

T&T IS THE WORLD'S LARGEST LOSER (NOT USER) OF FOREIGN EXCHANGE

When next you hear the authorities say Trinbagonians [demand too much foreign exchange](#), [we import too much 'luxury' items](#), [we shop online too much](#), we use [foreign credit cards](#) too much, we [travel too much](#), and we get blamed for all the foreign exchange problems in T&T, stop and think about this – for the past 12 years (2011-[2023](#)), over USD25 billion has gone missing from our country. On average, OVER TWO BILLION US DOLLARS each year just disappears, and nobody has been able to account for it, ever. But have you ever seen this in the news?

Using the [IMF's global database](#) with data for 2011-22, we see that the Errors and Omissions (E&O) item (which is supposed to be an insignificant balancing item due mainly to statistical errors) on the balance of payments account (which accounts for all the cross-border transactions of a nation, such as international trade, foreign (direct) investment, remittances, etc.) for T&T shows a net outflow of USD23 billion that we can't account for. This is about 77% the size of our economy (2022, IMF) and over USD16,000 per person. On a per capita basis, we are the world's largest losers of foreign currency. Only 20 countries globally have lost more in absolute USD than we have from 2011-22, and only 3 countries – Djibouti, Liberia and the Marshall Islands – have lost more relative to GDP.

T&T's national debt level is lower than 77% of GDP, so we lose more USD than our Government has borrowed. If you look at the FX reserves charts later in this report you will see that T&T is the only country where reserves consistently trend downwards, declining by 48% from a USD11.5 billion peak in 2014 to USD5.98 billion in June 2024. In the absence of Government borrowing and withdrawals from the HSF, T&T's FX reserves would be only USD157 million in March 2024, which is roughly one week of import cover. But what explains E&O hemorrhaging?

| WE LOSE THE MOST USD PER CAPITA IN THE WORLD VIA ERRORS & OMISSIONS

The weaker the statistical infrastructure, the less accurate the data will be, so this (not surprising given our overall weak and declining institutions) is one likely explanation. But if statistical weakness was the biggest explanatory factor, one would expect the E&O item to be a fairly random number – positives and negatives, large and small. But T&T's E&O item has been consistently negative every year since 2011 (the earliest data available), meaning we have an undocumented net outflow of USD each year that we can't account for. Furthermore, apart from 2012 and then 2020-21 (COVID?) the E&O item has consistently exceeded USD1 billion each year, the highest being USD4.8 billion in 2013. And this pattern in the data suggests that something else, apart from statistical weakness, is at play.

[Recall that](#) the TTD is overvalued vs the [black market](#) FX rate which ranges from TTD7.50-10.00/USD, and that by maintaining the exchange rate at roughly TTD6.76/USD, the Government is effectively subsidizing the sale of USD and therefore artificially creating a level of (speculative) demand for USD that would otherwise not exist at say TTD10.00/USD. Furthermore, the unavailability of USD creates a level of precautionary demand for USD that does not exist elsewhere in the Caribbean, for example. All of this drives a lack of confidence in the TTD and a preference for USD, and capital flight. The Government has created a massive incentive for us to find, earn, buy, hold and take overseas as much USD as we can. And this perverse incentive, combined with our [weak institutions](#) and poor [crime detection](#) is flammable, bleeding into the [\(regional, gang-related\)](#) crime associated with the northward movement of narcotics, and the safe return (and laundering) of USD back to the producers primarily in Latin America.

The best way for USD to leave our country undocumented is [via cash](#) and portable [valuable goods such as jewelry](#). But I am certain that it is purely coincidental that our E&O losses took off just when the previous Government introduced direct flights to [Panama](#) and [London](#) (reputed to be money laundering hotspots), and that our E&O losses were lowest during COVID when borders were closed. As with traffic jams and crime, we lose immeasurable precious time, effort, talent and perhaps even lives, navigating our nation's USD shortage created not by any error or omission, but by successive Governments' deliberate and [harmful policy choices](#).

	THE BAHAMAS	BARBADOS	BERMUDA
UPDATE	<p><u>Nominal GDP</u> +9.1% in 2023 - New Providence accounted for 76.9%, Grand Bahama 10.8%, and Family Islands 12.3%. Grand Bahama's nominal GDP for 2023 was 21% below 2019, Andros' 7% below, and Cat Island, San Salvador and Rum Cay 18% lower in 2023 vs 2019. All other islands had recovered pre-covid levels of nominal GDP. Hotel occupancy +1.6pp to 46.8% and ADR +3.3% in May y/y. Air arrivals +3.9% in Jan-May y/y and cruise visitors +16% to ~4 million, with 5.5 million expected for 2024. Private sector credit +1.2% y/y in May, with BSD consumer loans +1.4%, mortgages -0.6%, and commercial loans +8.7%. External reserves -USD11 million m/m or 0.3% in May, usable reserves at USD1.37 billion or 9.3 weeks of imports, so M2:reserves reached 3:1. Inflation was 1.6% in April with health +6.3%, food +4.2%, and education +4.0%. IMF-CARTAC provided policy recommendations for developing the BSD bond market given rising external debt.</p>	<p>IMF approved disbursement of USD19 million under the EFF and USD37 million under the RSF, bringing total disbursements to USD187 million. IMF's 3rd review concluded that all quantitative targets were met, and the economy has recovered to pre-pandemic levels with growth in 2024 driven by tourism and related sectors. The number of homicides for H1-2024 +78% y/y reaching 16. Credit growth for 2023 slowed to 2.5% y/y compared to 5.9% in 2022. Loans to non-financial businesses +5.6% y/y, residential mortgages +4.2% but personal loans -1.6%. NPLs -0.8pp y/y to 7.2% of total loans. Capital adequacy +3.4pp y/y to 20.9%. For Jan-May 2024 tourism stayovers +16% y/y, with 38% from the UK and 29% from the USA. Cruise visitors also +16% y/y for that period. The Central Bank issued guidelines for Financial Institutions to improve transparency, financial inclusion, accessibility and affordability of financial services.</p>	<p>2022 GDP/capita of USD122,253 was the 4th highest in the world and the highest in the Caribbean. Real GDP grew for the 5th consecutive quarter, by 4.7% y/y in Q4 2023. Growth is estimated at 5.3% y/y in 2023, down from 6.4% in 2022. International business employment +4.6% in 2023. Tourist and cruise arrivals +21.9% and +30.5% respectively y/y in 2023, reaching 63% and 98% of 2019 levels respectively. Inflation fell to 2.4% y/y in Dec 2023 with fuel +9.4%, tobacco and liquor +5.9%, and education +3.6%. An 8% increase in electricity prices was announced in mid-July 2024, which will likely drive inflation higher. In May 2024, S&P affirmed its A+ rating with a stable outlook. In June 2024, Moody's affirmed their A2 rating with a stable outlook. A balanced budget is expected in FY2025 for the first time since FY2003. Gov't expects +BMD750 million additional revenue annually with the 15% corporate income tax being introduced by July 2025.</p>
TOURISM	<p>Stay-over: 2024: 821,334 (May) / +4% y/y</p> <p>Cruise: 2024: 3,928,529 (May) / +16% y/y</p>	<p>Stay-over: 2024: 332,681 (May) / +16% y/y</p> <p>Cruise: 2024: 343,168 (May) / +16% y/y</p>	<p>Stay-over: 2023: 121,170 (Dec) / 63% of 2019</p> <p>Cruise: 2023: 525,413 (Dec) / 98% of 2019</p>
GROWTH	2022: 14.4% (IMF) / 2023: 4.3% (IMF prelim)	2022: 13.8% (IMF) / 2023: 4.4 (IMF prelim)	2022: 6.4% / 2023: 5.3% (PRELIM)
RESERVES	<p>External Reserves USD Millions (Jan 2010 - May 2024)</p> <p>Source: Central Bank of The Bahamas, Marla Dukharan</p>	<p>International Reserves USD Millions (Jan 2010 - Apr 2024)</p> <p>Source: Central Bank of Barbados, Marla Dukharan</p>	<p>Foreign Reserve Assets USD millions (Mar 2017 - Dec 2023)</p> <p>Source: Department of Statistics, Marla Dukharan</p>
OUTLOOK	<p>The IMF expects 2.3% growth in 2024, then falling below 1.8% through 2029. The Central Bank expects growth of around 2% in 20204 as the economy reverts to its usual 1-2% average.</p>	<p>CBB expects growth of 4% for 2024 based on a full tourism recovery to pre-pandemic levels. IMF projects growth of 3.7% for 2024, falling to 2-3% for the foreseeable future.</p>	<p>The Ministry of Finance projects growth of 4 - 4.5% for 2024 driven by the tourism recovery and growth of the international business sector.</p>

	THE CAYMAN ISLANDS	DOMINICAN REPUBLIC	GUYANA
UPDATE	<p>Effective July 2025, minimum wage in the hospitality sector +56% to KYD7 per hour but workers will lose their 25% gratuity benefit. A 3.2% retroactive annual electricity base rate increase took effect on June 1. Retirement Savings disbursements +6.2% to KYD15,000 p.a. based on 2023 average inflation of 3.8%. Public sector/Gov't pension scheme members' pensions +3.8% in 2024. These measures could add inflationary pressure. Merchandise imports +2% y/y to KYD1.53 billion for 2023 and +1.1% y/y to KYD358.2 million in Q1 2024; machinery and transport equipment accounted for 21.5%, and food 17.5% of total. 80% of imports were from the USA. Stayover arrivals +6.5% y/y in H1 2024 (though still below 2018 and 2019 levels) as inbound airlift +15%, while cruise arrivals -14.6%. Roughly 88% of visitors come for leisure, +4% y/y, while 6.2% come for business, +10% y/y.</p>	<p>Gov't expects FDI will reach USD4.5 billion in 2024. In June, international reserves -13.4% from end-2023 to USD13.4 billion or ~6.8 months of imports. Economic activity +4.3% y/y in May bringing average growth for Jan-May to 4.9% - services sector +5.4% driven by Hotel and Restaurant activity +9.2% and Financial Services +7.8%, Free Zone Manufacturing +5.8%, Construction +4.4%, while Mining activity -16.5%. For H1 2024, air arrivals +10% y/y to 4.5 million, which is 25% above 2019 levels. Free Zone exports +4.6% y/y in June to reach a record USD753 million, and +6.8% y/y to USD4.3 billion for H1 2024. Total exports for H1 2024 +3.1% y/y to reach USD6.3 billion. Monetary poverty fell 5.3 pp y/y to 18.9% in Q1 2024, with that of women down 5.8 pp y/y to 19.6% and of men down 4.7 pp y/y to 18.3%. Inflation for June was 4.2% y/y, with hotel and restaurant +6.1%, education +5.4% and health +5.5%.</p>	<p>S&P reported crude oil reached ~18.7 billion barrels of recoverable resources with production expected to peak at 2.3 million boe/d in 2037. The Gas-to-Energy project's first production is expected in 2025 with output to be used mainly for power generation and regional LNG exports. Exxon's 7th oil project start-up is expected in 2029 and can add 120-180,000 b/d of oil and 60-120 mcf/d of gas. Gov't withdrew USD300 million from the sovereign wealth fund in July, bringing total withdrawals for 2024 to USD850 million or 30% of the fund at the end of June of USD2.87 billion. Inflation reached 3.6% y/y in May with food +7.4% and health +1.6%. The 2024 Investment Climate report warns of corruption, where "trust and personal connections are important factors in the business environment." Visitor arrivals in Jan-May +12.8% y/y and Gov't projects 350,000 visitors for 2024 supported by 595 new rooms.</p>
TOURISM	<p>Stay-over: 2024: 209,135 (May) / +7% y/y</p> <p>Cruise: 2024: 583,481 (May) / -12% y/y</p>	<p>Stay-over: 2024: 4,475,133 (Jun) @ +10% y/y</p> <p>Cruise: 2024: 1,451,557 (Jun) / +15% y/y</p>	<p>Stay-over: 2024: 112,751 (Apr) / +12.4% y/y</p> <p>Cruise : n/a</p>
GROWTH	2022: 3.8% / 2023: 3.1% (PRELIM)	2022: 4.9% (IMF) / 2023: 2.4% (CB prelim)	2022: 62.3% (IMF) / 33.0% (IMF prelim)
RESERVES	<p>Foreign Reserve Assets USD millions (Dec 2017 - Jun 2023)</p> <p>Source: CIMA, Marla Dukharan</p>	<p>Net International Reserves USD Millions (Jan 2010 - Jun 2024)</p> <p>Source: Central Bank of the Dominican Republic, Marla Dukharan</p>	<p>Net International Reserves USD Millions (Jan 2015 - May 2024)</p> <p>Source: Bank of Guyana, Marla Dukharan</p>
OUTLOOK	<p>The Gov't expects growth of 2.2% in 2024 - an upward adjustment from 1.6%. For 2025-2027, growth is projected to average 2.5% per annum.</p>	<p>Growth for 2024 is expected to be one of the strongest in the region at around 5.1% and 5.4% according to the World Bank and IMF respectively.</p>	<p>Gov't expects 34.3% growth this year while the IMF and World Bank project growth of 34% and 34.3% respectively. Growth is expected to average 17.2% for 2025-29 (IMF).</p>

	JAMAICA	SURINAME	TRINIDAD & TOBAGO
UPDATE	Jamaica was removed from the FATF grey list. Gov't continues to explore funding for post-Beryl reconstruction given JMD4.73 billion estimated losses to agriculture and JMD800 million to education. Higher inflation is expected in July following <6% y/y inflation for Mar-June 2024. Inflation was 5.4% in June with education +15.6%, transportation +11%, and food +4%. 105,000 stopover arrivals were recorded between Jul 4th and 14th and 2.4 million visitors from Jan- mid July 2024. Airbnb generated JMD10 million in revenues in Q1 2024. Remittance inflows for Jan-Apr +1.1% y/y and is expected to increase as post-hurricane reconstruction continues. Labour force survey reports unemployment at 5.4% for Q1 2024 - female participation rate was 63.6% and male 74.5%. STATIN reports growth of 1.4% y/y for Q1 2024, mining and quarrying +18.7%, agriculture +7.4%, hotels and restaurants +6.9% and construction down -3.7%.	The Monthly Economic Activity Index (MEAI) for Feb 2024 increased by 11.2% y/y, transportation and storage +49.5%, mining +30.8% and agriculture -16.8%. For Q1 2024, the MEAI +3.5% from 2% in Q4 2023. For Q1 2024, gold production -7.7% y/y however the value of gold exports +6% y/y based on international gold prices +10%. The money supply +26% y/y in May but remained below the CBvS target. Gov't revenue in Q1 +29% y/y; revenue from direct taxes +35.2% and indirect taxes +75.4%. The overall and primary deficits were 0.9% and 0.2%/GDP respectively, missing IMF's targets. Inflation for June 2024 was down to 16.2% y/y from 29% in Jan 2024. Housing and utility +72.6% y/y, take away food +25.2% and health +9.9%. Lending to the private sector +5% y/y in May, business lending -9%, mortgages +1% and personal loans +25%. Between Jan and Jun 2024, the SRD appreciated 16.4%, reaching SRD31.6:USD1.	HI 2024 saw 284 homicides, with a surge observed in July as the detection rate declined 5.7pp y/y to 7% for HI. Gov't quietly withdrew USD160.4 million from the HSF at end-2023, leaving USD5.66 billion. June 2024 inflation was 0.7%, with communication +8.5%, health +7.7% and food +2.3%. Repo rate was maintained at 3.5% in June but the primary reserve requirement was cut from 14% to 10% in July. Banks' lending to consumers, business and real estate mortgages grew 10.2%, 9.5% and 4.5% respectively y/y in April. M2 money supply +3.5% so M2:reserves reached 19:1 in April. Int'l reserves +10% m/m in June to USD5.98 billion or 8.4 months of imports as Govt issued a USD750 million bond. Cement production -16.3% and local cement sales -2.9% y/y in Q1 indicating a drop in construction activity. Unemployment +0.5p.p. y/y in Q1 2024 to 5.4% and labour force participation -0.5 p.p. y/y to 54.7%.
TOURISM	Stay-over: 2024: 246,791 (Jan) / +7.6% y/y Cruise: 2024: 447,802 (Jan) / +16.2% y/y	n/a	Stay-over: 2024: 167,245 (Jun) / +9% y/y Cruise: 2024: 111,674 (Apr) / +61% y/y
GROWTH	2022: 5.2% (IMF) / 2023: 2.2% (IMF prelim)	2022: 2.4% (IMF) / 2023: 2.1% (IMF prelim)	2022: 1.5% / 2023: 2.1% (IMF prelim)
RESERVES	<p>Net International Reserves USD Millions (Jan 2010 - Jun 2024)</p> <p>Source: Bank of Jamaica, Marla Dukharan</p>	<p>Foreign Currency Reserves USD Millions (Jan 2010 - Jun 2024)</p> <p>Source: Centrale Bank van Suriname, Marla Dukharan</p>	<p>Net Official Reserves USD Millions (Mar 2014 - Dec 2023)</p> <p>Source: MoF, CBTT, Marla Dukharan</p>
OUTLOOK	The World Bank and IMF project growth of 2.0% and 1.8% respectively for 2024. The IMF expects growth to remain between 1.6%-1.7% for 2025-2029.	The IMF program was extended until March 2025. The debt restructure completed in 2023 is expected to ease debt pressures. The IMF and World Bank project growth at 3.0% in 2024.	The IMF projects growth of 2.2% in 2024, and average 2.2% for 2025-2028. Gov't anticipates growth of around 2.7% for 2024 and 2025. We don't expect growth above 2% in the near future.

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