



EIU MONITOR

Economic Intelligence Unit

May 2023 | Volume 2 | Issue 2

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Geopolitics ...from A to Z

Afghanistan: On April 4, 2023 United Nations officials said Afghanistan's ruling Taliban banned the organisation's female employees from working nationwide after the Taliban stopped female U.N. employees in the eastern province of Nangarhar from coming to work. The head of the U.N. Development Programme, Achim Steiner, said the United Nations is ready to pull out of Afghanistan in May if negotiations with the Taliban on the ban do not bear fruit.

Bahrain: Bahrain and Qatar announced on April 12th, that they will restore diplomatic relations after more than five years of estrangement. The move is the final major milestone in the normalisation of ties among the members of the Gulf Cooperation Council, to which both countries belong. Delegates from the two countries met last week in Riyadh, Saudi Arabia, to resolve a feud that began in 2017, when Saudi Arabia imposed a boycott on Qatar, claiming it was too close to Turkey and Iran, and accusing Doha of supporting "terrorists." Bahrain, along with the United Arab Emirates and Egypt, followed suit, severing all ties with Qatar.

China: Prior to the Russia-Ukraine War, many international observers defined the new Cold War as the growing mistrust between the United States and China, which was deepened by China's adroit economic statecraft in the Caribbean (and Latin America, Africa, and Asia). That part of the new Cold War included the use of soft power in the form of educational and cultural outreach by high-ranking diplomatic visits and foreign investment, pushed along by a combination of large state-owned companies and banks.

Denmark: The Kingdom of Denmark comprises Denmark proper, the Faroe Islands, and Greenland. Greenland is considered the most important strategic location in the Arctic, as whoever holds Greenland will hold the Arctic. In the wake of climate change and its increasing impact on the Arctic's geography, inter-state competition has intensified across the region, with increasing focus on the world's largest island. Russia has increased its military presence in the Arctic, the U.S. has strengthened its efforts to shape the island's future, while China is providing increased economic incentives. All of this is occurring amid Greenland's push for Independence. Denmark thus finds itself monitoring military moves, facing competition in the provision of resources to Greenland and balancing alliances with a much-needed NATO partner, while simultaneously seeking to uphold the Danish Realm.

Eritrea: Eritrea is a militarised authoritarian state that has not held a national election since independence from Ethiopia in 1993. The People's Front for Democracy and Justice (PFDJ), headed by President Isaias Afwerki, is the sole political party. Arbitrary detention is commonplace, and citizens are required to perform national service, often for their entire working lives. The government shut down all independent media in 2001. Eritrea joined the war in Ethiopia's Tigray region and its forces have committed serious violations, including mass arbitrary detentions, pillage and rape of Tigrayans in Western Tigray zone.

Fiji: In April this year, China's Vice Minister of Foreign Affairs, Ma Zhaoxu, visited Fiji ostensibly to deliver a message directly to the country's Prime Minister Sitiveni Rabuka about the importance of 'treading carefully on Taiwan' and respecting Beijing's 'red line'. This episode reflected growing tensions between

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China and Fiji. Under its new coalition government, Fiji is showing signs of greater alignment on security matters with its traditional partners, Australia, New Zealand and the United States. Rabuka is appearing to tilt Fiji away from his predecessor's approach of 'friends to all, enemies to none'.

Greece: The upgraded role of Greece in the geopolitical forefront of the Eastern Mediterranean and the Balkans, would have been a main focal point of the international defence and security exhibition DEFEA – Defence Exhibition Athens 2023, held in May. The visits of several national delegations, defence ministers and deputy ministers and Chiefs of Staff coincide with the official launch of Greece's campaign for election as a non-permanent member of the United Nations Security Council for the 2025-26 period, which aims to expand Greece's geopolitical footprint on the international stage.

Hungary: Keystone states, are countries that are connectors and mediators, that serve as gateways between regions, blocs and civilizational groupings. Hungary is viewed by some as having Keystone state potential because it occupies a key position between the overlapping spheres of influence of the West, Russia, and Turkey. Further, Hungary is a staunch supporter of NATO and the EU but also has a singularly friendly relationship with Russia.

India: In 2023, India seeks to raise its leadership profile as a bridging power between various poles of the international system, both East and West as well as North and South. In assuming the presidencies of both the G-20 and the Shanghai Cooperation Organisation (SCO), India is set to host leaders from across the globe as the country prepares for its own general elections in 2024, by which time it would have surpassed China as the world's most populous country. At present, India is in a strong position to work across global cleavages. As the one of the world's fastest-growing economies, India is courted by, and can potentially be a bridge to, all sides.

Japan: The return of Japan as a major geopolitical actor is a major shift that has gone somewhat unnoticed. In the span of only one month from mid-December 2022 to mid-January of this year, Japan revised large parts of its post-1945 security posture and replaced it with a new strategy that, if implemented, would create a more robust and forward-leaning Japan. In addition to plans for significant increases in specific defense capabilities, there is comprehensive expansion of the country's security interests beyond the defense of its own islands.

Kiribati: Kiribati, with a population of 117,606, is comprised of 32 low-lying atolls and the raised phosphate island of Banaba, totalling 811 sq. km of land over 3.5 million sq. km of the Pacific Ocean. In May 2021, the People's Republic of China (PRC) and Kiribati partnered to rebuild a World War II-era runway on Kanton Island, 3,000 km southwest of Hawai'i. Despite Beijing's ultimate strategic intentions being unclear, the PRC's activity is consistent with a strategy of enlarging the country's geopolitical boundaries as far east into the Pacific Ocean as possible, a so-called Island Chain Strategy.

Libya: Libya has struggled to rebuild state institutions since the ouster and subsequent death of former leader Muammar al-Qaddafi in October 2011. The conflict, which began as a part of the Arab Spring in 2011, transformed into an internationalised civil war with armed groups and foreign governments seeking to influence and control. Today, peace is fragile, political polarisation is high, and the involvement of external actors remains an issue. Each coalition government has created governing institutions and named military chiefs, and each has faced internal fragmentation and division. Taking advantage of the widespread political instability, armed Islamist groups, have used the country as a hub to coordinate broader regional violence, further complicating efforts to create a unity government.

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Myanmar: Due to its geographical position in the Asia-Pacific, Myanmar plays a strategic role in China's regional policy for three main reasons.

1. Geographical location. Myanmar shares a 2,200 km border with China, has a strategic position between the Bay of Bengal and the Chinese province of Yunnan, and is close to the Strait of Malacca, the obligatory passage for the Sea Lines of Communications (SLOC), which interconnects Beijing's ports to the maritime trade routes of the Asia-Pacific.
2. The coastline and island territories. Myanmar's 1,610 km shoreline runs close to island territories that are also the starting point of two pipelines that transport gas and oil to the Chinese city of Kunming.
3. Water resources. The Irrawaddy and Mekong, two of South East Asia's largest rivers that cross Myanmar, are seen by China as having energy potential to be exploited.

China's decision to strengthen economic-diplomatic ties with Myanmar is an essential manoeuvre in the implementation of the Belt and Road Initiative project. It partially makes up for the difficulties encountered in the challenge with the United States in the South China Sea and the control of the island of Taiwan.

Netherlands: On March 8th this year, the Dutch government announced its plan to impose additional restrictions on the export of machines that make advanced processor chips, joining a U.S. push that aims at limiting China's access to materials used to make such chips. The Dutch-based ASML, is the world's only producer of machines that use extreme ultraviolet lithography to make advanced semiconductor chips. The Dutch government has prohibited ASML from exporting some of its machines to China since 2019, but the company had still been shipping lower-quality lithography systems there. In October, the US government imposed export controls to limit China's access to advanced chips, which it says can be used to make weapons, commit human rights abuses and improve the speed and accuracy of its military logistics.

Oman: Over the past few decades, the Sultanate of Oman has managed to build political capital, leveraging its geopolitical position in a turbulent region. This political capital draws on solid internal stability and national unity, and a win-win approach to a balanced foreign policy. In both regional and international settings, Oman is a trusted source of stability and consistency in the entire Gulf region, and it enjoys longstanding bilateral relations with many leading nations around the world, which helps it to mediate between conflicting parties.

Panama: Panama's geostrategic location renders the country vulnerable to competing Great Power concerns. The United States has a vested interest in mitigating migration flows, while China seeks to monopolise Panama's waterways to restrict American access. For its part, Panama remains a critical US ally, committed to the promotion of stability and security in Latin America. In 2021, Panama joined the Dominican Republic and Costa Rica in creating the Alliance for Development in Democracy, aimed at leveraging relations with key Western democratic partners to strengthen economic and political stability in Central America. Simultaneously, Panama has made a significant diplomatic investment in strengthening relations with China. In 2017, Panama switched diplomatic recognition from Taiwan to China and joined the Belt and Road Initiative shortly thereafter.

Qatar: As events unfolded, it became apparent in some quarters, that Western discomfort with Qatar hosting the World Cup was as much related to the emergence of new geopolitical actors outside of the traditional post-1945 global architecture, as it was with ethical concerns over labour and minority rights.

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Qatar's cunning management of the FIFA 2022 World Cup demonstrated its rapid state-building efforts, now at a developmental juncture that allows it to execute large-scale policies in efforts that carry forward its national goals and interests. This rapid political maturation of the Qatari state is one of the most significant patterns that strengthened the 2022 World Cup, and showcased the young country's global ambitions, its expanding breadth for manoeuvre, as well as its rapidly increasing regional clout.

Rwanda: Although it is one of the smallest states on the African continent, Rwanda has adopted a proactive foreign policy. Rwanda's leadership, led by President Paul Kagame, has deployed troops within the framework of multilateral peacekeeping missions sanctioned by the United Nations (UN) and the African Union (AU) on the continent and beyond. This generated a favourable response and helped tamp down criticism of Kagame's authoritarian rule and Rwandan military involvement in the neighboring Democratic Republic of Congo (DRC).

Suriname: Suriname lies at the northern end of South America with 90 percent of the country's population living within 25 km of the country's coast. It is the only country on the continent with a significant Dutch-speaking population, and the Guyanese shield means the Amazon rainforest separates the state from much of the events going on down south. Further, with its ethnic makeup and north-facing geography, Suriname has traditionally been far more closely involved with the Caribbean than with South American countries. It is closely linked politically, economically, and culturally with the region, including being a part of CARICOM. Only recently was the first road built between Suriname and one of its neighbours (French Guiana) and there remains no link between Suriname and Guyana or Brazil.

Turkey: Since the fall of its leader Muammar al-Qaddafi in 2011, Libya has been characterised by an ongoing struggle between forces, both domestic and foreign, that seek to operate, influence and control. Turkey's involvement and its support for the UN-recognised Tripoli-based government in Libya, the Government of National Accord (GNA), is driven by the desire to secure its geopolitical interests in the eastern Mediterranean. Most notably, the deal signed in 2019 between the Turkish government and the GNA to demarcate maritime borders was more about solidifying Turkish claims in the eastern Mediterranean than it was about Turkey's presence in the Libyan conflict.

United States: On March 6, 2022 it was reported that senior American officials were in Venezuela to meet with the government of Nicolás Maduro, with which the U.S. has had no formal diplomatic relations since 2019. The visit is yet another example of a geopolitical shift underway across the globe in the wake of Russia's invasion of Ukraine as the U.S. and European countries seek energy sources other than Russia.

On January 24, 2023 T&T Prime Minister Keith Rowley announced that after significant lobbying and negotiations, T&T was granted a two-year licence/waiver by the US Office of Foreign Assets Control (OFAC) that allows this country to negotiate and do business with Venezuela and its state oil company PDVSA with respect to the Dragon gas field. One of the terms of the licence is that Venezuela cannot be paid in cash.

Venezuela: On February 17, 2023 Venezuelan President Nicolas Maduro and Colombian President Gustavo Petro signed an agreement establishing a joint "economic zone" with specific conditions for trade. The original agreement had been signed in 2011 after Venezuela's then-president Hugo Chavez chose to exit the Andean Community (CAN), a free-trade group which Colombia remains a part of. Diplomatic ties between the two countries were severed in 2019 after Petro's predecessor, the conservative Ivan Duque, joined several other countries in recognising opposition leader Juan Guaidó as Venezuela's legitimate leader. After Petro assumed power, he immediately sought to re-establish

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relations with the Maduro government. The 1,400-mile border between both countries was fully reopened to vehicles last September.

Yemen: Yemen's strategic location holds high geopolitical value for regional and global powers. The country has been led to the dire situation it faces today due to the conflict of local and regional powers which have sought to control strategic areas in Yemen, thereby dismantling its territorial integrity. Yemen's primary challenges are territorial division, societal fragmentation, economic structural destruction, and a governance vacuum, the combined effect of which has been state failure.

Zimbabwe: Over two decades ago, President Robert Mugabe endorsed a move by native Zimbabwean farmers to occupy and forcibly retake farmland that was owned, at the time, by European farmers. This move set off a chain of disastrous economic consequences and prompted international sanctions, with the U.S. maintaining a strict sanctions programme against an evolving list of individuals in Zimbabwe to this day. In 2020, a new, post-Mugabe government announced a programme to compensate the farmers who were ousted from their land back in 2001.

Zimbabwe's discovery of lithium, the material necessary for rechargeable batteries, is another new factor that renders sanctions against Zimbabwe, untenable for the West. Zimbabwe currently has the largest lithium reserves in Africa and fifth-largest in the world. It is very difficult for US investors to acquire Zimbabwean lithium for manufacturing purposes. This leaves a gaping hole in the market, which other countries, notably China, but Russia and Belarus as well, can, and almost certainly will, exploit. Western countries face a choice; hold on to antiquated sanctions that have done little to advance the cause of human rights, or keep up with the global economy while building bridges with Zimbabwe?

Implications

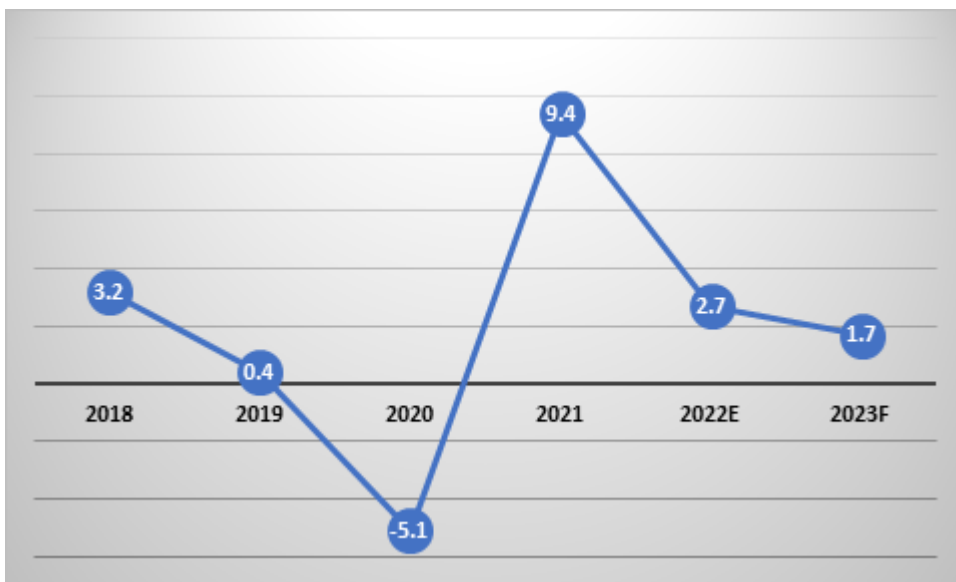
From the reports presented, it is clear that the larger, more powerful and influential countries are better able to implement their strategies in pursuit of their agendas. As small and decidedly less influential countries, regional states must be even more aware of, and alert to, ever-present geopolitical activity. To give themselves a fighting chance, regional states must:

1. Have a guiding plan/agenda or an intrinsic national ethos that transcends governments and political parties and anchors their engagement with other states. (Geopolitics is often a long-term play)
2. Take no offer or gift at face value. Recognise what it comes with, what it will 'cost' and if or how it will affect your country's guiding plan.
3. Recognise that while size matters, leverage matters as well.
4. Understand that a united bloc invariably has more leverage than an individual country

Trade

- Global trade volumes expanded by an estimated 2.7 percent year-on-year in 2022 (Figure 1).
- On a quarter-on-quarter basis, trade volumes declined by 2.4 percent in the fourth quarter, after three quarters of positive performances.
- The fourth quarter decline was related to China's COVID-19 containment measures, the sharp increase in interest rates in advanced economies and elevated commodity prices, among other things.
- The World Trade Organisation forecast global trade to grow at a slower rate (1.7 percent) in 2023 against a backdrop of weaker economic activity.

Figure 1: Global Merchandise Trade Volumes (% Change)



Source: WTO
E - Estimate; F - Forecast



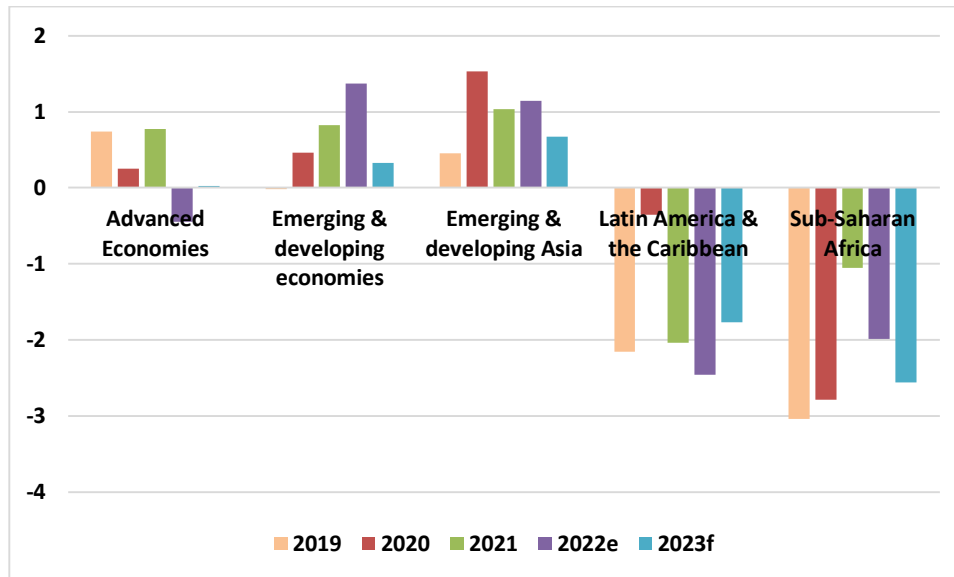
Source: WTO



Trade

- There was a general deterioration in global current accounts in 2022, as high commodity prices caused a substantial rise in import costs for many nations.
- As a collective, the current account balance of advanced nations moved from surplus to deficit, while Latin America and the Caribbean, and Sub-Saharan Africa recorded expanded deficits in 2022 (Figure 2).

Figure 2: Current Account Balance/GDP (%)



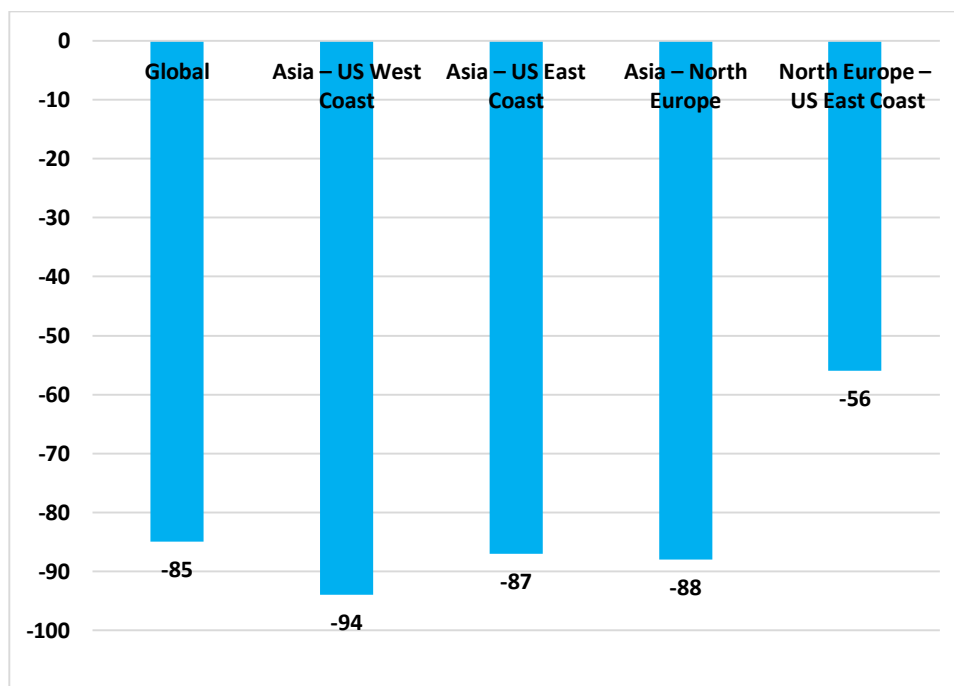
Source: IMF
E – Estimate; F – Forecast

Shipping Costs

- Since the second quarter of 2022, shipping costs have fallen significantly, returning to pre-pandemic levels in many cases. Elevated shipping costs contributed to the global inflationary pressures of 2021 and 2022.
- The easing of other supply-chain bottlenecks and the fall of port traffic due to waning consumer spending resulted in the plunge of shipping costs from record highs in 2022
- The average rate to ship a 40-ft container on the Asia - US West Coast route fell by 94 percent to US\$1,000 in the middle of April 2023 compared to the same period in 2022.
- Similarly, the average rate on the Asia - North Europe route decreased by 88 percent to US\$1,427 (Figure 3)

Trade

Figure 3: Global Freight Charges (% Change)



Source: Freightos

Other Major Developments

- US President Joe Biden vetoed a congressional resolution to reinstate tariffs on solar panel imports from Southeast Asia. The action was guided by the President's desire to maintain momentum in climate friendly initiatives, of which the installation of solar panels is a critical component.
- Proponents of the tariffs accuse China of trade violations, with some asserting that the country has moved solar panel manufacturing to four Southeast Asian countries (Thailand, Vietnam, Malaysia and Cambodia) to circumvent US anti-dumping regulations.
- The veto delays the imposition of the tariffs until June 2024.
- Faced with mounting sanctions, that have been imposed by western nations, Russia continues its focus on building and augmenting alternative trade and diplomatic relationships.
- In April 2023, Russia and India announced that they are in advanced negotiations to enter a free trade agreement, which is expected to allow the countries to form closer economic ties. Such developments serve to frustrate Western governments' efforts to isolate Russia.
- Russia has also signed an agreement with Iran to finance the Rasht-Astara railway, part of a developing North-South transportation corridor that is intended to connect India, Iran, Russia, Azerbaijan and other countries via railways and sea. Russia believes the corridor has the potential to rival the Suez Canal as a major trade route.
- After almost two years of negotiations, Britain joined the 11-member Asia-Pacific trade bloc, Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in March 2023. This is in line with the country's push to increase its number of trading partners in the post-BREXIT era.

Trade

- Motor vehicle manufacturers, including Stellantis and Ford have threatened to close their plants in Britain if government does not re-negotiate the BREXIT agreement with the EU. The companies claim that certain aspects of the deal could undermine electric vehicle production.
- Starting in 2024, electric vehicles exported from Britain to the EU would face tariffs if less than 45 percent of the components originate in the UK or EU.
- The British government has since confirmed talks with the EU on the matter.

Implications

- Consumers will undoubtedly welcome the fall in freight costs, which contributed significantly to the inflation pressures that confronted households and businesses since 2021. While this will provide some ease, inflation is expected to fall gradually, with other contributing factors likely to be resolved slowly.

Banking and Finance

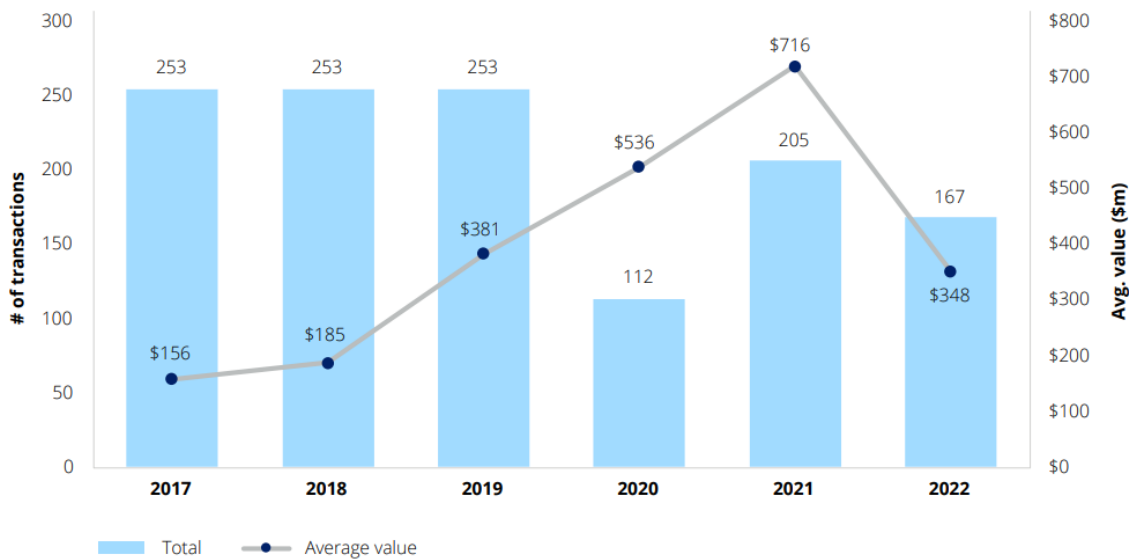
Mergers and Acquisitions (M&A)

The terms "mergers" and "acquisitions" (M&A) are often used interchangeably, but they differ in meaning. An acquisition takes place when one company purchases another company outright, whereas a merger is the combination of two firms, which subsequently form a new legal entity with one corporate name.

Banking

In the United States (US), total M&A volume in the banking sector fell to 167 closed transactions totalling US\$22.6 billion in 2022, compared with 205 closed deals totaling US\$76.6 billion in 2021, a drop of 70.5 percent in value. Significantly, average deal value fell by 51.4 percent from US\$716 million in 2021 to US\$348 million in 2022.

Figure 4: US Mergers & Acquisition - Banking



Source: Deloitte, 2023

There were several acquisitions coming out of the recent spate of bank collapses in 2023:

First Citizens BancShares' acquisition of Silicon Valley Bank (SVB)

While the acquisition of a failing bank undoubtedly benefits the customer, acquisitions ultimately benefit the acquirer. First Citizens agreed to purchase \$72 billion of SVB's assets at a discount of \$16.5 billion and assumed \$56.5 billion of deposits. In a loss-share agreement, First Citizens and the Federal Deposit Insurance Corporation (FDIC) agreed to divide the losses and potential recoveries on the loans.

Banking and Finance

JPMorgan Chase's acquisition of First Republic Bank

JPMorgan Chase acquired a substantial majority of First Republic Bank's assets, including approximately \$173 billion of loans and approximately \$30 billion of securities. The company also assumed approximately \$92 billion of deposits, including \$30 billion of deposits large US banks made in First Republic, which will be repaid after closing or eliminated in consolidation.

New York Community Bancorp's acquisition of Signature Bank

New York Community Bancorp acquired Signature Bank, placing its subsidiary Flagstar Bank in charge of Signature Bank's 40 branches and its deposits—which totalled \$88.6 billion at the end of 2022. New York Community Bancorp also bought \$38.4 billion worth of loans and other assets previously held by Signature, though approximately \$60 billion in loans remained with the Federal Deposit Insurance Corporation (FDIC).

M&A activity does not only occur because of bank failure, banks may decide to leave a market that has become unprofitable or elect to 'refocus' their efforts elsewhere.

Recent acquisitions in the Caribbean

CIBC FirstCaribbean International Bank Ltd is in the process of selling its business in Grenada to the Grenada Co-operative Bank Ltd, after receiving approval from the Eastern Caribbean Central Bank (ECCB). The Barbados-based bank is expected to finalise the sale by July 14, 2023.

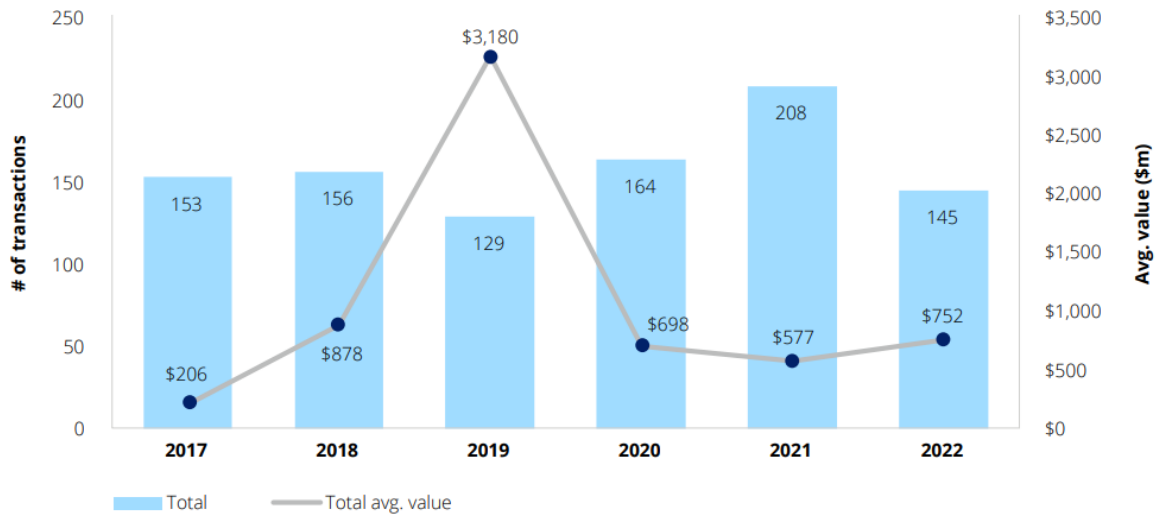
Cayman National Corporation Ltd. announced that, effective May 1, 2023 the banking operations of Republic Bank (Cayman) Limited (RBKY) will be merged with the Cayman National Bank Ltd. In addition, the securities operations of RBKY will be merged with the operations of Cayman National Securities Ltd.

Fintechs

M&A activity declined for fintechs in 2022. Total transaction volume dropped to 105 deals, totalling \$30.1 billion in 2022, compared with 138 deals totalling \$40 billion in 2021. This represents a 25.5 percent decline in value.

Banking and Finance

Figure 5: US Mergers & Acquisition – Fintechs



Source: Deloitte 2023

Recent Developments in the Financial Landscape

- The Biden administration urged banking authorities to tighten regulation of mid-sized banks, where banks with between \$100 billion and \$250 billion in assets should be required to hold more liquid assets, increase their capital, submit to regular stress tests and write "living wills" that detail how they can be wound down.
- The largest US banks, including JPMorgan Chase, Citigroup and Wells Fargo reported healthy first-quarter 2023 earnings, signalling that many customers had developed a strong preference for larger institutions they viewed as safer.
- The Federal Reserve released a report taking responsibility for failing to "take forceful enough action" ahead of Silicon Valley Bank's collapse. The FDIC also released a separate report that criticised Signature Bank's "poor management" and insufficient risk policing practices.
- The FDIC called on banks with more than \$5 billion in assets to help pay depositors of the defunct Silicon Valley Bank and Signature Bank. It called on those banks to pay for 95 percent of the \$15.8 billion needed to protect the depositors who were above the \$250,000 insurance level.
- CEO compensation has come under scrutiny, as executives from failed Silicon Valley Bank, Signature Bank and First Republic gained millions from the planned sales of their banking shares prior to the banks collapsing.
- According to its latest supervision and regulation report, the Federal Reserve stated that the US banking system remains sound and resilient, with strong levels of capital and liquidity, though it emphasised a need for vigilance when it comes to monitoring for risk.

Banking and Finance

- The Federal Reserve raised the Fed funds rate by 25 basis points to a range of **5-5.25 percent** during its May 2023 meeting.
- The European Central Bank decided to raise its three key interest rates by 25 basis points in May 2023. Accordingly, the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will be increased to **3.75 percent**, 4.00 percent and 3.25 percent respectively in an effort to bring inflation down to its 2 percent target.

Implications

- Large scale M&A activity in the banking sector can lead to the creation of larger banks that can represent greater challenges to policy makers should these new entities encounter liquidity and other challenges. Consequently, these institutions could represent a greater risk to the financial sector and the wider economy.

Commodities

Energy

	2022	2023Q1	2023 ^f
WTI (US\$ p/b)	94.91	75.96	73.62
Brent Crude (US\$ p/b)	100.94	81.4	78.65
HHub Spot Price (US\$ p/MMBTU)	6.42	2.65	2.91

Source: US Energy Information Administration
f - forecast

WTI - West Texas Intermediate Oil Price

HHub Spot Price - Henry Hub Natural Gas Price

Rationale

OPEC and partner countries (OPEC+) announced production cuts of 1.2 million barrels a day (b/d) through to the end of 2023.

OPEC crude oil production is projected to fall by 300,000 b/d in 2023 according to the US EIA forecasts.

This forecast is also based on recent major disruptions in Iraqi crude oil exports as well as restrictions on Nigerian crude oil exports.

Risks

Weakening global economic conditions

Instability in the global financial sector

Persistent inflation outweighing the increase in oil prices

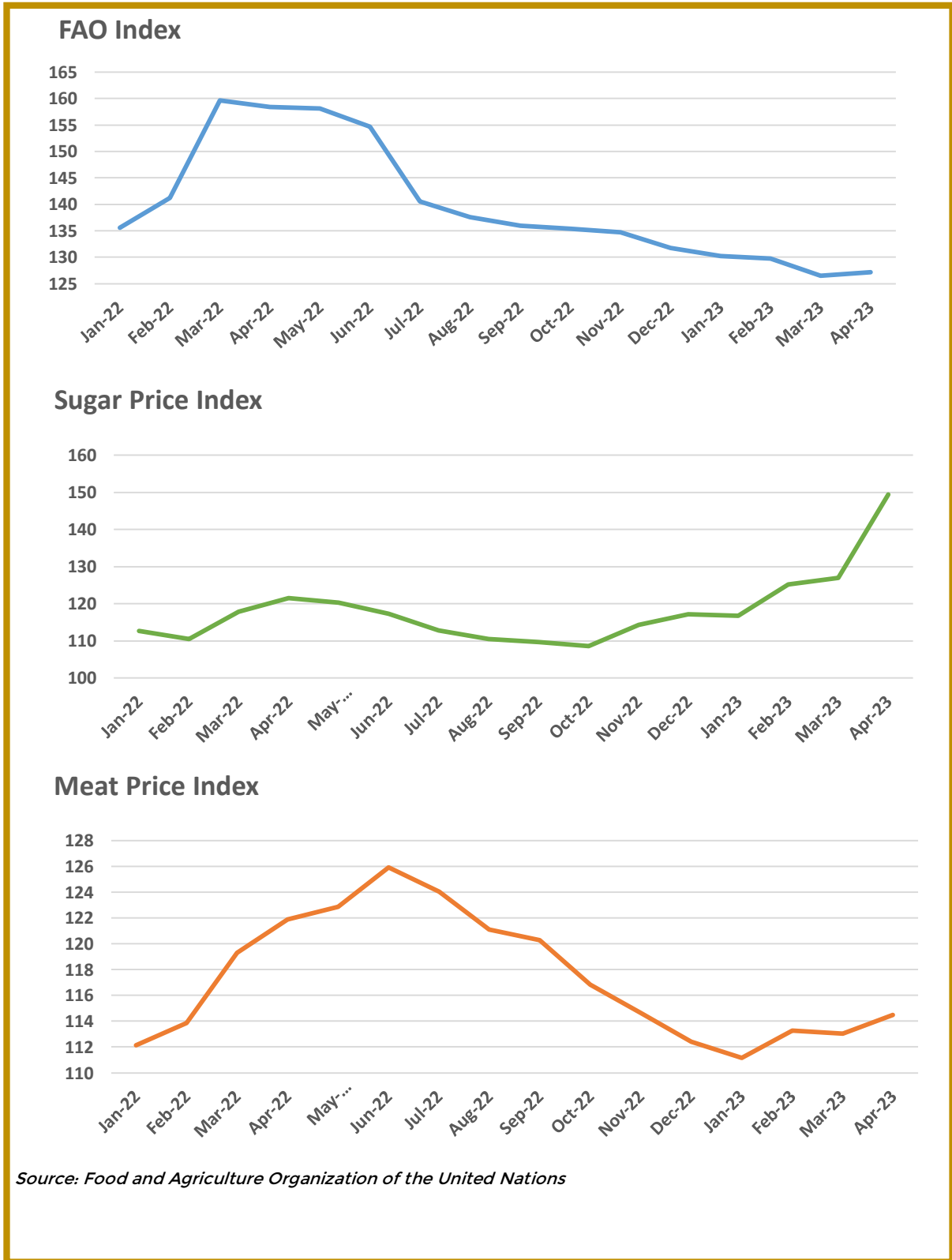
Coal Prices

Projected to fall by 42 percent and 23 percent in 2023 and 2024, respectively.

Although China's demand for coal is expected to rise, there will likely be weaker demand in other parts of the globe, as other countries opt for natural gas.

Commodities

Food Prices



Commodities

April 2023 Price Increases

Sugar Prices

Tighter global market in the 2022/2023 season due to downward revisions of the production forecasts for both India and China, as well as lower expected output in Thailand and the European Union (EU).

Slow start to the Brazil harvest because of above-average rainfall.

Elevated international crude oil prices contributed to higher costs of production for growing and harvesting sugar across the globe

Meat Prices

Increased demand from Asian countries, together with continued supply limitations from several top global exporters.

Poultry prices increased because of increased demand from the Asian market and supply constraints, stemming from avian influenza outbreaks.

Global bovine prices increased as a result of a decline in cattle supplies (especially in the US).

Did you Know?

The manufacturing of synthetic fertilizers is important to keep global food production apace with global population growth.

Global Population Growth (%)

Period	Growth
1900 - 2011	338%
1804 - 1900	60%

Source: The World Bank

During the production of ammonia and urea, natural gas is processed together with nitrogen (taken from the air). During the process, 80 percent of natural gas is used as a feedstock and the remaining 20 percent is used for heat and electricity production. The two main end products are ammonium nitrate and urea,

Higher Energy Prices to affect Food Prices in 2024?

With natural gas prices projected to rise notably to US\$3.72 per MMBTU in 2024, ammonia and urea prices are also expected to increase. Given that both are used as feedstocks in the production of synthetic fertilizers, the price of fertilizer and thus, food, would likely rise in 2024.

Commodities

Metals and Mineral Prices

Although metal prices increased in the first quarter of 2023, they are expected to fall by 8 percent for the entire year and 3 percent in 2024.

This projection is based on expected weak global demand and increased supply. New mines coming on stream for key metals like copper, nickel and zinc

China's recovery is expected to be heavily services-oriented.

Gold Developments

Factors to Consider

- Production/supply aided by resolution of most bottlenecks
- Global economy showing more resilience than previously expected
- The impact of rising interest rates could undermine demand more drastically in the coming months

Implications

- With energy prices (particularly as it relates to natural gas) expected to strengthen in the second half of 2023 and 2024, global food inflation could accelerate slightly heading into 2024, notwithstanding the recent extension of the Black Sea Grain Initiative.
- Nevertheless, appreciably lower prices for most major commodities in 2023, relative to 2022, will provide considerable ease to consumers.
- Exporting nations are generally expected to register weaker revenue streams in 2023.

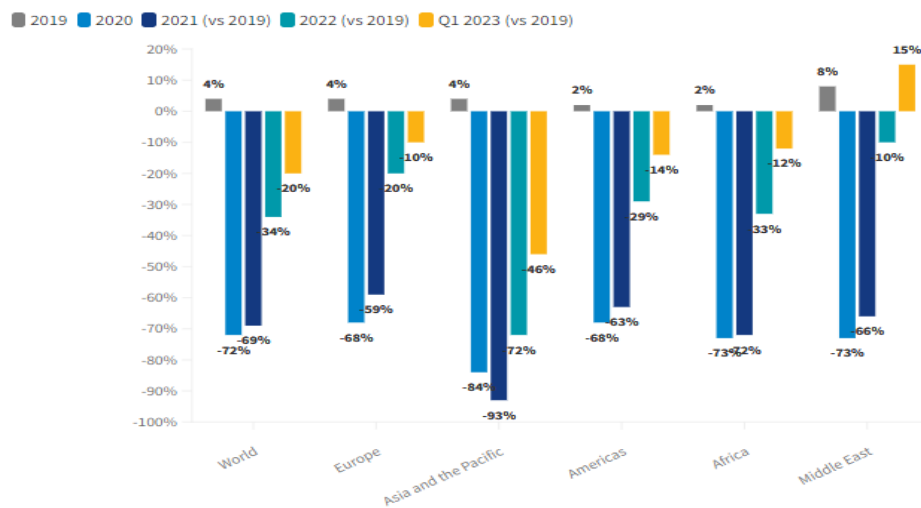
Tourism

According to the United Nations World Tourism Organisation's (UNWTO) World Tourism Barometer, international arrivals reached 80 percent of pre-pandemic levels during the period January-March 2023. During the period, there were approximately 235 million tourist arrivals, more than double the same period in 2022.



Figure 6

International Tourist Arrivals, World and Regions

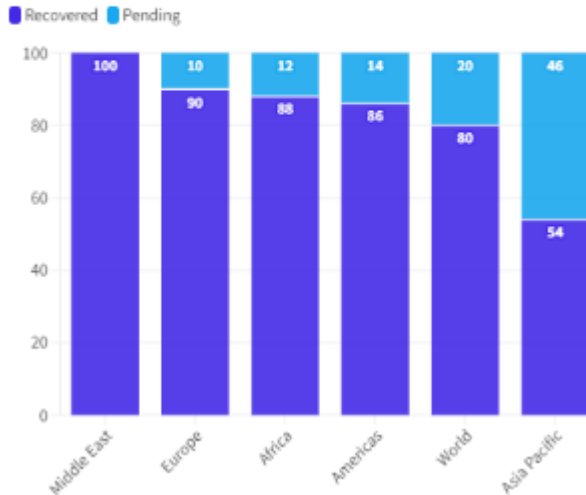


Source: UNWTO

Tourism

Figure 7

International tourist arrivals:
Percentage of 2019 levels recovered
in Q1 2023 (%)*



* Percentage of Q1 2019 arrivals recovered in Q1 2023 (provisional data)

Source: UNWTO

Most destinations in the Caribbean registered increased arrivals in the first quarter of 2023.

- Dominican Republic, Curaçao, Aruba, Antigua & Barbuda and Barbados recorded growth in tourist arrivals ranging between 21.1 percent (Dominican Republic) to 41.7 percent (Barbados) for the period January to March 2023.



- Fifteen destinations recorded growth in stay over visitors in the January-February 2023 period, led by the Cayman Islands, which saw its figures quadrupled. Trinidad and Tobago followed, recording growth of 181 percent, with Dominica experiencing the third highest growth rate of 169.2 percent. The remaining territories experienced growth ranging between 4 percent to 163.3 percent, with the exception of Grenada (-0.6 percent) and Cuba (-48.3 percent).

THINKING GREEN



SUSTAINABLE TOURISM

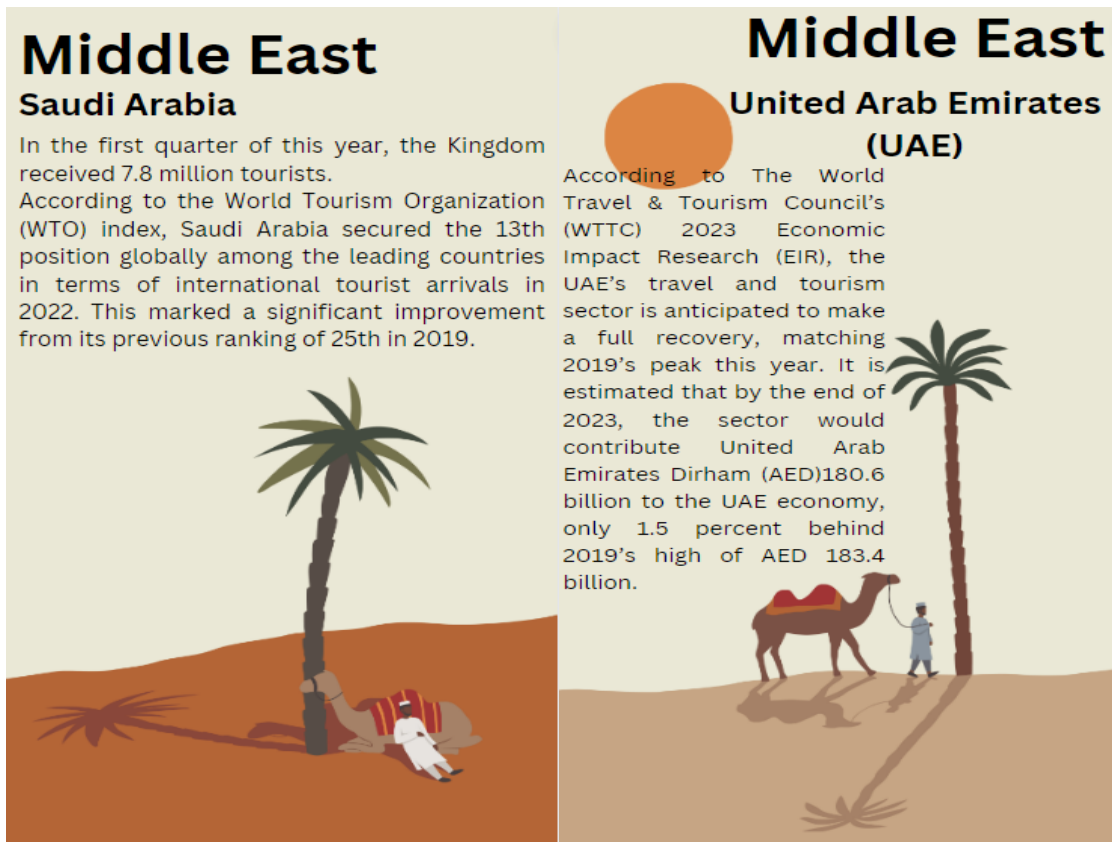
The World Tourism Organization defines sustainable tourism as “tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities”. Its objective is to amplify the positive impacts of tourism and minimise the negative ones.

Being a sustainable tourist



1. Get rid of single-use plastics
2. Be 'water wise'
3. Buy local
4. Utilise an ethical operator
5. Do not feed the animals
6. Refrain from eating them as well!
7. Rideshare
8. Make homestay an option
9. Do your homework
10. Visit sanctuaries and national parks
11. Don't leave a trace
12. Spread the news to your friends

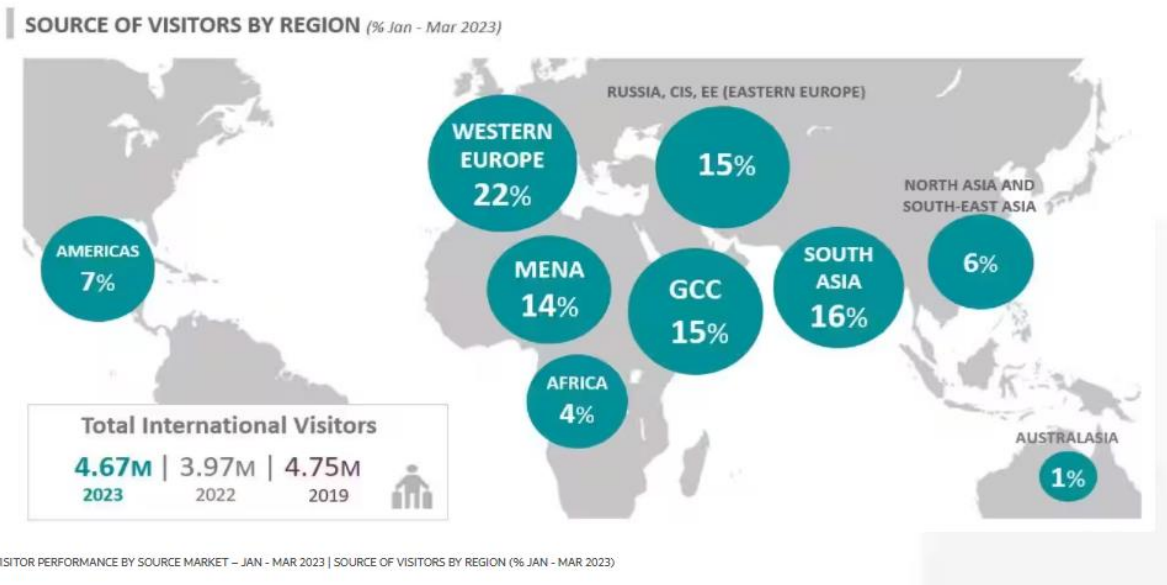
Tourism



DUBAI

Figure 8

Visitor Performance by Source Market – YTD Mar 2023



Source: Department of Economy and Tourism (Dubai), 2023

Tourism

Figure 9

TOP 20 SOURCE MARKETS FOR VISITORS TO DUBAI ('000 Visitors YoY Jan - Mar) [2023 | 2022 | 2019 ¹] YoY Change '23/'22 YoY Change '23/'19



TOP 20 SOURCE MARKETS FOR VISITORS TO DUBAI ('000 VISITORS JAN - MAR 2023)

Source: Department of Economy and Tourism (Dubai), 2023

Canada



UNITED STATES OF AMERICA

- Latest available data from the National Travel and Tourism Office (NTTO) advises that in January, there was a 93.1 percent increase in international travel compared to January 2022. This signals a rebound in the tourism industry after the COVID-19 pandemic.
- The data further shows that overseas visits to the United States increased by 91.1 percent from January 2022.
- Travel spending plateaued in March, though still recording growth of 4 percent above 2019 levels.
- After three consecutive months of exceeding 2019 levels, hotel room demand fell to 1 percent below 2019 levels in March.

In January, the total number of international arrivals to Canada consisting of both non-resident visitors and returning Canadian residents, reached 78.4 percent of the level recorded in January 2020, prior to the COVID-19 pandemic.

There was a tripling in the number of trips to Canada in January 2023 in comparison to the same time in 2022. However, the figure was only two-thirds (65.9 percent) of the trips taken in January 2020.

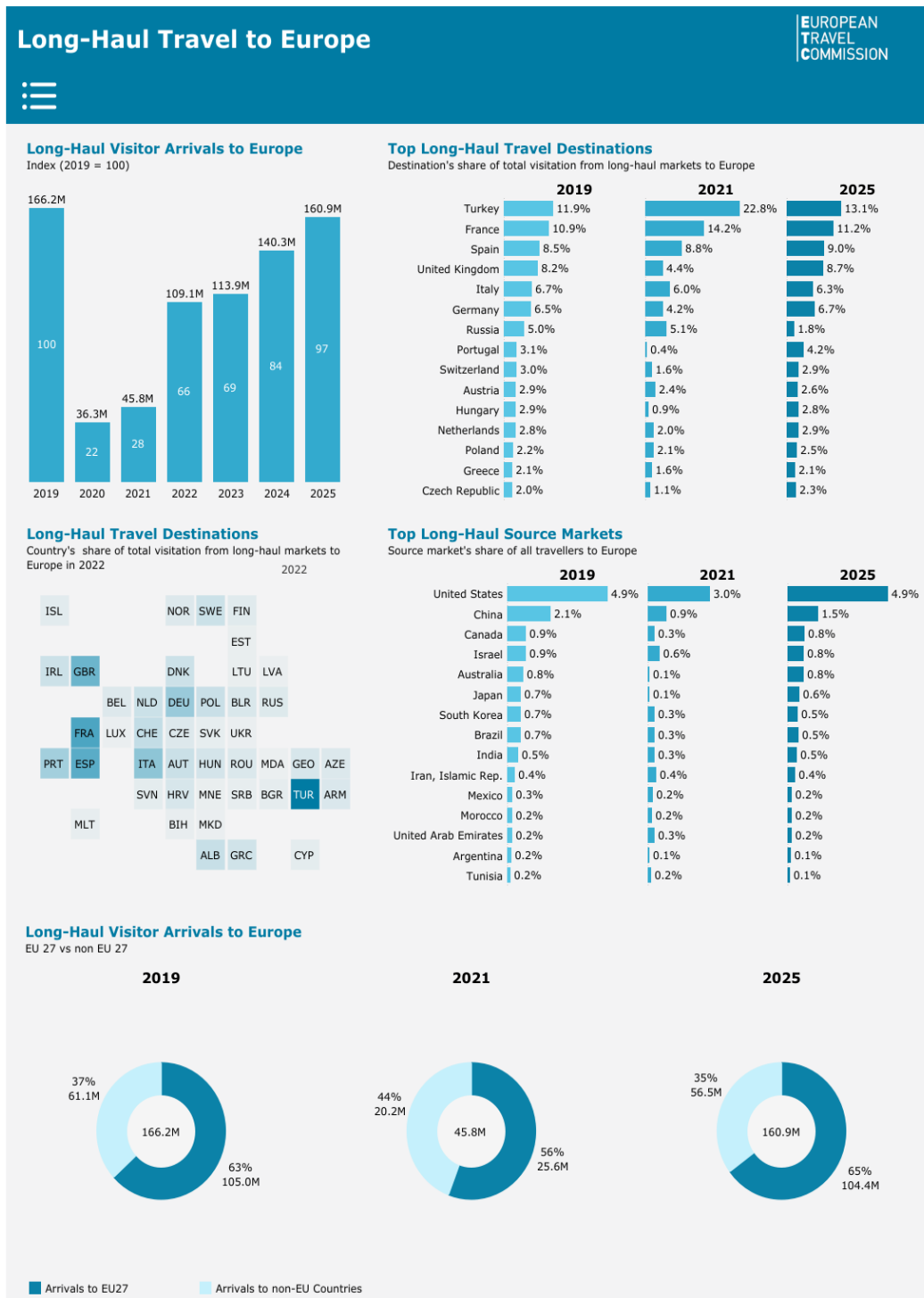
In January 2023, US residents took 866,700 trips to Canada. This was four times the figure in January 2022, and 72.1 percent of those taken in January 2020.

Tourism

Europe

- Despite pressures related to rising inflation, the impact of the war in Ukraine and the threat of recession, the outlook for travel to Europe is encouraging. Recent data indicates a 75 percent recovery of 2019 travel totals in 2022. However, slower growth is projected for 2023.
- International travel to Europe is forecast to reach pre-pandemic levels in 2025, while domestic travel will fully recover in 2024.

Figure 10



Source: European Travel Commission

Tourism

Africa

In Q1, 2023 North Africa was able to recover to pre-pandemic levels of international arrivals.

Morocco posted a record number of arrivals in the first quarter of 2023, with the latest figures from the tourism ministry showing it attracted 2.9 million tourists in the three-month period.

The success of Morocco as a tourist destination was partly attributed to the national football team's success at the 2022 World Cup. Forty days after the World Cup, the country registered a 40 percent increase in arrivals, with interest in visiting Morocco surging in the first months of 2023.

Morocco experienced a 17 percent increase in visitors compared to first quarter of 2019. Additionally, there was 464 percent increase in February as two million people visited during the month, as compared to the same period in 2022.



Implications

- The Tourism sector is expected to continue its recovery in 2023. However, the magnitude is dependent on several factors, including the extent of the global economic slowdown and the evolution of the Russia/ Ukraine conflict. The lifting of COVID-19-related travel restrictions in the People's Republic of China, as well as in other countries, represents a significant step for the recovery of the tourism sector in Asia and the world.

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