



CARIBBEAN ECONOMIC REVIEW AND OUTLOOK

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Conference Centre
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Agenda

- 01 The global picture**
- 02 Caribbean economic review and outlook**
- 03 Framework for a more resilient caribbean**



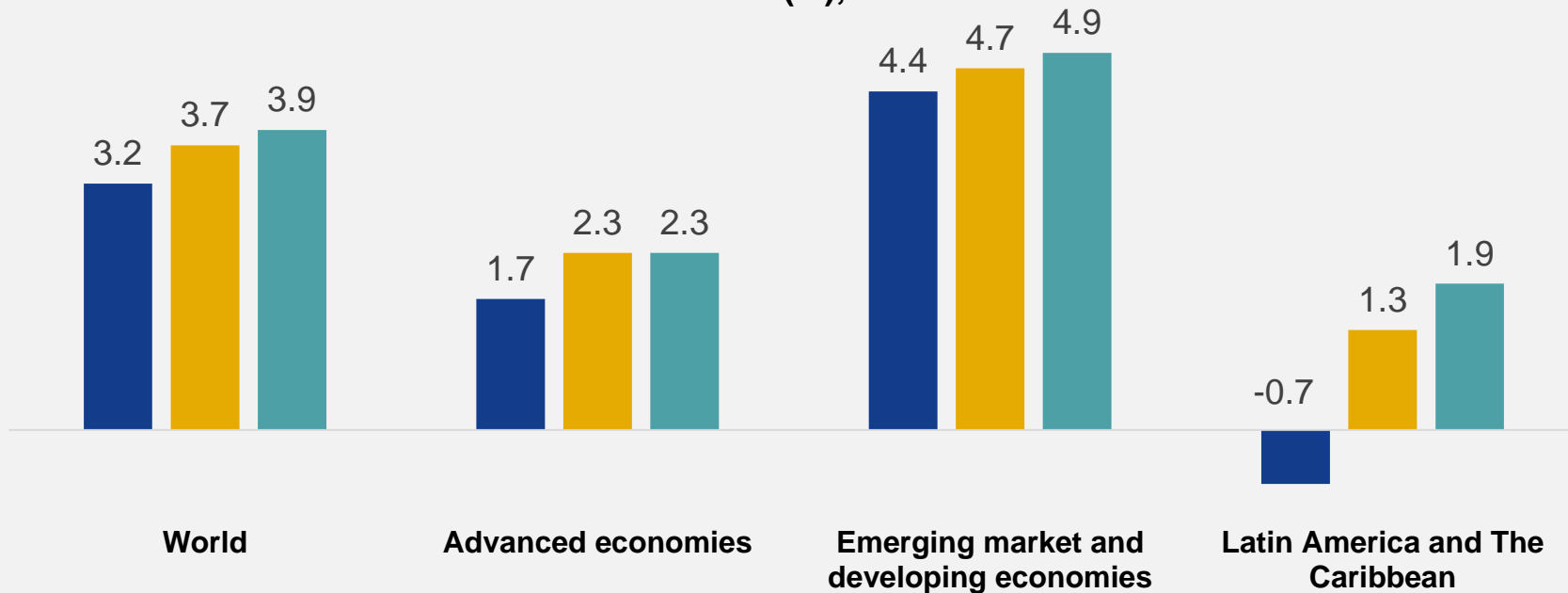
The global picture





Global outlook is more positive with the LAC region improving, but still lagging behind

Real GDP Growth (%), 2016 – 2018



Source: IMF WEO Update January 2018

■ 2016 ■ 2017 ■ 2018



Risks and opportunities

RISKS

- Continued uncertainty in U.S. Policy
- Weakening U.S. Dollar
- Geopolitical risks
- BREXIT
- China rebalancing
- Global tightening
- Non-inclusive growth
- Natural disasters and extreme weather

OPPORTUNITIES

- Rising commodity prices
- U.S. fiscal stimulus
- Continued China stimulus
- Rapid advancement of AI
- Strengthening pound
- Recovery in Brazil and Latin America

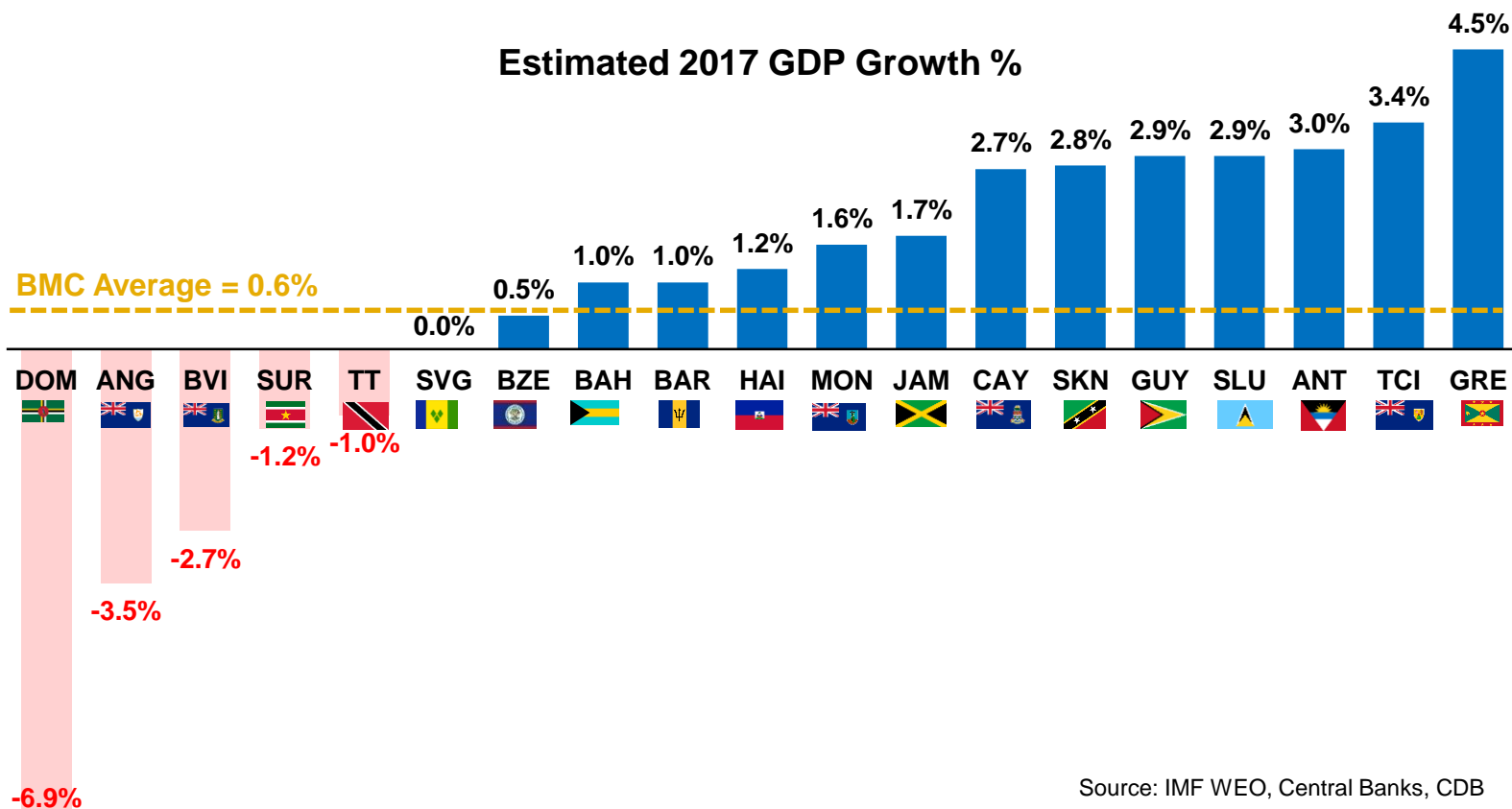


Caribbean economic review and outlook





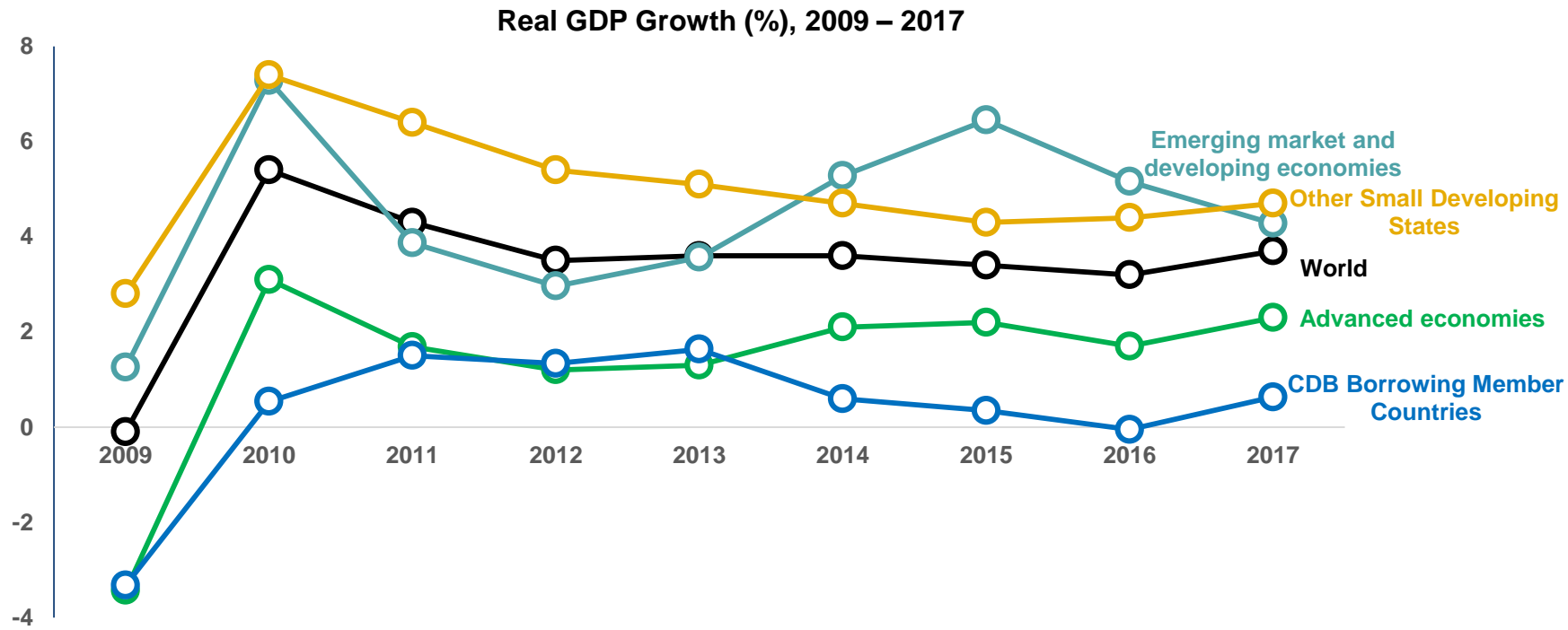
Last year's growth rates ranged from -6.9% to 4.5%



Source: IMF WEO, Central Banks, CDB



Average BMC growth is consistently lower than other small and developing states



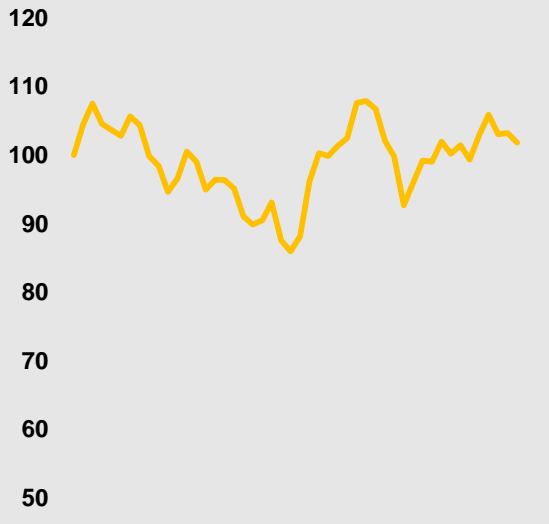
Source: IMF, WEO, CDB



Commodity prices still relatively low & visitors arrivals have recovered

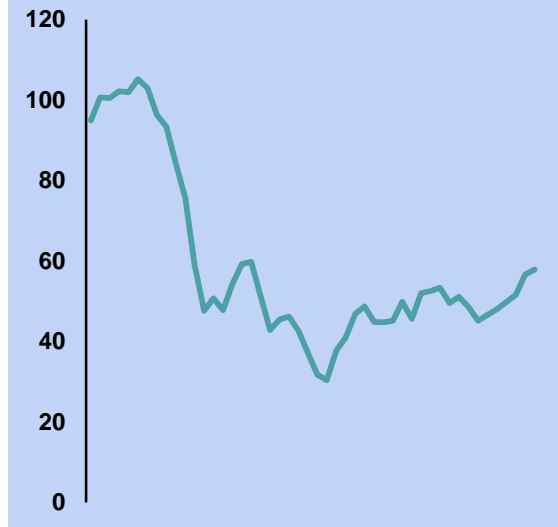
Gold Index
Jan 2014 - Dec 2017

120
110
100
90
80
70
60
50

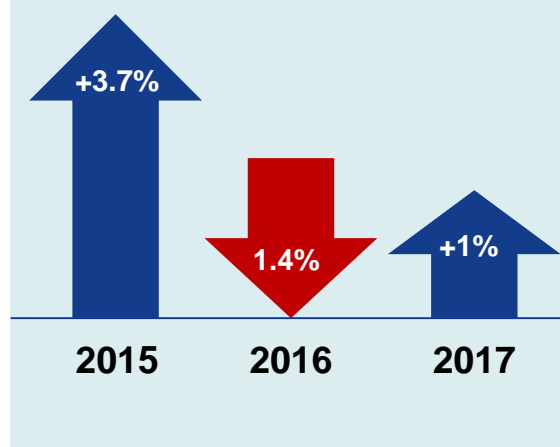


Crude Oil (US\$/bbl)
Jan 2014 - Dec 2017

120
100
80
60
40
20
0

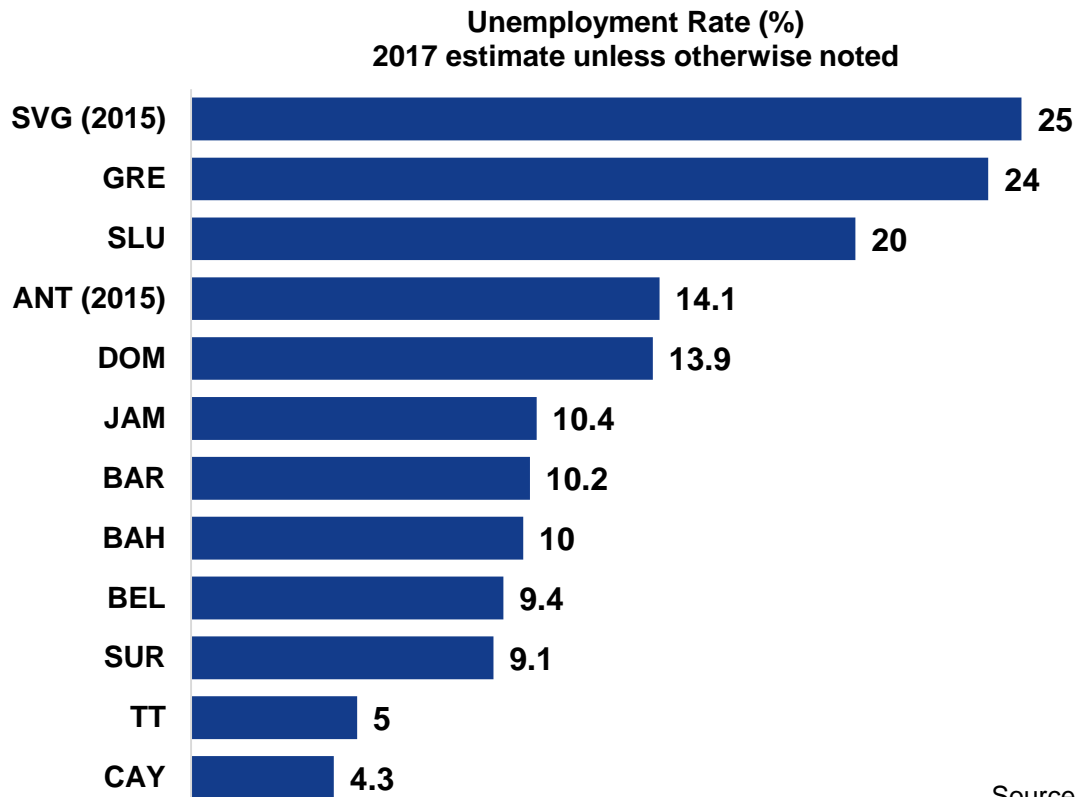


Visitor Arrivals





Many BMCs have had double-digit rates of unemployment for more than a decade

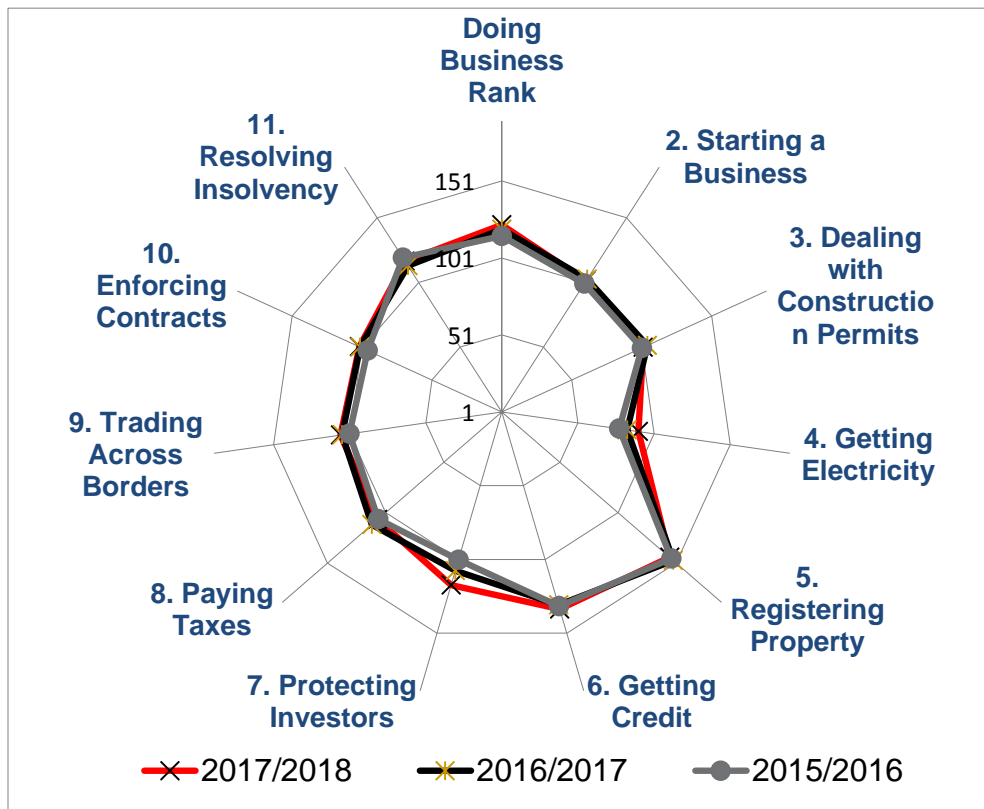




Regional rankings: World Bank Doing Business Reports 2016-2018

119 positive reforms
(2016-2018)

11 negative reforms
(2016-2018)






















Best Performer:
Jamaica (70th)

Most Reforms:
Jamaica (11)



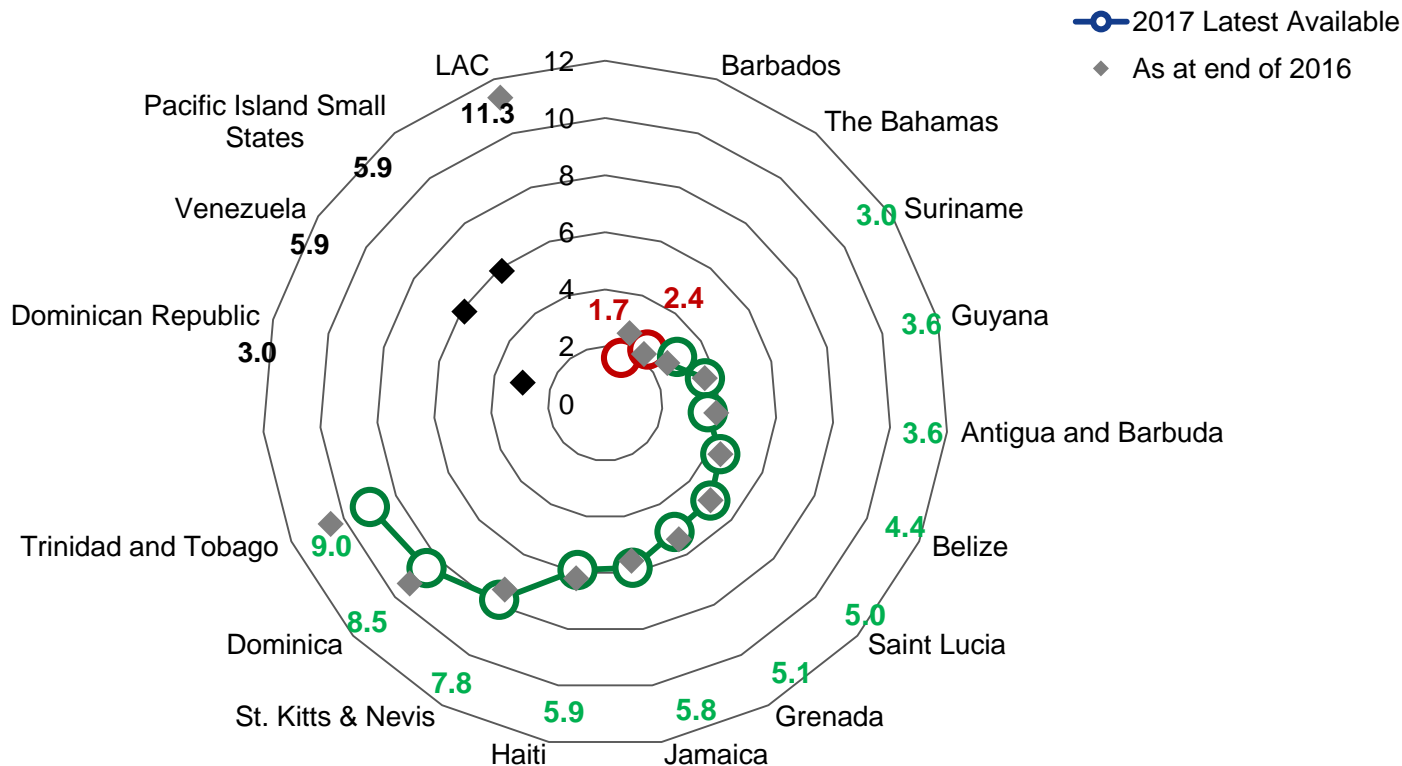
Regional debt levels are still unsustainably high

		2016	2017	Change in %			2016	2017	Change in %
	BAR	161.5	157.1	-4.4		SUR	68.8	63.2	-5.6
	JAM	119.4	113.4	-6.0		TT	58.8	60.1	+1.3
	BZE	92.3	93.9	+1.6		ANG	60.6	56.8	-3.7
	ANT	82.5	78.3	-4.2		GUY	45.7	45.2	-0.5
	SVG	82.1	77.2	-4.9		HAI	33.7	32.6	-1.1
	DOM	72.7	72.7	--		BVI	18.8	18.7	-0.1
	BAH	68.0	72.7	+4.7		CAY	16.3	14.7	-1.6
	SLU	66.7	67.0	+0.3		TCI	7.6	7.4	-0.2
	GRE	76.3	66.3	-10.0		MON	5.1	6.1	+1.0
	SKN	64.8	64.6	-0.2					

Source: Central Banks



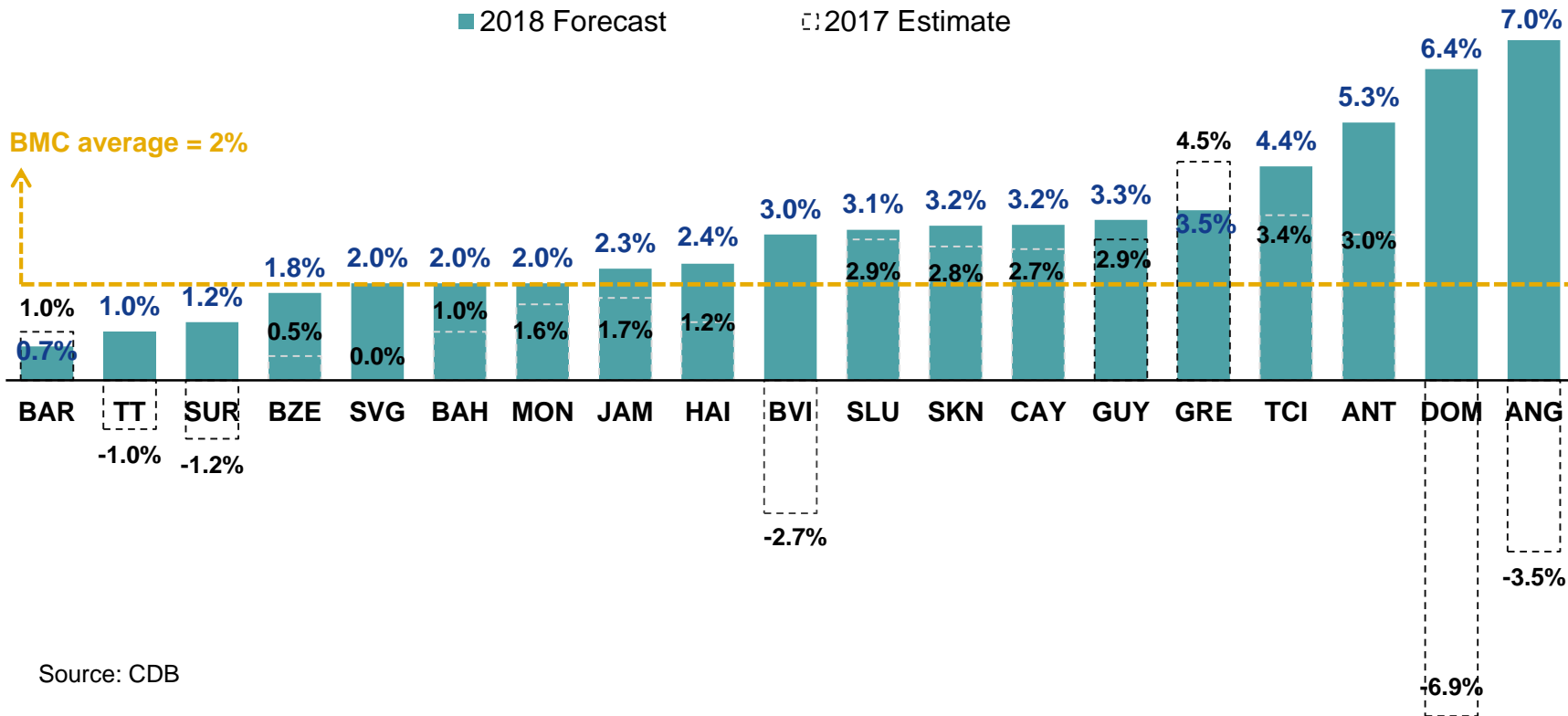
Some foreign currency reserves are below the global benchmark



Source: Central Banks



CDB estimates that the region will grow at 2% in 2018



Source: CDB



A framework for a more resilient Caribbean





Regional Challenges



Macroeconomic

Low growth
average 0.4% over a decade

High debt
regional median 65% of GDP

Low commodity prices and declining reserves



Low Productivity & Competitiveness

Jamaica is the **70th** country in the WB Ease of Doing Business Index– highest BMC

Large infrastructure gaps
Weak governance

Inefficient and costly **transport links** and high **energy costs**



Poor Human Development

High poverty (43.7%) and youth unemployment (18-47%)

Poor education outcomes, skills mismatch and brain drain

High crime and citizen insecurity



Environmental Threats

High annual natural disaster costs

Low insurance payouts

Insufficient **building codes**

Poor **climate change** adaptation tools



A Caribbean blueprint

Macroeconomic

Economic growth and diversification

Strong / resilient financial sector

Fiscal rules, e.g., Debt-to-GDP limits

Productivity & Competitiveness

Private sector-led growth

Opening new trade markets

Regional payments facility (Fintech)

First class and cost-effective infrastructure

Human Development

Good quality education for all

Workforce skills training based on employers' needs

Conditional cash transfers to the most vulnerable



Sustainable Society

Environmental Preparedness

Strict building code compliance

CCRIF, indemnity insurance, resiliency funds

Environmental tools

Climate change adaptation tools

Microcredit for recovery lending

Regional Integration

Gender Equality



Thank you

