IMF: WHEN THE SUN IS SHINING, FIX THE ROOF! T&T: THE SUN IS ALWAYS SHINING!

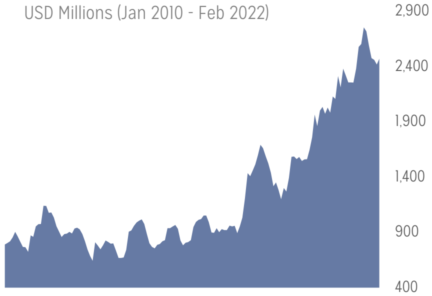
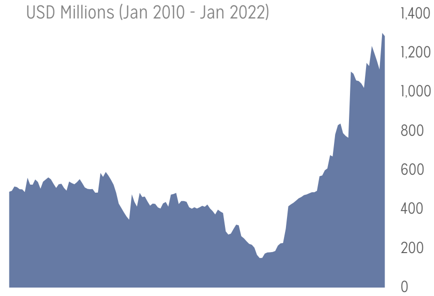
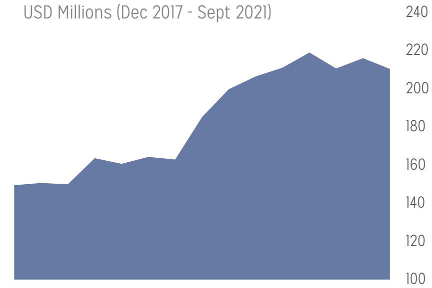
The IMF is expecting global growth to slow from 6.1% in 2021 to 3.6% in 2022-23 and 3.3% over the medium-term. Note that global growth below 3% is considered a global recession, and already the IMF shaved 0.8 and 0.2 percentage points off its 2022 and 2023 growth projections just three months after initially publishing them, demonstrating the high level of uncertainty prevailing and downside risks to the outlook. The IMF Managing Director recently advised "when the sun is shining, fix the roof!" Alas. In March, the IMF released its Staff Report for T&T, highlighting the gaping holes in our roof.

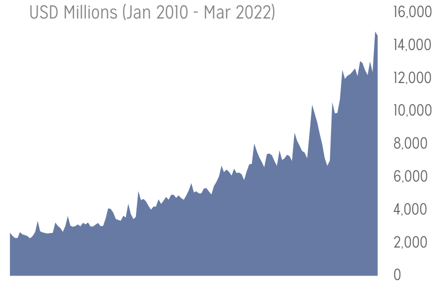
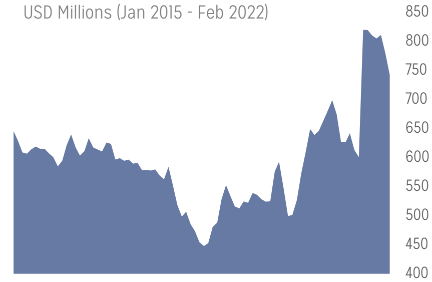
In 2019 when most economies regionally were recording positive growth, T&T was posting its fourth consecutive year of economic contraction. This is not just a recession. This is a stagnation precipitated by years of relentlessly poor governance and inappropriate if not detrimental policy choices - not by COVID or any other exogenous shocks. T&T has now contracted for six consecutive years 2016-2021 inclusive. The IMF reported "A strong economic recovery is projected for 2022, with downside risks predominating. Still, output would remain below pre-COVID-19 levels well into the medium term." This 'strong recovery' puts growth at 5.5% in 2022, 3% in 2023, then averaging 1% to 2027, which only returns the economy to its 2016 size in 2025. Total debt is expected to increase steadily to at least TTD113.5 billion by 2027, and is currently estimated at 88% of GDP, with no balanced budget in sight. Inflation is now projected at 5.5% this year and 3.1% in 2023.

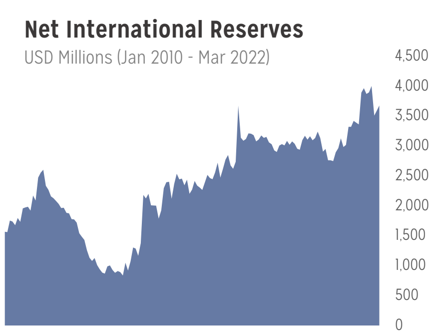
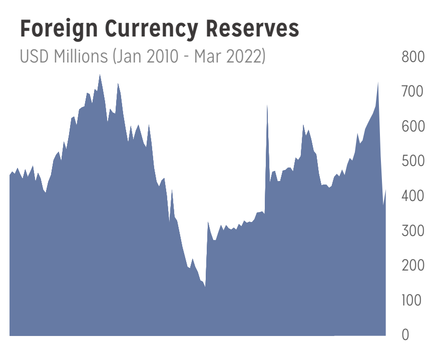
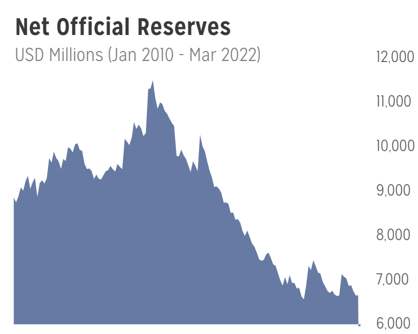
> | Before the pandemic hit, in 2019, T&T had recorded its 4th consecutive year of economic contraction

The IMF highlighted many areas of concern in their report, perhaps the most persistent of which is the foreign exchange regime; "The current system rations individual FX demands, which motivates the creation of schemes to circumvent them. A proliferation of special-purpose facilities at the Eximbank to prioritize FX access to manufacturers, importers of necessities—including SOEs—have produced a hybrid exchange rate system that is prone to inefficiencies. The current account gap is estimated at -3.4%, suggesting a currency overvaluation of 11.6%..." The IMF suggested that the Government "eliminate exchange restrictions and multiple currency practices…replace the special purpose windows at the Eximbank to reduce those inefficiencies." Furthermore, they reported the net Errors and Omissions item at -USD2.1 billion in 2017, -USD2.2 billion in 2018, and -USD1.1 billion in 2019. This represents a total net outflow of USD5.4 billion in just three years from our FX reserves that the Central Bank / Government is unable to explain. This is about the same as the HSF balance.

Other important IMF recommendations include "…to publish a COVID-related spending report, including information on the beneficial ownership of entities awarded COVID-related contracts, to strengthen transparency…" and "auditing the stock of VAT refunds (estimated at 5.2% of GDP)." The IMF's language in their report is understandably diplomatic and measured, otherwise the authorities will not release it, which has happened in the past. Unfortunately, many misinterpreted the tone of this report therefore as 'positive' and even suggest that the economy has shown signs of 'tremendous recovery'. High oil and gas prices and a return to normal life will definitely have positive fiscal, external, and growth effects. But these effects will be transient at best. Sustained medium-term economic performance will depend on the urgent implementation of reforms to fiscal and FX management at least. The sun is shining now, so let's fix our roof!

	BAHAMAS	BARBADOS	CAYMAN ISLANDS
UPDATE	Moody's maintained its ba3 rating with a negative outlook in March, again highlighting climate risks as 72% of The Bahamas' landmass is within 5 meters above sea level. Moody's highlighted low debt affordability, as the debt-to-revenue ratio reached 5.9% at the end of fiscal year 2021. Govt has revised its revenue forecast for fiscal year 2022 upwards to 20% of GDP, largely by improving tax administration, removing some zero-rated VAT items, and reducing leakages. The fiscal consolidation is expected to return the deficit to less than 2% of GDP by 2024. The IMF projects that the primary deficit will decline from 9% of GDP to around 3% this fiscal year, mainly the result of an expanding denominator. Continued rehiring in tourism and job creation in construction associated with FDI projects and hurricane reconstruction will help strengthen labour markets and boost activity. The IMF projects inflation will average 7.3% this year.	Unemployment in Q4 2021 fell to 10.9% from 12.4% in Q3. The Central Bank anticipates GDP could expand in the double digits but warns that rising inflation erodes disposable income for consumption and signals that rising fuel costs could increase airfares, tempering the tourism recovery. Net international reserves remain strong at USD1.28 billion in Jan 2022 - roughly 40 weeks of import cover, albeit the result of financing inflows from multilateral lenders and not generated through economic activity. Govt secured USD1.2 billion in 2020 and USD1.45 billion in 2021 from international lenders. COVID cost BBD600 million in foregone revenues and BBD390 million in additional expenses. Revenue measures announced in the Budget are expected to generate a primary surplus, returning to fiscal and debt consolidation targets. Public debt reached 136% of GDP and Govt remains committed to its 60% debt/GDP target by FY2035/36.	Inflation averaged 3.3% in 2021 but recorded a sharp uptick to 7.6% in the fourth quarter. This was led by Housing & Utilities up 11.5% and Transport prices up 14.6%. Fuel costs per kWh rose 32% y/y in April and are at the highest levels since 2015. Food price inflation in 2021 was 4.3%, while core inflation was 5.9%. The unemployment rate in 2021 reached 5.7%; 8.5% for Caymanians and 3.4% for non-Caymanians. The Caymanian population is aging, and the Caymanian population does not have a high enough birth rate to replace those who are leaving the workforce. Caymanians contributed only 27% to the growth in the population under 15 (<450 people) but contributed 84% to the growth in the population over 65 (>2,000 people). Cayman Enterprise City (private inward investment promotion agency) is celebrating its 10-year anniversary, having had a total economic impact of USD663 million on the economy since inception.
TOURISM	Stay-over: 2021: 886,629 @ 53% of 2019 2022: 173,712 (Feb) @ 62% of 2019 Cruise : 2021: 1,115,181 @ 21% of 2019 2022: 528,751 (Feb) @ 57% of 2019	Stay-over: 2021: 144,842 @ 21% of 2019 2022: 69,208 (Feb) @ 50% of 2019 Cruise : 2021: 105,890 @ 15% of 2019 2022: 86,071 (Feb) @ 45% of 2019	Stay-over: 2021: 17,308 (Dec) @ 3.4% of 2019 Cruise : 2021: 0 (Mar)
GROWTH	-14.5% (2020) / +5.6% (2021 est)	-18% (2020) / -1.8% (2021 est)	-6.7% (2020) / +1.2% (2021 est)
RESERVES	**External Reserves** USD Millions (Jan 2010 - Feb 2022)  Source: Central Bank of The Bahamas, Marla Dukharan	**International Reserves** USD Millions (Jan 2010 - Jan 2022)  Source: Central Bank of Barbados, Marla Dukharan	**Foreign Reserve Assets** USD Millions (Dec 2017 - Sept 2021)  Source: CIMA, Marla Dukharan
OUTLOOK	We expect the economy to grow 5% in 2022 and 4% in 2023 backed by reconstruction and continued tourism recovery, leaving the level of economic activity around 7% below its 2019 level. The IMF forecasts 6% growth for 2022, 4.1% for 2023, averaging 1.5% to 2027.	The government expects GDP will increase between 7–9% in 2022, with a medium term average of 3% per year thereafter. The IMF forecasts 11.2% growth for 2022 and 4.9% for 2023, averaging 1.8% to 2027.	GDP growth is forecast to accelerate to 5% in 2022 and then average 3.2% through 2025, backed by construction activity and the gradual recovery of tourism.

	CUBA	DOMINICAN REPUBLIC	GUYANA
UPDATE	Govt stands by its 4% growth target for 2022, despite reporting a slow recovery in exports and agricultural production in Q1 2022. Fuel shortages continued in Q1 though CUPET assures recovery to supply began in March. Venezuela supplies roughly 20-30kbpd to Cuba, about half of 2020 levels, leaving roughly 2/3 of the country's fuel needs to be acquired otherwise. Govt exceeded its fuel import budget in Q1 as a result of higher fuel prices. This situation in conjunction with the deficit in power generation will temper output as outages and power cuts continue. Inflation remains high at 23% in Feb 2022, according to official figures, though slower than the 55% reported in Feb 2021. The food price index was up 42% y/y in Feb 2022. Inflation on regulated goods in 2021 was 70%. Govt is planning for 2.5 million tourist arrivals and USD1.16 billion in foreign currency inflows in 2022. 25% of visitors in 2021 were from Russia. Tourism revenues in 2021 were roughly USD555 million.	The Central Bank raised the policy rate from 5.00% to 5.50% in March as annual inflation reached 8.98% in Feb. Core inflation was 6.97% as a result of external supply side shocks, and inflation is now expected to take longer to reach the target range. Growth reached 12.3% in 2021, marking a 4.7% expansion versus 2019, and GDP expanded a further 6% in Jan-Feb 2022. Credit to the private sector expanded at a pace of 12% y/y in March. Remittance inflows reached USD2.4 billion YTD in March 2022 as labour markets in the US continue to improve. FDI is expected to reach USD3.4 billion this year. International reserves remain at historic highs of USD14.6 billion in March or 7.2 months of import cover. The DOP appreciated 3.5% y/y at the end of March, which will partially offset impacts of imported inflation. Tourism arrivals reached 5 million in 2021, which generated USD5.68 billion in revenues. In 2022, more than one million tourists arrived in Jan-Feb.	The economy grew 19.9% in 2021 in spite of the floods which heavily impacted Agriculture and Mining activity. Inflation ended 2021 at 5.7%. The Balance of Payments surplus expanded as the increase in FDI and COVID-related SDR allocations from the IMF offset the wider current account deficit, which came as a result of equipment imports related to oil production and service payments. Net international reserves stood at USD742 million or 1.6 months of import cover in Feb 2022. The Bank of Guyana projects growth at 47.5% in 2022 with the second floating production storage and offloading vessel starting operations. Non-oil GDP is projected to grow 7.7% with rice and gold mining expected to rebound. Guyana received USD2.97 billion in export earnings from oil in 2021, with volumes up 59% y/y and the average export price up 76% y/y. The sovereign wealth fund, the Natural Resource Fund, reached USD720 million at the end of March 2022.
TOURISM	Stay-over: 2021: 356,470 @ 8.3% of 2019 2022: 272,232 (Feb) @ 28.6% of 2019 Cruise : n/a	Stay-over: 2021: 4,994,309 @ 77% of 2019 2022: 1,097,187 (Feb) @ 91% of 2019 Cruise : 2021: 333,134 (Dec) @ 30% of 2019	Stay-over: 2021: 106,428 (Sept) @ 46% of 2019 Cruise : n/a
GROWTH	-10.9% (2020) / +2% (2021 est)	-6.7% (2020) / +12.3% (2021)	43.5% (2020) / +19.9% (2021)
RESERVES	n/a	**Net International Reserves** USD Millions (Jan 2010 - Mar 2022)  Source: Central Bank of the Dominican Republic, Marla Dukharan	**Net International Reserves** USD Millions (Jan 2015 - Feb 2022)  Source: Bank of Guyana, Marla Dukharan
OUTLOOK	Government expects growth of 4% in 2022 and ECLAC projects 3.5%. Recovery beyond this is largely contingent on FDI, tourism, investments in agriculture and power generation, improving international relations / sanctions, and Russia's invasion of Ukraine.	The external sector will continue to see robust activity, with the recovery of tourism to continue in 2022. Geopolitical tensions have lowered GDP forecasts from 5.5% for 2022 to 5%. Growth will remain around 5% over the next 3 years.	Bank of Guyana projects growth of 47.5% in 2022, with non-oil GDP up 7.7%. The World Bank forecasts 49.7% growth in 2022 and 25% in 2023. The IMF forecasts 47.2% growth in 2022, 34.5% growth in 2023, and 3.7% average to 2027.

	JAMAICA	SURINAME	TRINIDAD & TOBAGO
UPDATE	Inflation reached 10.7% in Feb 2022 - the first time to reach double digits since Oct 2013. The Bank of Jamaica raised its policy rate by 50 basis points in March to 4.50%, seeking to temper demand for foreign exchange, the depreciation of the JMD, and its impact on domestic prices. The JMD depreciated 4.1% y/y in March reaching JMD154.15 : USD1.00. However, this marked a m/m appreciation of 1.9%. Net international reserves stood at USD3.7 billion or 30 weeks of goods & services imports cover in March. Final data for Q4 2021 pointed to Jamaica's sixth consecutive quarter of positive growth, at 6.7% y/y led by the Services industry as travel restrictions and curfews were relaxed. Construction grew 5.9% and Agriculture grew 13.8% y/y. Manufacturing activity declined 2.2% and Mining & Quarrying activity fell by 60% as a result of the fire at the JAMALCO plant in August 2021. GDP is estimated to have expanded by 4.6%, with the Services industry expanding 4.7% and Goods Producing industry growing 4.3%.	All quantitative criteria were met under the first review of the IMF's Extended Fund Facility. Inflation reached 62% y/y in Feb 2022, though m/m it fell to 1.7%, based on the SRD's improving stability. Food prices rose 68% y/y and Utility prices 122%. Following a 13.2% contraction in 2020, growth reached 1.4% y/y in 2021, led by Wholesale & Retail due to higher fuel sales, Hotel & Restaurant activity as restrictions were lifted and int'l travel reopened, and Transport, Storage & Comms as phone and internet services generated 9.5% higher turnover y/y. The IMF estimates arrears to domestic creditors ended 2021 at 11% of GDP, and 10% of GDP to external creditors. The SRD appreciation reduced debt/GDP to 125% in 2021 supported by fiscal adjustment measures. The initial disbursement from the IMF boosted int'l reserves by USD55 million. Reserves will continue to strengthen with USD600 million of additional IMF financing through 2024, accompanied by USD500 million each in multilateral financing and Govt revenues.	Reserves remain near 2007 levels at USD6.6 billion in March 2022. Only USD171 million of the total decline of USD4.8 billion since Dec 2014 has been lost since the onset of COVID. Inflation reached 4.2% in Feb 2022 led by food prices up 8.6% and home ownership prices up 8.3%. The energy sector grew in Q4 2021 as prices began to rise, though the non-energy sector remained weak. Unemployment reached 7.2% in Dec 2020 as the number of persons employed decreased by 5% y/y. The repo rate was left unchanged at 3.50% in March. The IMF projects the energy sector will plateau over the medium term, and calls for exchange rate flexibility to achieve external balance and provide space for countercyclical monetary policy. The IMF highlights "the current system rations individual FX demands, which motivates the creation of schemes to circumvent them." In FY2022 the non-energy primary fiscal deficit is expected by the IMF to reach TTD21.4 billion, once outstanding VAT refunds of ~TTD2 billion are paid.
TOURISM	Stay-over: 2021: 1,464,399 @ 55% of 2019 2022: 131,730 (Jan) @ 61% of 2019 Cruise: 2021: 70,766 @ 4.5% of 2019 2022: 21,110 (Jan) @ 8% of 2019	n/a	Stay-over: 2021: 40,621 @ 10% of 2019 2022: 20,100 (Feb) @ 28.7% of 2019 Cruise : 2021: 0 / 2022: 0
GROWTH	-10% (2020) / +4.4% (2021 est)	-15.9% (2020) / -3.5% (2021)	-7.4 (2020) / -1% (2021 est)
RESERVES	 Source: Bank of Jamaica, Marla Dukharan	 Source: Centrale Bank van Suriname, Marla Dukharan	 Source: Central Bank of Trinidad and Tobago, Marla Dukharan
OUTLOOK	BOJ expects growth of 2-4% in FY 2022/23 to be reasonable as the tourism recovery strengthens, which could return the economy to pre-COVID levels in FY2022/2023. The IMF forecasts 2.5% growth in 2022, 3.3% in 2023, averaging 1.6% to 2027.	The Economic Activity Index expanded 1.8% in 2021, but IMF estimates still point to a 3.5% contraction. The IMF program underway supports recovery from the debt / balance of payments crisis. The IMF projects growth of 1.8% in 2022, 2.1% in 2023, averaging 3% to 2027.	The IMF forecasts growth of 5.5% in 2022, 3% in 2023, then averaging 1% to 2027. We also expect a balance of payments crisis to develop this year, absent significant reforms and economic recovery.