



# EIU MONITOR

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# Geopolitics

## US-China



In April 2025, the US announced the most sweeping tariff measures since the 1930 Smoot-Hawley Tariff Act, a law infamous for exacerbating the Great Depression. After global markets plunged, the US paused its “Retaliatory” tariffs for 90 days, except for those applied on goods produced in China. This triggered a cascade of retaliatory tariffs and measures between both countries. On April 11<sup>th</sup>, US tariffs on all Chinese goods stood at 145 percent, while Chinese tariffs on all US goods were 125 percent, in addition to a 15 percent tariff on US energy, a 10 percent tariff on crude oil and agricultural machinery, and a 10-15 percent tariff on US agricultural products.

In May, both countries agreed to talks to de-escalate trade tensions and subsequently announced a 90-day truce, which will see both parties roll back most of their recent tariffs. The agreement follows a period when both sides were adamant, at least in public, about not compromising on the tariffs.

## US-Houthi



The US and the Houthis have declared a ceasefire, according to Omani Foreign Minister Badr Albusaidi. Oman acted as mediator in the discussions held between Yemen's Houthis and the US in May, which marked a significant shift in the Iran-aligned group's policy since the commencement of the Israel-Hamas war in Gaza in October 2023.

The parties agreed that neither side will target the other which includes American vessels, in the Red Sea and Bab al-Mandab Strait. This would allow for ease of navigation and the smooth flow of international commercial shipping. However, this agreement does not relate to the conflict between Israel and the Houthis.



# Geopolitics

## US-Ukraine mineral agreement



Ukraine possesses deposits of 22 of the 34 minerals classified as critical by the European Union (EU). Critical minerals include precious and non-ferrous metals, ferroalloys and minerals such as titanium, zirconium, graphite and lithium.

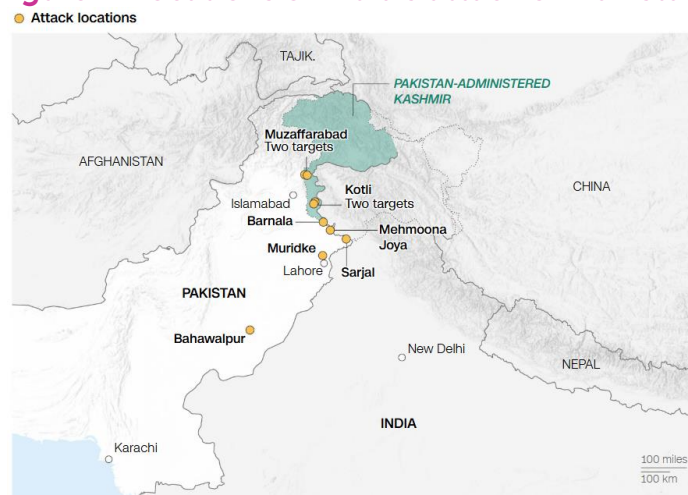
To strengthen the US-Ukraine strategic partnership and to mobilise investment for Ukraine's economic development, both countries signed an Economic Partnership Agreement to establish the Reconstruction Investment Fund on April 30<sup>th</sup>, 2025. This fund will be jointly managed by Ukraine and the US on an equal partnership basis. Under the agreement, Ukraine maintains full ownership of its natural resources, with the US gaining preferential access. The Ukrainian government determines where and what minerals can be extracted. In return, the US will contribute to the fund directly or through "new military assistance", and Kyiv will contribute 50 percent of revenues from the exploitation of natural resources via new licences in the fields of critical materials, oil and gas.

## India-Pakistan



On May 7<sup>th</sup>, 2025, weeks after a terrorist attack in the disputed Kashmir region killed 26 people, 25 of which were Indian nationals, the Indian government launched missiles at Pakistan and Pakistan administered Kashmir, further heightening tensions between the two nuclear powers.

**Figure 1- Locations of India's attack on Pakistan**



*Source: CNN*

# Geopolitics

Pakistan revealed that there were 31 fatalities and 57 people injured because of India's attack. India reported hitting 9 locations (Figure 1) across the Pakistani province of Punjab and in Pakistan-administered Kashmir. In retaliation, Pakistan launched a military operation against India, targeting multiple bases including a missile base in the country's north.

While there have been long standing tensions between the two countries, the latest conflict stoked fears of an all-out war, a frightening prospect, considering both countries possess nuclear weapons.

On May 10<sup>th</sup>, the US announced that an immediate ceasefire agreement was reached between India and Pakistan after the western nation acted as a mediator.

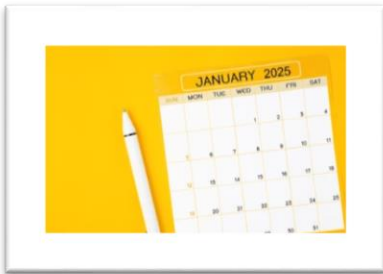
## Implications

- While it is unlikely to occur, Central Asia would be drastically destabilised should a full-on war break out between India and Pakistan. This war would disrupt trade routes as well as delay infrastructure projects. Foreign forces (e.g. China, Russia, US) may seek to increase their presence in the region and as such could cause the conflict to spread to other countries. A potential nuclear fallout, refugee crisis and food insecurity are also possible outcomes should India and Pakistan declare war against each other.
- A resumption of the US-China trade war will have far-reaching consequences. Ongoing trade tensions raises concerns about potential economic decoupling, the erosion of trade relationships and norms, increased economic uncertainty and the potential for long-term global economic instability.

# Trade

## Timeline of Historical US Tariffs

The move by the US government to impose tariffs on almost every country on April 2<sup>nd</sup>, represents a sharp departure from the post-WWII era of negotiated tariffs and free trade agreements. A timeline marking some of the main developments leading up to the implementation of the tariffs and the events after their imposition is presented below.

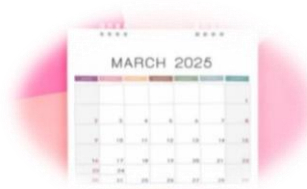


- In President Trump's inaugural address, he promised to "tariff and tax foreign countries" and create, the yet to be established, External Revenue Service.



- The US imposed a 10 percent tariff on imports from China and 25 percent tariff on imports from Mexico and Canada beginning on February 4<sup>th</sup>.
- Both Mexico and China took steps to remedy US concerns surrounding border security and drug trafficking leading to a 30-day pause on tariff.

- A 10 percent tariff was levied on all imports from China, with China taking retaliatory action on the same day, including new duties on a variety of American goods and an anti-monopoly investigation into Google.
- China applied 15 percent tariffs on US coal and liquefied natural gas products, and a 10 percent levy on crude oil, agricultural machinery and large-engine cars imported from the US.
- The US announced the removal of the exemptions related to its 2018 tariffs on steel and raised aluminum tariffs from 10 percent to 25 percent, starting March 12<sup>th</sup>.
- President Trump announced plans for reciprocal tariffs, which would 'for purposes of fairness' match the rates that countries worldwide charge on US imports.



- The 25 percent tariffs on imports from Canada and Mexico went into effect on March 4<sup>th</sup>, though the levy on Canadian energy was limited to 10 percent. The tariff on all Chinese imports was doubled to 20 percent.
- Canadian Prime Minister Justin Trudeau announced retaliatory tariffs on more than \$100 billion of American goods over the course of 21 days. Mexican President Claudia Sheinbaum said her country would respond with its own retaliatory tariffs on US goods without specifying the targeted products, immediately signalling hopes of a de-escalation. China, meanwhile, imposed tariffs of up to 15 percent on a wide array of key

# Trade

US farm exports. It also expanded the number of US companies subject to export controls and other restrictions.

- The US postponed the 25 percent tariffs on many imports from Mexico and some imports from Canada for a month. This helped to thaw relations with Canada somewhat, with Canada suspending a second wave of retaliatory tariffs worth C\$125 billion.
- On March 10<sup>th</sup>, China's retaliatory 15 percent tariffs on key American farm products – including chicken, pork, soybeans and beef – took effect.
- The European Union announced retaliatory trade action promising new duties on US industrial and farm products. The measures covered goods from the US worth some 26 billion euros (US\$28 billion), and not just steel and aluminum products, but also textiles, home appliances and agricultural goods.
- The US threatened a 200 percent tariff on European wine, Champagne and spirits if the European Union went forward with its previously announced plans for a 50 percent tariff on American whiskey.
- Starting April 2<sup>nd</sup>, the US vowed to place a 25 percent tariff on all imports from any country that buys oil or gas from Venezuela, in addition to imposing new tariffs on the South American country itself.



- A 25 percent tariff on auto imports was announced.
- The US' previously promised higher "reciprocal" tariffs were introduced but were suspended for 90 days shortly thereafter – except for China.
- A 10 percent baseline tariff was imposed on almost every country and remains in place. According to the White House, Russia, Cuba, Belarus and North Korea were not subject to

reciprocal tariffs as they are already facing extremely high tariffs and previously imposed sanctions prevent any meaningful trade with them.

- As it relates to Canada and Mexico, USMCA-compliant imports can continue to enter the US duty-free. If the countries satisfy US demands on immigration and drug trafficking, the tariff on the rest of their products may be reduced from 25 percent to 12 percent.
- Prime Minister Mark Carney said that Canada would match the US' 25 percent levies on automobiles with a tariff on vehicles imported from the US.
- China announced plans to impose a 34 percent tariff on imports of all US products beginning April 10<sup>th</sup>, matching Trump's new "reciprocal" tariff on Chinese goods.
- The Commerce Ministry in Beijing promised to impose more export controls on rare earths and the government added 27 firms to the list of companies subject to trade sanctions or export controls.
- After following through on a threat to raise levies on imports from China to a total of 104 percent, the US subsequently increased them to 145 percent.
- EU member states voted to approve their own retaliatory tariffs on 20.9 billion euros (US\$23 billion) of US goods in response to US levies on steel and aluminum tariffs. This was paused for 90 days in response to the US pause.
- China increased tariffs on US goods from 84 percent to 125 percent.
- The Trump administration revealed that electronics, including smartphones and laptops, would be exempt from "reciprocal" tariffs. Other non-"reciprocal" tariffs on electronics from China remain.

# Trade

- The US President indicated that he might temporarily exempt the auto industry from tariffs to give US carmakers time to adjust their supply chains.
- The Commerce Department said it was withdrawing from a 2019 agreement which suspended an antidumping investigation into fresh tomato imports from Mexico. That termination, set to take effect July 14<sup>th</sup>, means most tomatoes from Mexico will be subject to a 20.91 percent tariff.
- The US relaxed some of its 25 percent tariffs on automobiles and auto parts to ease import taxes on vehicles that are made with foreign parts but assembled in the US.
- The US administration said it will provide a rebate of 3.75 percent relative to the sales price of domestically assembled cars for one year and for the second year, the rebate would equal 2.5 percent of the sales price.



- Claiming that the US movie industry is dying, President Trump announced plans to impose a 100 percent tariff on foreign-made films, authorising the Commerce Department and the US Trade Representative to “immediately begin the process.” It isn’t immediately clear how such a tariff would be implemented.
- The US trade deficit soared to \$140.5 billion in March, marking the highest monthly gap on record, as consumers and businesses tried to get ahead of the tariffs.
- The United States and Britain announced a trade deal, which will lower the tariffs faced by Britain and provide greater access in the UK for American goods. The president said the agreement would lead to more beef and ethanol exports to the UK, which would also streamline the processing of US goods through customs. Britain said the deal will cut tariffs on UK cars from 27.5 percent to 10 percent, with a quota of 100,000 UK vehicles that can be imported to the US at a 10 percent tariff. It also eliminates tariffs on steel and aluminum.
- The European Union published a list of US imports that it would target with retaliatory duties if no solution was found with the US. The European Commission also said it would begin legal action at the World Trade Organisation (WTO) over the “reciprocal tariffs” that the US imposed on all countries a month ago.
- The US and China agreed to roll back most of the tariffs each nation had imposed on the other and declared a 90-day truce in their trade war.
- The Trump administration said it would reduce the 145 percent duties it had imposed on imports from China to 30 percent, while China said it would cut its 125 percent tariffs on US goods to 10 percent.
- The United States Trade Representative (USTR) proposed tariffs ranging from 20-100 percent on ship-to-shore (STS) cranes manufactured or assembled with Chinese components, as well as cargo handling equipment produced globally by Chinese-controlled companies.

**This timeline is updated as at May 18th 2025**



# Trade

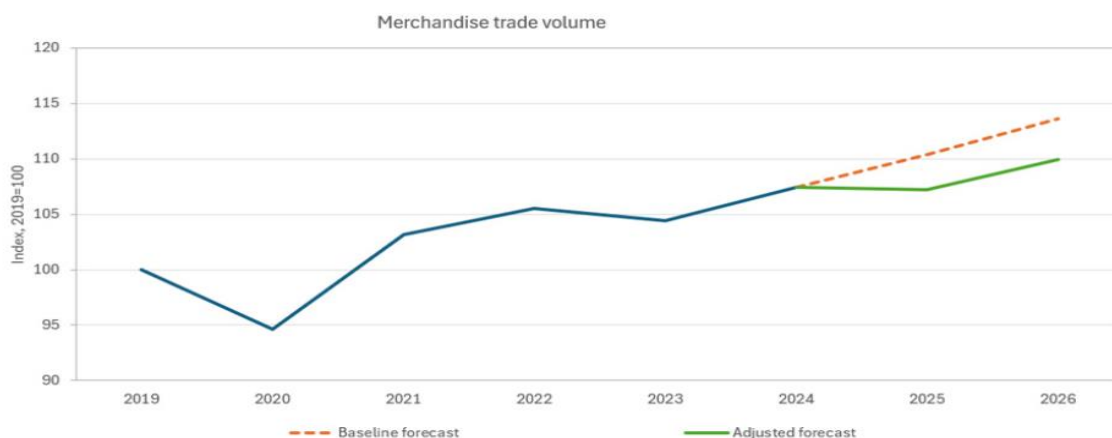
## Global Trade Outlook

The WTO has sounded the warning in its latest Global Trade Outlook and Statistics Report (April 16<sup>th</sup>) that global trade could fall in 2025 amid rising tensions.

- Global merchandise trade is expected to decline by 0.2 percent in 2025
- Global merchandise trade could experience a steeper decline and fall by 1.5 percent, if trade tensions worsen, including the reactivation of US “reciprocal tariffs” and increasing policy uncertainty
- A modest recovery of 2.5 percent is expected in 2026
- North America could face a significant 12.6 percent drop in exports

**Figure 1: World merchandise trade volume and GDP growth, 2019-2026**

Index, 2019=100 and annual % change



Note: Trade refers to average of exports and imports. Figures for 2025 and 2026 are projections.

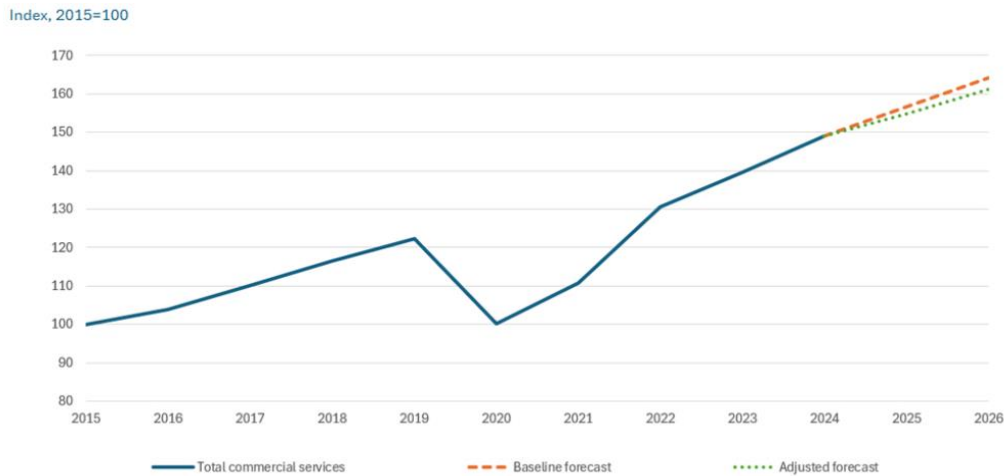
**Source:** WTO, 2025

Services trade, while not directly subject to tariffs, is also expected to be adversely affected.

- Declines in goods trade can have a knock-on effect and reduce demand for related services, such as transport and logistics
- Uncertainty is likely to dampen discretionary spending on travel and slow investment-related services
- The volume of global services trade is forecast to grow by 4.0 percent in 2025 and 4.1 percent in 2026 – noticeably below the baseline projections of 5.1 percent and 4.8 percent

# Trade

Figure 2: Commercial services trade volume, 2015-2026



Note: Trade refers to exports. Figures for 2025 and 2026 are projections.

Source: WTO, 2025

## Implications

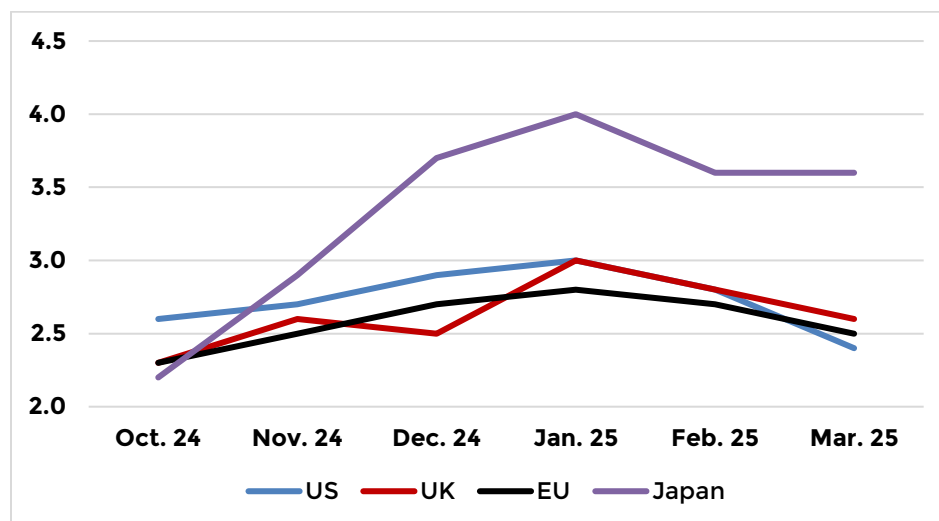
- Global financial markets could continue to experience significant volatility, especially if reciprocal tariffs are reintroduced. This will likely negatively affect investor confidence and global growth.
- Caribbean manufacturers and retailers that depend on imports from the US will likely face higher prices and business costs, while the end consumers will have to pay more for products imported from the US, including food.

# Banking and Finance

## Monetary Policy

- Major central banks adopted divergent policy actions as global trade uncertainty rose dramatically in the first six weeks of the second quarter of 2025.
- While some central banks reduced their policy rates to support economic activity, on May 7<sup>th</sup>, the Fed announced its decision to hold its benchmark rate within the 4.25 - 4.5 percent range.
- The decision is related to the wait-and-see approach adopted by the Fed in view of elevated global trade uncertainty and the threat of growing inflationary pressures domestically.
- Just a day later, the Bank of England cut its main interest rate by 25 basis points to 4.25 percent, highlighting concerns that the increase in global tariffs could weigh on the British economy and push down inflation, but stressed that the global outlook is highly uncertain.
- In April 2025, the European Central Bank cut its policy rates by 25 basis points to within the 2.25 - 2.65 percent range, indicating that the outlook for growth had deteriorated in view of rising trade tensions.
- The Bank of Japan announced its decision to keep its main interest rate unchanged at 0.5 percent on May 1<sup>st</sup> and slashed its projections for domestic economic growth to 0.5 percent from 1.1 percent.
- The inflation rate in these jurisdictions remains above the 2 percent target set by their respective central banks (Figure 1).

Figure 1: Inflation Rate (%)



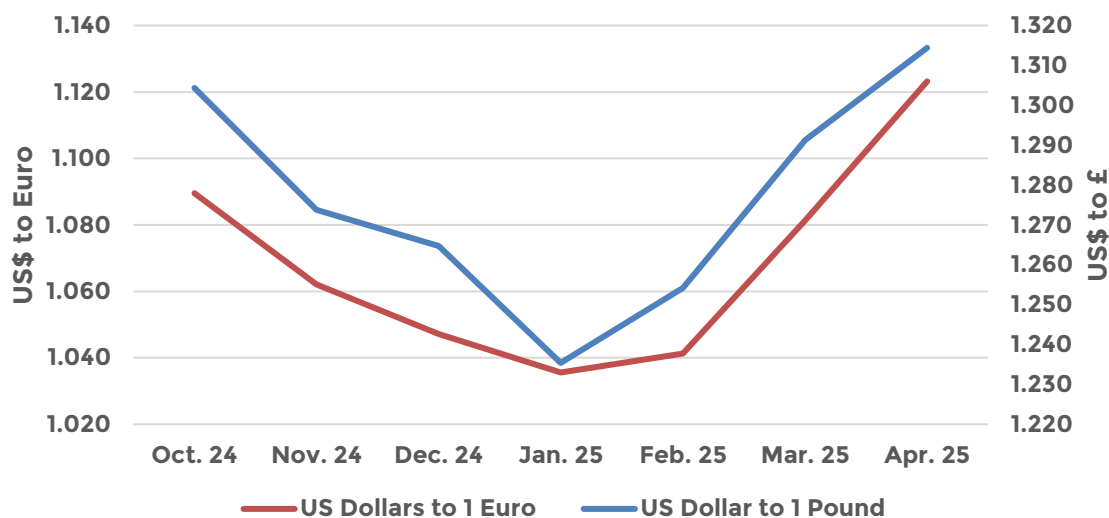
Source: USBLS, UKONS, EC, BOJ

# Banking and Finance

## Tariffs and Global Financial Markets

- The US tariff announcement on April 2<sup>nd</sup>, 2025, sent shockwaves through the global financial market, with the equity market in the US losing more than US\$6 trillion in value within two days. This was its largest two-day loss in history.
- The three major US stock indices, the Dow Jones Industrial Average, the S&P 500, and the Nasdaq Composite suffered their largest weekly loss since the COVID-19 pandemic.
- In addition to significantly increasing market volatility, the new trade measures stoked fears of a US recession, causing the value of the dollar to fall further in April (Figure 2).
- Outside of the US, the Asian markets recorded the largest declines, with Hong Kong's Hang Seng Index leading the way with a 13 percent drop between April 2<sup>nd</sup> and 7<sup>th</sup>. The losses were also notable in Europe (Figure 3).
- Global markets recovered to some extent in the second half of April, but the more meaningful rally occurred in May, with news of a US-UK trade deal and the commencement of trade talks between the US and China. The US and China agreed to a 90-day tariff truce, which provided a boost to global financial markets.

**Figure 2: US Dollar vs. Pound & Euro**

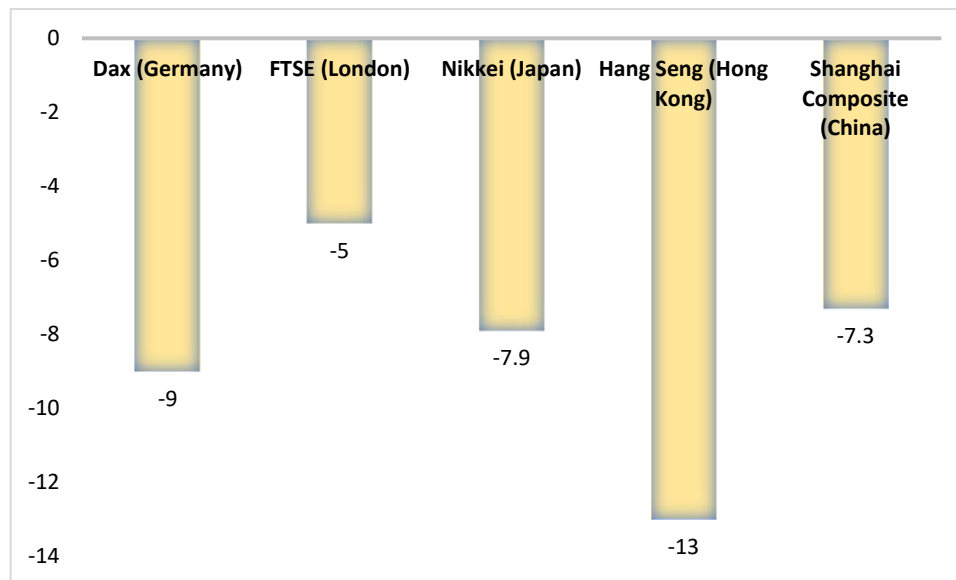


*Source: Federal Reserve Bank of St. Louis*



# Banking and Finance

**Figure 3: Global Equity Markets Fall in Wake of US Tariffs**



Source: CNN Business

## Other Developments

### Major North American Banks Leave Net Banking Zero Alliance (NZBA)

- The change of administration in the US, seems to have provided the final push for several North American banks to exit the NZBA. The NZBA is a group of leading global banks committed to aligning their lending, investment and capital markets activities with the goal of achieving net-zero greenhouse gas emissions by 2050.
- Even before the US Presidential elections in November 2024, the hostile political climate placed significant pressure on US banks to leave the alliance. Canadian banks with significant US presence also faced similar challenges.
- The alliance, which began in 2021, has faced significant resistance in the US since its inception, particularly from Republican states, where participating banks were accused of breaching competition laws, among other things.
- The major US banks that have left the alliance include Bank of America, Citigroup, Goldman Sachs, JPMorgan Chase, Morgan Stanley, and Wells Fargo. In Canada, they were joined by TD Bank, Bank of Montreal, National Bank of Canada, Canadian Imperial Bank of Commerce and Scotiabank.
- In Europe, several major banks have reaffirmed their commitment to the NZBA in the wake of the departure of their North American counterparts, while the wider banking sector continues to back the initiative.

# Banking and Finance

## Mergers and Acquisitions

- The high uncertainty surrounding global trade has caused some firms, including StubHub, Klarna and Chime to postpone initial public offerings (IPOs) until markets become more settled.
- In general, merger and acquisition activity seem to have slowed as a result of global trade uncertainty, as some investors wait for clarity to return to global markets.
- French lender, Crédit Agricole, received approval from the European Central Bank to increase its interest in Italy's Banco BPM to 19.9 percent. While Crédit Agricole was thrilled with the development, the company stated that it does not intend to seek full ownership of Banco. It currently holds a 9.9 percent stake in the Italian bank.
- Meanwhile, Italian lender, UniCredit, has seen its takeover bid for Banco hit a snag, as the Italian government imposed specific requirements, which UniCredit claim could harm its full freedom and ability to make sound and prudent decision in the future, and even lead to unintended results.
- In November 2024, UniCredit launched a \$10 billion-plus bid for Banco BPM, in an attempt to reinforce its position as the second-largest bank in Italy.
- UniCredit's takeover bid for Germany's second-largest bank, Commerzbank is being strongly resisted by the bank's management and staff.
- While the leadership of Commerzbank is taking actions to bolster the institution's financial wherewithal to repel UniCredit advances, hundreds of its employees protested the potential merger outside the annual shareholders' meeting on May 15<sup>th</sup>, 2025.

## Implications

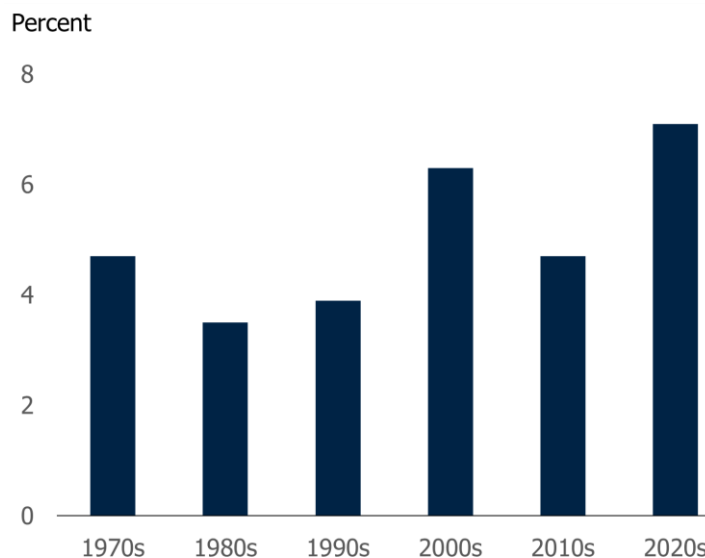
- High trade uncertainty could be deleterious to activity on the global financial market as it tends to undermine the confidence of both lenders and borrowers. This could be very harmful to the global economy, as commercial activity in most countries would likely take place at levels that are well below potential. Investors may increasingly turn to safe haven investments such as gold and may be less willing to finance the building/enhancement of productive capacity. This will undermine long-term growth.

# Commodities

## 2020-2024: The Most Volatile Commodity Cycle since the 1970s

Commodity markets experienced their most turbulent decade since the 1970s, one marked by an unprecedented level of price volatility. Between 2020 and 2024, global commodity markets faced a series of overlapping shocks including the COVID-19 pandemic, the Russia-Ukraine war, escalating conflicts in the Middle East, extreme weather events, and, more recently, intensifying trade tensions. These successive shocks triggered sharper and more abrupt surges in commodity prices than those seen in previous decades (Figure 1). It remains to be seen if this marks a permanent shift toward a more turbulent era for commodity markets.

**Figure 1: Decadal volatility of commodity price movements**



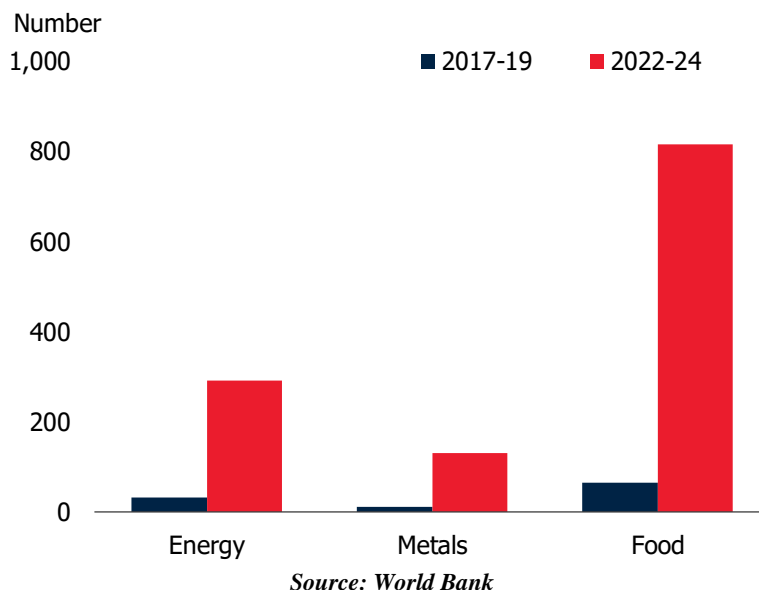
*Source: World Bank*

## Trade and Commodities

Global trade policies continue to play a key role in shaping commodity prices. Between 2022 and 2024, new trade policies on energy, metals, and food rose more than tenfold compared to the years before the pandemic (Figure 2). While many of the recently announced tariffs have excluded industrial commodities, agricultural goods have generally not been exempted. In early 2025, the implementation of US tariffs sparked broad market reactions, contributing to sharp price swings in oil and metals. These trade impediments disrupt global supply chains and add to price volatility, making it more difficult for both commodity exporters and importers to plan and respond effectively.

# Commodities

**Figure 2: New restrictive measures affecting commodities trade**



## Energy Market Overview

Energy prices showed mixed performance in Q1 2025. Throughout the quarter, natural gas prices surged, coal prices declined, and oil prices fluctuated. The World Bank's Energy Price Index fell by 4.1 percent month-on-month (m-o-m) in March, marking the second consecutive monthly decline, and was 8.8 percent lower year-on-year (y-o-y) (Figure 3). This decline was driven by weaker oil and coal prices, though higher natural gas prices in the US and EU helped offset some of the decline. For 2025, the index is expected to decline by 17 percent, driven largely by lower oil prices amid increasing supply and lower demand.

**Figure 3: Select energy prices**

Commodity	Unit	Monthly average			% Change	
		Jan 25	Feb 25	Mar 25	Mar 25/ Feb 25	Mar 25/ Mar 24
Energy*	Index	103.5	99.2	95.1	-4.1	-8.8
Coal, Australia	US\$/boe	11.3	10.2	9.9	-2.8	-20.9
Crude oil, average	US\$/b	78.2	73.8	70.7	-4.2	-15.4
Natural gas, US	US\$/boe	22.2	22.8	22.3	-2.2	175.2
Natural gas, Europe	US\$/boe	79.3	83.0	71.6	-13.7	54.7

Note: \* World Bank commodity price index (2010 = 100).  
Sources: World Bank and OPEC.

**Figure 4: Oil prices and key events, August -April 2025**



Source: World Bank



# Commodities

## Crude Oil

Global oil demand increased by 1.2 million barrels per day (mb/d) or 1.2 percent in Q1 2025, slightly higher than the 1.1 percent increase in Q4 2024. Supply decreased by 0.3 percent, as freezing temperatures in Canada and the US disrupted production for the second consecutive year.

- Brent crude averaged \$75.60 per barrel (p/b) in Q1 2025, up slightly from \$74.60 p/b in Q4 2024 (Figure 4).
- However, in early April, prices fell sharply to below \$63 p/b following US tariff announcements and OPEC+'s decision to increase production by 0.4 mb/d, three times the previously announced increase. This marked the 11th worst four-day price performance since 1990.
- Brent crude averaged \$67.70 p/b in April, down from \$72.60 p/b in March.
- For 2025, Brent crude is forecasted to average \$64 p/b, down from \$81 p/b in 2024.

## Natural Gas

Natural gas prices increased substantially in Q1 2025. The World Bank Natural Gas Index rose 24 percent quarter-on-quarter (q-o-q) and was 66 percent higher y-o-y. Price increases were driven by colder winter conditions, tighter inventories and stronger demand in both residential and industrial sectors.

- US Henry Hub prices averaged \$4.15 per million British thermal units (mmbtu) in Q1 2025, up from \$2.45/mmbtu in Q4 2024.
- In April, Henry Hub prices eased to \$3.40/mmbtu, down from \$4.13/mmbtu in March.
- European benchmark prices increased to \$14.41/mmbtu in Q1 2025 from \$13.57/mmbtu in the previous quarter, supported by drawdowns in storage levels and solid demand from the power sector.

## Coal

Coal prices continued their downward trend in Q1 2025 and are expected to decline by 27 percent in 2025.

- Australian coal prices fell 21 percent q-o-q, averaging \$109.80 per metric tonne (mt), down from \$139.50/mt in Q4 2024.
- Coal demand continues to soften globally, though consumption remains steady in emerging markets. The shift toward renewables is also reducing long-term market share.

## Non-energy market Overview

The non-energy price index declined by 2.1 percent m-o-m in March, ending five months of increases. The fall was driven primarily by a decline in the agricultural price index, which partially offset gains in the base metal index. Overall, the non-energy index and agricultural sub-index were up 5.3 percent and 2.8 percent y-o-y, respectively.

# Commodities

## Base Metals

Base metal prices rose for a third consecutive month in March, with the index up 3.0 percent m-o-m. Metal prices advanced as buyers frontloaded purchases to secure supplies ahead of US tariff changes. However, prices are projected to decline by 12 percent y-o-y in 2025 due to weakening global manufacturing and industrial activity (Figure 5).

**Figure 5: Base metal prices**

Commodity	Unit	Monthly average			% changes		Year-to-date	
		Jan 25	Feb 25	Mar 25	Mar 25/ Feb 25	Mar 25/ Mar 24	2024	2025
Non-energy*	Index	117.2	118.2	115.7	-2.1	5.3	108.2	117.1
Base metal*	Index	114.8	118.4	121.9	3.0	13.3	105.1	118.3
Copper	US\$/mt	9,019	9,350	9,754	4.3	12.0	8,467	9,374
Aluminium	US\$/mt	2,585	2,656	2,650	-0.2	18.5	2,210	2,630
Nickel	US\$/mt	15,439	15,323	16,086	5.0	-7.9	16,664	15,616
Lead	US\$/mt	1,932	1,964	2,038	3.7	-1.3	2,086	1,978
Zinc	US\$/mt	2,831	2,806	2,893	3.1	17.1	2,455	2,843
Iron Ore	US\$/mt	102	107	103	-3.7	-5.2	123	104

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

Sources: LME, Haver Analytics, World Bank and OPEC.

## Precious Metals

The Precious Metals Index rose for a third consecutive month in March, increasing by 3.1 percent m-o-m and 37.5 percent y-o-y. Gold, in particular, is expected to remain more than 150 percent above its 2015–2019 average in 2025, supported by safe-haven demand, market volatility and increased central bank holdings. All key metals posted gains.

→ Precious metals are benefiting from risk aversion and safe-haven flows given rising geopolitical and economic uncertainty. This trend would continue as long as market volatility remains high.

# \$3,218/oz

## Gold Price (April Avg)

Up 38.2% y-o-y and hit record  
\$3,000/oz in March

# 150%

## Gold Above Average

Expected to remain above its  
2015-2019 average

# Commodities

## 35.4%

### Silver Gain

y-o-y increase in March

## 7.8%

### Platinum Gain

Modest y-o-y increase in March

## Agriculture

The FAO Food Price Index (FFPI) averaged 128.3 in April 2025, up 1.0 percent m-o-m and 7.6 percent y-o-y, although still 19.9 percent below its peak in March 2022. The increase was driven by increases in cereal, dairy and meat prices, which outweighed declines in sugar and vegetable oils.

→ Food prices remain vulnerable due to adverse weather shocks and shifts in trade policy. For countries with high food import bills, small to moderate increases can have significant impacts on domestic inflation and the cost of living.



### Cereals

The FAO Cereal Price Index rose by 1.2 percent m-o-m, reflecting higher prices across all major cereals.



### Vegetable Oils

The FAO Vegetable Oil Price Index fell by 2.3 percent m-o-m, led by a decline in palm oil prices.



### Sugar

The FAO Sugar Price Index fell by 3.5 percent m-o-m, and was 10.9 percent lower y-o-y. The decline was driven by a weaker global economic outlook and higher-than-expected Brazilian output.



### Meat

The FAO Meat Price Index climbed 3.2 percent m-o-m, led by increases in pig meat prices.



### Dairy

The FAO Dairy Price Index rose by 2.4 percent m-o-m and was up 22.9 percent y-o-y.

# Commodities

## Implications

- Commodity markets are likely to remain volatile in the near term, influenced largely by ongoing trade policies, shifting global demand, supply disruptions, and weather-related shocks. For commodity-exporting countries in the Caribbean, such as Trinidad and Tobago, Guyana and Suriname, lower oil prices can weigh on export earnings, straining foreign reserves and limiting government revenues. On the other hand, tourism dependent countries may benefit from lower fuel import costs, which can help ease inflation and potentially support tourist arrivals if travel costs decline. Additionally, rising food prices remain a key concern, as many countries in the region face high food import bills.



## How the US Tourism Sector is performing under Trump's Presidency

In the first quarter of 2025, the total number of tourists arriving by air, sea, and land decreased by 3.3 percent year-on-year (y-o-y). The largest decline (11.6 percent) was recorded in March. During the month, there was a decline in the number of visitors from nearly every region worldwide. Western Europe, the Caribbean, and Central America experienced the steepest contractions, falling by 17.2 percent, 26 percent, and 26 percent, respectively. Nevertheless, data from the US Department of Commerce showed increased arrivals from the Middle East and Eastern Europe of 17.7 percent and 1.5 percent, respectively.

**11.6%**  
y-o-y  
contraction

in Arrivals for  
March 2025

In March 2025, air arrivals from the UK, Germany and Spain fell by 14.8 percent, 28.5 percent and 24.5 percent, respectively.

**100,000**  
Visitors  
lost from the UK,  
Germany and Spain

There was an appreciable downturn in travel from Canada to the US during the first quarter of 2025. This was likely related to rising trade and other tensions between the two countries. The impact is rippling through Canada's major airlines. Air Canada, faced with a sharp decline in bookings for 2025, was forced to reduce flights to popular US destinations. Further underscoring this trend, the number of Canadians driving across the border into the US plummeted by a significant 32 percent y-o-y in March 2025.

**32%**  
Decline  
in Canadian  
Visitors  
for March 2025

# Tourism

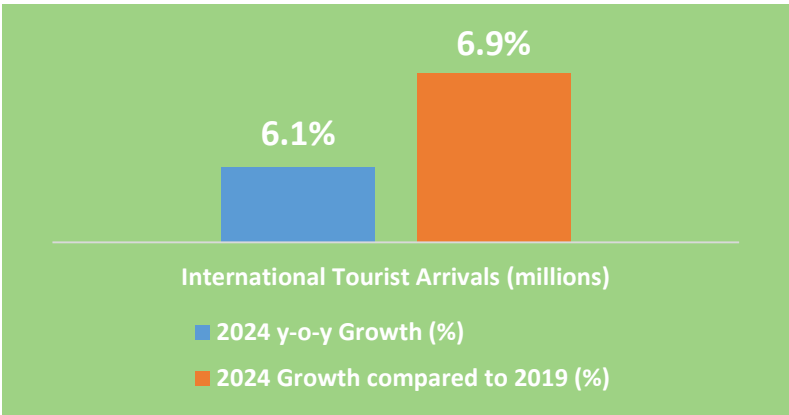
## Caribbean Tourism 2024 Performance & Growth Prospects for 2025

Moderate Growth in 2025  
CTO projects  
**2% - 5%**  
increase in  
Overnight Visitors

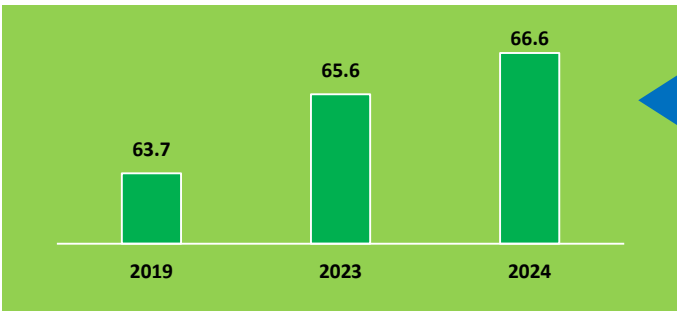
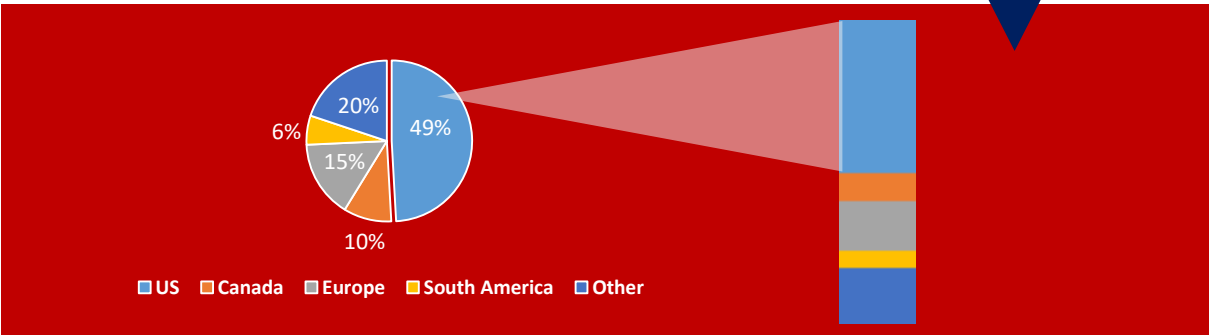
Cruise Arrivals to reach  
**36 Million**  
in 2025  
Approximately 5%-7%  
growth

Healthy Growth in  
**2024**

Cruise Visitors  
Increased by  
**10.3%**



## The **US** remained the **Main Source Market**



Hotel Occupancy Rates  
(%) improved to  
**66.6%**  
in 2024

Tourism in the Middle East



Source: Skift

**Qatar**

Tourism sector aims to triple its overnight visitors and increase its contribution to GDP to **10-12** percent between 2022 and 2030.

**10-12%**

**35%**

**Morocco**

Overnight visitors in 2024 were **35** percent higher than the pre-pandemic level. According to Tourism Minister, Fatim-Zahra Ammor, this growth was partly due to government investment and industry collaboration.

# Tourism

## Turkey

Tourism revenue in 2024 grew by **8.3** percent compared to 2023.

**8.3%**

## Saudi Arabia

Religious tourism was still the main driver of growth in the sector in 2024.

## Dubai

The hotel occupancy rate averaged **78.2** percent in 2024 compared to 77.4 percent in 2023. Revenue per Available Room (RevPAR) increased by 2 percent.

**78.2%**

## Egypt

Tourism revenue totalled US\$14.1 billion in 2024.

## Jordan

As Jordan shares a long border with Israel, overnight visitors declined in 2024 due to the war in Gaza. International visitors declined by approximately **600,000** but this was partially offset by an increase of 196,000 visitors from the Gulf Cooperation Council (GCC). According to Lina Annab, the Jordanian Minister of Tourism and Antiquities, the sector witnessed significant contractions in certain source markets while other markets maintained or slightly increased. Lina Annab also indicated that the diversity of its source markets saved the sector from greater losses in 2024.

**600,000**  
visitors





## Greece's Tourism sector struggles to find workers as the Summer Season looms

The tourism sector is very important to the Greek economy, accounting for 25 percent of GDP on average. As Greece gears up for another busy summer, it needs to fill 80,000 jobs in hotels and restaurants. To solve this problem, the European nation is looking towards asylum seekers and foreign workers. The labour shortfall is partly due to the lingering effects of the economic restrictions implemented during the COVID-19 pandemic. Many experienced workers left during the pandemic, creating a shortage, especially in the hotels and restaurants industry. To address this, the government is trying to legalise approximately 30,000 undocumented immigrants and has also made deals with countries like Egypt, Vietnam, India, and Moldova to source additional workers.

The labour shortage in the tourism sector was also caused by the increased competition for workers as the performance of the domestic economy improved. Between 2018 and 2024, the unemployment rate was almost cut in half, falling from 19.3 percent to 10.1 percent. This is because around 500,000 new jobs were created in other booming sectors, like construction, logistics, retail, and healthcare.

## Implications

- Tougher immigration policies and stricter trade policies may discourage potential tourists from visiting the US in 2025. Some experts have already highlighted that Europeans are boycotting the US as a form of protest. This may augur well for the Caribbean, as the region can capitalise on this opportunity to lure more Europeans for the busy summer and winter periods.
- With some travellers avoiding the US, some alternative destinations may face an increased threat of overtourism. Some popular destinations might witness a significant increase in visitors this year, which can place more strain on citizens and resources of those countries. To learn more about overtourism, see *February 2024* issue of the EIU Monitor.

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