Regional Market Review – Q4 2024

BARBADOS

- For the first nine months of 2024, Barbados' GDP grew by 3.9% driven by key sectors including tourism, business services and construction. 3.8% growth was forecasted for the year 2024, driven primarily by tourism and utility infrastructure investments.
- Inflation continued to moderate as global commodity prices eased, with 12-month average inflation at 2.4% in August 2024, compared to 3.4% a year earlier.
- The IMF projects 3.9% real GDP growth for the Barbados economy and 2.6% inflation in 2025.
- Following a review of its programs under the Extended Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF), the IMF approved disbursements to Barbados of US$56M in December 2024.
- As at September 2024, the current account deficit narrowed to 5.0% of GDP compared to 9.5% a year earlier. The debt-to-GDP ratio stood at 105%, and international reserves grew to US$1.6B, representing 7 months' import cover.
- The impact of Hurricane Beryl on Barbados is expected to be moderate, partly as it occurred during the off-peak tourist season.

GUYANA

- The Guyanese economy is projected to record positive real GDP growth of 43.8% for 2025, mainly driven by higher oil output coupled with continued favorable performance in all other major non-oil sectors.
- The inflation rate at the end of September 2024 was 2.4% versus 1.9% at the end of June 2024. Inflation is expected to remain moderate over the medium term, with 2.7% inflation projected for 2025.
- The overall balance of payments recorded a lower deficit of US$135.2M for Q32024 compared to US$256.2M for Q32023. A larger current account surplus, driven by higher export receipts, outweighed an increased capital account deficit, which was attributed to outflows to the Natural Resource Fund (NRF) and cost recovery by the oil and gas sector.
- During the September 2024 quarter, the NRF experienced inflows of US$582.82M, versus outflows of US$300.00M, and the market value as at 30 September 2024 stood at US$3.19B.
- Despite several years of strong economic growth, Guyana continues to experience significant FX shortages.

JAMAICA

- For the September 2024 quarter, the Jamaican economy declined by 2.8%, compared to 0.2% growth in the June 2024 quarter. The contraction was driven by reduced domestic crop production as well as lower mining sector output, both of which were affected by Hurricane Beryl in July 2024. The forecast for Jamaica's real GDP growth is in the -1.0% - 0.5% range for FY 2024/25, improving to the 1.0% – 3.0% range in 2025/26.
- Despite the impact of the hurricane, inflation in Jamaica gradually eased in Q4 2024, standing at 4.9% in October 2024, compared to 5.7% in September. Core inflation (excluding food and fuel) was 4.5% in October 2024.
- On 22nd November 2024, the Bank of Jamaica lowered its monetary policy rate by 25bps to 6.25%, continuing its easing cycle. The BOJ's decision reflects its view that inflation is becoming steadier.
- As at 19th November 2024, the JMD exchange rate depreciated by 2.1% y-o-y. The BOJ's net purchases of US $1.2B brought gross reserves to US$5.7B as at October 2024.

EASTERN CARIBBEAN

- According to the Economist Intelligence Unit (EIU), real GDP growth in Dominica, Saint Lucia, Grenada and St Vincent and the Grenadines is projected to decelerate sharply in 2024 before recovering in 2025 due to the significant destruction of infrastructure caused by Hurricane Beryl. However, real GDP growth in most other OECS economies is expected to return to pre-pandemic rates for 2025.
- The EIU also expects that the Organization of Eastern Caribbean States (OECS) will remain politically stable in 2025, but governments will come under strain as economic activity softens, driven by moderating tourism inflows and adverse weather.
- The backing ratio of the Eastern Caribbean dollar (XCD) remained solid at 97.85% in October 2024, compared to 98.60% in September 2024. The current account deficit of the OECS countries is projected at 12.58% of combined GDP in 2024, improving to 11.49% in 2025. As OECS countries are heavily dependent on imports, lower commodity prices should narrow their external deficits in 2025. Improving tourism receipts will also contribute to this trend.