



EIU MONITOR

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Main Highlights...

Geopolitics

Page 1

Israel-Hamas conflict
Regional updates
Recent developments in Africa

Trade

Page 5

What's in store for 2024?

Banking and Finance

Monetary policy updates
Other developments

Page 9

Commodities

Page 14

Food
Energy
Non-energy
Global clean energy transition

Tourism

Page 19

Exploring Sports Tourism

Geopolitics

Israel-Hamas Conflict



- The celebrations and relief sparked by Hamas' acceptance of a ceasefire agreement, proposed by Qatar and Egypt on May 6th, were cut short as Israeli officials were quick to highlight that the proposal did not meet the country's core demands.
- Even as Israel committed to send a delegation to participate in ceasefire negotiations, it moved forward with elements of its planned offensive in the southern Gaza city of Rafah. This has added to the already daunting impediments plaguing humanitarian efforts.

Israel-Hamas Conflict - Growing Objections to Israel's response



- US President Joe Biden, citing humanitarian concerns, threatened to withhold supplies of some weapons if Israel goes ahead with the Rafah offensive. Prime Minister Netanyahu after initially expressing resolve, seemed to have softened his stance a bit.
- Meanwhile, growing protest, largely by university students opposed to the war, have exerted significant political pressure on the Biden-led administration, in addition to disrupting campus activity, in some cases considerably.
- In some instances, police were called in to deal with reports of vandalism, trespassing and clashes with counter protesters. There were some violent confrontations as the officers sought to restore order.
- Growing global sympathy for Palestinians has resulted in an increasing number of countries recognising Palestine as a state and the United Nations General Assembly calling for its full membership. The US vetoed the last membership bid in April.

Geopolitics

US Foreign Policy

In May, the US expanded its efforts to disrupt Russia's war effort in Ukraine, with the imposition of more than 300 sanctions, targeting roughly 200 international entities.

After months of delay, congress passed a US\$95 billion foreign aid package in April. While the bulk of the funding (\$61bn) will be in military aid to Ukraine, Israel, Taiwan and US Indo-Pacific partners will also benefit.

With the Nicolás Maduro-led administration seeming to renege on an earlier agreement for free and fair national elections, due in July 2024, the US reimposed oil sanctions on Venezuela, 6 months after easing restrictions.

US-China Tensions

In April, the US accused China of providing material support to Russia's Ukraine offensive, through the supply of drone technology and gunpowder ingredients. Nevertheless, China continues to proclaim its neutrality.

On May 1st, the US placed sanctions on international firms accused of supplying Russia with military technology. More than a dozen of these firms are based in China.

In April, the US, citing national security concerns, introduced a law that requires TikTok's China-based parent company, ByteDance to sell the company to a US interest by January 19th, 2025 or face a ban. The company has since filed a lawsuit to block the law.

Europe

Russia intensified its assault on Ukraine in April and early May, focusing much of the attack on the country's power generating and transmitting installations. In recent months, Russia has made its largest gains since the early stages of the war.

EU ambassadors have agreed in principle to use profits from frozen Russian assets to support Ukraine's defence against Russian aggression and its recovery. The new law is yet to be ratified, however.

After securing the overwhelming majority of votes in the March 2024 national election, Vladimir Putin was sworn in for a fifth term as Russian President in May.

Asia

The Australia-United Kingdom-United States (AUKUS) group is set to increase its cooperation in the Indo-Pacific region, having been given the mandate to explore the prospects of partnering with Japan on advanced technological initiatives. However, Australia's Prime Minister indicated that this does not mean that Japan will be asked to formally join the group.

The AUKUS tri-lateral partnership was formed in 2021 to deter aggression and maintain stability around the world. US lawmakers assert that a partnership between the group and Japan can be useful to counter China's advances in the Indo-Pacific region.

Geopolitics

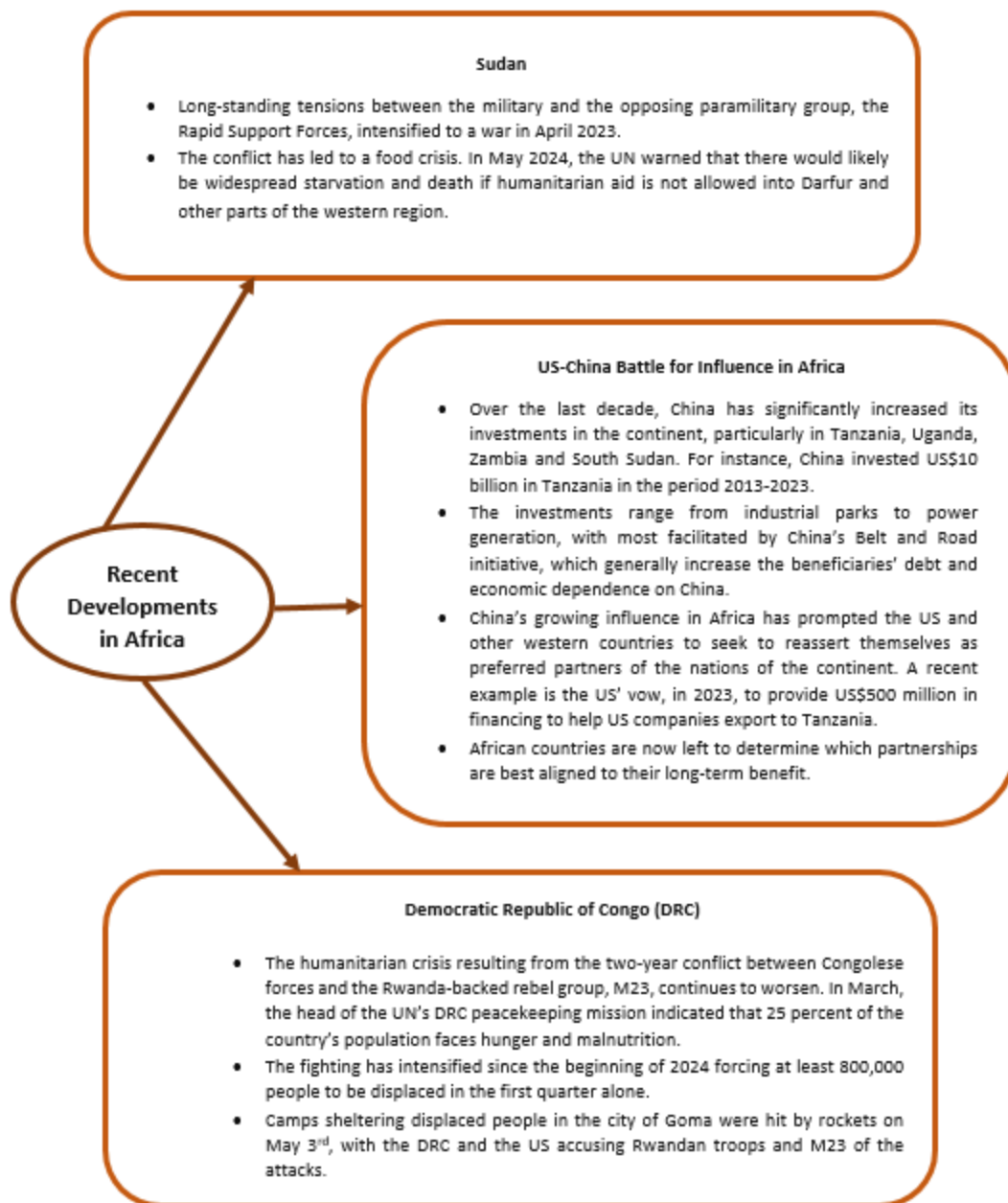
Latin America & the Caribbean

Colombia severed diplomatic ties with Israel, over the latter's military operations in Gaza. This follows similar action by Belize and Bolivia. However, Colombia may suffer more from the loss of the relationship than these countries, given its longstanding ties with Israel on security initiatives.

A transitional council was installed in Haiti in April. The council is charged with the unenviable task of bringing political stability to the country. Gangs now control 80 percent of Port-au-Prince.

The council named Fritz Bélizaire as the country's new Prime Minister in April, but then decided to seek another candidate after the initial choice caused disquiet among council members. The gangs launched fresh attacks a few days after Mr. Bélizaire's appointment, burning homes and in the process, highlighting the magnitude of the challenge that would face whoever is chosen as Prime Minister.

Geopolitics



Implications

- While Ukraine is undoubtedly pleased to finally receive additional resources from the US, President Zelenskyy and his officials are very concerned by the advances made by Russia, during the delay. Sadly, it is unlikely that the additional military aid will allow the country to substantially reverse those gains quickly.
- Given the stage of the ongoing conflicts in Africa, particularly in Sudan and DRC, conditions are likely to get worse before they get better. This will unfortunately result in more displacement, suffering and deaths.

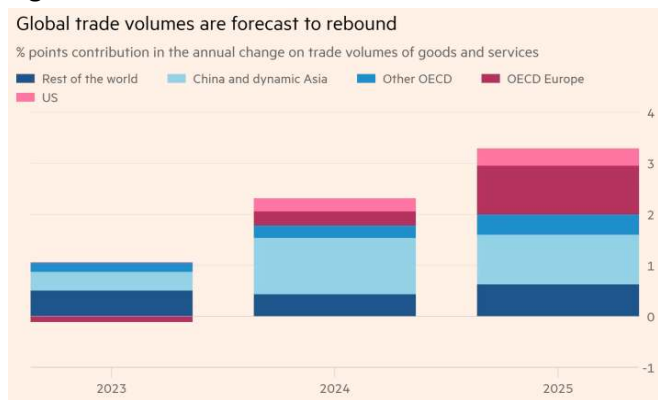
Trade

What's in store for 2024?

Global trade growth is on an upward trajectory.

As the global economy continues to benefit from cooling inflation rates and the upbeat performances of the US economy, global trade is predicted to expand by 3 percent in 2024, according to the International Monetary Fund (IMF). In 2023, global trade grew by only 0.3 percent. While there was some weakness in goods trade, services trade demonstrated encouraging resilience with a \$500 billion (or 8 percent) increase from the previous year. According to the World Trade Organisation (WTO), global merchandise trade volumes declined by 1.2 percent in 2023 because of high energy prices and inflation. It projects a 2.6 percent recovery in 2024, and 3.3 percent growth in 2025. In the climate-friendly sector, there was a 2 percent rise in trade for environmental products, driven primarily by soaring electric car sales. Trade in electric vehicles grew by 60 percent, highlighting shifting market demand and preferences

Figure 1- GLOBAL TRADE VOLUMES CONTRIBUTORS



Source: Financial Times



China's imports and exports returned to growth in April, as it recorded a 23.57 percent expansion in its trade surplus to US\$72.35 billion, up from US\$58.55 billion in March. However, this was a decrease from the US\$86.46 billion surplus achieved in the same period a year earlier. The 2nd largest global economy registered 1.5 percent growth in exports in April, after a 7.5 percent decline in March. Imports, however, increased by 8.4 percent in April, after contracting by 1.9 percent in March.



Some of the European Union's larger economies recorded growth in the first quarter of 2024 compared to the previous quarter, partly due to increased trade. The Eurozone experienced real GDP growth of 0.3 percent (quarter-on-quarter) during the period. The euro area posted an estimated goods trade surplus of €23.6 billion in February 2024, compared with €3.6 billion in February 2023.



The United States recorded a goods and services trade deficit of \$69.4 billion in March, down \$0.1 billion from \$69.5 billion in February. March exports reached \$257.6 billion, \$5.3 billion less than February's. March imports declined by \$5.4 billion when compared to February imports of \$327.0 billion. The decline in the goods and services deficit was a result of a \$0.8 billion increase in the goods deficit to \$92.5 billion and an increase in the services surplus of \$0.9 billion to \$23.1 billion. Comparing this year's data with 2023, Year-to-date, the goods and services deficit increased by \$6.5 billion, or 3.2 percent, from the same period in 2023. There was a 1.2 percent increase in exports, while imports rose by 1.6 percent.

Trade

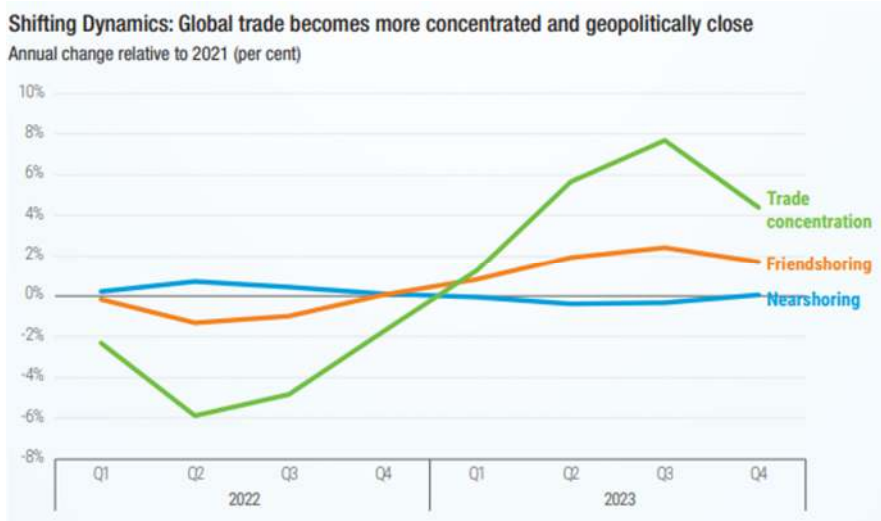
Despite the positive outlook for trade in 2024, risks such as economic uncertainty, rising geopolitical tensions and supply chain disruptions, due to logistical challenges such as shipping disruptions in the Red Sea, Black Sea and Panama Canal, can adversely affect international trade.



Changing trade dynamics

Over the past 2 years, there has been an increase in trade among countries with similar political ideologies (friend-shoring). There has also been an increase in trade concentration, though tempering in the last quarter of 2023 (see Figure 2).

Figure 2: GLOBAL TRADE AND GEOPOLITICAL CLOSENESS



Source: United Nations Conference on Trade and Development - UNCTAD

Trade

Bilateral trade continues to be significantly affected by geo-economic issues which impact trade among the major global economies as well as with their other trading partners. Table 1 illustrates the annual change in trade dependence for selected international trade relationships in 2023. As Russia continues to face growing international sanctions due to its aggression towards Ukraine, it became more dependent on China, with an annual change of 7.1 percent, representing the largest change noted in Table 1. Russia's decreased dependence on the European Union (5.3 percent) was also the most significant on the chart. Unsurprisingly, Ukraine ranked 2nd in increasing trade dependence as it relied more heavily on its relationship with the European Union during the ongoing crisis, with an annual change of 5.8 percent.

Table 1: BILATERAL TRADE ANNUAL CHANGES

Bilateral trade patterns reflect continuing geoeconomic tensions

Increasing trade dependence			Decreasing trade dependence		
Dependent	Depending on	Annual change	Dependent	Depending on	Annual change
Russian Federation	China	7.1%	Russian Federation	European Union	-5.3%
Ukraine	European Union	5.8%	Republic of Korea	China	-1.2%
Brazil	China	3.0%	United States	China	-1.2%
United Kingdom	European Union	1.6%	Brazil	United States	-1.1%
Viet Nam	China	1.4%	Viet Nam	United States	-0.9%
Japan	United States	1.3%	China	United States	-0.8%
India	China	1.2%	India	Saudi Arabia	-0.6%
India	European Union	1.2%	European Union	Russian Federation	-0.6%
United States	European Union	1.0%	Japan	China	-0.6%
United States	Mexico	0.8%	Viet Nam	Republic of Korea	-0.5%

Source: UNCTAD

Figure 3 below shines the spotlight on the top exporters and importers of 2023. The People's Republic of China recorded the highest level of exports worth US\$3,422 billion, down from approximately US\$3,604 billion in 2022. Similarly, the United States (ranked 2nd) recorded a US\$ 45 billion decline in the export of goods from US\$2,065 billion in 2022 to US\$2,020 billion in 2023. Germany, however, was the only nation in the top five to record an increase in its exports in 2023 (US\$ 1,718 billion) when compared to 2022 (US\$ 1,676 billion).

All countries ranked within the top five recorded a decrease in imports for 2023. The United States was rated the highest importer of goods, with a value of US\$3,084 billion, down from US\$3,243 billion in 2022, representing a 5 percent reduction. China was ranked 2nd recording imports of US\$2,564 billion, a reduction of US\$151 billion from the previous year. The United Kingdom was ranked 5th, with a reduction of 9 percent in imports from US\$ 793 billion in 2022 to US\$722 billion in 2023.

Trade

Figure 3: TOP 5 ECONOMIES- IMPORTS AND EXPORTS OF GOODS 2023



Source: International Monetary Fund-IMF

Implications

- Notwithstanding several downside risks, the outlook for global trade remains positive for 2024 and 2025. Several of the positive trends discussed above are expected to continue, including the growing trade of environmentally sustainable products. Unfortunately, some of the undesirable patterns are also expected to continue, such as the increasing concentration of trade among allies.
- Market price volatility for certain commodities could intensify with rising geopolitical tensions and regional conflicts in some sectors. This may affect the volumes traded in such goods.

Banking and Finance

Monetary Policy Updates

US

- On March 20, 2024, the US Federal Reserve (Fed) held its policy rates at 5.25 – 5.50 percent.
- Following the Fed's March announcement, its Chairman, Jerome Powell, provided little in the way of forward guidance regarding any future rate cuts.
- Then on May 1, 2024, the Fed held its rates for the sixth consecutive time.
- Powell indicated that the Fed is not likely to hike rates in its next Federal Open Market Committee (FOMC) meeting in June 2024 but admitted that the economy is growing at a healthy rate.
- The rate of inflation remains above the Fed's target of 2 percent.

UK

- On May 9, 2024, the Bank of England's (BoE) nine-member Monetary Policy Committee voted 7-2 to maintain its key interest rate at 5.25 percent.
- Two members wanted a quarter-point reduction in the interest rate while the other seven would like to have more evidence that inflation is under control before making a cut.
- BoE's governor, Andrew Bailey, indicated that a rate cut could come as early as the next meeting scheduled for June 2024. However, the Monetary Policy Committee will be cautious not to cut rates too swiftly after fighting hard to reduce inflation from double-digits levels (10.1 percent in March 2023) to 3.2 percent in March 2024 (Figure 4).

Euro

- On March 7, the European Central Bank (ECB) decided to maintain its three benchmark interest rates. Although inflation eased from 3.1 percent in January 2024 to 2.6 percent in March 2024, domestic price pressures remained high, which was partly attributed to strong growth in wages.
- The ECB also kept its rates unchanged in April. According to the ECB's President, Christine Lagarde, an interest rate reduction is possible in the near future, once inflation is reduced to an ECB-specific target.
- The ongoing Ukraine-Russia war and a further escalation of the Israel-Hamas conflict could produce developments that may preclude a rate cut in June 2024.

Banking and Finance

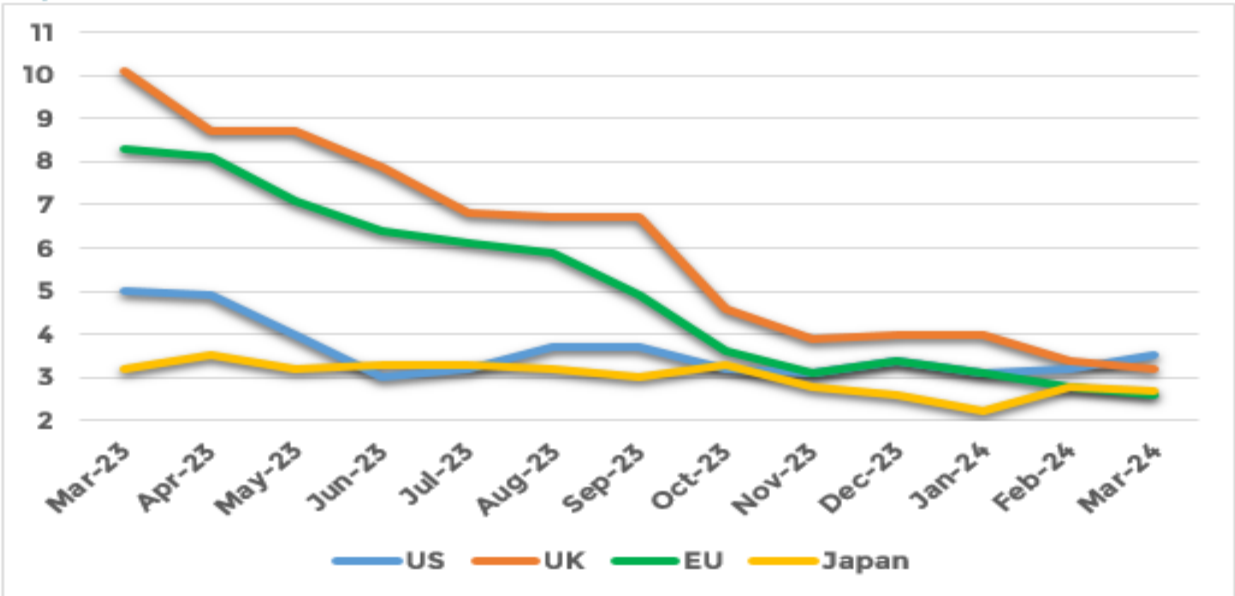
ECB Key Interest Rates	April 11, 2024
Main Refinancing Operations	4.50
Deposit Facility	4.00
Marginal Lending Facility (MLF)	4.75

Source: European Central Bank (ECB)

Japan

- The Bank of Japan ended its eight-year period of negative interest rates in March 2024.
- Japan's central bank increased short-term interest rates to 0 - 0.1 percent from -0.1 percent. This was the country's first rate hike in 17 years.

Figure 4: GLOBAL INFLATION RATES



Source: US-BLS, UK-ONS, Eurostat, JSB

Banking and Finance

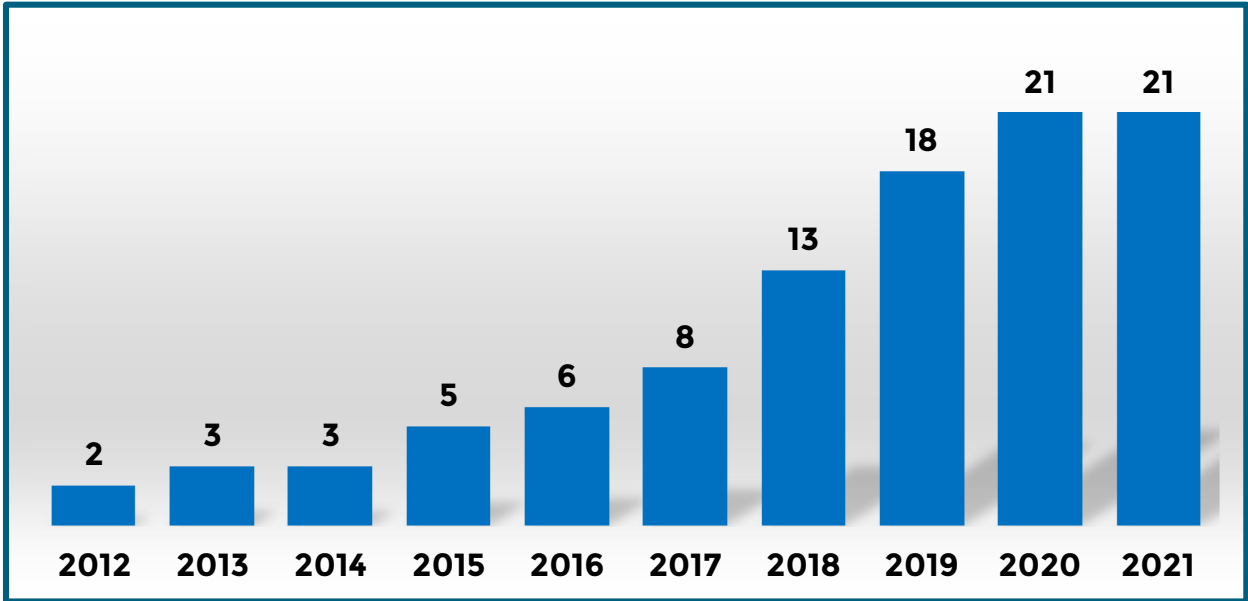
Other Developments

Sub-Saharan Africa - Neobanking to help promote Financial Inclusion

Neobanks are often referred to as “Challenger Banks” that offer digital banking services through a mobile app or website. Since neobanks don't incur expenses associated with maintaining physical locations, they offer lower fees and more competitive interest rates than traditional banks. Most neobanks aren't actually banks as they are not chartered by the Office of the Comptroller of the Currency. Therefore, they have to partner with chartered banks to aid in the delivery of products and services and to make sure deposits are insured by the Federal Deposit Insurance Corporation (FDIC).

Over the period 2012 - 2021, there was steady growth in new digital banks in the region. Currently, Sub-Sahara Africa has 21 digital banks serving over 27 million users across several countries including Nigeria, South Africa, Kenya, Côte d'Ivoire and Zambia. The top 5 Neobanks in the region by number of customers were: OPay, Chipper Cash, TymeBank, Kuda Bank and Mama Money.

Figure 5: GROWTH OF DIGITAL BANKS IN SUB-SAHARAN AFRICA 2012 - 2021



Sources: BPC (Banking.Payments.Context.) and Fincog

Some financial experts believe that digital banking could help reduce the size of the unbanked population in Sub-Saharan Africa, which was estimated to be 42 percent of adults in 2022 (according to TRENDS Research and Advisory). In this region, obtaining valid documentation or identification papers presents a major challenge for individuals who wish to conduct business with traditional banks. A small number of bank branches and physical access points in rural communities is also a major pain-

Banking and Finance

point for citizens who reside in these areas. However, Neobanks can aid in promoting financial inclusion, as they offer easy account creation with minimal documentation required. There is also no need for customers to physically visit these institutions. However, deficiencies in the countries' IT infrastructure, such as limited internet access could prove problematic.

Caribbean - How de-risking is limiting the Caribbean's access to finance

According to the World Bank, the Caribbean was the worst affected by de-risking globally. Over the last 15 years, approximately 40 percent of correspondent banks withdrew from the Caribbean, thus restricting cross border payments including remittances. With fewer correspondent banking relationships (CBRs) in the region, financial transactions such as international wire transfers, cheque clearing and trade finance are costlier and take longer to complete. This negatively affects commercial activity and could lower a country's competitiveness and investment appeal.

De-risking
De-risking is a term that is used to describe the phenomenon when financial institutions terminate or restrict business relationships with clients or specific categories of clients.

Burdensome global compliance standards are also placing more individuals at risk of financial exclusion as some banks are reportedly imposing stricter criteria for customers to open bank accounts and conduct cross-border transactions.

For the period 2011 - 2020



Total Number of Banks Surveyed



Number of Banks de-risked

Banking and Finance

European Banking Federation calls for Banking Sector Reforms

In an attempt to boost its competitiveness, the European Banking Federation (EBF) is calling on the European Union (EU) to enact banking sector reforms and to recognise the industry as a “strategic sector.” There are some concerns surrounding the timing of the EBF’s request, considering that the European Parliament elections are to be held soon (June 6 - 9, 2024). An industry is defined as “strategic” if it plays a vital role in the economic growth and development of the country or in this case, the region. While the European banking sector is currently more stable, partly due to tighter regulations, the EBF claims that legislation is excessive and stifles banks’ overall competitiveness. Nonetheless, some critics argue that the implementation of stringent Basel requirements and robust banking supervision fosters healthy relations with American correspondent banks. Also, those who oppose sectoral reforms state that the advantages of being categorised as a “strategic sector” are quite vague given that the EU does not even have an official published list of strategic sectors.

Indian banks among the top 50 in the Asia-Pacific region in 2023

Based on S&P Global Market Intelligence, the **State Bank of India**, **HDFC Bank** and **ICICI Bank** all made the list of the top 50 banks in the Asia-Pacific region by assets in 2023. Indian banks have been competing well against their peers in Asia and in 2023, they recorded a 50.5 percent growth in assets, which was partly driven by robust credit growth. With India being one of the fastest growing economies in the world, credit growth increased from 14.9 percent in 2022 to 15.6 percent in 2023.

Implications

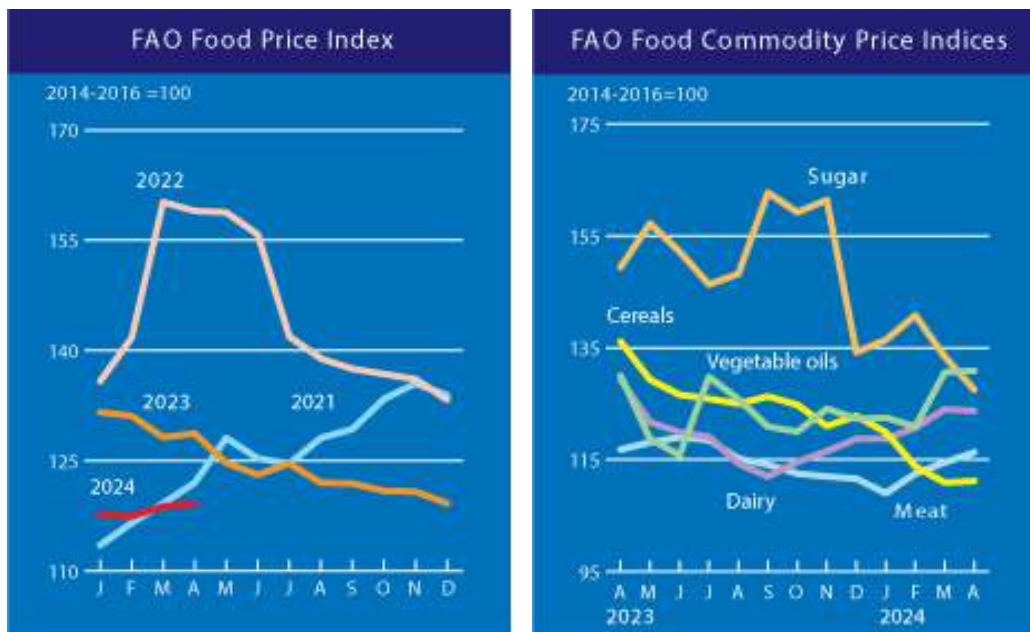
- As the respective central banks in both North America and Europe seek to gradually reduce their benchmark interest rates in the not-too-distant future, the cost of borrowing will decline slowly as well.
- De-risking can stymie growth in some Caribbean economies that are heavily reliant on remittances. Also, some businesses may experience slower growth due to higher costs attached to cross-border transactions, which facilitate the purchase of stock and raw materials.

Commodities

Food

Following a seven-month downward trend, the Food and Agriculture Organisation's (FAO) Food Price Index (FFPI) rose by 1.4 points (1.2 percent) in March and 0.3 points (0.3 percent) in April. An increase in the price index for meat and smaller increases of the vegetable oil and cereal indices moderately offset decreases in those for sugar and dairy products.

Despite this being its second consecutive monthly uptick, the FFPI was down 9.6 points (7.4 percent) from its value in the corresponding period one year ago.



Source: FAO

- The FAO Cereal Price Index averaged 111.2 points in April, up 0.3 points (0.3 percent) from March but 25 points (18.3 percent) below its April 2023 value. Wheat export prices stabilised in April - Upward price pressure stemming from concerns about unfavourable crop conditions impacting 2024 harvests in parts of the European Union, the Russian Federation and the US was countered by continuing strong competition among major exporters. Maize export prices increased in April - Mainly influenced by high import demand amidst mounting logistical disruptions as a result of infrastructure damage in Ukraine and reduced production prospects in Brazil ahead of the start of the main harvest.
- The FAO Vegetable Oil Price Index averaged 130.9 points, up 0.3 points (0.3 percent) month-on-month (m-o-m) and marking a 13-month high. The marginal increase reflects the net effect of higher sunflower and rapeseed oil quotations, more than offsetting slightly lower palm and soy oil prices.
- The FAO Dairy Price Index averaged 123.7 points in April, down marginally (0.3 points and 0.3 percent) from March. This marked a downturn after six months of continuous increases, with the index 5.5 points (4.3 percent) below its value in the corresponding month last year.

Commodities

International prices of skimmed milk powder declined the most. Meanwhile, world cheese prices fell slightly, mainly reflecting the strengthening of the US dollar. In contrast, world butter and whole milk powder prices increased.

- The FAO Meat Price Index averaged 116.3 points in April, up 1.9 points (1.6 percent) from March, marking the third consecutive monthly increase and taking the index 0.4 percent below its value in April 2023.
In April, international poultry meat prices rose, underpinned by steady import purchases by Middle East countries, amid production challenges stemming from avian influenza outbreaks. World bovine meat prices also increased, driven by the continued high demand from major importers. Ovine meat prices bounced back slightly, while world pig meat prices fell.
- The FAO Sugar Price Index averaged 127.5 points in April, down 5.9 points (4.4 percent) from March, marking a second consecutive monthly decline and standing 21.9 points (14.7 percent) below its value in April 2023.
The decrease in world sugar prices was mostly related to improved global supply prospects, notably due to larger-than-previously-anticipated outputs in India and Thailand. In addition, improved rainfall in Brazil in late March and early April eased concerns over prospects for the recently started harvest and contributed to the month-on-month price decline.

Extracted from the FAO Food Price Index, April 2024

Energy

According to OPEC, the energy price index advanced for a fourth consecutive month in April, increasing by 5.2 percent, m-o-m. US natural gas prices led the rebound, supported by consecutive monthly gains in Europe's natural gas, average crude oil and coal prices. The index was up by 0.4 percent, year on year (y-o-y).

Table 2: COMMODITY PRICES

Commodity	Unit	Monthly averages			% Change Apr 24/Mar 24	Year-to-date	
		Feb 24	Mar 24	Apr 24		2023	2024
Energy*	Index	102.2	104.2	109.7	5.2	110.6	104.3
Coal, Australia	US\$/mt	124.2	131.5	135.0	2.6	226.7	128.9
Crude oil, average	US\$/b	80.5	83.5	88.0	5.3	79.9	82.4
Natural gas, US	US\$/mbtu	1.7	1.5	1.6	6.5	2.5	2.0
Natural gas, Europe	US\$/mbtu	8.1	8.6	9.1	6.2	16.0	8.8
Non-energy*	Index	106.8	109.2	115.0	5.3	113.8	109.5
Base metal*	Index	103.6	107.6	118.3	9.9	116.4	108.4
Precious metals*	Index	151.6	162.0	175.8	8.6	145.5	160.5

*Note: * World Bank commodity price indices (2010 = 100).*

Source: OPEC

Commodities

Regarding trends in the commodity markets, OPEC reported the following:

Average crude oil prices maintained their upward trajectory in April, rising by 5.3 percent, m-o-m. Prices were supported by stronger market fundamentals over the period. Prices were up by 6.7 percent, y-o-y. It should be noted that this uptick could be at risk if OPEC+ reverses its production cuts in the second half of 2024, therefore returning 1 million barrels per day (mb/d) to the market.

Henry Hub natural gas prices rebounded in April after two consecutive months of sharp declines. Prices rose by 6.5 percent, m-o-m, amid lower production and ongoing maintenance activities at key facilities. Nonetheless, prices remained at historical lows (at an average of \$1.6/mmbtu in April), exacerbated by seasonal demand weakness. Prices were down by 26.1 percent, y-o-y.

Natural gas prices in Europe increased from March to April. The average Title Transfer Facility (TTF) price went from \$8.6/mmbtu in March to \$9.1/mmbtu in April, a 6.2 percent increase, m-o-m. Geopolitical developments continued to underpin prices, despite reports of healthy inventory levels. Maintenance outages at key US production facilities added support to TTF prices amid concerns of lower US LNG inflows. Prices were down by 32.8 percent, y-o-y.

Australian thermal coal prices rose for a second consecutive month in April increasing by 2.6 percent, m-o-m. A combination of higher European demand and higher transportation costs in South Africa and the US, added support to prices. However, increased Indonesian exports partially offset the supply disruptions from South Africa. Prices were down by 30.5 percent, y-o-y.

The 2024 global oil demand growth forecast remains broadly unchanged from March's assessment at 2.2 mb/d. In Q1 2024, global oil demand is estimated to have grown, y-o-y by 2.4 mb/d. For 2024, total world oil demand is anticipated to reach 104.5 mb/d, supported by strong air travel demand and healthy road mobility, including trucking, as well as industrial, construction and agricultural activities in non-OECD countries. The 2025 global oil demand growth forecast shows robust growth of 1.8 mb/d y-o-y, unchanged from the assessment in March.

Non-Energy

The non-energy price index rose for a third consecutive month in April, increasing by 5.3 percent, m-o-m. The non-energy price index was down by 0.9 percent, y-o-y.

The base metal index rose for a second consecutive month in April, increasing by 9.9 percent, m-o-m. All of the index components advanced over the same period. It should be noted that the global manufacturing purchasing manager's index (PMI) receded in April to 50.3, down from 50.6 in March. Base metal prices were further

Commodities

supported by another monthly improvement in China's manufacturing PMI to 51.4 in April, up from 51.1 in March. The base metal index was up by 4.1 percent, y-o-y.

Aluminium prices rose for a second consecutive month in April, increasing by 12.6 percent, m-o-m. Prices were up by 7.0 percent, y-o-y. At the London Metal Exchange (LME) warehouses, inventories fell by 11.5 percent, m-o-m, over the same period, and were down by 13.7 percent, y-o-y.

Average monthly copper prices advanced for a second consecutive month in April. Prices rose by 8.9 percent, m-o-m, and were up by 7.4 percent, y-o-y. At LME warehouses, inventories in April rose by 3.2 percent, m-o-m, and were up by 79.9 percent, y-o-y.

Lead prices rebounded in April after two consecutive monthly declines. Prices rose by 3.6 percent, m-o-m, recovering losses from the two previous months. Prices were down by 0.9 percent, y-o-y. At LME warehouses, inventories were almost flat, m-o-m, but were more than 100 percent higher, y-o-y.

Nickel prices rose for a third consecutive month in April, increasing by 4.2 percent, m-o-m. Prices were down by 24.0 percent, y-o-y. At LME warehouses, inventories in April rose by 1.9 percent, m-o-m, and were up by 96.9 percent, y-o-y.

Zinc prices increased for a second consecutive month in April, rising by 11.0 percent, m-o-m. Prices were down by 1.3 percent, y-o-y. At LME warehouses, inventories fell in April by 5.7 percent, m-o-m, but were up by more than 100 percent y-o-y.

Iron ore prices rebounded in April after three consecutive monthly losses. Prices rose by 2.7 percent, m-o-m, but were down by 4.0 percent, y-o-y. China's steel industry PMI rose to 47.9 in April, up from 44.2 in March, an 8.4 percent increase, m-o-m.

The precious metals index advanced for a second consecutive month in April, rising by 8.6 percent, m-o-m. All the index components experienced monthly gains over the same period. **Gold, silver and platinum** rose by 8.0 percent, 12.1 percent, and 3.5 percent, m-o-m, respectively. Geopolitical uncertainties, coupled with higher purchases by central banks, supported gold prices against a backdrop of a stronger US dollar. Moreover, silver and platinum received additional support on the manufacturing side. The index was up by 15.2 percent, y-o-y. Gold and silver prices were also up by 16.6 percent and 9.9 percent, y-o-y, respectively, while platinum prices were down by 10.5 percent, y-o-y.

Global clean energy transition

The International Energy Agency (IEA) posits that the global clean energy transition will have far-reaching consequences for mineral demand over the next 20 years. Electric Vehicles (EVs) and battery storage will account for approximately half of the mineral demand growth from clean energy technologies, spurred by surging demand for battery materials. By weight, mineral demand in 2040 is forecast to be dominated

Commodities

by graphite, copper, and nickel. Lithium is also projected to experience increased sales. The shift towards lower cobalt chemistries for batteries will limit growth in cobalt, which in turn will be displaced by growth in nickel.

Table 3: CRITICAL MINERAL NEEDS FOR CLEAN ENERGY TECHNOLOGIES

	Copper	Cobalt	Nickel	Lithium	REEs	Chromium	Zinc	PGMs	Aluminium*
Solar PV	●	●	●	●	●	●	●	●	●
Wind	●	●	●	●	●	●	●	●	●
Hydro	●	●	●	●	●	●	●	●	●
CSP	●	●	●	●	●	●	●	●	●
Bioenergy	●	●	●	●	●	●	●	●	●
Geothermal	●	●	●	●	●	●	●	●	●
Nuclear	●	●	●	●	●	●	●	●	●
Electricity networks	●	●	●	●	●	●	●	●	●
EVs and battery storage	●	●	●	●	●	●	●	●	●
Hydrogen	●	●	●	●	●	●	●	●	●
Importance		High	●		Moderate	●		Low	●

Shading indicates the relative importance of minerals for a particular clean energy technology. CSP = concentrating solar power; PGM = platinum group metals; REE = rare earth elements

Source: IEA

Implications

- The rise in general commodity prices in recent months will no doubt grab the attention of Central Banks and other policy makers, who are keen to avoid another round of the sharp increases in inflation experienced in 2022. The intensification of specific ongoing conflicts, including those in the Middle East and Europe could exacerbate upward price pressure. With global growth expected to remain at 3.2 percent in 2024, most commodities are not expected to record any major fall in prices in 2024.
- Countries rich in metals required for the Green Transition are expected to benefit greatly from the growing thrust to produce environmentally sustainable products. Such metals are anticipated to be a major driver of base metals prices by end-2024.

Tourism

Exploring Sports Tourism

Sports tourism is a type of tourism activity which refers to the travel experience of the tourist who either observes as a spectator or actively participates in a sporting event, generally involving commercial and non-commercial activities of a competitive nature.

The United Nations World Tourism Organisation (UNWTO) sees sports tourism as a major entity, generating around 10 percent of the world's expenditure on tourism, and with an expected growth rate of 17.5 percent between 2023-2030. Sports tourism can promote social, economic and environmental action. It accelerates development and can leave a long-lasting positive legacy.

The 2024 Paris Olympics will take place from July 26th to August 11th. Even closer, and closer to home, from June 1st to 29th, the West Indies and United States will host the 2024 ICC Men's T20 Cricket World Cup. Host countries for this event are Antigua & Barbuda, Barbados, Dominica, Guyana, St. Lucia, St. Vincent & the Grenadines and Trinidad & Tobago, along with the US states Florida, New York and Texas. With the imminence of the Olympics and T20 Cricket World Cup and the anticipated respective impacts on France and Caribbean nations, it is both timely and important to cut through the hype and hyperbole to get a more accurate perspective on sports tourism.

Despite the postponement of the 2020 Summer Olympic Games in Tokyo and the disruption of a number of other major sporting events, brought about by the COVID-19 Pandemic, large sporting events remain popular. A political explanation suggests that hosting a mega-sporting event brings large returns for local politicians in the form of higher favourability ratings. In larger countries, mega-sporting events may also be a strategy used by local governments to obtain additional funding from the national government for infrastructure development that would not have materialised otherwise. Often viewed as the most important benefit of hosting major sporting events, the lasting 'legacy' that the event creates, refers to many aspects of the event, including the sport and transport infrastructure legacy, the urban regeneration legacy and the nation building or patriotism legacy. At their most basic level, however, mega-sporting events are popular, and popularly justified, because of the purported increase in tourism, both during and after the events.

In a 2011 paper titled, *The impact of mega-events on tourist arrivals*, Johan Fourie and Maria Santana-Gallego sought to quantify this effect. Six mega-sporting events were investigated, the Summer Olympic Games, the Winter Olympic Games, the FIFA World Cup, the Cricket World Cup, the Rugby World Cup and the British and Irish Lions Rugby Tour, and the tourism flows between 200 countries from 1995 to 2006 were analysed. It was found that on average, hosting mega-sporting events increased tourism by 8 percent, though the size of the increase depends on the type of the event. There was no evidence of a legacy effect but there was some evidence of a rise in tourism as the event drew near. There were however large disparities between

Tourism

the types of events; the Summer Olympics, FIFA World Cup and to a lesser extent the Cricket World Cup and Lions Tour all seemed to have a significant positive impact on tourism, while the Winter Olympics and the Rugby World Cup had negative results. How is it possible that hosting a major event could result in reduced arrivals? There is growing awareness of the possibility of tourist displacement. Whereas some tourists may be attracted to an event (event-specific tourists), some 'normal' tourists (frequent visitors to the region), may opt to shift their visit when a mega-event occurs. This could be for a variety of demand- or supply-side reasons, including higher prices, reduced availability of and or options for accommodation and transport, security concerns, or visitor preferences. If the number of 'normal' tourists that opt out is greater than the number of event-specific tourists coming in, the effect will be a reduction in arrivals. In general, results suggest that mega-events promote tourism, but the gain is dependent on the type of mega-event, the participating countries, the host country's level of development, and whether the event is held during the peak- or off-season. This makes sense, as there is likely to be less scarcity and comparatively lower prices (consequently less tourist displacement) if the event is held in the off-season.

Fourie and Santana-Gallego produced a follow-up paper in 2021 based on investigating 11 mega-sporting events from 1995 to 2019. The new results corroborated some of the earlier findings: for example, the Summer Olympic Games seems to attract larger numbers of additional tourists during the year of the event than any other mega-sporting event. But new estimates also questioned some of the earlier findings. No evidence was found of a positive effect on tourist arrivals in hosting the FIFA World Cup or the Cricket World Cup, with the latter now carrying a negative coefficient (negative impact on arrivals).

Conclusions

While the negative performances of the Winter Olympics and the Rugby World Cup in the 2011 study may be due in part to tourism displacement, they are probably more the result of the smaller nature of these events and because the events analysed here were held in countries with an already strong tourism demand. An important conclusion of this paper is that visitors from countries participating in the mega-event increases more than tourists from countries not participating in the mega-event. While this is not surprising, it holds important implications for countries that consider bidding for a mega-event and is likely a factor in the growing interest from developing countries to host mega-events.

Interestingly, the 2021 study found that when developing countries host mega-sporting events, the impact is larger and more persistent. This is important, but also worrying: after the 2020 Summer Olympic Games in Tokyo, the event will be held in Paris (2024) and Los Angeles (2028). In July 2021, Brisbane was announced as the host city for the 2032 Games. Therefore, new estimates suggest that this is a missed opportunity for cities in the developing world.

Tourism

From a tourism perspective, hosting a mega-event is beneficial, even in the face of the growing skepticism due to tourism displacement. Yet, it is not necessarily the more expensive events that yield the most benefits: the size and development level of the host country, the type and, importantly, timing (seasonality) of the mega-event, and the countries participating in the event all impact on the 'success' of these events, measured in terms of tourist arrivals.

Beyond the findings of the studies with respect to tourism, the economic and resilience benefits and threats are important considerations as well, perhaps even more so for developing countries. The construction or upgrading of infrastructure and facilities that precede major sporting events as well as the increased demand for goods and services during the event (air travel, accommodation taxi services, tours restaurants etc.) generally boost economic activity leading up to the event and in the year of the event itself. More often than not, economic activity falls-off the following year as things return to 'normal'. This fall-off will be even sharper, if the pre-event infrastructure investments were not part of a long-term national development plan geared toward generating cost savings and boosting productivity through shortened commuting times, for example, or generating revenue through use of the new facilities. Further, the massive costs involved in preparing for and hosting these events often significantly increases the host country's debt level (and reduces its economic resilience) possibly for years to come.

Sports Tourism and the region

Beyond the Cricket World Cup in June, discussion and analysis of sports tourism is more than just an academic exercise for this region. While Caribbean tourism is largely based on sun, sea and sand, festivals and the natural scenic beauty that abounds, sport is not an inconsequential part of what gets some people airborne. There are regular inter-island competitions in numerous disciplines including track and field, swimming, cricket, football and netball. International competitions in cycling, football and cricket are fixtures on the annual calendar, with the Republic Bank Caribbean Premier League being perhaps the most visible example of crossing borders for sporting pursuits. Further, less than a year ago, Trinidad and Tobago successfully hosted over 1000 athletes and para-athletes from 68 countries during the seventh Commonwealth Youth Games.

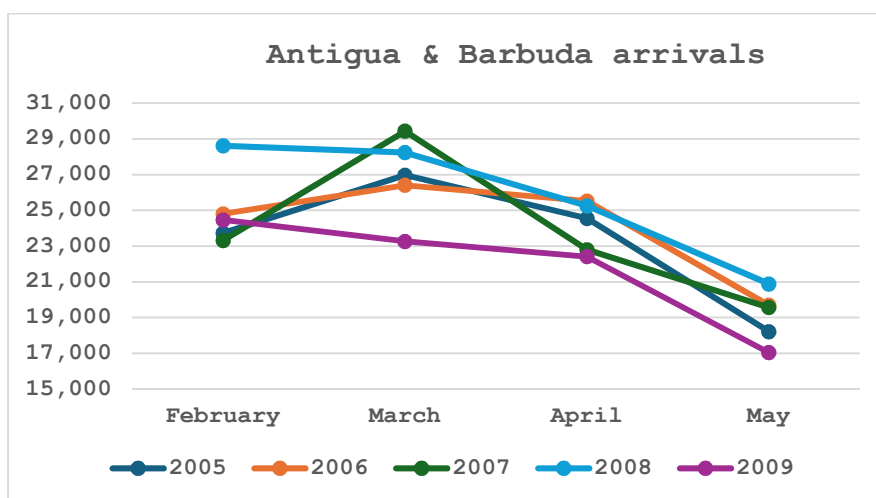
While the studies and analyses touched on earlier provided greater insight into gauging the likely impact of major sporting events on tourist arrivals, they need not be the sole resource in estimating what may unfold with the upcoming ICC competition, as the region has past experience to inform its estimates and expectations.

In 2007, the West Indies hosted the ninth One Day International (ODI) Cricket World Cup (CWC) from March 13th to April 28th. While this World Cup was a quadrennial ODI competition, as distinct from the biennial T20 competition set to take place, there is

Tourism

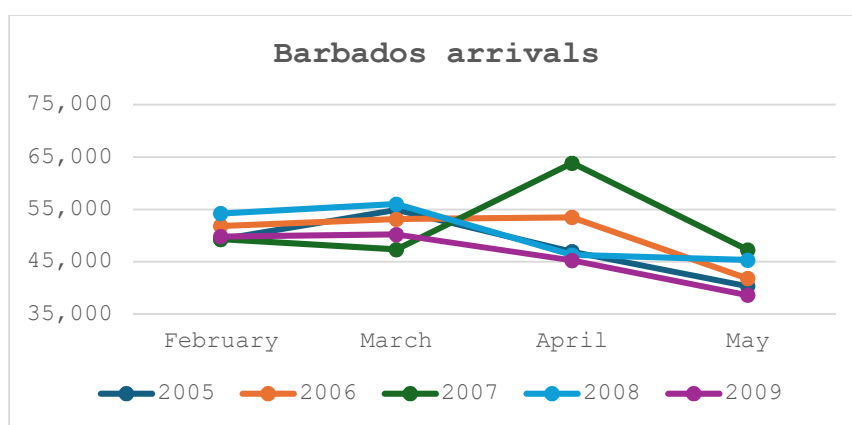
significant overlap in terms of fan base and appeal, so a lot can be learnt. Interestingly, leading up to 2007, the United States contingent lobbied strongly for matches to be staged at its newly built cricket ground in Lauderhill, Florida, however, the ICC decided to award all matches to eight Caribbean nations: Antigua Barbuda, Barbados, Grenada, Guyana, Jamaica, St. Kitts Nevis, St. Lucia and Trinidad & Tobago (St. Vincent and the Grenadines hosted 4 warm-up matches). All host countries hosted six matches except for St. Lucia, Jamaica, and Barbados (which hosted the final), each of which hosted seven matches.

The arrivals data of the host countries is instructive. (Note: St. Kitts Nevis is not included as all of the required data was not available)



Match days: March 27th, 29th, 31st and April 2nd, 4th, 8th

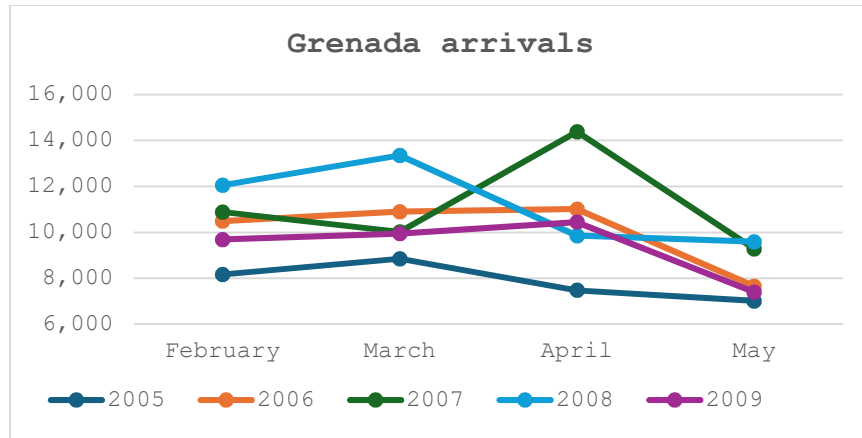
Source: Caribbean Tourism Organisation (CTO)



Match days: April 11th, 13th, 15th, 17th, 19th, 21st, 28th

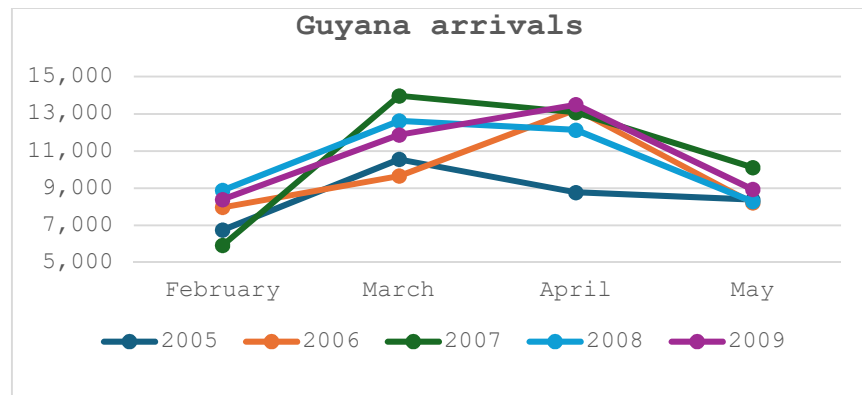
Source: CTO

Tourism



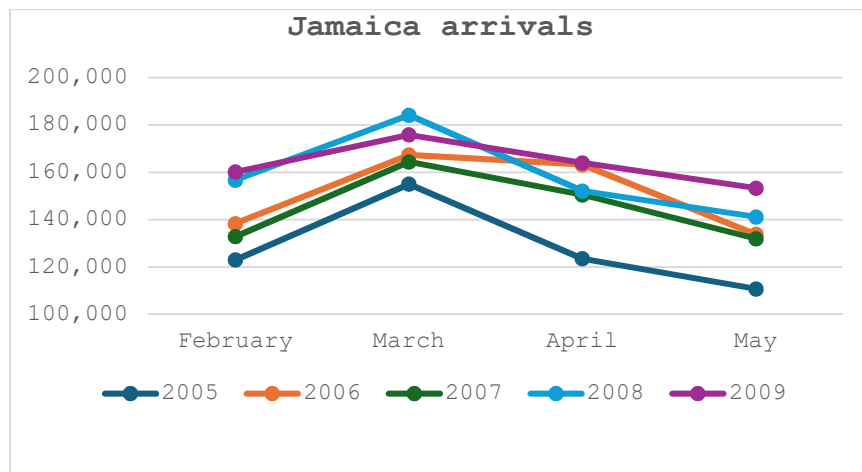
Match days: April 10th, 12th, 14th, 16th, 18th, 20th

Source: CTO



Match days: March 23rd, 30th and April 1st, 3rd, 7th, 9th

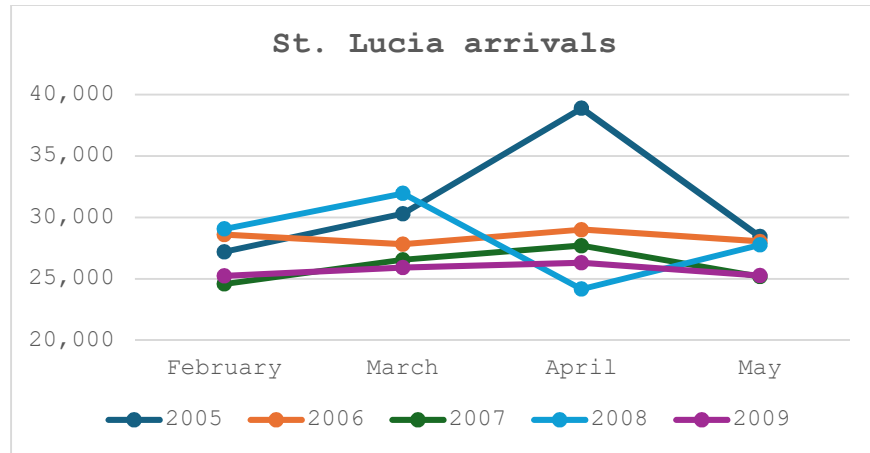
Source: CTO



Match days: March 13th, 15th, 17th, 19th, 21st, 23rd and April 24th

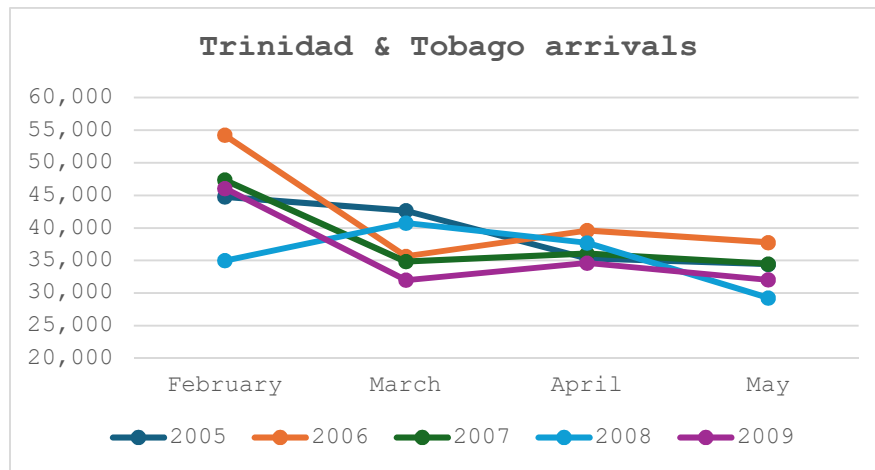
Source: CTO

Tourism



Match days: March 14th, 16th, 18th, 20th, 22nd, 24th and April 25th

Source: CTO



Match days: March 15th, 17th, 19th, 21st, 23rd, 25th

Source: CTO

Table 4: ANNUAL TOURIST ARRIVALS

	2005	2006	2007	2008	2009
Antigua & Barbuda	245,384	253,669	261,786	265,841	234,410
Barbados	547,534	562,558	572,937	567,667	518,564
Grenada	98,244	118,490	129,118	129,605	113,370
Guyana	116,596	113,474	131,487	132,776	141,053
Jamaica	1,478,663	1,678,905	1,700,785	1,767,271	1,831,097
St. Lucia	317,939	302,510	287,435	295,761	278,491

Source: CTO

(Note: St. Kitts & Nevis and Trinidad & Tobago are not included as all of the required data was not available)

Tourism

Analysis

- Antigua & Barbuda, Barbados, Grenada and Guyana, experienced a notable increase in arrivals that coincided with when they hosted matches.
- Antigua & Barbuda, saw what seems like an uncharacteristic increase in arrivals during the same period a year later, raising the possibility of a legacy effect.
- The trajectory of Jamaica's arrivals growth seems to have been completely independent of the CWC. Further, lower arrivals in March 2007 compared to March 2006 suggest tourist displacement.
- St. Lucia's arrivals were declining before 2007. The arrivals generated by the World Cup were not enough to reverse the decline.
- Trinidad & Tobago's 2007 arrivals were consistently lower than in 2006. It seems the World Cup lifted March 2007 arrivals to bring it within sight of the March 2006 figure.
- While this cannot be definitively stated without more detailed information, Guyana, with its significant increase in arrivals in 2007 that continued to increase going forward, makes the best case for having experienced the legacy effect.

For many Caribbean countries their peak tourism season runs from October through to March. Thereafter, arrival numbers moderate in April and fall away further in May and June. Much of the activity during the 2007 CWC occurred during this peak season, increasing the likelihood of tourist displacement, which diminishes the expected boost in arrivals. With the 2024 CWC taking place in June, a slow period for many of the region's tourism-centric countries, there is likely to be much less tourism displacement and consequently increased revenue for the region. Also, because the cricket facilities throughout the region were not built for this event but were already in existence, the host countries would have incurred much lower preparation expenses. Further, with the increased growth, visibility and appeal of the major T20 leagues (including the Republic Bank Caribbean Premier League) in the ensuing 17 years since the 2007 CWC, there is almost certain to be even greater interest in coming to the Caribbean for this event.

Implications

- Hosting international sporting events often generates greater benefits for developing countries than developed ones, but developing countries need to have the infrastructure, facilities and socio-political stability to be able to successfully bid for these events.
- Hosting major sporting events is a long-term play. Based on the significant planning, time and costs that are involved, sporting facilities should form part of a national strategy so that the country and its citizens reap the benefits of using the facility and it doesn't become a white elephant.
- Use and improve what already exists. Take a holistic view of the facilities, sporting disciplines, networks and linkages that currently exist with a view to develop regional events that nurture, hone and showcase talent and attract visitors.
- Planning, resources, strategy and clout, trump pedigree, success at, or a historical connection to, a sport or event.

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