

## THERE IS MAGIC IN KINGSTON TOWN - THE PLACE I LONG TO BE!

How does a Caribbean island of less than 3 million, go from having one of the highest levels of [debt in the world](#), balance of payments crises, violence rivalling civil war levels, mass exodus, and two decades averaging near-zero growth, to steadily declining crime and homicide rates, its lowest unemployment and poverty rates in history, over 6 months of import cover, steady positive growth, and its best overall socio-economic stability and performance ever? And how does any country achieve this impressive turnaround with unprecedented speed? Just ask Jamaica!

Originally called Xaymaka – the land of wood and water - by the Arawaks, on a recent (too brief!) visit to Kingston, Jamaica felt more like the land of progress and hope - it's palpable! "The 1970s was one of the most tumultuous eras of Jamaican history...thrown into a period of intense class struggle not experienced since the Great Depression and the 1938 general strike. Ultimately, a bloody campaign of violence driven by US imperialism defeated the struggle for socialism in Jamaica", according to a [pro-Marxist outlet](#) - an ideology that Jamaica experimented with in the 1970s. From the 1980s to 2011, Jamaica suffered massive [brain drain](#) (which created a large and thriving [diaspora](#)), driven by social, political, and economic instability. With debt over 140% of GDP in 2009, Jamaica entered into several failed IMF programs but ultimately defaulted and engaged in domestic debt restructures in 2010 and 2012. The IMF program finally stuck in 2012, beginning what was arguably the most significant [socio-economic transformation](#) in the Caribbean of this century. And possibly the fastest ever – we expect no less from Jamaica!

### | JAMAICA HAS MADE THE MOST IMPRESSIVE TRANSFORMATION OF THIS CENTURY

The IMF and the private sector - via the Economic Programme Oversight Committee (EPOC) and the Economic Growth Council (EGC) - implemented sweeping reforms which have yielded Jamaica's lowest unemployment level, lowest poverty level, and longest period of sustained positive growth, ever. Importantly, the state used its power over the last 12 years or so, to restructure its economy and empower its people, fostering greater self-sufficiency and independence, by creating an environment and structures for Jamaicans to secure and create jobs via greater domestic entrepreneurial activity, and also to hold the Government accountable for achieving its mandate.

Crucial to [Jamaica's transformation](#) were fundamental macroeconomic and institutional reforms, such as (in no particular order) a floor (as opposed to the usual ceiling) on social spending imposed by the IMF and better targeting of that spending; reforms to support a thriving entrepreneurship / MSME sector such that Jamaica had the world's best performing stock market in 2015, 2018, and 2019; a sweeping tax reform agenda; debt restructure exercises which helped to establish fiscal sustainability; foreign exchange reforms which allow JMD fluctuations in both directions to avoid JMD under / overvaluation and speculative demand for USD; fiscal reforms including a fiscal responsibility framework to limit deficit and debt levels, governed by an independent Fiscal Commission; the establishment of an [independent EPOC](#) which frequently publicly holds the Government to account for achieving its policy and macroeconomic management agenda; and reforms to support transparency and AML/CFT compliance.

The effect of reforms to existing institutions and the establishment of new ones as needed, cannot be overstated. While significant challenges remain, particularly as it relates to crime and violence, healthcare, education, drug use and trafficking, gang activity, white collar crime, etc. Jamaica has made surprising progress and is heading in the right direction – you can see and feel it when you walk around Kingston. The economy is now more diversified and resilient, more stable and productive, and more 'independent' as it relates to food and fuel security, and its people are more empowered and less dependent on the state - all of which is demonstrated by improved social outcomes, and consistent credit ratings upgrades, for example. The key takeaway here is that accountability drives results. Jamaica gives the wider Caribbean hope that it is possible to overcome longstanding structural constraints through targeted institutional reforms and fiscal discipline in particular, underpinned by broad-based support for a powerful implementation mechanism of publicly and regularly holding the Government to account for achieving its mandate.

	THE BAHAMAS	BARBADOS	BERMUDA
UPDATE	<p>Total debt held at BSD12.67 billion in Q2 2024, 45% of which is external. Total debt/GDP - 3.8pp y/y to 86.9%. In Sept, the Gov't borrowed USD55 million from Saudi Arabia for airport upgrades. The overall fiscal deficit -35% y/y in FY2024 as expenditure -3.7% and revenue +7.7%. VAT accounted for 48% of total revenue. Personal emoluments and interest payments accounted for 26% and 19% of expenditure respectively. Credit to the private sector +0.4% y/y in Q2 2024, with personal loans +0.6%, accounting for 73.6%/total. NPLs -1.3pp y/y to 6.1% of total private sector loans. Inflation was 0.4% in May, with education +4.3% and food +3.7% y/y. Air arrivals +3% y/y in Jan-Jul 2024, reaching almost on par with 2019 levels, while cruise arrivals +19% y/y, surpassing 2019 levels by 70%. Foreign currency deposits -2% y/y. Usable foreign currency reserves +11.6% y/y to roughly 9.4 weeks of imports in July.</p>	<p>Growth reached 4.5% y/y in HI 2024, with the tradeable sector +8.8% driven mainly by tourism +18%, and the non-tradeable sector +3.7% driven by construction +7.1%. Central Bank expects 3.9% growth this year. Unemployment reached 6.9% in Q1 2024, down from 8.9% one year prior, with male unemployment at 7.8% and female at 5.9%. Compared to Q1 2023, the labour force participation rate -3pp to 60.9%; 57.1% for women and 65.1% for men. Credit to the private sector +1.2% y/y. Total public sector debt -8.5pp y/y to 105.3%/GDP in HI 2024. For Q1 FY2025, the overall fiscal surplus widened to 2.3%/GDP, with total revenue +47% (tax revenues +46% y/y), and expenditure up only marginally. Inflation fell to 1.5% in June, from 3.1% in Jan, with health care +6%, alcohol +5%, and food +3% y/y. Net international reserves reached USD1.46 billion or roughly 33 weeks of imports in July.</p>	<p>Q1 2024 saw the 6th consecutive quarter of real GDP growth, at 7.1% y/y, driven by household expenditure +1.2% and service exports +11% - the two largest components of GDP. The external surplus +16.4% y/y. Air arrivals +6.6% y/y in HI 2024, reaching 73% of 2019 levels, while cruise arrivals +12.3% y/y, surpassing 2019 levels by 1.4%. Employment income +11% y/y in Q1 2024, with the highest growth in international business +17.1%, and transport and communication +14.9%. New business registrations +0.9% q/q in Q1 2024. Inflation was 2.2% y/y in April with fuel and power +6.4%, clothing +4.3%, and food +3.6%. Gov't proposed +2.5% in minimum wage effective 2025, from USD16.81 to USD17.23/hour. The Fairmont Southampton financing deal was finalized at USD560 million and is expected to create 700 jobs in the construction phase over 15 months.</p>
TOURISM	<p>Stay-over: 2024: 1,164,637 (Jul) / +3% y/y</p> <p>Cruise: 2024: 5,526,171 (Jul) / +19% y/y</p>	<p>Stay-over: 2024: 431,798 (Jul) / +17% y/y</p> <p>Cruise: 2024: 357,695 (Jul) / +21% y/y</p>	<p>Stay-over: 2024: 92,882 (Jun) / +7% y/y</p> <p>Cruise: 2024: 234,790 (Jun) / +12% y/y</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><b>External Reserves</b> USD Millions (Jan 2010 - Aug 2024)</p> <p>Source: Central Bank of The Bahamas, Marla Dukharan</p>	<p><b>International Reserves</b> USD Millions (Jan 2010 - Jul 2024)</p> <p>Source: Central Bank of Barbados, Marla Dukharan</p>	<p><b>Foreign Reserve Assets</b> USD millions (Mar 2017 - Mar 2024)</p> <p>Source: Department of Statistics, Marla Dukharan</p>
OUTLOOK	The IMF expects 2.3% growth in 2024, then falling below 1.8% through 2029. The Central Bank expects growth of around 2% in 2024 as the economy reverts to its usual 1-2% average.	CBB expects growth of 3.9% 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.	The Ministry of Finance projects growth of 4 - 4.5% for 2024 driven by the tourism recovery and growth in the international business sector.

	THE CAYMAN ISLANDS	DOMINICAN REPUBLIC	GUYANA
UPDATE	<p>The fiscal surplus +30.2% y/y to KYD216 million in Q2 2024, 24.4% above budget; revenue +8.9% and expenses +4.4% y/y. Company fees represented 42% of revenue, including partnership fees (10%), mutual/private fund fees (17%), and other company fees (17%). Salaries &amp; wages accounted for 32% and transfers to statutory corps 19% of fiscal spending. Inflation was 1.7% y/y in Q2 2024, up from 1.5% in Q1; communications +10.3%, education +9.4%, and housing &amp; utilities +3.3%. Hotels &amp; restaurants +34.4% in 2023, accounting for 4.6% of 2023 GDP. Financial and Business Services +2.7% &amp; +1.6% respectively, jointly accounting for 53% of 2023 GDP. The 2023 occupational wage survey revealed average monthly compensation at KYD5,043; the highest in professional, scientific &amp; technical activities, and the lowest in accommodation services. Total registered investment funds reached a record 30,038 in Sept 2024, +2.3% from year-end 2023.</p>	<p>The IMF's Article IV report commended Gov'ts effective policies, gave a favourable outlook, and projected growth at 5% for 2024. Total merchandise exports for Jan-Aug 2024 +6.1% y/y, which is 30.6% above 2019 levels. Free trade zone exports +7.8% y/y to reach 67.4% of total exports for Jan-Aug. A draft FY2025 budget of &gt;DOP1.4 billion was approved, +4% over the FY2024 budget. This is the first budget to incorporate the Fiscal Responsibility law, limiting expenditure growth to stabilize debt, with a projected deficit at 3.1%/GDP. Remittances +5.1% y/y to USD7.1 billion from Jan-Aug, mainly coming from the USA. Inflation reached 3.42% y/y in Aug, with hotel &amp; restaurants +6.2%, education +5.7%, and health +5.5%. The Central Bank lowered its policy rate from 7% to 6.75% in Aug. Employment reached a record high surpassing 5 million in Q2 2024. The labour force participation rate +1.6pp y/y to 65.3% and unemployment -0.3pp to 5.3%.</p>	<p>Growth reached 49.7% y/y in HI 2024 with non-oil GDP +12.6%. The Oil and Gas sector +64.3%. Construction +43.7 driven by public and private sector infrastructure projects, and is expected +27.2% more this year. Manufacturing and agriculture are also expected to expand, +27.5% and +8.7% respectively, both driven growth in the rice industry. Net domestic credit +21.2% y/y in July, with credit to the private sector +17.3%; commercial bank credit to businesses +17%, households +0.2%, and motor vehicle loans +31%. For HI 2024, fiscal revenue +23% and expenditure +30% y/y, with transfers to households, pensions, public assistance etc. +35% to reach 47% of recurrent expenditure. Inflation was 3.4% in July, with food +6.7% and health +1.6%. The Oil and Gas sector employed 6,500 Guyanese nationals in HI 2024. The Natural Resource Fund reached USD2.9 billion in August, with further drawdown of USD1billion expected in H2 2024.</p>
TOURISM	<p>Stay-over: 2024: 289,095 (Jul) / +3% y/y 89% of 2019</p> <p>Cruise: 2024: 700,271 (Jul) / -14% y/y</p>	<p>Stay-over: 2024: 5,286,325 (Aug) / +8% y/y</p> <p>Cruise: 2024: 1,659,969 (Aug) / +17% y/y</p>	<p>Stay-over: 2024: 170,744 (Jun) / +14.6% y/y</p> <p>Cruise: n/a</p>
GROWTH	2022: 5.2% / 2023: 4.2%	2022: 4.9% (IMF) / 2023: 2.4% (CB prelim)	2022: 62.3% (IMF) / 33.8% (CB)
RESERVES	<p><b>Foreign Reserve Assets</b> USD millions (Dec 2017 - Jun 2024)</p> <p>Source: CIMA, Marla Dukharan</p>	<p><b>Net International Reserves</b> USD Millions (Jan 2010 - Aug 2024)</p> <p>Central Bank of the Dominican Republic, Marla Dukharan</p>	<p><b>Net International Reserves</b> USD Millions (Jan 2015 - Jul 2024)</p> <p>Source: Bank of Guyana, Marla Dukharan</p>
OUTLOOK	<p>The Gov't expects growth of 2.8% 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 5.0% according to the World Bank and IMF respectively.</p>	<p>Gov't now expects 42.3% growth in 2024 and non-oil growth of 11.8%. The IMF and World Bank project growth of 33.9% and 34.3% respectively. Growth is expected to average 17.2% for 2025-29 (IMF).</p>

	JAMAICA	SURINAME	TRINIDAD & TOBAGO
UPDATE	<p>All structural benchmarks were met under the IMF's latest review of the PLL &amp; RSF, facilitating drawdowns of USD980 million and USD258 million respectively. Fiscal revenue was 4.5% above budget and expenditure 1.8% below for Apr-Jul 2024, driving the fiscal deficit 35.8% lower than expected. Inflation was 6.5% in Aug, slightly above the BOJ's 4-6% target, with education +16%, electricity and fuel +14.3%, and transport +10.3%. Notwithstanding this, the policy rate was lowered in Aug - for the first time since Aug 2019 - by 25bps to 6.75%. The PIOJ reported growth at 0.1% y/y for Q2 2024; +0.1% for the service industry with hotel &amp; restaurant growth slowing to 0.1%, and electricity &amp; water +2.3%. Goods producing activity +0.7% y/y with mining &amp; quarrying +6.2% as alumina production +15%, offsetting bauxite production declining 23.7%. Construction -2.4% y/y. Remittances -0.6% y/y from Jan-July but still crossed USD2 billion. Mid-Sept YTD tourism earnings were ~USD2.97 billion from over 3 million visitors. Net international reserves +14% y/y in Aug to USD5.1 billion or 25.3 weeks of imports.</p>	<p>Staatsolie plans to issue bonds in 2025 to partially finance its participation in the development of offshore Block 58; total financing is estimated at over USD1.8 billion. Total Energies is expanding its presence through a new production sharing contract for Block 64. The Monthly Economic Activity Index +5.1% y/y in April, with transport &amp; storage +20.6%, wholesale &amp; retail +12.9%, and mining +12.5%. Inflation fell to 13% y/y in July from 29% in Jan; housing &amp; utilities +55%, food away from home +20.3%, and health care +19.7%. The IMF completed its 7th review under the EFF, facilitating a USD63 million disbursement, 41% of which will be used for budget support. In Q2 2024, total debt -11% q/q, pushing debt/GDP down 14.8pp q/q to 117.6%, 85% of which is external. The SRD appreciated further, reaching SRD29:USD1 in Aug, from SRD37:USD1 in Jan. The balance of credit to the private sector both in SRD and foreign currency -10% y/y in Q1 2024 - partially driven by appreciation of the SRD - affecting bank profitability. NPLs fell to 7%/total loans in June 2024, down from 13% in 2023.</p>	<p>S&amp;P affirmed its BBB- rating and maintained a stable outlook, citing higher natural gas production expected in 2026 but also stating "per capita income growth is below the average for sovereigns with similar income levels." Central Gov't debt +3.4% y/y in Q3 FY2024 with external debt +15.4% y/y to reach a record high of USD5.6 billion. The overall fiscal balance for Q1-Q3 FY2024 went from a surplus of TTD88 million to a deficit of TTD4.3 billion, based mainly on a massive 51.4% y/y decline in energy revenues. Natural gas production for Q2 was down 6% y/y. The highest monthly murder toll for 2024 and 2nd highest historically was recorded in Aug 2024 at 68 homicides, pushing the total for Jan-Aug 2024 to 418, +5.3% y/y. The yield curve on Gov't securities has begun to show signs of flattening, indicating a possible loss of investor confidence. Inflation for July was 0.2% with communication +8.4%, health +7.5% and food +1.4%. Gov't unofficially reported that the HSF balance reached USD6 billion at the beginning of Sept 2024. Official GDP data for 2023 has not been published to date.</p>
TOURISM	<p>Stay-over: 2024: 1,249,697 (May) / +2.8% y/y</p> <p>Cruise: 2024: 746,294 (May) / +16.9% y/y</p>	<p>n/a</p>	<p>Stay-over: 2024: 226,476 (Aug) / +9% y/y</p> <p>Cruise: 2024: 111,674 (Apr) / +61% y/y</p>
GROWTH	<p>2022: 5.2% (IMF) / 2023: 2.2% (IMF prelim)</p>	<p>2022: 2.4% (IMF) / 2023: 2.1% (IMF prelim)</p>	<p>2022: 1.5% / 2023: 2.1% (IMF prelim)</p>
RESERVES	<p><b>Net International Reserves</b> USD Millions (Jan 2010 - Aug 2024)</p> <p>Source: Bank of Jamaica, Marla Dukharan</p>	<p><b>Foreign Currency Reserves</b> USD Millions (Jan 2010 - Aug 2024)</p> <p>Source: Centrale Bank van Suriname, Marla Dukharan</p>	<p><b>Net Official Reserves</b> USD Millions (Jan 2010 - Aug 2024)</p> <p>Source: Central Bank of Trinidad &amp; Tobago, Marla Dukharan</p>
OUTLOOK	<p>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.</p>	<p>The IMF program was extended until March 2025. The debt restructure (completed 2023) is expected to ease debt pressures. The IMF and World Bank project 2024 growth at 3.0%.</p>	<p>The IMF projects of 2.2% growth in 2024, and for 2025-2028. Gov't anticipates growth of ~2.7% for 2024 and 2025. We don't expect growth above 2% for the foreseeable future.</p>

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