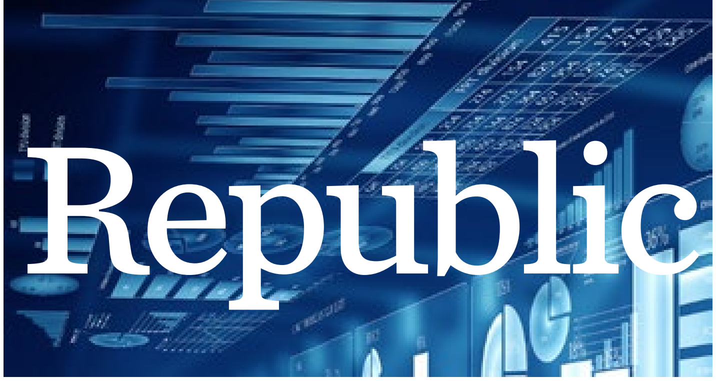


Republic Economic

NEWSLETTER

December 2024 | Vol.33, No.1 | ISSN 1027-5215

Subpar Feeling

OVERVIEW

With the challenges facing the energy sector having been well ventilated, its ongoing comparatively weak performance is a surprise to few, and for several quarters now, the non-energy sector has been the source of more of this country's economic impetus. However, as 2024 has been unfolding, various indicators, both specific (cement sales and vehicle sales) and anecdotal (sector unemployment and capacity utilisation), have cast some doubt on the ongoing size of this impetus. Based on these developments Republic Bank estimates that economic activity contracted by 1.5 percent in the third quarter compared to the second. The country's foreign exchange challenge continues to evolve, as seen in the Central Bank's reporting on foreign exchange market activity as well as T&T's foreign reserves, typified by net foreign position, which declined to US$9,370.3 million in September, from US$9,788.8 million at the end of June. The Composite Stock Price Index fell by 6.65 percent to reach 1,052.80 at the end of September. Following a jump from 4.1 percent in the fourth quarter of 2023 to 5.4 percent in the first quarter of 2024, the unemployment rate fell to 4.8 percent in the second quarter of 2024. While the increase in the rate to 5.4 percent saw the number of persons with jobs decrease by 17,300, the subsequent decline in the unemployment rate to 4.8 percent saw the number of people with jobs increase by just 300, from 560,400 to 560,700 people.

TRINIDAD AND TOBAGO KEY ECONOMIC INDICATORS

INDICATOR	2023	2023.3	2024.3 p/e
Real GDP (% change)	2.1	1.5	-1.5
Retail Prices (% change)	4.6	0.62	0.32
Unemployment Rate (%)	4.0	3.2	4.9
Fiscal Surplus/Deficit ($M)	-3,172.5	-3,260.4	-2,837.1
Bank Deposits (% change)	-0.36	0.03	2.1
Private Sector Bank Credit (% change)	8.2	1.33	2.7
Net Foreign Reserves (US$M)	10,025.9	9,972.2	9,370.3
Exchange Rate (TT$/US$)	6.72 / 6.78	6.71 / 6.78	6.72 / 6.78
Stock Market Comp. Price Index	1,214.10	1,209.60	1,052.80
Oil Price (WTI) (US$ per barrel)	77.58	82.25	76.43
Gas Price (Henry Hub) (US$ per MMBtu)	2.54	2.59	2.11

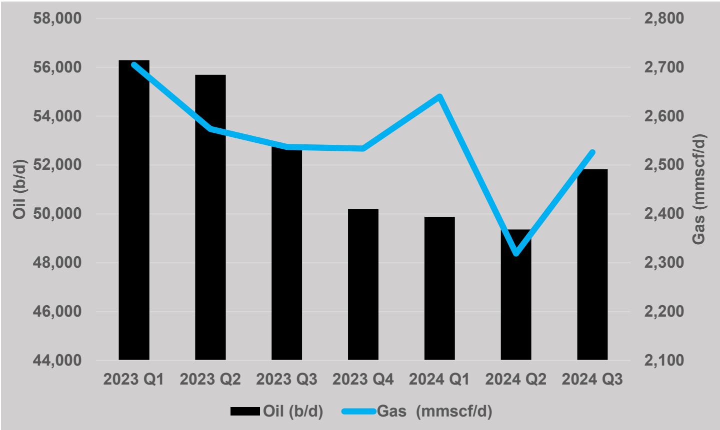
Source: - Central Bank of Trinidad and Tobago, TTSE, Energy Information Administration
p - Provisional data
e -Republic Bank Limited estimate
*** - Estimate based on CBTT's Index of Economic Activity**

ENERGY SECTOR

The steady decline in the production of crude oil and natural gas throughout 2023, seems to have been disrupted somewhat in 2024, with instances of increased average quarterly output (Figure1). Average oil production of 51,824 barrels per day (b/d) in the third quarter was 5 percent higher than that of the second quarter but 1.9 percent lower than that of the same period in 2023. Natural gas output of 2,516 million standard cubic feet per day, (mmscf/d) was 8.5 percent higher than that of the previous quarter (quarter on quarter, q-o-q) but 0.8 percent lower than the same period a year ago (year on year, y-o-y). The average oil price of US$76.43 per barrel for the July-September period was 6.5 percent lower than the previous quarter and 7.1 percent lower than in 2023. The US$2.11 average gas price represented a 1.4 percent q-o-q increase but an 18.5 percent y-o-y decline.

Republic Bank
We're the One for you!

Figure 1: Oil and Gas production



Source: Ministry of Energy and Energy Industries

Average liquified natural gas (LNG) production of 1,299,531 cubic metres (m^3) was a 7.6 percent q-o-q increase but an 8.4 percent y-o-y decline. Ammonia output jumped by 23.8 percent q-o-q and 16 percent y-o-y, while methanol production improved by 14.2 percent q-o-q and 1.1 percent y-o-y. The barometers of exploration activity fell away significantly in the third quarter. Rig days totalled 242 and depth drilled reached 36,334 feet, representing q-o-q declines of 40 percent and 60.6 percent respectively, as well as y-o-y declines of 24.6 percent and 54.2 percent respectively.

NON-ENERGY SECTOR

The 11.4 percent q-o-q increase in cement sales in the second quarter of 2024, along with the approximately 6,000 increase in people with jobs in the construction sector from 58,700 to 64,700 (Table 1) and the slight reduction in unemployment in the sector from 8.7 percent to 8.4 percent, point to a clear increase in construction sector activity in the second quarter. In the same vein, while the latest unemployment data is not yet available, the 10.9 percent q-o-q decline in cement sales to 113,452 tonnes in the third quarter suggests reduced buoyancy. While it can be reasonably surmised that delays and lost days that invariably increase with the onset of the rainy season would have been a contributing factor, the fact that cement sales were just 3.6 percent higher than the same period in 2023 (rainy season and all) when the government is pushing to complete its infrastructure agenda with elections less than a year away, suggests that other factors may be preventing the sector from lifting off as it should. While by no means definitive, in the manufacturing sector, the steady decline in the number of persons with jobs in recent quarters, the 2 percent increase in its unemployment rate in Q2 2024, and a capacity utilisation rate anchored at 65.2 percent in Q4 2023 and Q1 2024, suggest that the manufacturing sector has been losing impetus. It is likely that this continued into Q3 2024. New vehicle sales in the third quarter, declined by 2.5 percent q-o-q and 4.6 percent y-o-y, alluding to a moderation of activity in the trade and repairs sector. This confluence of evidence, anecdotal and otherwise, suggests that the non-energy sector overall, does not have the level of impetus of 2022 and 2023.

Table 1: Labour force by employment status, sex and industrial group

Industrial group	Period	Total labour force	Persons with jobs	Total unemployed	Persons w/o jobs and seeking work	Other unemployed	Unemployed as a percentage of labour force
Other manufacturing (excluding sugar and oil)	2023 Q4	43,400	41,600	1,800	1,800	-	4.10%
	2024 Q1	38,300	36,900	1,500	800	700	3.90%
	2024 Q2	37,200	35,000	2,200	2,000	200	5.90%
Construction	2023 Q4	63,800	59,900	3,900	3,200	700	6.10%
	2024 Q1	64,200	58,700	5,600	4,200	1,300	8.70%
	2024 Q2	70,500	64,700	5,900	4,500	1,400	8.40%

Source: Central Statistical Office – Trinidad & Tobago

FISCAL POLICY

The overall balance for the 2023/2024 fiscal year is estimated at -$7,142.1 million, equivalent to 3.5 percent of GDP. With the balances for the first, second and third quarters of the fiscal year at $1,072.9 million, -$2,243.2 million and -$3,134.7 million respectively, calculations show that the fourth quarter of the fiscal year (July – September) registered an estimated deficit of $2,837.1 million.

MONETARY POLICY

Inflation rates continued to shrink in the third quarter. Average food prices were 1.6 percent higher than in the second quarter and were 1.4 percent higher than the third quarter of 2023. Overall prices in the third quarter increased by 0.3 percent compared to the previous quarter and were just 0.4 percent higher than prices a year earlier.

With the 'Repo' rate remaining unchanged at 3.50 percent, interest rates remained unchanged, with the commercial banks' average basic prime lending rate still at 7.57 percent. Private sector credit as at September 2024 was 2.7 percent higher than the June figure and 9.2 percent higher than in September 2023. Consumer credit grew by 2 percent q-o-q and a strong 12 percent y-o-y. Commercial banks' total deposits of $127,142 million in September represented a 2.1 percent increase over the June figure.

Following its 50-basis point cut in September, on November 7th, the US Federal Reserve lowered its policy rate by a further 25 basis points to the 4.50 – 4.75 percent range. At its last meeting on September 27th, this country's Monetary Policy Committee, identified low inflation, a measured economic revival focused on non-energy sectors, the prospect of further narrowing of the negative short-term TT/US interest differential, and the double-digit growth of consumer credit, as the key domestic considerations in its deliberations on the 'Repo' rate. The next Monetary Policy announcement is scheduled for December 30, 2024

FOREIGN EXCHANGE

The domestic market for foreign currency benefitted from increased energy sector receipts in 2022. Purchases of foreign exchange by authorised dealers from the public amounted to US$5,528.8 million in 2022, an increase of 33.3 percent relative to 2021. The increase in purchases was possible because of a 37.7 percent rise in conversions by energy companies. Purchases from the energy sector accounted for 78.9 percent of total foreign currency purchases over US$20,000 in value. [Excerpt from Fourth Quarter Falter – REN of March 2023] Almost two years on, with energy prices and domestic output markedly lower, the situation is different, with the declines in the foreign exchange market in 2023 continuing through 2024.

Purchases of foreign exchange by authorised dealers from the public amounted to US$4,045.6 million over January to November 2024 (Table 2), a marginal increase of 0.89 percent from the US$4,009.8 million for the same period in 2023. From January to July 2024, purchases from the energy sector accounted for 71.9 percent of total foreign currency purchases over US$20,000 in value. Based on reported data for transactions over US$20,000, during this 7-month period, the bulk of foreign exchange sales by authorised dealers to the public, consisted of credit cards (43.7 percent), energy companies (18.5 percent), retail and distribution (16.0 percent), and automobile companies (5.7 percent). Sales of foreign exchange by authorised dealers to the public were US$5,359.6 million over the first 11 months of 2024, 6 percent lower than the same period in 2023. By the end of November, net sales reached US$1,313.9 million. To support the market, the Central Bank sold US$1,203.4 million to authorised dealers.

Table 2: Foreign exchange market activity (US$ Mn.)

Period	Purchases from public	Sales to public	Net sales	Purchases from CBTT
2017	3,606.9	5,195.3	1,588.4	1,816.0
2018	4,101.4	5,677.4	1,576.0	1,501.0
2019	4,285.6	5,939.8	1,654.2	1,504.0
2020	3,298.2	4,504.1	1,206.0	1,292.2
2021	4,148.9	4,969.4	820.5	1,212.1
2022	5,528.8	6,551.2	1,022.4	1,270.6
2023	4,614.6	6,228.4	1,613.7	1,341.9
Jan-Nov 2023	4,009.8	5,701.3	1,691.4	1,241.9
Jan-Nov 2024	4,045.6	5,359.6	1,313.9	1,203.4
percent chge. (%)	0.89	-5.99	-22.32	-3.10

Source: Central Bank of Trinidad & Tobago (CBTT)

OUTLOOK

While the softening of energy prices in recent months has reduced the economic contribution of this country's energy sector that much more, generally, major global developments such as declining inflation and the downward movement of interest rates, augur well for T&T's growth prospects in the coming months. Domestic issues, both seen and partially hidden are poised to be the greater stumbling blocks to the economy achieving its potential over the next six months. The protracted work stoppage at the Port of Port of Spain, would have almost certainly increased costs to both businesses and consumers, reduced opportunities for revenue generation and ultimately dampened activity in some parts of the economy. Potentially, this may not be the only instance of this, as the industrial relations climate will likely continue to be contentious through the first half of 2025. Further, the seemingly waning impact of the manufacturing sector and the ongoing failure of the construction sector to lift off, for reasons that are not entirely clear, could result in the continuation of subpar economic performance.

The Familiar Growth Pattern Persists

Overview

Looking at the economic performance of the tourism-dependent economies in the first three quarters of 2024, there were some positive signs as well as some minor drawbacks. Some countries like Barbados and the British Virgin Islands (BVI) registered healthy growth in both long-stay arrivals and cruise passengers, while a few destinations like St. Kitts and Nevis (SKN) and St. Vincent and the Grenadines (SVG) had mixed results with growth in stay-over visitors but contractions in cruise passengers. Barbados and BVI recorded growth in long-stay arrivals at 12.9 percent and 15.4 percent, respectively, as well as cruise passenger growth of 27.7 percent and 7.4 percent, respectively for this year thus far. Cuba was one of the few Caribbean countries that saw no growth in its tourism sector, as it was negatively impacted by US sanctions and extreme weather. In October 2024, Suriname and Barbados benefitted from improved credit ratings from Fitch and Moody's, respectively. Furthermore, both nations are similarly meeting the targets set under their IMF-supported programmes. A continuation of this trend augurs well for both nations' long-term economic stability. Regarding the commodity producing economies, Guyana continued to produce stand-out performances, while Grenada seems poised to join the ranks of Caribbean oil and gas producers before too long. Overall, the region's economy is estimated to have recorded a positive performance in the third quarter of 2024.

Anguilla

Anguilla's tourism sector performed well in the first half of 2024, as long-stay arrivals increased by 10.5 percent compared to the same period in 2023. The 63,540 long-stay visitors were 13.7 percent higher than the pre-pandemic figure of 55,878. In the first half of 2024, excursionists increased by 45 percent year-on-year (y-o-y) and by 23.8 percent over the 37,325 registered in the same period of 2019. Anguilla's Ministry of Infrastructure and Tourism is seeking to further bolster the tourism sector through its Dive Tourism Policy which aims to establish Anguilla as a preferred destination for sustainable dive tourism, while safeguarding the island's marine ecosystems. The country participated in the Dive Equipment and Marketing Association (DEMA) show in Las Vegas in November 2024, which helped to further enhance its presence in the industry. The launch of the country's new airport terminal in 2025 augurs well for the vital tourism sector, as it is expected to increase international flights to Anguilla and further support the growth of dive tourism. In the health sector, significant support will be provided by the opening of the nation's new emergency 911 control room and funding for new ambulances. These will complement the dialysis unit, laboratory, isolation ward, and a new morgue, acquired with the assistance of the United Kingdom (UK).

Barbados

The World Bank has forecasted that Barbados will experience a real GDP growth rate of 3.9 percent in 2024, followed by 2.8 percent in 2025. The performance is expected to be led by the tourism sector. Following the boost provided by the ICC T20 Men's Cricket World Cup in the second quarter, in the third quarter, stay-over arrivals literally returned to normal, with the 127,676 visitors just 0.1 percent higher than those of the 2023 July-September period. The quarter saw a major shift, with the United States (US) supplanting the UK as Barbados' primary source market for tourists. Over the first nine months of 2024, US arrivals surged by 24 percent from those of 2023 to 170,595, while the number of UK arrivals declined by 1 percent to 164,989. The unemployment rate fell to 7.7 percent by the end of the second quarter of 2024, down from 8.5 percent for the same period last year. Public sector debt increased from $14,693.4 million in June, to $14,923.3 million in September, equivalent to 105.6 percent of GDP. Over the same period, gross international reserves declined from $3,245 million in June to $3,164.3 million in September representing 31.2 weeks of import cover.

In early October, Barbados was ranked 77th out of 133 countries in the Global Innovation Index 2024. The index evaluates the innovation capabilities of countries by analysing factors that drive innovation, such as Institutions, Human Capital and Research, Infrastructure, Market Sophistication and Business Sophistication. In another encouraging development, Fitch Ratings agency upgraded Barbados' Long-Term Foreign Currency Issuer Default Rating (IDR) from 'B' to 'B+', with a stable outlook, on October 15, 2024. The stable outlook is attributed to the country's ongoing large primary surpluses, which are instrumental in reducing its debt-to-GDP ratio. On November 25th, Barbados and the US Export-Import Bank (US Exim Bank) signed a US$500 million Memorandum of Understanding (MOU) to improve critical sectors, including renewable energy, cybersecurity, water and sanitation, and maritime domain awareness. Following this, it was reported that driven by higher-than-expected corporate tax receipts ($384.49 million) and property taxes ($180 million), the government collected $1.87 billion in revenue for the first half of the fiscal year, surpassing the forecast of $1.66 billion.

British Virgin Islands

In the first three quarters of 2024, long-stay arrivals increased by 15.4 percent in comparison to the same period in 2023. The number of cruise ship passengers increased by 7.4 percent y-o-y. The sector is expected to receive an additional boost with the launch of Caribbean Airlines' (CAL) new service which commenced on October 14, 2024 and links the country with key Caribbean destinations. Furthermore, with the Peter Island Resort returning to full service in December 2024, the country's room stock is expected to return to pre-2017 levels. Turning to the financial services sector, it recorded 13,006 new incorporations in the first half of 2024, representing a 25.7 percent increase over the same period in 2023. Based on recent trends, the government anticipates that new incorporations will increase by 14.3 percent by the end of this year. On November 11th the National Budget was delivered. It projects revenue of $407.9 million, recurrent and capital expenditure of $407.4 million and $52.5 million, respectively. The construction sector is expected to benefit from key projects in 2025, including the Road Infrastructure Improvement Project, for which $16.3 million was allocated. In October, Premier Dr Natalio Wheatley fired his deputy, Lorna Smith, replacing her with opposition member and representative for the Third Electoral District, Julian Fraser. Lorna Smith's role as Minister for Financial Services, Labour and Trade was taken over by Premier Wheatley. Lorna Smith won a key Territorial At-Large seat for the National Democratic Party in the 2023 general election before crossing the floor. The dismissal has stoked fears of political instability.

Cayman Islands

During the first 8 months of 2024, long-stay arrivals increased by 2.9 percent when compared to the same period in 2023. Nevertheless, the 317,213 long-stay tourists were 14.2 percent below the figure recorded in the same period in 2019. The 265,434 visitors from the US accounted for 83.7 percent of total long-stay arrivals, while arrivals from Europe expanded quicker than any other source market (6.7 percent). The total number of cruise passengers contracted by 12.7 percent y-o-y and was 38.5 percent below the 1,243,714 cruise passengers recorded in the pre-pandemic period (2019). The Cayman Islands should benefit from improved airlift heading into the winter season with additional flights from JetBlue (which commenced on October 28, 2024 and runs through to December 2024) and the launch of new services from American Airlines and Delta Airlines which are both scheduled to begin in December 2024. In the financial services sector, the re-insurance industry continued to expand in the third quarter of 2024, with five new licences issued by the Cayman Islands Monetary Authority (CIMA). This brings the total to 29 new licences issued during the first three quarters of the year. In line with the positive economic performance, the country recorded an unemployment rate of 2.8 percent in the spring. However, the relatively high rate among Caymanians (4.9) remains a concern. The Labour Force Survey Report Spring 2024 revealed that as of April 2024, the number of unemployed people looking for work in the Cayman Islands was estimated to be 1,740, of which 65.6 percent (1,142) were Caymanians. The country will face political uncertainty in the coming months, with three Cabinet ministers and a parliamentary secretary having resigned at the end of October 2024. This left the ruling coalition without a working majority and forced it to reshuffle its already diminished cabinet. Additionally, the next general election is scheduled for April 30, 2025.

Cuba

Tourism activity in Cuba declined in the first 8 months of this year, as long-stay arrivals contracted by 3.5 percent when compared to the same period in 2023. Furthermore, the 1,608,078 long-stay visitors recorded during the period were 48.6 percent below the 3,126,071 visitors welcomed in the same period of 2019. Canada was the top source market providing 665,871 visitor arrivals or 41.4 percent of the total. Between January and August 2024, long-stay visitors from the US and Europe contracted by 6.1 percent and 5.2 percent, respectively. The challenges faced by Cuban citizens have intensified, due largely to ongoing US sanctions. Cubans have cited worsening conditions, such as an accumulation of garbage and food shortages within their communities. To make matters worse, the country is still suffering from a severe energy crisis and is also grappling with recovery efforts in the aftermath of Hurricane Oscar, which ravaged the eastern region, devastating infrastructure across four municipalities in the Guantánamo province. The country's power grid collapsed on October 18th, due to the failure of one of the island's largest thermal power plants, hours after the island suffered its biggest power outage in two years. On October 30th, the UN General Assembly voted 187-2 to condemn the US economic embargo on Cuba for the 32nd consecutive year, with only the United States and Israel opposed and one abstention. This vote matched the record for support to end the embargo set in 2019 and 2023. However, while the UN General Assembly's vote is a clear signal of global disapproval of the US's efforts to isolate Cuba, it imposes no legal obligation on the US to comply.

Dominica

According to the Caribbean Tourism Organisation (CTO), long-stay visitors grew by 15.3 percent in the first 8 months of the year, with the US (21.2 percent) and Europe (19.5 percent) being the two largest source markets. However, long-stay arrivals contracted by 7.7 percent in comparison to the same period in 2019. During the January – August 2024 period, the number of cruise passengers increased by 3.1 percent y-o-y and was 38.5 percent above pre-pandemic levels. Dominica's cruise sector is poised for further growth over the next few months as it kicked off its 2024-2025 cruise season in early November, with expectations that it will set new records. The season will feature several new ships making their inaugural stops, including the MV AIDAbella, MSC Explora II, and MV Sapphire Princess. The country anticipates approximately 235 cruise calls, bringing an estimated 375,000 passengers, potentially exceeding last year's record of 306,601 cruise visitors. In October 2024, the country introduced digital embarkation and disembarkation forms to simplify and enhance the entry experience for visitors, who can now complete an online ED card form on Dominica's website before arrival, allowing them to present their confirmation and QR code along with their passport to immigration upon entry. Additionally, the expansion of the runway to accommodate larger planes at the Douglas Charles Airport in 2023, is beginning to bear fruit with United Airlines set to launch a new weekly service to the island starting February 2025.

Grenada

Grenada's all-important tourism sector performed well during the first 9 months of 2024, as long-stay arrivals (148,720) increased by 14.9 percent when compared to the same period in 2023. The US was the main source market accounting for 81,027 visitors, which was equivalent to 54.5 percent. Europe was the second largest market with 26,678 long-stay arrivals, representing 17.9 percent of the total. When compared to the pre-pandemic level (124,168), long-stay arrivals were 19.8 percent higher in the first 9 months of 2024. With respect to the cruise sector, the number of visitors declined by 1.6 percent y-o-y during the first 9 months of 2024 and was 12.6 percent below the 224,062 registered in the first 9 months of 2019. The sector is expected to benefit from increased airlift in the fourth quarter of 2024. On October 27, 2024, Sunrise Airways launched its new intra-Caribbean flight service. This service connects Grenada with Antigua, St. Lucia, Dominica, and St. Kitts and Nevis, offering direct non-stop flights from Castries Airport three times a week. This initiative aligns with the Grenada Tourism Authority's (GTA's) strategy to enhance regional tourism and improve visitor flow from other Caribbean islands. Additionally, interCaribbean Airways commenced a new non-stop service between Grenada and Georgetown, Guyana on December 1, 2024. This route will operate twice-weekly.

Grenada is poised to emerge as a significant energy hub in the Caribbean. In a landmark development, Nigerian oil and gas company Oceangate Oil and Gas Engineering has finalised a multi-billion-dollar agreement with Global Petroleum Group (GPG) to initiate one of the largest oil and gas ventures in the region. This new partnership may soon catalyse increased exploration activities in Grenada, aiming to uncover hydrocarbon resources similar to those found in neighbouring territories. Oceangate Oil and Gas Engineering has entered into a production-sharing agreement with GPG, encompassing an extensive 7,500 square kilometre area offshore Grenada. The collaboration is designed to tap into the island's substantial hydrocarbon reserves, positioning Grenada as an emerging energy focal point in the Caribbean and beyond. Regarding the nation's Citizenship by Investment (CBI) Programme, the July 2024 fiscal report indicated that revenue generated from Grenada's CBI initiative has exceeded the established targets for 2024. The 2024 Estimates of Revenue and Expenditure anticipated a total revenue of EC$280.6 million from January to December. However, the Government reported revenue of EC$317.5 million from January to July, largely due to a significant influx of applications from Russian nationals. With the programme now closed to Russian applicants, CBI revenue streams may be curtailed going forward.

Guyana

Guyana's business sector is undergoing significant growth, primarily driven by an increase in local consumption. According to Ramsay Ali, President of the Guyana Manufacturing and Services Association (GMSA) and the Caribbean Manufacturers Association (CMA), the rising demand for goods is contributing to the expansion of the manufacturing industry. This trend has led to greater demand for locally produced goods, positively affecting businesses across various sectors, including food production and construction materials. In energy sector developments, both Guyana and Suriname are positioned to become significant suppliers in the liquefied natural gas (LNG) industry. According to a report by Wood Mackenzie, these countries could potentially supply up to 12 million metric tonnes per annum (mmtpa) of LNG by the early 2030s, in response to an estimated global demand for 105 mmtpa of pre-final investment decision (pre-FID) LNG by 2035. With respect to an LNG project, a Final Investment Decision (FID) is defined as a decision of a project sponsor to commit and proceed with the project. Once this decision is made, the sponsor will then award a qualified contractor to go ahead with the engineering, procurement and construction contract needed to complete the LNG facility. In law, the FID is often defined as one of the conditions precedent in an LNG offtake agreement. An offtake agreement is basically an agreement to purchase all, or a substantial part of the product or output produced by a project. This agreement can either take the form of a purchase agreement or a service contract. In addition, the project sponsor must secure project financing prior to an FID. The pre-FID is just the phase prior to the project sponsor's commitment to proceed with the project. The Guyana-Suriname basin, particularly Guyana's Haimara cluster and Suriname's Block 52, are believed to contain 13 trillion cubic feet (tcf) of discovered non-associated gas.

Wood Mackenzie also revealed that while US and Qatari LNG exports are rising, a supply window exists in the mid-2030s due to a pause on new US LNG export approvals. The future growth prospects for Guyana's gold industry could receive a boost, with G Mining Ventures (GMIN) planning to commence construction on its US$1.5 billion gold project in Region Seven (Cuyuni-Mazaruni) by the third quarter of 2025. GMIN is the new owner of the large-scale Oko West project, which is anticipated to produce 353,000 ounces of gold annually over its 12.7-year mine life, totalling 4.5 million ounces.

Guyana is actively seeking to strengthen its relationship with India. During his visit to Guyana, Indian Prime Minister Narendra Modi stated that his government considers the South American nation essential to India's energy security. This announcement followed remarks from India's Foreign Minister indicating interest in purchasing up to two million barrels of crude oil from Guyana. In a special address to Parliament at the conclusion of his two-day trip, Modi emphasised the importance of Guyana as an energy source and expressed intentions to encourage major Indian businesses to invest in the country. Both nations signed a memorandum of understanding aimed at enhancing cooperation in hydrocarbon trade and petroleum products. However, while Guyana is open to supplying India with a substantial quantity of crude, the process is complicated, as consultation and agreement with ExxonMobil, the primary operator of Guyana's offshore oil production, would be necessary for any arrangement.

St. Kitts and Nevis

In the first half of 2024, stay-over (long-stay) arrivals in St. Kitts and Nevis increased by 14.3 percent over the comparative period in 2023. Yet, long-stay arrivals remained 14.6 percent below pre-pandemic levels. The cruise sub-sector shrank, with cruise ship passenger arrivals down 16 percent from 2023 and 29.8 percent below pre-pandemic figures. Additionally, there were declines in other tourism metrics, with excursionists and yacht passengers decreasing by 40.6 percent and 40.2 percent, respectively, compared to the previous year, and 32.2 percent and 34.7 percent respectively below pre-pandemic levels. Looking ahead, the sector is expected to receive a boost as St. Kitts and Nevis is projected to welcome over one million cruise passengers during the 2024-2025 season. If this projection materialises, it will mark a 22 percent increase in arrivals from the previous cruise season (2023-2024).

St. Kitts and Nevis' Citizenship by Investment Programme has been recognised as the world's top Citizenship by Investment (CBI) programme for the fourth consecutive year, achieving an impressive score of 84 percent in the 2024 CBI Index. The programme outperformed 12 other countries, with Dominica in second place at 80 percent and Grenada third at 77 percent. St. Lucia, and Antigua and Barbuda tied for fourth at 74 percent. Nevertheless, the St. Kitts and Nevis government revealed that the nation's revenue was negatively impacted by lower inflows from its CBI programme, when it presented the 2025 National Budget on October 30th. Between January to September 2024, the Caribbean nation experienced a 1.8 percent decline in tax revenue and a substantial 55.3 percent decrease in non-tax revenue. Meanwhile, recurrent expenditure increased by 4.1 percent at the end of September 2024 compared to the same period in 2023, primarily driven by a higher wage bill, resulting from an 8 percent salary increase paid to civil servants.

St. Lucia

Available data suggest that St. Lucia's economy continues to expand and is performing better than before the COVID-19 pandemic in 2020. First quarter unemployment was at a record low of 11.4 percent and tourist arrivals continue to be buoyant, with economic growth of 7 percent projected for 2024. In the first eight months of 2024, long-stay arrivals rose by 18 percent y-o-y, with the US being the primary source market, contributing 177,492 visitors, or 57.4 percent of the total. Europe and Canada accounted for 20.6 percent and 8.3 percent of long-stay arrivals, respectively. Overall stay-over arrivals reached 308,989, representing a 3.4 percent increase over pre-pandemic levels of 298,723. Additionally, cruise ship passenger arrivals grew by 9.2 percent during the period, totalling 474,458 but remained 5.4 percent below pre-pandemic levels. Minister of Tourism, Ernest Hilaire, expressed optimism about the current cruise season, expecting the port to welcome approximately 823,132 passengers from 459 calls, compared to 614,980 passengers from 264 calls the previous year. St. Lucia's tourism sector is set to benefit from various hotel projects, including a multimillion-dollar upgrade at the Coconut Bay Beach Resort & Spa. The resort completed significant renovations during its annual closure in September 2024, which involved transforming guest rooms, enhancing wedding venues, introducing new dining options, and adding a new activity pool deck and spa facilities. The sector is also expected to benefit from enhanced airlift. British Airways will operate daily flights between London Gatwick and St. Lucia for the winter tourist season, while WINAIR launched services from Princess Juliana International Airport in St. Maarten to George F. L. Charles Airport in St. Lucia, on November 16, 2024.

The domestic agriculture sector in St. Lucia has made notable progress with its premium dasheen product, which has successfully entered the Canadian market. This achievement signifies a new era of opportunity for local farmers and the national economy. Export St. Lucia has been instrumental in linking domestic farmers to global markets, particularly in North America and Europe. Furthermore, the island's sea moss has experienced a rise in demand, resulting in heightened exports to Canada and Europe.

St. Vincent and the Grenadines (SVG)

The tourism sector in St. Vincent and the Grenadines recorded a mixed performance in 2024. Long-stay arrivals increased by 24.1 percent in the first seven months compared to 2023, with visitor arrivals reaching 60,334, 14.3 percent higher than the 52,798 recorded during the same period in 2019. Conversely, the cruise sector experienced a decline, with cruise ship passengers decreasing by 13.9 percent y-o-y and remaining 1.8 percent below the figures recorded in the same period in 2019. The 2024-2025 cruise season in St. Vincent and the Grenadines (SVG) began on a positive note, as the destination welcomed over 10,000 cruise passengers in the first week in November 2024. Additionally, the Canouan port has seen heightened interest, confirming 14 cruise calls this season, up from just five in the previous year. To further strengthen its cruise sector, SVG participated in the Florida-Caribbean Cruise Association (FCCA) Conference which was held on October 21-25, 2024, in Sint Maarten. The Vincentian delegation, which included representatives from the St. Vincent and the Grenadines Tourism Authority, travel operators, and agents, engaged in networking and discussions with cruise executives to enhance cruise experiences, destination marketing, and partnerships aimed at improving access and services to cruise visitors in SVG.

Sint Maarten

According to the IMF, growth is projected to measure 2.7 percent in 2024 and 3 percent in 2025, partly driven by a delayed recovery in cruise passenger numbers approaching pre-pandemic levels. Activity in Sint Maarten's tourism sector was upbeat in 2024 with a 7 percent y-o-y increase in long-stay arrivals during the first eight months of the year. The US was the leading source market, providing 60 percent of total arrivals in this category. The number of tourists from the US increased by 11.8 percent during this period. Europe, the second-largest source market, accounted for 62,415 long-stay visitors, or 21.6 percent of the total. Overall, the 289,308 long-stay visitors from January to August 2024 represented a 27.8 percent increase compared to the 226,386 stay-over visitors recorded in the same period in 2019. The tourism sector benefitted from improved ease of travel with the introduction of online Embarkation/Disembarkation (ED) Entry Forms for all arrivals, effective October 18, 2024. Travellers arriving at Sint Maarten's Princess Juliana Airport (SXM) to the dual-nation island of Saint Martin are now required to complete the new ED Entry Form. This initiative, led by the St. Martin Tourist Office, applies to all visitors and can be completed online up to seven days prior to the travel date.

Suriname

The stage may be set for Suriname to emerge as the next significant player in the oil industry, following the lead of neighbouring Guyana. After years of anticipation, particularly in light of discoveries in Guyana, recent developments could set off a major turning point for Suriname. TotalEnergies and APA Corporation, joint partners in Suriname's offshore Block 58, have committed to a substantial multi-billion-dollar investment to develop the area, which officials hope will spur significant economic growth. Despite the initial optimism surrounding a major oil discovery in Block 58 in January 2020, the path has been challenging, with concerns over reservoir quality, among other things. In September 2023, however, TotalEnergies announced it would proceed with a $10.5 billion investment to develop a project capable of producing 200,000 barrels of oil per day, with a final investment decision (FID) anticipated by the end of 2024.

While the government has made progress under the IMF, Finance Minister Stanley Raghoebarsing announced on October 29, 2024 that Suriname will wait until after the May 2025 general elections to decide on applying for another IMF programme. Meanwhile, Moody's Ratings raised Suriname's long-term local and foreign-currency issuer ratings from Caa3 to Caa1 on October 22, 2024 and changed its outlook to positive. The decision was based the expected economic growth and increased government revenue due to TotalEnergies' decision to move forward with the Gran Morgu oil project. Moody's also based its decision on Suriname's success in lowering its debt from a peak of 146 percent of GDP in 2020 to 74 percent of GDP by the end of 2024 (as predicted by Moody's), mostly due to fiscal measures implemented under the IMF programme.

Region

The newly appointed Prime Minister of Haiti, Alix Didier Fils-Aimé, has formed an 18-member Cabinet, including eight ministers from the previous administration. This Cabinet was officially confirmed as the country faces a deepening governance crisis and escalating gang violence. The retention of several ministers suggests a desire for continuity, though the country remains in a precarious situation. The new team is responsible for governing the country until February 7, 2026. On November 14, 2024, Haiti experienced a surge in violence, with police and armed groups engaged in intense clashes, leading to over 4,300 people fleeing their homes. Gangs have also disrupted operations at the main airport. Despite the instability, Haiti has joined a partnership agreement between CARICOM and the African Export-Import Bank, allowing access to financing to support projects and trade-related transactions.

The World Bank has lowered its economic growth forecast for Jamaica in 2024 to 0.8 percent, but has upgraded the 2025 projection to 2.2 percent. Jamaica's cruise tourism industry generated US$197.8 million during the 2023/2024 season, with 1.4 million cruise passengers visiting the island. Passenger spending totalled US$136.7 million, while cruise line expenditure was US$49.7 million. The industry directly supported 3,920 Jamaican residents, who earned US$36.1 million in wages. However, Jamaica's merchandise exports declined by 8.4 percent in the first half of the year, reaching $944.8 million. The manufacturing sector's contribution to GDP and employment has also decreased significantly while remittance inflows to Jamaica have continued to slow, reaching $269.4 million up to July this year, a decline of 4.7 percent.

The Bahamas is expected to experience slower economic growth in 2024, with real GDP expected to expand by 1.8 percent. However, the country's economic recovery has helped to reduce the fiscal deficit and contain the national debt, leading Standard and Poor's (S&P) to affirm its B+ long-term credit ratings with a stable outlook. S&P expressed confidence in the government's ability to manage debt and expects the net debt to decrease to around 70.3 percent of GDP by the end of 2024, down from 80.9 percent in 2020, due to ongoing fiscal consolidation efforts. Additionally, the Development Bank of Latin America and the Caribbean (CAF) has completed an exploratory mission to The Bahamas and is taking steps to start operations in the country. This initiative will help The Bahamas deepen its understanding of the key areas where CAF can provide strategic support.

Outlook

Heading into 2025, tourism activity in the Caribbean is expected to grow at a slower rate, although some countries like Dominica and SVG are forecasting a strong 2024/2025 cruise season. The commodity-exporting economies are expected to record positive performances in early 2025 with Guyana continuing to lead the way. Next year, the political climate will begin to heat up in the region with several countries preparing for general elections. It won't be a surprise if the elections result in fiscal slippage in some of these states, as governments increase spending to complete capital projects in the lead-up to the polls. With CBI programmes under perpetual scrutiny, the move by the affected regional states to establish a regional regulator by the second half to 2025 is indeed commendable. The initial step, the appointing of an Interim Regulatory Commission (IRC), was a key provision in the Memorandum of Agreement (MOA) signed by those countries. The MOA was officially published in March 2024 and is geared towards mutual cooperation, information sharing and adherence to best practices.

The Economist
Republic Bank Limited, P.O. Box 1153, Head Office,
9-17 Park Street, Port of Spain, Trinidad and Tobago
Tel: 868-623-10568.
Read this newsletter on our website at **www.republictt.com**
To request an email version, unsubscribe or change recipient, email **kelly.parris@rfhl.com**
Include your email address, name and institution.
Acrobat Reader required for email version.

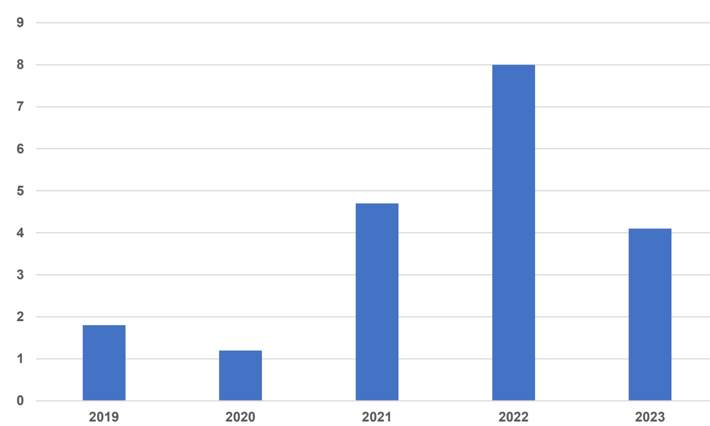
How it Feels *Versus* What the Data Says

When public officials use data to highlight, what are ostensibly positive developments, they are accused of being out of touch if public sentiment or the experiences of sizeable sections of the population, at the time of such pronouncements, are contrary to what the statistics say. This conflict between what citizens feel and what data says is perhaps most striking when it is associated with the performance of the economy or the prevalence of crime but is by no means limited to these variables. Interestingly, these are among the few disagreements where both sides are correct, despite their tendency to accuse each other of being unreasonable, uncaring and willfully blind, among other things. These disputes can be triggered by numerous factors including personal, economic, political and environmental. This note examines some of the reasons for these disputes.

A notable example of the feel versus data conflict occurs often in the realm of economics, where it normally takes time for the sentiment to catch up to the data. In this regard, it's not uncommon for sharp criticisms to be directed at policy makers who tout GDP growth figures or falling unemployment without acknowledging the pressures that are facing many citizens. At the centre of this disagreement, are normally sections of the population who are yet to materially benefit from the improvement being described, or may even feel worse off, despite the developments identified by the statistics. A major cause for this dissonance is normally inflation. When prices rise but consumers' income remains unchanged, or rises at a slower rate, they are essentially poorer, as they are able to purchase less goods. For low-income households, it often means they must choose which essential/basic good to buy less of, or to not buy altogether, a difficult proposition indeed.

The significant increase in inflation rates in 2022 and early 2023 was the perfect example of this situation. Take the richest country in the world for example. Economically, the US weathered the impact of the COVID-19 pandemic better, and recovered faster in its wake, than any other advanced economy. Yet, in 2023 and in the lead-up to elections in 2024, whenever members of the President Biden administration highlighted the continued growth of the economy, relatively low unemployment and the strong performance of the job market, it was not well received by several groups. For most Americans, the rate of inflation was accelerating faster than their incomes were growing, while for many others, wages remained stagnant during the period of rapid price increases in 2022. In 2022, real median household income (which accounts for the impact of inflation on income) contracted by 2.2 percent. A year later, the real median household income expanded by 4 percent, suggesting more rapid growth in household income relative to inflation. However, the prevailing sentiment did not change substantially, as prices remained markedly above pre-pandemic levels. Inflation averaged 8 percent and 4.1 percent in 2022 and 2023, respectively (Figure 1). High prices prompted significant disquiet and exerted political pressure on the administration and ultimately contributed to its defeat at the November 5th, 2024, election.

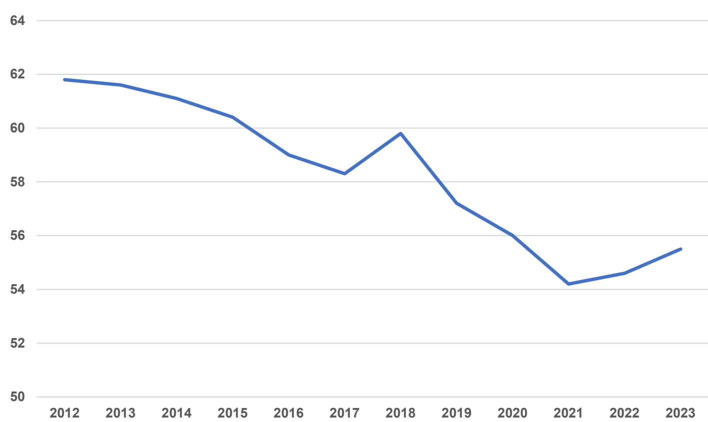
Figure 1: US Average Inflation Rate (%)



Source: U.S. Bureau of Labor Statistics

It is also not unusual for there to be notable feel versus data clashes during periods of slow economic growth, where the related benefits that are passed on to most businesses and households are small, to the extent that they are often not obvious. For instance, Trinidad and Tobago has not recorded annual unemployment rates beyond 4.9 percent over the last decade, outside of the two years the country was hit by pandemic-related disruptions (2020 and 2021). Even in those years, the annual rate of joblessness remained below 6 percent. On the face of it, this is an encouraging trend and is certainly a fact that is celebrated in several sections of society. However, behind the data are some concerning developments which provide ample fuel for the clash. Because of slow growth between 2014 and 2023 (real GDP grew in only four of those years), workers in several industries and the public sector have experienced relatively slow income growth. This is especially true for those individuals in low-income brackets. In addition to this, many university graduates found it difficult to land jobs that matched their qualifications and consequently were forced to join the ranks of the underemployed or sadly, the unemployed. These realities combined with other events to provide fertile ground for periodic industrial action and for unions to condemn employers, including the government. They also contributed to an environment where quite a few people seem to have become disenchanted and have consequently withdrawn from the labour force. At the end of 2012, the labour force participation rate was 61.8 percent but by the end of 2023, it had fallen to 55.6 percent (Figure 2). If this trend continues, there could be major implications for the country's productivity over the long-term.

Figure 2: T&T Labour Force Participation Rate (%)



Source: CSO

Of course, one cannot ignore the role politics often plays in the push-back against the celebration of certain categories of data. We live in a time where countries around the world are increasingly becoming politically polarised. A major feature of this divide is considerable distrust among supporters of opposing political parties. This extends even to information from independent sources, which is highlighted by political opponents but is ordinarily accepted at face value if presented by a person's political party of choice. In this setting, political entities know that they can count on many of their supporters to not only parrot the opinions of the organisation but to do so while rejecting all contrary views, regardless of the level of evidentiary support grounding such arguments. In these circumstances, it can be difficult for facts, data and even logic to pierce the armour of intense political loyalty, because such supporters take the party's interpretation of events as the unadulterated truth.

While having intensely loyal supporters can be a powerful tool for political groups to stoke feel versus data conflicts, it is also important for such groups to win the battle of narratives. Controlling the narrative on matters of national interest is not only a powerful complement to loyal support, but it also allows individuals, groups and organisations to expand the sphere of their influence beyond supporters and members. For this reason, they seek to bombard the target audience with repeated, consistent messaging that is accompanied by whatever choreographed, dramatic public displays they deem appropriate. These tactics are not limited to the field of politics but are often used by a variety of pressure groups. By subjecting target audiences to repeated, compelling arguments, the purveyors normally succeed in creating advocates for their positions, especially if the message aligns with the hearers' previously held views. A prominent example of a battle of narratives occurred during the COVID-19 pandemic, where members of the medical fraternity had to devote considerable time to dispel the anti-vaxxer theories that flooded social and traditional media.

Another source of the feel versus data conflict is fear. Although fear can be an effective motivator in many cases, it can significantly impede one's capacity and willingness to accept and process data and logical arguments. For instance, most citizens in Trinidad and Tobago judge the prevalence of crime by the number of murders recorded in any particular period. The more murders committed, the less secure the average citizen feels. Against this backdrop, the Trinidad and Tobago Police Service is sometimes pilloried when it identifies declines in other categories of crime, essentially being urged to read the room.

Despite the foregoing, it is important to note that the feel versus data clash can be mitigated and in many cases, resolved, once addressed in a timely manner using the appropriate tools. Any initiative to resolve or mitigate the conflict should contain at least one of the two elements. The first, is action to build an appreciation among the persons or institutions that usually plug potentially contentious data, that the entire story is not contained in the information they intend to share. They should acknowledge that often there is inequality, hurt, fear and feelings of neglect, among other things hidden behind the data. In this regard, a demonstration of that appreciation could go a long way to mitigate the feel versus data conflict.

The second critical component of the intervention should be mechanisms geared to assure the recipients of information that contradicts the realities they face, that their concerns are legitimate, and they have the right to feel the way they do, even if those feelings do not invalidate the statistics. Contained in these two elements should be initiatives such as communication training, sensitisation programmes and education programmes for the public by data management organisations such as the Central Statistical Office, explaining how data is gathered, analysed and disseminated.

Given the growing divisions that are taking place globally (particularly political), disagreements driven by data versus feel scenarios will likely become more frequent and intense with time. This does not mean that some of these disputes cannot be avoided or resolved with effective and efficient communication. There is certainly opportunity and available techniques that can be used to combat the disconnect between data and sentiment. However, it should be noted that with the reach and speed of social media, combined with the causes of the conflict discussed above, the window for the purveyors of official data to act is normally quite small.