Regional Market Review – Q2 2025

BARBADOS

- Barbados maintained its economic growth momentum in Q1 2025 with estimated real GDP of 2.6%. This was driven by strong performances in tourism, business services and construction.
- At the end of February 2025, the 12-month moving average inflation rate declined to 0.9% from 3.1% recorded one year prior. This was mainly attributable to lower domestic prices for clothing, furnishings and recreational goods coupled with declines in international oil and food prices.
- The unemployment rate stood at 7.1% as at Sept 2024, down from 8.3% in the prior year. Jobless claims declined by 6.9% in January and February compared to the same period last year, but temporary layoffs in March, linked to hotel renovations, led to a 3.1% rise in claims for the quarter overall.
- Gross international reserves reached $3.4 billion at the end of March 2025. This represented 32.4 weeks of import cover. Although the current account deficit widened due to higher merchandise imports and income outflows, stronger private investment, particularly in tourism-related projects, more than offset those pressures.

GUYANA

- The Guyanese economy is projected to record real GDP growth of 10.6% for Q1 2025, driven by the growth of the oil and gas and support services sectors.
- The inflation rate was recorded at 2.7% in Q1 2025 down from 2.9% for the YE 2024. This decline was driven by a decline in prices for food by 1.2% primarily due to lower prices for meat, fish & eggs and vegetables & vegetables products.
- The overall balance of payments recorded a deficit of US$222.9M for Q1 2025 compared to the surplus of US$12.2M for Q1 2024. The capital account deficit was driven by outflows to the Natural Resource Fund (NRF) and cost recovery by the oil and gas sector while the current account outturn was primarily attributed to higher payments for services.
- The volume of foreign exchange transactions is expected to expand in 2025 as the rise in oil-related activities in the economy continues. Moreover, the exchange rate of the Guyana dollar to the US dollar is anticipated to remain relatively stable with adequate supply of foreign exchange in the market.

JAMAICA

- Real GDP is estimated to have expanded in the range of 0.0% to 1.0% in the QE March 2025 vs the contraction of 0.8% recorded for the QE December 2024.
- The Bank of Jamaica (BOJ) projects that the first-round impact of the increase in US tariffs on prices will not be significant and inflation is projected to generally remain within the target range over the period. The average inflation rate for June 2025-March 2027 is projected to fall to 4.6% relative to the average of 5.7% over the previous eight quarters.
- Annual headline inflation was recorded at 5.0% as at March 2025, unchanged from December 2024, representing an uptick in service-related inflation which was offset by the moderation in agricultural inflation. Core inflation (which excludes the prices of agricultural food products and fuel from the consumer price index) increased to 4.4% as at March 2025 vs 3.9% in December 2024.
- On 27th March 2025, the BOJ maintained its monetary policy rate at 6.00%, supporting the outlook for inflation remaining within the target range over the next two years in the context of increased uncertainty relating to the economic policies of Jamaica's main trading partners.

EASTERN CARIBBEAN

- According to the Economist Intelligence Unit (EIU), Hurricane Beryl, a category 5 storm, and caused significant damage to several countries in the Organization of Eastern Caribbean States (OECS), namely Dominica, Saint Lucia, Grenada, and St Vincent and the Grenadines in mid-2024. These countries are expected to focus on recovery and reconstruction in 2025-26.
- Real GDP growth is expected to slow in 2026 as a slowdown in the US may reduce the number of tourists from there to the region. Further, reconstruction efforts following Hurricane Beryl will drive growth in affected countries, given the low base.
- Eastern Caribbean countries are heavily dependent on imports (mainly from the US). Most economies will import higher US inflation resulting from tariffs levied by the administration of the US president. However, lower global oil prices will provide some relief and help to narrow the OECS' large current-account deficits.
- The EIU expects the OECS to remain politically stable in the 2025-26 forecast period, with only one election (St Vincent and the Grenadines) on the calendar.