caribbean countries on Transparency International’s Corruption Perceptions Index (CPI) were Barbados, Bahamas, St. Vincent and the Grenadines, Puerto Rico and Dominica. Interestingly, on the 2015 version of the CPI however, these five countries are missing. Cuba, which was the 6th highest CPI ranked Caribbean country in 2014, is now at the top, and therefore ranked as the least corrupt in the region. The countries whose scores improved in 2015 are Cuba, Jamaica, Trinidad and Tobago, and the Dominican Republic, while Suriname was unchanged, and Guyana and Haiti deteriorated. Jamaica’s score showed the largest improvement, moving up from 38 to 41, while all the others showing improvement moved only by one point.

Aruba – Two consecutive months of y/y deflation

Lower gasoline and transport costs had brought y/y deflation to 0.2% in November 2015 according to the Central Bank (CBA). Stopover arrivals expanded 13.5% y/y to November 2015, mainly on 45% more Venezuelan visitors, and 7.6% North American arrivals, y/y. Cruise passenger arrivals were up 18.6% y/y over the same period. The Balance of Payments surplus of Afl92.9 million in Q3 2015 supported a 21.6% y/y increase in CBA Net Foreign Assets in November 2015, to USD777 million, which we estimate at 4.2 months of imports.

Central Bank External Reserves : The Bahamas

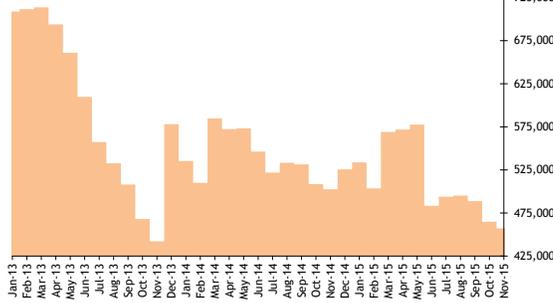
USD Millions



Source: Central Bank of the Bahamas, RBC Financial (Caribbean) Limited

International Reserves : Barbados

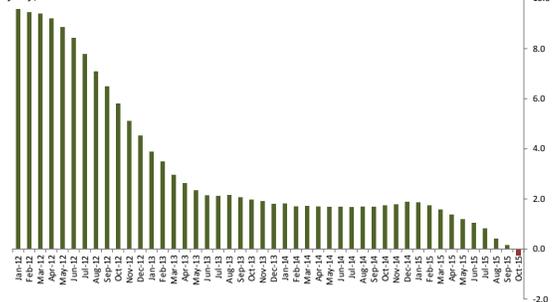
USD '000



Source: Central Bank of Barbados, RBC Financial (Caribbean) Limited

Inflation Rate : Barbados

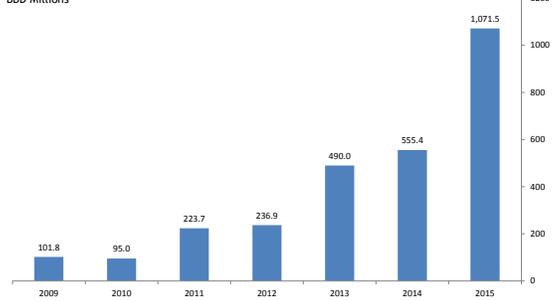
y-o-y, %



Source: Central Bank of Barbados, RBC Financial (Caribbean) Limited

Barbados Government Debt Held by Central Bank of Barbados

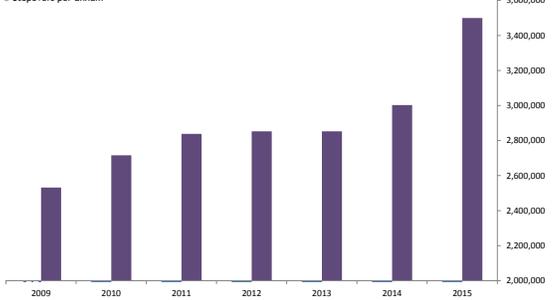
BBD Millions



Source: Central Bank of Barbados, RBC Financial (Caribbean) Limited

Stopover Arrivals : Cuba

Stopovers per annum



Source: Caribbean Tourism Organization, Global News Matters, RBC Financial (Caribbean) Limited

The Bahamas – Public sector debt up 8.5% y/y in Q3-15

The Central Bank's Quarterly Statistical Digest reveals that total public sector debt expanded by 8.5% y/y from BSD6 billion in Q3 2014 to BSD6.51 billion in Q3 2015, which equates to roughly 76.5% of the IMF's 2014 GDP data.

Barbados – 0.5% real GDP growth, deflation of 0.7%

The Central Bank's (CBB) Q4 2015 report revealed that real GDP is estimated to have expanded by 0.5% in 2015, as compared to data in the report which show that nominal GDP expanded 1.28% from BBD8.71 billion to BBD8.82 billion, against overall price deflation of 0.7% for 2015. Tourism is the only sector that is estimated to have grown in 2015, however. Stopover arrivals expanded by 13.5% in 2015, to the highest level since 2007 at 526,400, meaning that the pre-crisis level has finally been exceeded. This growth in stopover arrivals was supported by a 13% increase in airlift from major source markets, and higher arrivals from the USA (up 25.3%), Canada (up 14%), UK (up 13.4%) and Caricom (up 14%), tempered by Europe (excluding the UK and Germany) down 15.2%, and Brazil down 18.6%. Overall, 13.5% higher stopover arrivals has generated a 5% y/y increase in tourism revenues, suggesting a decline in the average revenue derived per stopover tourist. International reserves closed 2015 USD62.2 million or 11.8% down, at roughly USD463.5 million, which the CBB puts at 14 weeks of imports—roughly the same level of import cover in December 2014. The CBB is projecting average real GDP growth at 1.7% over the next five years, peaking in 2017 at 2%. Average unemployment fell from 12.3% in 2014 to 11.8% in 2015, according to CBB data. The fiscal deficit for the April to December 2015 period increased by 0.6% y/y to BBD490.2 million, compared to an overall deficit of BBD600 million or 6.8% of GDP estimated for FY2014/15 (down 37% y/y from BBD959 million or 11% of GDP in FY2013/14). Government debt held by the CBB expanded by 93% in 2015 to BBD1.072 billion.

Cayman Islands – Tourist arrivals at 2.1 million in 2015

Data sourced from [Global News Matters \(GNM\)](#) show total stopover arrivals expanded 5.5% y/y to 2.1 million in 2015. Of this, stopover arrivals were up 0.67% y/y to 385,400 while cruise passenger arrivals grew 6.6% y/y to 1.7 million—the highest levels seen since 2007.

Cuba – Stopover arrivals up 17.3% to over 3.5 million

Stopover arrivals expanded by about 521,000 to exceed 3.5 million in 2015—up 17.3%. Canada remains the largest source market with over 1.3 million visitors, but US (non-Cuban) arrivals expanded 76.6% to 161,000 (officially) and is now the second largest source market, ousting Germany. [GNM](#) reported a 1.6% decline in registered 'cuentapropistas' (self-employed) in 2015, due largely to non-payment of taxes. This category accounts for 10% of the economically active population.

Curacao and St. Maarten – Stopover arrivals up 5%

Stopover arrivals to Curacao grew 5% y/y according to data sourced from [GNM](#), while the Curacao Hospitality and Tourism Association reported hotel occupancy in 2015 at 71.8%, up from 70.5% in 2014. Average Daily Rates have increased by 2.8% from USD145.95 in 2014 to USD150.04 in 2015. Net Official Reserves closed 2015 up 4.36% y/y at Naf2.056 billion, and are expected to increase to Naf2.154 billion in January 2016—which we estimate at roughly 4 months of imports.

Dominican Republic—Broad based growth at 7% in 2015

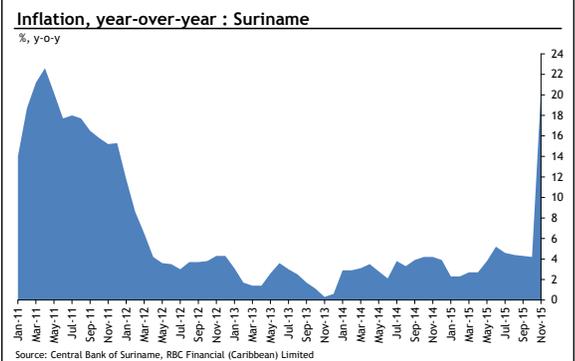
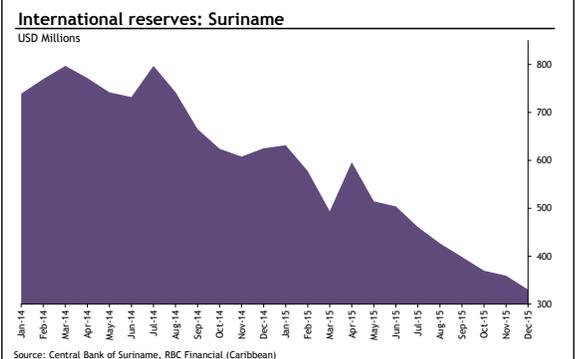
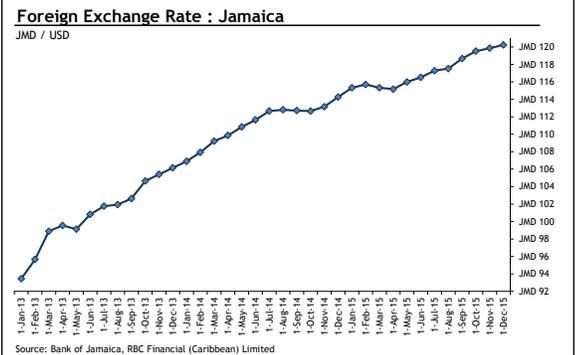
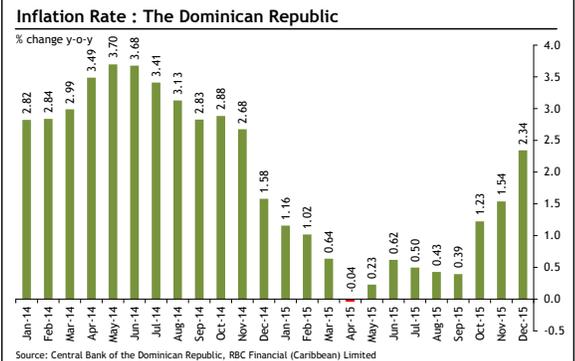
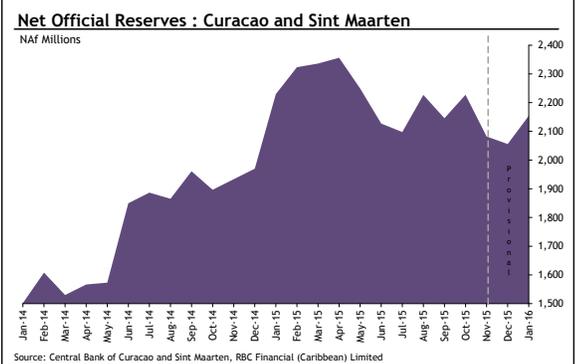
The Central Bank (BCRD) held its policy rate steady at 5% for the eighth consecutive month in January 2016, citing December 2015 inflation at 2.34% y/y (well within the target range 4.0% ± 1.0%), while core inflation inched up to 1.82% in 2015. Growth is estimated by the BCRD at 7% in 2015 driven by construction (18.2%), trade (9.1%), financial intermediation (9.2%) and manufacturing (5.5%). International reserves closed 2015 at USD5.19 billion, estimated at 3.6 months of imports. Stronger foreign currency inflows up 3% at USD23 billion in 2015 were realized on higher exports, 9% more tourist arrivals and tourism revenues at USD6.15 billion, FDI at USD2.3 billion, and remittances up 6.8% at USD4.88 billion.

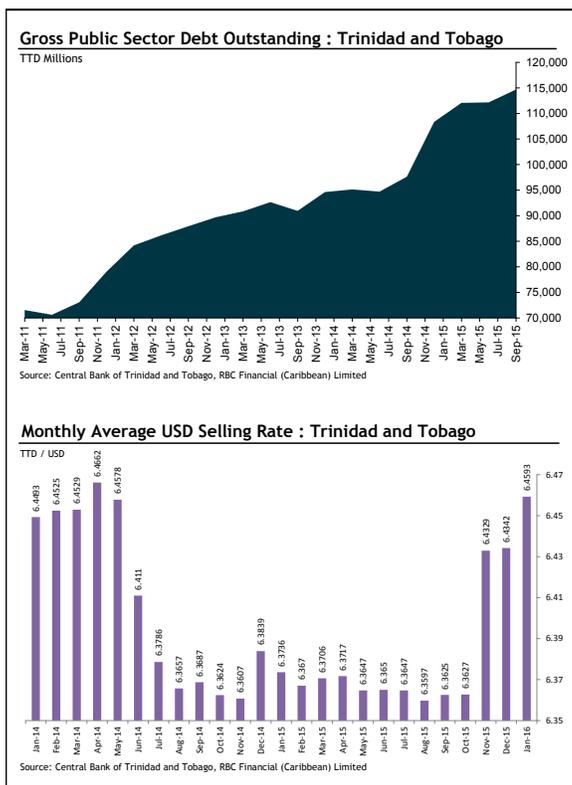
Jamaica— Growth at 1.5% in Q3 2015, reserves up 22%

Central Bank (BoJ) data show Net International Reserves ended 2015 up 22% at USD2.44 billion, or roughly 23 weeks of imports. The USD average selling rate in December 2015 was JMD120.24—a 5.23% y/y depreciation. On February 1 2016 the USD selling rate reached JMD121.34 according to the BoJ. Inflation in 2015 reached 3.7% based mainly on low oil prices. Unemployment stood at 13.5% in October 2015. Debt/GDP is projected to fall to 125% by March 2016, down from 145% three years ago, according to the BoJ. Net remittances for January to September 2015 reached USD481.8 million, up USD47.8 million or 3.3% y/y. The Statistical Institute reported growth at 1.5% y/y in Q3 2015, driven mainly by : manufacturing up 7.9%, agriculture, forestry & fishing up 4.2%, and services up 0.7%.

Suriname – IMF supported economic reform programme

Central Bank (CBvS) data show foreign reserves dropped 47.2% to close 2015 at USD330.2 million, which we estimate at roughly 1.6 months of imports. This marked the third consecutive year of shrinking reserves, prompted largely by soft gold and oil prices. In addition, a 20% devaluation of the SRD in October 2015 sparked 20% y/y inflation one month later. In January 2016, the IMF announced that the Suriname authorities approached them “to discuss the possibility of IMF financial support for their economic reform program in response to the sharp fall in international commodity prices”. The programme will be supported by the Caribbean Development Bank, the Inter-American Development Bank and the World Bank.





Trinidad and Tobago – Policy rate held steady at 4.75%

The Central Bank (CBTT) held its benchmark policy rate at 4.75% following eight consecutive hikes beginning in August 2014, citing a decline in inflation from 3.2% in October, to 1.4% in November and 1.5% in December 2015, y/y. CBTT data show the TTD depreciated by 1.34% y/y to average TTD6.4593 : USD1.00 in January 2016. The level of official reserves closed 2015 13.5% lower at USD9.79 billion, estimated at roughly eleven months of imports. The number of employed persons declined by 7,600 or 1.19% y/y in June 2015, but unemployment rate itself fell from 3.5% in June 2014 to 3.2% in June 2015 on a 1.5% smaller labour force and a lower participation rate.

Turks and Caicos Islands – 5.94% growth in 2015

[GNM](#) reported projections for real GDP growth at 5.94% in 2015, 4.4% in 2016, 4.3% in 2017 and 5.3% in 2018, according to the National Accounts Statistics Report, based on stronger tourism performance, with the Hotel and Restaurant sector projected to grow by 5% on average over the next 3 years. The construction sector is estimated to have contracted by 3.5% in 2015, but growth will return in 2016 through 2018 on large tourism projects.

Caribbean Economic Indicators

	Nominal			Credit Rating & (outlook)	GDP		Gross Public Debt / GDP	Import cover (months)	Inflation y/y
	Popl'n (000)	GDP (USD Billions)	Per capita GDP (USD)		change y/y	Unemplo yment			
Aruba	107	2.6	24,402	BBB+ (Stable)	1.1%	7.6%	80.1%	4.2	-0.2%
The Bahamas	347	8.5	23,417	BBB- (Negative)	1.0%	12.0%	76.5%	2.2	1.6%
Barbados	274	4.5	16,307	B (Negative)	0.5%	11.9%	134.3%	3.2	0.2%
Cayman	58	3.0	54,338	Aa3 (Stable)	1.6%	4.7%	21.0%	n/a	-2.9%
Cuba	11,300	77.1	6,848	Caa2 (Stable)	4.7%	3.5%	22.3%	n/a	1.2%
Curacao	143	3.0	21,247	A- (Stable)	0.3%	13.0%	37.0%	4.1	1.5%
Dom Rep	10,400	60.8	5,662	BB- (Stable)	7.0%	6.0%	46.0%	3.6	2.3%
ECCU	605	5.7	8,922	n/a	2.2%	20.0%	98.5%	8.0	-1.3%
Guyana	756	2.7	3,596	Not rated	0.9%	11.0%	65.0%	3.5	-1.8%
Jamaica	2,751	15.3	5,526	B (Stable)	1.5%	13.1%	146.2%	5.3	3.7%
St. Maarten	43	0.8	19,333	Baa1 (Stable)	0.3%	15.0%	22.0%	4.1	1.9%
Suriname	541	5.1	9,339	BB- (Stable)	4.1%	9.5%	37.8%	1.6	20.4%
T&T	1,328	23.8	17,935	A (Negative)	-2.0%	3.5%	60.0%	11.1	1.5%

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