

Republic Economic

NEWSLETTER

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Same old blues

OVERVIEW

Output trends for oil and gas reversed from the second quarter to the third, resulting in a rebound of sorts in some segments of the energy sector. Republic Bank estimates this translated to marginal growth of 0.5 percent in the third quarter over the second. Many of the other trends continued. Inflation continued to be subdued, with minimal increases in the quarter. The last official unemployment rate was 3.8 percent for the second quarter of 2018. Some 18 months removed from that period, the rate is estimated to have increased to 5.5 percent in the third quarter. Indications are the domestic stock market was less dynamic, with the Composite Price Index growing by just 0.5 percent to 1,400.8.

ENERGY SECTOR

Production of this country's two primary energy products continued to go in opposite directions. Average crude oil output fell by 2.2 percent from 59,274.3 barrels per day (b/d) in the second quarter to 57,986.6 b/d in the third quarter 2019. This figure was 7.2 percent lower than the same quarter in 2018. Average natural gas production on the other hand, at 3,604.3 million standard cubic

feet per day (mmscf/d) was 3.6 percent higher than in quarter two, and coincidentally, 3.6 percent higher than the third quarter of 2018. The prices of both commodities fell from the second quarter, with the average crude oil West Texas Intermediate (WTI) price declining by US\$3.59 to US\$56.35 per barrel in the third quarter, and the average Henry Hub gas price dropping by US\$0.18 to US\$2.38 per million British thermal units (mmbtu) over the same period. LNG production increased by a strong 8.6 percent in the quarter, while petrochemical output improved, with production of ammonia and methanol increasing by 1.5 percent and 7.8 percent, respectively. The exploration indicators were quite positive, with rig days increasing 15.4 percent to 412 and depth drilled 107 percent higher at 95,794 ft.

In early December, it was disclosed that because of its characteristics, crude oil from Guyana's Stabroek block will be referenced against North Sea Brent crude oil. Trinidad and Tobago's oil is benchmarked against WTI. Also, on December 6th the Organisation of Petroleum Exporting Countries (OPEC) along with Russia, announced that they will cut oil production by 500,000 barrels per day through the first quarter of 2020 in an attempt to bolster global energy prices.

NON-ENERGY SECTOR

The non-energy sector's struggles continued. The Central Bank, in its Monetary Policy Report (MPR) of November 2019, reported contractions in the manufacturing and construction sectors in the first half of 2019, based on declines in the related retail sales index for that period. By the same token, distribution, which now forms part of the trade and repairs sector, grew in the first half of the year as higher sales of hardware and construction materials, furniture and furnishings, appliances, vehicle fuels and dry goods were only partially offset by lower sales at supermarkets and groceries and motor vehicles and parts. In the absence of recent data, indications are that non-energy sector activity remained weak, with at least some of these trends continuing into the third quarter. Despite higher sales of hardware and construction materials mentioned earlier, it seems the construction sector is yet to take off. Average monthly cement sales declined by 14.9 percent, from 46,038 tonnes in quarter two, to 39,167 tonnes in quarter three (Figure 1). The quarter three value was however, 2.8 percent higher than the sales figure one year ago. New vehicles sales, rebounded from an 8.3 percent decline in the second quarter, with growth of 6.2 percent in the third. The 3,321 vehicles sold in this quarter was a 1.8 percent increase over the same 2018 period.

TRINIDAD AND TOBAGO KEY ECONOMIC INDICATORS

Indicator	2018	2018.3	2019.3 p/e
Real GDP (% change)	-0.2	0	0.5
Retail Prices (% change)	1.0	0.3	0.4
Unemployment Rate (%)	4	3.6	5.5
Fiscal Surplus/Deficit (\$M)	-5,352	-867.40	874.4
Bank Deposits (% change)	3.2	1.99	-1.1
Private Sector Bank Credit (% change)	4.1	0.92	0.87
Net Foreign Reserves (US\$M)	10,348.3	10,198.8	9,839.7
Exchange Rate (TT\$/US\$)	6.73 / 6.78	6.73 / 6.78	6.73 / 6.78
Stock Market Comp. Price Index	1,302.50	1,219.40	1,400.80
Oil Price (WTI) (US\$ per barrel)	65.06	69.69	56.35
Gas Price (Henry Hub) (US\$ per mmbtu)	3.15	2.93	2.38

Source:
Central Bank of Trinidad and Tobago, TTSE, EIA
p - Provisional data
e - Republic Bank Limited estimate

Figure 1. Cement and Vehicle sales



Source: Central Bank of Trinidad and Tobago

FISCAL POLICY

The overall balance for the 2018/2019 fiscal year is estimated at \$-3,944.6 million. With the balances for the first, second and third quarters of the fiscal year at \$943 million, -\$2,793.8 million and -\$2,968.2 million respectively, calculations show that the fourth quarter of the fiscal year (July – September) registered a surplus of \$874.4 million. According to the MPR, the reduced fiscal deficit of \$3,944.6 was due to a greater increase in government revenue (\$3.4 billion) than expenditure (\$1.6 billion) compared to the previous fiscal year, with revenue in the recently ended fiscal year bolstered by \$2.4 billion from the 2019 tax amnesty.

MONETARY POLICY

Food price inflation was quite modest, with average prices in the third quarter just 0.9 percent higher than the second quarter and 1.7 percent higher than the third quarter of 2018. The low inflation trend continued, with overall average prices in the third quarter 1.2 percent higher than the same period a year earlier. Consistent low inflation and continuing weak economic conditions has seen the Central Bank, through its Monetary Policy Committee, maintain an accommodating monetary environment in order to facilitate economic growth. It has been easier to maintain this policy direction this year as the slowing global economy resulted in the US Federal Open Market Committee lowering its benchmark interest rate in July and September. These reductions have narrowed the gap between domestic and US treasury rates.

Private sector credit increased by just 0.9 percent during the third quarter, with the September ending balance of \$59,736.9 million some 3.9 percent higher than a year ago. Consumer credit barely grew (0.6 percent) in the quarter, however, the \$18,196.9 million balance was 5.6 percent higher than that of September 2018. Deposits declined by 0.6 percent in the quarter to \$107,176 million. Having made the announcement and passed the requisite legislative amendments a few days earlier, on December 9th, the process of introducing a new polymer-based TT \$100 bill and phasing out the existing TT \$100 bill, known as the blue note, by December 31st began (Table 1).

Table 1: Brief history of T&T paper currency

1964	CBTT introduces notes for \$1, \$5, \$10 and \$20
1977	Notes issued for \$50 and \$100
2002	New \$1 and \$20 notes introduced
2003	New \$1, \$5, \$10 and \$100 notes introduced
2009	Commemorative CHOGM \$100 note issued
2012	Commemorative \$50 note issued
2014	Polymer \$50 note issued. This note was upgraded in 2015
2019	\$100 paper note replaced with newly designed polymer note

Source: Central Bank of Trinidad and Tobago

FOREIGN RESERVES

The domestic foreign exchange market continued to be tight. Foreign exchange usage was driven largely by the credit card sector, with the distribution, energy and manufacturing sectors being the other sectors that accounted for significant shares of foreign exchange sales. After declining to US\$9,647.8 in July, T&T foreign reserves, typified by net foreign position, increased to US\$9,839.7 million in September, the highest level since May.

OUTLOOK

By all accounts the compressed timeframe for the transition from the current paper \$100 bill to the new polymer note is unprecedented. One immediate consequence is almost certain to be a historically unique spike in deposits at commercial banks and other financial institutions, as well as an increase in liquidity as more money is brought into the financial system from under the almost mythical ‘mattress’. The exercise is likely to ‘encourage’ a segment of the unbanked population to engage with financial sector institutions and lead to a more credible gauge of the remaining unbanked population. While it is difficult to predict the impact of the \$100 bill changeout on the economy, its net impact on economic activity over the Christmas season is likely to be negative as many consumers give precedence to securing the value of their cash holdings over shopping, some businesses spurn the ‘old’ \$100 bill, and large cash transactions of any kind with the ‘old’ \$100 bill become rarer with each passing December day.

In the early months of 2020, global economic activity is expected to be weighed down by the ongoing US-China trade conflict, the fallout from ‘Brexit’ as well as the ongoing contention in US politics. Any lift in oil prices brought about by the planned production cut by OPEC and Russia is likely to be small and short-lived, with significant new production set to come on in many Western Hemisphere countries including Guyana. With gas output growing slowly and domestic oil production expected to continue declining in the coming months, energy sector activity and revenue could suffer over the next six months. Segments of the non-energy sector can anticipate a lift as government executes its projects, however, major private sector investment will likely be curtailed as general elections loom larger on the horizon. Overall economic activity is likely to remain weak over the next two quarters. It remains to be seen what impact changing the \$100 bill will have in the coming months and years; in the short term however, as far as the economy goes, it’s the same old blues.

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Tepid Growth Remains the Order of the Day

OVERVIEW

In the Caribbean, the third quarter of 2019 started with Hurricane Dorian ravaging The Bahamas, causing damage the Inter-American Development Bank estimates to be 25 percent of the country's GDP. Apart from this tragically destructive event, the three month-period was defined by the continued strong performance of the tourism sector, which for most territories was the main or only source of growth between July and September. While the share of US visitors continued to dominate arrivals figures, healthy tourism demand was experienced from most source markets. Nonetheless, for most nations in the region, economic activity remained muted by fiscal constraints and/or the impairment of productive capacity, caused by hurricanes over the last couple years.

ANGUILLA

The country continues on the path to recovery after the devastation caused by Hurricane Irma in 2017. Irma inflicted significant infrastructural damage, derailing the tourism sector and other key industries in the process. After contracting by 16 percent and 25 percent in 2017 and 2018, respectively, the tourism sector is on course to register strong growth in 2019, with stay over arrivals expanding by 110.8 percent in the first eight months of the year. The island experienced increased arrivals from all major source markets, with visitors from the US rising by 156.9 percent. The US accounted for 67.6 percent of all stay over arrivals during the period. The rebound of the tourism sector provided a fair amount of stimulus for other sectors including wholesale and retail trade. In the absence of data, this trend is assumed to have continued in the final month of third quarter 2019. Additionally, construction sector activity remained upbeat, as the island sustained its efforts to rebuild. However, credit demand remains weak as total loans and advances by commercial banks contracted by 10.7 percent in the third quarter when compared to the same period in 2018. As a British overseas territory, a no-deal Brexit could possibly impact Anguilla's aid funding from the UK as well as tourist arrivals, should growth slow in the EU and the UK.

BARBADOS

While the performance of the tourism sector was positive during the first nine months of 2019, declines in other

industries caused economic activity to fall slightly by 0.2 percent. During the period, stay-over arrivals increased by 4 percent, with visitors from the largest markets, the US and UK expanding by 10 percent and 9 percent, respectively. However, the country recorded fewer visitors from Canada, CARICOM, and Europe (excluding Germany), while cruise arrivals fell by 1.3 percent. Several sectors recorded negative performances, including construction, manufacturing, distribution, and finance and other services. The fragile economic conditions were reflected in weak credit demand, as credit extended to the private sector by deposit-taking institutions fell by 0.9 percent between January and September 2019. In August, the weighted average lending rate stood at 6.4 percent, compared to 6.7 percent at the end of December 2018. Turning to the country's fiscal accounts, a fiscal surplus equivalent to 2.85 percent of GDP was recorded between April and September, up from the 0.2 percent during the same period in 2018. Public debt fell to 120.9 percent of GDP in September 2019, from 145.9 a year earlier. In October 2019, it was announced that an agreement was finally reached with international creditors on defaulted debt. The creditors agreed to take a 26.3 percent 'haircut' on the original debt and on interest past due as well as accrued since October 1, 2019. This will cause public debt to fall further.

CAYMAN ISLANDS

The tourism sector continues to thrive, with stay-over arrivals increasing by 10 percent to 410,088 visitors during the first ten months of 2018. This is the highest figure ever recorded by the Cayman Islands during the January to October period. Total tourist expenditure is estimated to have increased by 7.4 percent to US\$747.4 million during the period. Having added over 1000 rooms over the last three years, the sector now boasts a total of 7,027 rooms, with 6,646 located on the main island, Grand Cayman. In August, government selected Verdant Isle Port Partners as the preferred bidder for its cruise pier development programme, which includes the enhancement of the current cargo facilities. Under the agreement, Verdant, which is a consortium of bidders, is expected to build and maintain the pier. A portion of passenger port fees will be used to effect repayment and the pier is expected to be handed over to government control after 25 years. However, the project faces a legal challenge from environmentalists. In November, Premier Alden

McLaughlin presented the country's 2020/2021 budget, which was Cayman Islands' largest to date. Key areas for spending over the next two years include education, security and specific social programmes.

CUBA

The hardships inflicted by increasing US sanctions continue to manifest themselves throughout the Cuban economy. Stay over arrivals fell by 6 percent during the first nine months of 2019, with declines in all major markets. Visitors from Europe, Canada and other markets decreased by 14.8 percent, 0.2 percent and 4.7 percent, respectively. Arrivals from the US fell by 5.2 percent. The government now expects a total of 4.3 million tourists to arrive in 2019, well below initial projections of 5.1 million and down from the over 4.7 million recorded in 2018. In October 2019, the US government announced yet another policy adjustment aimed at increasing pressure on the Cuban government. Effective December 10, 2019 flights to Cuba other than those to the city of Havana will be suspended indefinitely. This is expected to negatively affect the tourism sector and government revenue, as nine destinations in Cuba will no longer receive flights from the US. With increasing sanctions, the business environment in Cuba is becoming progressively unattractive for international banks and investors. Remittances are a vital source of foreign exchange for the country and the government is seeking to capture a greater share by offering discounts on household appliances that are paid for in foreign currency. In October 2019, an agreement was signed with Rossiiskie Zheleznye Dorogi (RZD) Russian Railways to upgrade Cuba's railways. The project is expected to last 10 years, cost US\$2 billion and modernise 1,000 km of the network.

DOMINICA

Economic activity is estimated to have been positive in the third quarter of 2019, driven primarily by construction and the tourism industry. The tourism sector experienced a resurgence, with a 59.6 percent increase in stay-over arrivals between January and September 2019. This was facilitated by the ongoing efforts to restore the island's infrastructure and tourism product. Increased demand was experienced in all major markets, with Europe registering the largest expansion of 84.2 percent. There were also large increases from the US (25.3 percent), Canada (24.1 percent) and the Other markets grouping (63.9 percent). During the period, cruise ship visitors increased to 158,884 from 37,068 during the same period in 2018, a whopping 325.9 percent rise. The sector received a further boost in October 2019, when Europe's oldest luxury hotel group, Kempinski, opened its first Caribbean resort on the island. The Cabrits Resort & Spa Kempinski Dominica is the country's first internationally branded hotel and adds 151 rooms, duplexes, suites and beach cabanas and luxury amenities. It was partly funded by the Citizenship by Investment Programme. Looking at the financial sector, total commercial bank loans expanded by 4.2 percent in the third quarter of 2019, after growth of 6.3 percent between April and June. The growth in credit was driven by a 147 percent increase in loans to the public sector, as both business and consumer loans contracted. In the field

of politics, the lead-up to the December 6 general election was marred by civil unrest, including a clash between police and protestors calling for electoral reforms. Thankfully there were no reports of serious injuries. The election was won by the incumbent Dominica Labour Party (DLP) led by Prime Minister Roosevelt Skerrit.

GRENADA

In presenting the 2020 National Budget, Prime Minister Dr. Keith Mitchell indicated that economic activity is expected to expand by 3.2 percent in 2019, propelled mainly by developments in the tourism, education and transport sectors. Indeed, available data for the first nine months of 2019 does suggest a continued solid performance of the tourism sector. Between January and September, stay-over arrivals grew by 3 percent, impelled by increased visitors from all major source markets. While visitors from the largest market, the US, expanded by 2.3 percent, Grenada hosted 10.5 percent more Canadian tourists during the period. Arrivals from Europe and the Other markets segment expanded by 1.2 percent and 2.8 percent, respectively. On the other hand, the number of cruise visitors declined marginally by 0.4 percent. Against this backdrop, price pressures remain subdued, with inflation projected to average 1 percent in 2019, while the unemployment rate fell further to 15.2 percent during the first quarter of 2019. Led by a 6.8 percent rise in business loans, total loans and advances by commercial banks expanded by 1 percent in the third quarter, after expanding by 3.5 percent in second quarter 2019. Government expects public debt to fall to 55.8 percent of GDP by the end of 2019, from 62.7 percent in 2018. A fiscal surplus equivalent to 4.6 percent of GDP is also envisaged. The 2020 budget caters for expenditure of \$1,146 million and a fiscal surplus of \$145.8 million.

GUYANA

After expanding by 4 percent in the second quarter of 2019, economic activity is estimated to have expanded further in the succeeding three-month period. With the start of oil production imminent, preparatory activities have provided some stimulus for other sectors. Preliminary information suggests that the growth momentum continued in the third quarter in construction, manufacturing and the services sector, which includes finance and insurance, wholesale and retail trade, and transportation & storage. In the agriculture sector, the struggles of the sugar industry continued. In October, the Guyana Agricultural and General Workers Union hinted that the industry may fall short of second crop production target levels. Contrarily, the fortunes of the rice sub-sector, which expanded by 3.7 percent in the second quarter, have been more positive. In November, the country secured a commitment from Cuba that will see the latter purchase an additional 29,000 tonnes of rice from Guyana in 2020. In the mining sector, the 12.4 percent increase in international gold prices during the third quarter is estimated to have spurred further production and declaration during the period. In the Bauxite industry, fears have arisen that the Russian-owned Bauxite Company of Guyana Inc. (BCGI) is in the process of pulling out of the country. The company has faced significant industrial relations challenges and



has seen talks stall with the General Workers' Union for salary increases. The government has received no official confirmation that the company does in fact intend to leave the jurisdiction but reports of the company dismantling and moving heavy equipment from the Kurubuka site are an ominous sign.

ST. KITTS AND NEVIS

After a resurgence in 2018, the performance of the domestic economy remained positive in 2019, with continued growth in the tourism sector, which provided some momentum for key connected sectors, such as Wholesale and Retail Trade. During the first six months of 2019, the country benefitted from a significant acceleration in stay-over arrivals, which expanded by 11.9 percent when compared to the same period in 2018. As is the case for many Caribbean destinations, the US was the single largest source market during the period and provided 6.8 percent more visitors in the first half of 2019. St. Kitts and Nevis also recorded increased arrivals from the Canadian (79.7 percent), Caribbean (6.2 percent) and UK (3.3 percent) markets. The rise in the number of visitors was also reflected in the revenue generated by the sector, with total visitor spending estimated to have increased by 23.5 percent to \$340.3 million. Preliminary information suggests that the strong performance of the tourism sector carried over to the quarter ended September 2019. In the financial sector, business credit fell relative to 2018 figures, with commercial banks loans to businesses declining by 2 percent year-on-year (y-o-y) in the third quarter 2019, after a 1.7 percent decrease in the previous quarter. Conversely, lending to households grew marginally by 0.6 percent during the third quarter. In a move that is anticipated to provide a boost to consumer demand, government announced in October that it will pay public servants a bonus salary in December 2019. This will be the fourth consecutive year the bonus is paid.

ST. LUCIA

Carnival Corporation and Royal Caribbean Cruises have agreed to form a joint venture to manage the country's

cruise pier and terminal facilities and to design, construct and operate a new cruise port on the southern part of the island. In October, it was announced that both companies have already signed a memorandum of understanding (MOU) with the government of St. Lucia. Government is expected to provide long term concessions to formalise the agreement. Cruise arrivals increased by 2.6 percent during the first nine months of 2019. Switching attention to smaller vessels, the yachting sub-sector is expected to record continued strong growth in the 2019/2020 season, after two years of very solid performances. The season runs from December to March. In terms of traditional tourism, the number of stay-over tourists increased by 7.9 percent between January and September, with solid growth in most major markets. The 1.2 percent contraction in Canadian arrivals were dwarfed by the increases registered in the US (9.6 percent), Europe (8 percent) and the Other markets segment (8 percent). Judging by the demand for credit, the strong performance of the tourism sector was not replicated in most other sectors in the economy. The latest available information indicates that commercial banks' loans to business fell further by 6 percent in the third quarter of 2019, after sliding in the second. Household credit grew by 1.3 percent after a 0.1 percent increase in the previous quarter. Total loans increased by only 0.4 percent in the quarter ending September 2019. In an effort to reduce the country's \$4.5 billion annual food import bill, government has partnered with Taiwan on a three-year agriculture production and distribution enhancement project. The programme will focus on seven crops namely, cabbage, lettuce, watermelon, cantaloupe, bell peppers, pineapple, and tomatoes.

ST. MAARTEN

After being ravaged by Hurricane Irma in 2017, St. Maarten continues its long road to recovery, a full two years following the impact. To be fair, with IMF estimates placing the total cost of hurricane related damage beyond 250 percent of the country's GDP, the way back to anything resembling pre-impact operation levels was always going to be an extremely difficult task. Nevertheless, with ongoing

restoration works, the country has been able to generate an encouraging level of economic activity in 2019. In the tourism sector, on which the country is highly dependent, stay-over arrivals increased by 106.9 percent to 241,590 in the nine-month period ended September 2019, with strong growth in all major source markets. Though this was indeed a positive development, it should be noted that the figure was still well below pre-2017 levels. Visitors from the US, which accounted for more than 50 percent of all arrivals, increased by 210 percent, while the Canadian source market posted 366 percent growth. These extremely rapid expansions made the 27.6 percent and 39.8 percent increases from Europe and the Other markets segment seem tame by comparison. The number of cruise ship visitors also increased by 18.2 percent. Despite the improved performance of the tourism sector, available information suggests that economic activity remained weak during the early part of 2019, with private sector credit contracting by 1.1 percent in the first quarter of the year. In November 2019, the Caribbean Financial Action Task Force (CFATF) issued a public statement against the country for its failure to comply with international standards set by the Financial Action Task Force. However, no penalties were imposed on the country to this point.

ST VINCENT AND THE GRENADINES

The available data from the Statistical Office of St. Vincent and the Grenadines indicates that economic activity was subdued during the first quarter of 2019, expanding by only 0.2 percent. This low level of growth occurred in the face of a 4 percent expansion in the construction sector. Against this backdrop, it is no surprise that the demand for credit was weak during the period, with a substantial decline in business credit (13.6 percent). Two quarters later, total loans and advances by commercial banks remained in negative territory (down 0.3 percent), while business loans experienced a sharp 14.1 percent fall. On the other hand, loans to households increased by 1.6 percent. Based on continued anemic credit demand, one can assume that the country's weak economic performance persisted at least until the third quarter of 2019. However, the tourism sector provided a bright spot, recording a 6.4 percent increase in cruise ship visitors and a 6.3 percent expansion in stay-over tourists. While there was a larger number of visitors from all major source markets, arrivals from Canada grew the fastest (10.9 percent), followed by the US (9.7 percent), Europe (7.6 percent) and the Other markets cohort (0.3 percent). To protect the environment, government took the decision to prohibit the distribution, sale and use of plastic bags, single-use plastic bags and food containers. The ban will come into effect in 2020.

SURINAME

Suriname benefitted from the 12.5 percent increase in international gold prices to US\$1,472.47 per troy ounce in the third quarter of 2019. This price was 21.4 percent above the levels recorded during the same period in 2018. In addition to stimulating economic activity, the price increase also helped to enhance the country's foreign currency reserves, which increased to US\$606.8 million in September 2019 from US\$516.2 million three months earlier. The current account

deficit also contracted to US\$101.6 million from US\$195.9 million in the previous quarter but was well above the US\$35.1 million recorded in the third quarter of 2018. In terms of price pressures, the rate of inflation remains at manageable levels, falling from 4.6 percent at the beginning of the second quarter to 4.0 percent in September. In the financial sector, interest rates trended up in the third quarter, with the average lending rate of Other Depository Corporations increasing to 15.2 percent in September 2019, from 14.7 percent in June and 14.2 percent in September 2018. Turning to government debt, the external component declined slightly (0.3 percent) from second quarter 2019 levels, but at US\$3,656.7 million, was 4.6 percent above the third quarter 2018 figure.

REGION

In Jamaica, economic activity was subdued during the third quarter, with GDP expanding by 0.3 percent. The bulk of the impetus for growth was provided by the finance and insurance services sector, the hotels and restaurants industry and manufacturing. The positive performance of the tourism sector (hotels and restaurants) was due to continued upbeat long-stay arrivals figures. Between January and September stay-over arrivals increased by 9.1 percent. The country saw its ranking on the 2020 Ease of Doing Business report improve to 71st from 75th in the previous report. However, it fell one spot on the 2019 Global Competitiveness Report to 80th.

Despite the devastation inflicted by Hurricane Dorian on Abaco, Freeport and the east end of Grand Bahama in early September, The Bahamas was able to record a 14.7 percent rise in stay-over arrivals during the first nine months of 2019. However, in the absence of official data, it is safe to presume that there was a major fall-off in the fourth quarter, given the level of disruption caused. In November, the country's tourism officials used their tour of Canada to highlight that the Bahamas is open and ready for tourists. This is very encouraging news to say the least. The country has also launched a programme to digitise all major government services over a six-year period. The initiative will be funded by a \$30 million Inter-American Development Bank loan.

OUTLOOK

Heading into the first quarter of 2020, the region's growth prospects will remain heavily dependent on the exploits of the tourism sector. With the US economy expected to register another solid performance during that time, demand from that market is expected to remain strong. While, growth is also expected from the European market, a no deal Brexit in January 2020 could belie this forecast. Nevertheless, the outturn of the sector is expected to be positive. Although the region would be relieved that the hurricane season ended on December 1, the prospect of drier than usual conditions represents a significant risk to the agriculture sector. With much of the region focused on improving the sustainability of its fiscal accounts, no major stimulus can be expected from government expenditure during the period. Overall, the Caribbean is expected to experience tepid growth during the last three months of 2019 and the first quarter of 2020, though there may be some exceptions at the individual country level.