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RECENT INTERNATIONAL ECONOMIC DEVELOPMENTS AND ECONOMIC PROSPECTS FOR THE CARIBBEAN IN 2017

The prospects for growth in the Caribbean hinge not only on international developments but also on the inherent structural macroeconomic vulnerabilities in some countries. Factors such as the growth performance of important trading partners, commodity price trends and competition from non-traditional tourism destinations are likely to have a significant impact on Caribbean economic performance. Domestic factors such as fiscal and debt sustainability issues, external account weakness and relatively high NPLs will also impact on the growth trajectory in the near term depending on how these challenges are addressed.

Many of the challenges facing the global economy in 2015 have continued in 2016 with global growth expected to be 3.1 per cent for this year, rising moderately to 3.4 per cent in 2017. Expectations are for growth to rebound in 2017 as inventories and business investment recover in spite of uncertainties created by the electoral cycle and a stronger dollar. In the case of Europe, the market reaction to BREXIT was surprisingly orderly, with the volatility in financial markets in the wake of the vote abating fairly quickly, albeit with the pound sterling at a much weaker level. Nevertheless, the ultimate impact remains uncertain and will hinge on the trade and investment deal ultimately negotiated between the UK and the EU. More worrisome is the impact of the referendum results on political sentiment in other EU members where insular and protectionist political parties are gaining strength and could cause further uncertainty about the policy framework likely to be adopted by EU countries in the future.

The IMF's prediction for global growth was predicated on the assumption that in the context of low inflationary pressures and uneven growth, the US authorities were likely to be very cautious in normalising monetary policy. The recent victory of Donald Trump in the US presidential election has, however, created a degree of uncertainty about the monetary policy stance of the US Federal Reserve in the future. In particular, President-elect Trump has stated that he intends to pursue an ambitious plan to

upgrade US infrastructure. This, together with plans for tax cuts and the simplification of the tax code, could lead to wider deficits and potentially higher inflationary pressures which would imply higher policy interest rates. The Federal Reserve is therefore likely to institute a rate increase in December and a faster pace of interest rate normalisation than one would have expected before the results of the US presidential election. President-elect Trump's trade policy is also likely to increase uncertainty in the short-term, with negative implications for many developing countries. The potential impact of this, however, is only likely to become clear over the long-term given the time it will take to re-negotiate trade arrangements.

In this challenging and uncertain international economic environment the outlook for the CARICOM region is mixed. Overall, the IMF estimates that the region will grow by only 0.2 per cent in 2016 improving to 2.2 per cent in 2017. Growth has been hampered by unexpected weakness in the US economy in the first half of 2016 and continuing low growth amongst commodity producers.

Continuing low commodity prices are expected to benefit the service-based economies of the region. The dip in growth in the US in 2016 served to dampen tourism flows from the US but this is expected to ease in 2017 as the US economy recovers. Average growth in these economies is therefore projected at 1.2 per cent in 2016 rising to 2.2 per cent in 2017. Lower energy costs are also expected to help reduce external imbalances in service-based economies while fiscal balances are likely to improve in these economies as fiscal revenues rise driven by stronger growth and adjustment efforts. This average performance, however, masks significant differences in performance amongst the service-based countries, reflecting pre-existing external, fiscal and financial vulnerabilities which restrain growth more intensely relative to their counterparts in the region. Business and consumer confidence in particular has been negatively affected by these vulnerabilities in some jurisdictions which have proven to

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be significant headwinds hampering the robust recovery of private demand and growth.

Commodity-based producers on the other hand faced increased challenges in 2016 as commodity prices softened. This group of countries is therefore expected to record negative growth of -1.9 per cent in 2016 which is expected to improve to 2.3 per cent in 2017 as commodity prices recover some lost ground. The negative shocks have also had differential impact amongst commodity producers with Suriname and Trinidad and Tobago recording more significant fall-out from the commodity price shock. External imbalances have intensified in these countries leading to lower international reserves and increased pressure in the foreign exchange market.

Table 1: CARIBBEAN GROWTH PROSPECTS

Country	Actual		Projections	
	2014	2015	2016	2017
Bahamas, The	-0.5	-1.7	0.3	1.0
Barbados	0.2	0.9	1.7	1.7
Belize	4.1	1.0	0.0	2.6
ECCU	3.7	2.4	2.2	2.7
Guyana	3.8	3.2	4.0	4.1
Haiti	2.8	1.2	1.5	3.2
Jamaica	0.5	0.9	1.5	2.0
Suriname	1.8	-0.3	-7.0	0.5
Trinidad and Tobago	-1.0	-2.1	-2.8	2.3
Service-Based Economies	1.8	0.8	1.2	2.2
Commodity-Based Economies	1.6	0.3	-1.9	2.3
Regional Average	1.7	0.6	0.2	2.2

Source: Regional Central Banks and IMF, Global Economic Prospects, October 2016.

It should also be noted that there are significant downside risks attached to this outlook such as the potential for a Zika virus outbreak. The normalizing of the US relationship with Cuba is also likely to open up this relatively new market and intensify the level of competition within the Caribbean tourism market leading to CARICOM countries losing market share. One of the most serious risks is the issue of de-risking by international banks which could disrupt traditional correspondent banking relationships, leading to problems with international trade and investment. Furthermore, any unexpected slowdown in the US and related exchange rate developments could also lead to reversals in the tourism sector and slower growth. Additionally, long-standing debt and fiscal sustainability issues, relatively low productivity and relatively high non-performing loans (NPLs) could also create headwinds for growth in the Caribbean.

Very importantly, the result of the US presidential elections and BREXIT introduces a lot more uncertainty into projections for global growth. The IMF's October

projection for global growth has priced in the potential impact of BREXIT but not that of the results of the US presidential elections. In this context, if President-Elect Trump follows through with his economic plans, US growth is likely to be higher than the current projections but accompanied by higher interest rates. This has mixed implications for the Caribbean. Higher US growth and a potentially stronger US Dollar suggests that the tourism industry in the Caribbean, particularly those destinations which depends on American tourists, are likely to see improved prospects. On the other hand, external financing is likely to become more difficult if interest rates rise and capital flows to developing countries slow down. Additionally, increased interest rates could also pose challenges in jurisdictions where NPLs are already elevated.

In this environment of elevated risks and increased uncertainty about growth prospects in the region, the main objective is to increase economic growth while steadily reducing macroeconomic and financial vulnerabilities. An important area for action is, therefore, to strengthen the fiscal accounts which is key to rebalancing the external accounts. Service-based economies should take this opportunity to accelerate the fiscal consolidation process with a view to improving debt sustainability. Higher levels of non-performing loans in some of these economies are also a major drag on growth. The ongoing upgrade and enhancement of the macro-prudential frameworks in the Caribbean are therefore critical to improved growth prospects in the region.

Moreover, although commodity producers may have lower debt burdens, lower commodity prices require a disciplined policy framework to shore up revenues and prevent similar sustainability issues from developing. The fiscal consolidation that this implies in some cases only requires increasing the efficiency of government expenditure programmes to weed out wastages without compromising the level of services provided to citizens and businesses. Where appropriate, commodity exporters could allow more exchange rate flexibility to help with the adjustment process. Nevertheless, it would be prudent to implement most of the adjustment through the fiscal account because this is the main source of the imbalances, rather than letting the exchange rate absorb most of the adjustment. Moreover, since the exchange rate is a price subject to all kinds of psychological influences and group irrationality, the authorities should as a matter of course exercise caution in this area.

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These are necessary but not sufficient conditions for the resumption of strong sustainable growth. It also requires an improvement in the level of international competitiveness which implies a range of actions in connected areas including the improvement of the business environment, increasing labour productivity and improving the quality of public infrastructure. The region also needs to continue strengthening the legal and regulatory frameworks for

financial risk assessment and mitigation to deal with any financial vulnerabilities which can threaten the resumption of sustainable growth in the Caribbean.

By: Dr. Dave Seerattan

HIGHLIGHTS OF ECONOMETRIC WORKSHOP

The CCMF facilitated a two-day econometric workshop hosted by the Bank of Guyana over the period 17th - 18th October, 2016. Approximately 27 staff members from the Research, Insurance and Bank Supervision departments participated. The workshop focused on the practical development and testing of time series economic models commonly used economics profession. The central aim of this workshop was to develop and upgrade the empirical skill set of participants as part of their ongoing efforts to improve their analytical and policy work.



ANNOUNCEMENT

CCMF congratulates the New Governor of the Central Bank of Belize



Ambassador A. Joy Grant assumed the role of Governor of the Central Bank of Belize, on the 1st October 2016.

She previously served as the Director of the Financial Intelligence Unit of Belize. Governor Grant also served as Minister of Energy, Science & Technology, and Public Utilities from 2012 to 2015. She has served her country in the diplomatic corps as Deputy Head of Mission in Washington D.C., and as Ambassador stationed in Brussels, being accredited to five countries, the European Commission, and the World Trade Organization.

Governor Grant holds a MBA in International Finance from the University of Alberta, Canada and has significant expertise in innovative financial mechanisms that promote sustainable development in developing countries. She has extensive experience in commercial and development banking, including experience in foreign trade, credit analysis, project supervision, and financial analysis. She was also instrumental in the establishment of the National Bank of Belize which was planned, operationalized and expanded its services to Belizeans under her leadership.

Governor Grant has stated that there is significant expertise and experience within the Central Bank and that she proposes to direct and focus this capability on dealing with the serious economic and financial issues and challenges facing Belize.

PUBLICATIONS AND SPEECHES OF INTEREST

The Caribbean Response to the Withdrawal of Correspondent Banking

IMF Deputy Managing Director, Mr. Tao Zhang, gave a comprehensive speech on the theme “The Caribbean response to the Withdrawal of Correspondent Banking” at the Conference on the Withdrawal of Correspondent Banking in Antigua & Barbuda on October 28, 2016.

The full speech can be downloaded at: <http://www.imf.org/en/News/Articles/2016/10/28/SP102816-The-Caribbean-Response-to-the-Withdrawal-of-Correspondent-Banking>

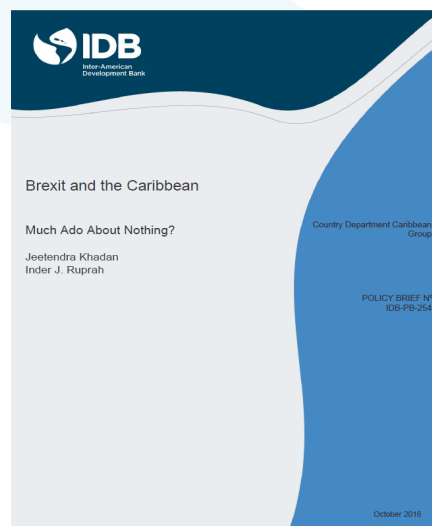
Brexit and the Caribbean: Much Ado About Nothing?

A publication of the IADB, this report estimates the direct and indirect macroeconomic impact of the Brexit leave vote on the Caribbean during 2016 and 2017 in terms of economic growth, exports, tourism, and remittances. They consider six Caribbean countries: The Bahamas, Barbados and Jamaica (tourism-based), and Guyana, Suriname and Trinidad and Tobago (commodity-based). It was found that the estimated quantitative impact of Brexit to be very small, if not negligible.

Authors: Khadan, Jeetendra; Ruprah, Inder J.

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Aruba

- Citgo Petroleum Corporation, a subsidiary of state-owned oil company Petróleos de Venezuela (PDVSA), recently formalised the restart of operations in Aruba, idled since 2012. The project, which was agreed in June 2016 between the Venezuelan and Aruban governments, will allow the six-unit refinery to produce some 209,000 barrels of oil per day. Citgo's President and CEO, Nelson Martínez, said that the Aruba-based refinery would be refurbished to start operations within 18 to 24 months. (EIUniversal, 10 October, 2016)

The Bahamas

- The Bahamas government says it remains committed to ensuring that all qualified policyholders of the Trinidad-based insurance conglomerate, Colonial Life Insurance Company, receive the full benefits of their policies. (TTEExpress, 4 October, 2016)
- The Bahamas launched reviews of its tax policies and data security as members of the European Parliament called for sanctions and scrutiny of tax havens and of the politicians who use them, following a leak of 1.3 million documents from the Bahamas corporate registry. (CNNNow, 7 October, 2016)
- Prime Minister Perry Christie recently stated that the estimate for damage caused by Hurricane Matthew in The Bahamas earlier this month is over half a billion dollars. The government recently brought a resolution to Parliament to borrow up to \$150 million to help cover

the cost of relief efforts related to Matthew and Joaquin, which hit a year ago. (CNNNow, 21 October, 2016)

- The Bahamas has opted out of the Caribbean Catastrophe Risk Insurance Facility, and will instead put the \$900,000 annual premium in the Disaster Relief Fund. (CNNNow, 22 October, 2016)
- Construction is The Bahamas' third largest sector, behind financial services and tourism. However, a recent report by the World Bank Group concluded that The Bahamas made dealing with construction permits more costly by increasing building permits fees. (The NassauGuardian, 31 October, 2016)

Barbados

- A CBB statement indicated that Canadian banks, insurance companies and businesses are able to improve their international competitiveness through their subsidiaries in Barbados, and in the process they employ Barbadian skills and professional services. (TTEExpress, 4 October, 2016)
- With many local business owners refusing to accept personal cheques because of a high level of delinquency, Barbados is on the verge of making a full transition to electronic banking. (Nation News, 9 October, 2016)
- The new Inter-American Development Bank (IDB) representative for Barbados, Carlos De La Hoz Vinas, said that the bank

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was expected to approve “a little bit more than US \$50 million” in its country strategy for Barbados in 2016. This is in keeping with the bank’s strategy to allocate between US\$40 and US\$50 million annually to Barbados for projects from 2015 to 2018. (Nation News, 15 October, 2016)

- The Barbados economy grew by 1.3 per cent during the first nine months of the year and the Central Bank of Barbados (CBB) is predicting that the island will record economic growth of 1.4 per cent for 2016. It said that the improved economic situation was due to improvements in the tourism, construction, business and other sectors where growth was at an average of three per cent. The CBB also noted that the average unemployment rate fell to 10.2 per cent for the nine months and that inflation remained in negative territory, with the price index declining by 1.2 per cent. (Jamaica Observer, 25 October, 2016)

Belize

- Belize tourism officials stated that for the past 15 consecutive months, the industry has been experiencing “record-breaking increases” in monthly overnight arrivals. The Belize Tourism Board (BTB) said that the sector had been recording double digit increases of as much as 33 per cent growth. (TTEexpress, 12 October, 2016)
- The Board of Directors of the Caribbean Development Bank has approved a country strategy for Belize for 2016 to 2020. The strategy proposes support of US\$200.5 million for Belize over the four-year period. It will help the country address some of the social, environmental and economic challenges it faces. (CNNow, 18 October, 2016)
- The International Monetary Fund (IMF) says Belize continues to face significant vulnerabilities and challenges driven by high public debt, large fiscal and external deficits, and declining international reserves. (Jamaica Observer, 28 October, 2016)

Curacao and Sint Maarten

- According to the Quarterly Bulletin of the Centrale Bank van Curacao en Sint Maarten, the monetary union recorded an economic contraction in the second quarter of 2016 as real GDP dropped in both Curacao and Sint Maarten. In Curacao, real output dwindled by 0.2 per cent in 2016’s second quarter, while the economy of Sint Maarten contracted by 0.3 per cent. Meanwhile, inflation was negative at -0.2 per cent in both countries because the drop in international oil prices weighed heavily on price pressures in the June quarter of 2016. (Curacao Chronicle, 27 October, 2016)

Eastern Caribbean Currency Union

- As the International Monetary Fund (IMF) wrapped up its annual meeting in Washington D.C., Managing Director Christine Lagarde praised the Eastern Caribbean on its effort to address problems related to the withdrawal of international correspondent banks. The IMF chief warned that if left unaddressed, this issue could among others have an effect on development goals, financial stability and inclusion and growth. (CNNow, 10 October, 2016)
- Antiguan Minister of Tourism, Investment and Energy, Asot Michael, hailed an agreement to provide fuel to the Royal Caribbean Cruise Lines as a historic one, as he signalled the intent to target further areas to increase cruise sector earnings. Michael said the country stands to earn untold millions from an agreement

penned for the West Indies Oil Company to fuel cruise ships. (Antigua Observer, 15 October, 2016)

- The Government of Qatar will hold a conference on small island developing states in Antigua in January 2017 designed to “initiate stronger bilateral ties between the countries of the Gulf States and the Caribbean,” as a result of an initiative by Antigua and Barbuda’s Prime Minister, Gaston Browne. (CNNow, 19 October, 2016)
- A recent electronic payments conference and workshop aimed at promoting broader usage of electronic payments in the Eastern Caribbean and the possibility of reducing the usage of cash was held at the Eastern Caribbean Central Bank (ECCB) headquarters in St Kitts. CNNow, 21 October, 2016)
- The Board of Directors of the Caribbean Development Bank has approved an additional loan of US\$3 million to the Government of Dominica to support the development of a reliable potable water supply for persons within the Water Area-1 (WA-1) network in that country. WA-1 is the most important water system in Dominica, serving approximately 36 per cent of the population. (CNNow, 25 October, 2016)
- According to a recent International Monetary Fund (IMF) country report on the Eastern Caribbean Currency Union, the region’s economic recovery is gaining ground, supported not only by Citizenship-by-Investment inflows, but also improved tourism arrivals, low oil prices, and improved government fiscal management. The IMF says, however, that the region still faces many vulnerabilities that are hindering growth in the medium-term outlook, including a weak banking system, high debt, susceptibility to natural disasters, and competitiveness. (CNNow, 26 October, 2016)

Guyana

- Following the visit of the Secretary-General of the Organisation of Islamic Cooperation (OIC), Iyad Ameen Madani, and his delegation to both Suriname and Guyana last week, the Ministry of Foreign Affairs of Suriname has reported that the OIC is willing to finance the construction of a bridge across the Corentyne River at the eastern frontier between Guyana and Suriname in an effort to enhance regional economic and physical integration. (CNNow, 5 October, 2016)
- The US Government has warned that there are no immediate plans to build an oil refinery in Guyana. Speaking during an announcement of a US\$297,000 (\$60M) grant to push a major transparency and accountability programme for the extractive industries in Guyana, US Ambassador Perry Holloway echoed earlier statements of Exxon-Mobil that it will be largely up to Government there to create jobs. (Kaieteur News, 8 October, 2016)
- In an effort to enhance Guyana’s response to climate change, the Ministry of Natural Resources, working jointly with the Inter-American Development Bank, recommitted to further advancing efforts on the Forest Carbon Partnership Facility Project in Guyana. A US\$3.8M grant programme is dedicated to addressing governance issues and building stakeholder capacity so that Guyana can be eligible to benefit from investments that would realise shared benefits for stakeholder communities. (Kaieteur News, 13 October, 2016)
- Guyana and the United States formally committed to the fight against offshore tax evasion with the signing of an agreement to

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implement the Foreign Account Tax Compliance Act. Minister of Finance, Winston Jordan and US Ambassador to Guyana, Perry Holloway, were the signatories. (Kaieteur News, 18 October, 2016)

- Guyana is to receive more than €24.4 million from the European Union (EU). The funds are being made available in relation to the Action Programme adopted by Guyana in the context of the Accompanying Measures Programme for Sugar established by the EU. (Antigua Observer, 26 October, 2016)
- The Guyana government described as a “collective victory” the decision by the Financial Action Task Force (FATF) to remove the country from the organisation’s compliance document. But Attorney General Basil Williams warned that Georgetown would have to ensure it secures convictions in the area of money laundering, terrorist financing, and theft of state assets if its exit from the FATF process is to be sustained. (TTEExpress, 27 October, 2016)

Haiti

- The CCRIF SPC (formerly the Caribbean Catastrophe Risk Insurance Facility) is preparing to make a payout to the Government of Haiti as a result of the passage of Hurricane Matthew which triggered a payment on the country’s tropical cyclone policy. Based on preliminary calculations, Haiti will receive a little over US\$20 million – the largest payment ever made by CCRIF as revealed by CCRIF chairman Milo Pearson at a IMF/World Bank Group annual meeting. (CNNNow, 8 October, 2016)
- An assessment conducted by the United Nations Food and Agriculture Organization (FAO) and the World Food Programme, together with the Haitian government and its National Coordination for Food Security, has determined that, in the wake of Hurricane Matthew, some 1.4 million people are in need of food assistance, 800,000 of whom are in a dire situation. In order to meet the food assistance needs in Haiti, the humanitarian community requires an additional \$56 million over the next three months. (CNNNow, 25 October, 2016)

Jamaica

- Minister of Finance and Public Service, Audley Shaw, has underscored the gaming industry’s potential and importance in contributing significantly to the Jamaican government’s growth agenda. He notes that the administration’s revenue intake currently benefits from billions of dollars from the industry through taxes and fees remitted to central and local governments. (CNNNow, 3 October, 2016)
- Companies operating in Jamaica repatriated US\$568 million (J\$72.7 billion) as investment income or dividends in the fiscal year ending March 2016, the highest in five years, according to central bank data that was recently released. It represented a 42 per cent annual increase in repatriated funds, according to the latest balance of payments accounts released by the Bank of Jamaica. (The Gleaner, 14 October, 2016)
- Deposit-taking institutions will be required to notify the Bank of Jamaica about the measures they will take to become compliant with the Banking Services Code of Conduct by the end of November 2016, according to Central Bank Governor, Brian Wynter. Those measures should then be in place within a period not exceeding 12 months from the effective date of the code, 30 August, 2016, or by the end of August 2017. (The Gleaner, 14 October, 2016)

- United States Ambassador to Jamaica, Luis G. Moreno, says the US Mission in Jamaica is working closely with local stakeholders to curb financial crimes and boost regulatory compliance of financial institutions. This is in response to the threat of international correspondent banks cutting ties with local and regional financial institutions in a move to eliminate illegal activities such as money laundering, fraud and terrorism financing. (CNNNow, 14 October, 2016)
- The Government of Jamaica has reached a staff-level agreement with the International Monetary Fund (IMF) for a US\$1.7 billion three-year successor standby programme. This will replace the existing extended fund facility that ends in March 2017, once approved by the IMF’s Executive Board during its meeting, scheduled for November. (CNNNow, 15 October, 2016)
- Minister of Tourism, Edmund Bartlett, says Jamaica is uniquely poised to tap into the US\$150 billion international gastronomy market, propelling the tourism industry even faster towards further economic growth. (CNNNow, 15 October, 2016)
- The Caribbean Development Bank is providing Jamaica with a technical assistance grant to strengthen the capacity of the country’s Ministry of Finance. The funding will help to support Jamaica in the ongoing implementation of its economic reform programme, under which critical macroeconomic and structural reforms are being undertaken with the objective of stabilizing the economy and setting the stage for inclusive economic growth. (CNNNow, 20 October, 2016)
- The Bank of Jamaica (BOJ) has described the decline in value of the local currency as “unwarranted and disruptive”. The Jamaican dollar is now being sold for J\$129.19 (One Jamaica dollar =US\$0.008) as the US dollar recently gained four cents in trading. In response, the BOJ says it sold US\$30 million to the foreign exchange market, noting that the intervention is intended to reassure users of foreign exchange that the BOJ is standing behind the preservation of orderly conditions in the market. (TTEExpress, 23 October, 2016)
- President of the Inter-American Development Bank (IDB) Group, Luis A. Moreno, officially signed technical cooperation agreements to support a project that will enhance local cassava production in Jamaica. The first technical cooperation issued to the Desnoes and Geddes Foundation to support Red Stripe’s Project Grow was valued at over US\$814,000. Red Stripe managing director Ricardo Nuncio said that the project “has huge potential for us to substitute 40 per cent of that imported material which is high maltose corn syrup with locally grown cassava. This will generate close to 3,000 jobs by year four (2020).” (CNNNow, 28 October, 2016)

Suriname

- At the United Nations 71st General Assembly in New York, the Foreign Minister of Suriname, Niermala Badrising, used the UN pulpit to push soft diplomacy by welcoming foreign investors to “participate in the development path” of Suriname. (CNNNow, 1 October, 2016)
- In a major development that will see Suriname hosting the first Islamic bank in the Western Hemisphere, the Central Bank of Suriname has finally granted the Trust Bank a licence to commence Islamic banking. Trust Bank plans to be in operation by the first quarter of 2017. Foreign investment will now flow through Trust

Bank and will be a boost to the Surinamese economy. (CNNNow, 3 October, 2016)

- Surgold, a subsidiary of the US-based multinational Newmont Mining Corporation, has completed construction of the Merian gold mine in Suriname on time and commenced commercial production on October 1. Newmont disclosed that the Merian project was completed more than US\$150 million or nearly 20 per cent below its initial development capital budget. After the Rosebel goldmine of Canada-based Iamgold, the Merian mine is Suriname's second industrial gold mine. (CNNNow, 5 October, 2016)
- The Suriname Government has embraced tourism as part of its plan to diversify its commodity-dependent economy which is vulnerable to price fluctuations. One of its plans to stimulate the industry is to expand and modernize the Johan Pengel International Airport to make it a regional hub in order to develop the sector. Thus, the government is holding talks with various investors. (CNNNow, 14 October, 2016)

Trinidad and Tobago

- Spanish energy giant Repsol SA has confirmed that it will be selling its Teak, Samaan and Poui oilfields for US\$125 million (TT\$837.5 million), but the company emphasised that it will not be pulling out of the country completely. (TTNewsday, 9 October, 2016)
- Declaring that Trinidad and Tobago is on the brink of the danger zone economically, Prime Minister Dr. Keith Rowley listed a series of construction projects due to come on stream shortly, which are aimed at kick-starting the economy. (CNNNow, 11 October, 2016)
- The prospects for Trinidad and Tobago's economy remain challenging, the Central Bank of Trinidad and Tobago (CBTT) has said. The CBTT recently made the statement in its Annual Economic Survey 2015, which reviews the 2015 economy and gives an "outlook" for this year, although three quarters of 2016 have already transpired. (TTEExpress, 11 October, 2016)
- The Government has positioned tourism as one of the industry pillars in its efforts to diversify Trinidad and Tobago's (T&T) energy-dependent economy. Recognising that cruises are the most

exciting and fastest growing segment of the travel industry throughout the world today, T&T participated in the highly prestigious Florida Caribbean Cruise Association Conference and Trade Show in Puerto Rico which took place from September 26 to 30. (TTNewsday, 13 October, 2016)

- Trinidad and Tobago (T&T) is expected to suffer continued macro-economic decline over the next two years as a result of depressed oil and gas prices, regional credit ratings agency CariCRIS has said. CariCRIS analysts stated, "Real gross domestic product declined by 2.1 per cent in 2015, is projected to contract by a further 2.5 per cent in 2016 and remain subdued in 2017 and 2018." The analysts reaffirmed the assigned corporate credit ratings of "CariA" on its regional rating scale, and "ttA" on the T&T national scale to the State-owned Home Mortgage Bank "with a negative outlook." (TTEExpress, 18 October, 2016)
- The domestic downstream energy sector is suffering a 15-20 per cent shortage of natural gas supply, Methanex Trinidad Managing Director Charles Percy, recently pointed out. Yet, local natural gas continues to be exported as liquefied natural gas (LNG), even to other LNG exporters. US Energy Information Administration data show the US imports LNG from Trinidad and Tobago at a price of just over US\$3 per thousand cubic feet, while Canada gets close to US\$8 per thousand cubic feet. (TTEExpress, 18 October, 2016)
- The Central Bank of Trinidad and Tobago (CBTT) says that although a turn-around in the domestic energy sector output is anticipated in 2017, "it is likely to take some time for an economy-wide recovery to be firmly established." The CBTT said that in 2016, the Trinidad and Tobago economy "finds itself in the early phase of adjustment to a major terms of trade shock occasioned by depressed energy prices" and that the "trajectory of energy prices remains very uncertain." In a document outlining its Strategic Plan for the years 2016-17 to 2020-21. (TTEExpress, 24 October, 2016)

STAFF OF THE CARIBBEAN CENTRE FOR MONEY AND FINANCE

OIC

Dr. Dave Seerattan

662-2002 ext. 82551

Dave.Seerattan@sta.uwi.edu

Junior Research Fellow

Ms. Julia Jhinkoo

662-2002 ext. 82549

Julia.Jhinkoo@sta.uwi.edu

Research Assistant

Ms. Megan Mackoon

Megan.Mackoon@sta.uwi.edu

Secretary

Mrs. Pamela Joseph

662-2002 ext. 82548

Pamela.Joseph@sta.uwi.edu

RESEARCH ASSOCIATES OF THE CARIBBEAN CENTRE FOR MONEY AND FINANCE

Mr. Myrvin Linden Anthony

Prof. Temisan Agbeyegbe

Dr. Anthony Birchwood

Mr. Anton Belgrave

Prof. Compton Bourne

Sir Courtney N. Blackman

Dr. Jenifer Daley

Dr. Kevin Greenidge

Dr. Kari H.I. Grenade

Mr. Kester Guy

Prof. Andrew Hughes Hallett

Dr. Lester Henry

Dr. Tarron Khemraj

Dr. Brian Langrin

Dr. Gene Leon

Dr. Arnold McIntyre

Dr. Winston Moore

Prof. Ramesh Ramsaran

Dr. Wendell Samuel

Dr. Ankie Scott-Joseph

Dr. Shelton Nicholls

Prof. Patrick Kent Watson

Dr. Allan Wright



**CARIBBEAN CENTRE
FOR MONEY & FINANCE**

The University of the West Indies
St. Augustine

Trinidad and Tobago

Phone: 868-645-1174

Fax: 868-645-6017

E-mail: ccmf@sta.uwi.edu