



## 2018 ECONOMIC PICTURE

All but two of the Caribbean Development Bank's (CDB) 19 Borrowing Member Countries (BMCs) recorded positive economic growth in 2018. There was an overall uptick in economic growth, averaging 1.8%.

Growth in many BMCs was based on strong performance in tourism; and robust construction activity, in some cases related to recovery from the 2017 Hurricane Season.

Compared with 2017, performance improved in all of the five major commodity-exporting countries—Belize, Guyana, Haiti, Suriname, and Trinidad and Tobago. Suriname and Trinidad and Tobago benefited from higher oil prices. Preparation continued in Guyana for commercial oil production starting in 2020.

Regional consumer price inflation fell slightly. Median inflation was estimated at 1.7% in 2018, down from 1.8% in 2017.

Price rises exceeded the median inflation rate in seven BMCs. The most pronounced increases were recorded in Haiti (13.7%), Suriname (6.5%) and Barbados (3.4%).

## FISCAL PERFORMANCE AND DEBT

Regional fiscal conditions were mixed in 2018. Primary balances of central governments improved in 10 BMCs. The median balance increased from 1.3% of GDP in 2017 to 2.0% in 2018.

Jamaica received credit rating upgrades from the major Rating Agencies. Barbados received downgrades on its local currency rating, but this was upgraded again, following debt restructuring.

The median public debt burden declined marginally from 67% of GDP in 2017 to 63% in 2018. Debt-to-GDP ratios fell in 13 BMCs.

Debt is still above 60% of GDP in 11 BMCs.

Although the majority of BMCs are ranked in the high human development category, issues of persistent poverty; inequality; vulnerability; and the inability of the poor to sustainably improve their well-being remain.

Unemployment fell to 8.7% in Jamaica in October. Unemployment fell in five other BMCs, most notably Grenada and the Cayman Islands.

However, unemployment remains unacceptably high in many BMCs. Unemployment among women is higher

than for men, and rates of youth unemployment are over 20% in several BMCs.

## 2019 OUTLOOK

CDB is projecting regional economic growth for nearly all its BMCs, with an average rate of 2%.

Growth prospects partly depend on developments in the global economy. The International Monetary Fund is forecasting that global growth will decline to 3.5% in 2019, from 3.7% in 2018.

The Grenada economy is expected to grow the fastest, thanks to increasing activity in construction, tourism, agriculture and private education.

Increasing growth rates are projected for Guyana; Suriname; and Trinidad and Tobago, driven by developments in the energy sectors.

Growth will return in Anguilla and will continue in the British Virgin Islands and Dominica, as recovery from the 2017 hurricanes continues.

Tourism development, construction agriculture and business services will drive growth in most other BMCs.

Growth in Barbados is expected to be flat as continued fiscal retrenchment could dampen the effects of favourable tourism performance.