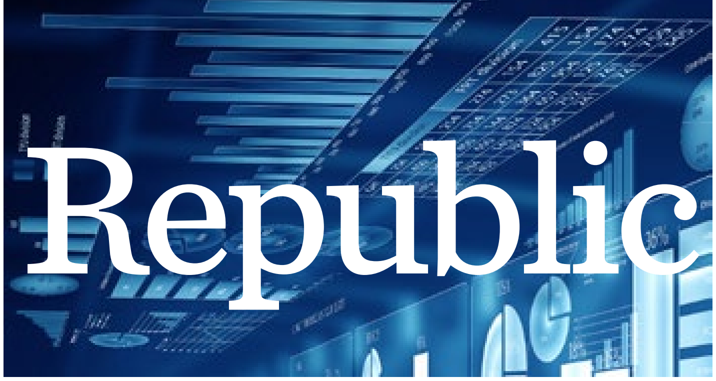


Republic Economic NEWSLETTER
December 2025 | Vol.34, No.1 | ISSN 1027-5215

Anxiety Mixed with Hope

The third quarter of 2025 was a period marked by a mixture of anxiety and hope for two completely different but compelling reasons. Firstly, it was the period leading up to the delivery of the hugely anticipated first National Budget of the new Government. In addition to longstanding economic and fiscal concerns, the fiscal package was expected to carry the weight of the administration's campaign promises, balanced against the critical need to ensure that the pace of delivery of said promises, does not exceed the country's wherewithal. The other source of anxiety and hope relates to the significant increase in the US' military presence in the southern Caribbean since August 2025. The US indicated that the build-up is related to its efforts to stem the flow of illicit drugs to its shores, with special focus on narco-traffickers coming out of Venezuela. US officials also connected President Nicolás Maduro to the trade through alleged links to the Tren de Aragua gang and the Cartel de los Soles criminal syndicate. In response, President Maduro deployed over 4 million militia and labelled the build-up of US forces as an effort to force a regime change in Venezuela. The escalating US-Venezuela tensions prompted fears of a conflict between the two countries and have also affected the South American country's relationship with Trinidad and Tobago. On the flip side, there is significant hope that the presence of US naval vessels would drastically reduce the flow of illegal drugs and guns to Trinidad and Tobago and ultimately curtail the associated domestic criminal activity.

In terms of the latest economic developments, preliminary data suggest that the performance was mixed in the third quarter 2025. In the non-energy sector, the usual barometers of activity suggest that construction activity softened when compared to the previous quarter, while the trade and repair industry likely registered another positive performance. While official data is not available for output in the energy sector, the increases recorded in the upstream sector during the second quarter bode well for the succeeding three-month period. Available data indicate that the rate of unemployment fell to 3.8 percent in the second quarter, from 4.9 percent in the previous quarter. Activity in the domestic stock market continued to reflect fragile economic growth and constrained

TRINIDAD AND TOBAGO KEY ECONOMIC INDICATORS

INDICATOR	2024	2024.3	2025.3 p/e
Real GDP (% change)	2.5	4.9	NA
Retail Prices (% change)	0.5	0.3	0.2
Unemployment Rate (%)	5.0	4.1	NA
Fiscal Surplus/Deficit ($M)	- 9,624.0	- 4,809.7	-4,030.0
Bank Deposits (% change)	3.5	2.1	-1.3
Private Sector Bank Credit (% change)	8.8	2.7	0.9
Net Foreign Position (US$M)	9,624.1	9,370.3	8,674.5
Exchange Rate (TT$/US$)	6.72/6.78	6.72/6.78	6.72/6.78
Stock Market Comp. Price Index	1,118.5	1,052.80	981.23
Oil Price (WTI) (US$ per barrel)	76.55	76.43	65.78
Gas Price (Henry Hub) (US$ per MMBtu)	2.19	2.11	3.03

Source: - Central Bank of Trinidad and Tobago, TTSE, Energy Information Administration
p - Provisional data
e - Republic Bank Limited estimate
*** - Estimate based on CBTT's Index of Economic Activity**

Republic Bank
We're the One for you!

investor appetite, with the Composite Index declining by 46.62 points (4.5 percent) from the previous quarter and by 71.57 points (6.8 percent) year-on-year (y-o-y).

ENERGY

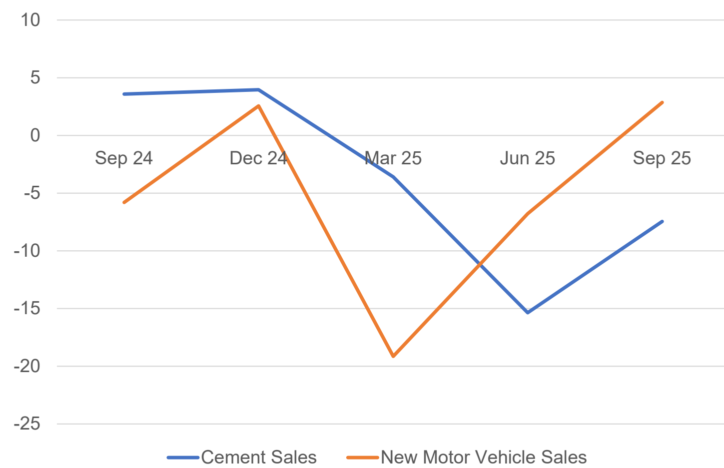
In early October, the prospect of a viable agreement for the Dragon gas field was briefly revived, as the US' Office of Foreign Assets Control (OFAC) granted the Trinidad and Tobago government a six-month licence to enter negotiations with Venezuela. However, just 20 days later, Venezuela announced the suspension of its agreement with Trinidad and Tobago, citing the Caribbean country's hosting of US warships. In other developments, Nutrien Trinidad Ltd shut down its Point Lisas operations on October 23rd, over concerns of unreliable gas supply and uncertainty of port access. The decision follows a dispute with the National Energy Corporation (NEC) over alleged retroactive port service fees and restricted port access. Nevertheless, the company committed to engage with stakeholders and to assess its options regarding the future of its Trinidad operations. The shutdown affects 600 employees and is expected to result in a notable decline in domestic ammonia production, with urea and carbon dioxide output also affected. It also means that the country will not be able to take full advantage of the US government's decision to remove tariffs on this country's agriculture exports, effective November 13th, 2025. Even so, the resumption of duty-free access to the US market is expected to provide notable ease to the domestic downstream energy sector. In more encouraging news, BPTT announced the completion of the seven-well drilling programme at its Cypre development on November 20th, well ahead of its initial 2026 timeline. At peak, its output is projected to reach 250 million standard cubic feet of gas per day (MMSCF/D), a much-needed fillip considering the sector's ongoing supply constraints.

The sector's performance in the second quarter was largely positive when compared to the same period in 2024, with oil output increasing by 8.9 percent to 53,776 barrels per day and gas production rising by 11.2 percent to 2,591 MMSCF/D. In the downstream sector, ammonia, urea and LNG production expanded by very strong rates of 23.6 percent, 51.3 percent and 24.1 percent, respectively. On the other hand, methanol output fell by 12.7 percent. Regarding prices, the trends in the second and third quarters of 2025 were similar. Between July and September, the average West Texas Intermediate oil price rose by 1.8 percent quarter-on-quarter (q-o-q) to US$65.78 per barrel but was down 13.9 percent from third quarter 2024 levels. On the other hand, gas prices were down 5 percent from the figure recorded in second quarter 2025, but at US$3.03 per million British thermal units (MMBtu) were 43.6 percent higher y-o-y.

NON-ENERGY

After a subdued performance in the first half of 2025, the non-energy sector likely fared better in the third quarter, notwithstanding continued challenges. Activity in the construction sector seemed to have cooled during the third quarter, with domestic cement sales contracting by 2.6 percent from the previous quarter and falling 7.5 percent below third quarter 2024 levels (Figure 1). Cement sales are usually a good gauge of the performance of the sector. In the trade and repair sector, new motor vehicle sales, which are normally used as a barometer of the health of some aspects of the industry, suggest some acceleration in activity during the period. Total new vehicle sales expanded by 7.6 percent q-o-q and 2.9 percent y-o-y between July and September 2025. The expansion was driven by the robust growth in private vehicles sales, while the number of commercial vehicles sold declined appreciably (13.8 percent y-o-y). Reflective of the weak performance in the first half of the year, the retail sales index contracted by 0.5 percent between April and June 2025, which was the second consecutive quarter of decline, suggesting restrained aggregate demand.

Figure1: Cement Sales & New Motor Vehicle Sales (% Change)

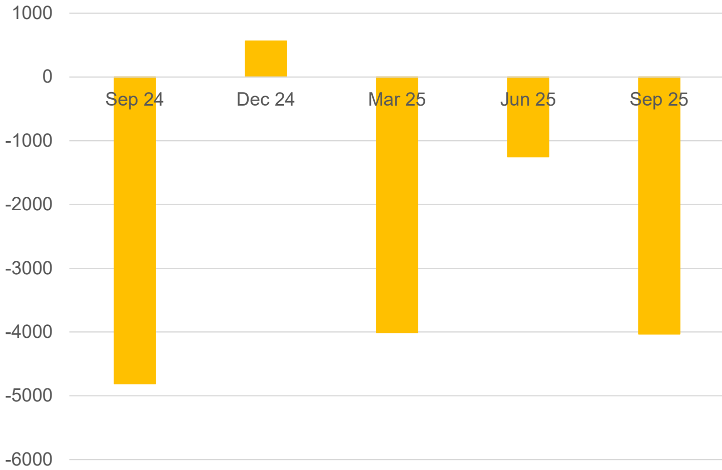


Source: CBTT

FISCAL

During the third quarter of 2025, the country recorded a reduced fiscal deficit of $4,030 million, compared to the $4,809.7 shortfall posted a year earlier (Figure 2). This brought the overall deficit for the fiscal year to $8,725.3 million (5 percent of GDP), 3.6 percent lower than the outturn of the previous year. It was the result of a 5.7 percent expansion in revenue to $50,572.6 million, which outweighed the 4.2 percent increase in expenditure to $59,297.9 million. During the year, energy revenue rose by 22.6 percent. The 2025/2026 National Budget anticipates a fiscal deficit of $3,865 million (2.2 percent of GDP), with both revenue and expenditure expected to increase.

Figure 2: Fiscal Balance ($Mn)



Source: CBTT

MONETARY

In September, the external pressures confronting the Central Bank (CBTT) were eased when the US Federal Reserve (Fed) cut its policy rate by 25 basis points to the 4 – 4.25 percent range. As a result, the negative TT-US interest rate differential on three-month treasuries fell to 149 basis points in September from 229 basis points in June 2025. The Fed reduced its policy rates further in October to the 3.75 – 4 percent range. The reduction in the differential will likely reduce the appeal of US short-term securities to domestic investors and could thus reduce the risk of capital flight. This is expected to at least result in a slight ease in the complexity of CBTT's monetary policy decisions. Regarding domestic interest rates, the CBTT decided to keep its policy rate, the Repo rate, unchanged at 3.5 percent, considering the reduction in US rates, contained domestic inflation and the ongoing challenges faced by the Trinidad and Tobago economy. In this setting, the commercial banks' average basic prime lending rate remained at 7.6 percent.

Despite ongoing economic challenges, the demand for credit remained upbeat in the third quarter. Private sector credit expanded by 8.0 percent y-o-y during the period, while lending to consumers and businesses increased by 9.6 percent and 10.4 percent, respectively. Real estate mortgages grew by 5.8 percent. The encouraging credit growth was achieved in an environment of volatile financial system liquidity, with excess commercial bank reserves falling to $3,740.1 million in September from $4,789.4 million in June 2025. During the period, system liquidity was impacted by government's financing operations, strong credit growth and CBTT's sale of foreign exchange to authorised dealers.

Headline inflation remained at manageable levels during the third quarter of 2025, increasing by an average of 1.3 percent during the period, with the food price and core components rising by 2.6 percent and 0.9 percent, respectively.

RESERVES

Given constrained energy sector earnings, the market for foreign exchange remains very tight. The net sale of foreign currency shot up by 93.1 percent q-o-q during the third quarter and was 28.2 percent above the figure recorded between July and September 2024. The substantial increase is largely due to a fall in the purchases of foreign currency by authorised dealers from the public. The country's stock of foreign currency fell to US$4,696.1 million (5.5 months of import cover) in September from US$4,904.5 million (5.7 months of import cover) three months earlier. The TT-US exchange rate remained at TT$6.78 per US$1.

OUTLOOK

The non-energy economy is expected to benefit from the boost that normally occurs in the fourth quarter of 2025, although the size of the impetus could only be assessed in hindsight. It also remains to be seen whether the increased production in the energy sector that occurred in the second quarter would be sustained in the second half of the year. Even so, the early completion of BPTT's drilling programme at Cypre augurs well for the sector in early 2026. In any case, whatever momentum is gained between July and December 2025 is not expected to be enough to offset the declines recorded (primarily in non-energy) in the first six months. The Ministry of Finance's Review of the Economy projects real GDP to contract by 0.8 percent in 2025.

Growth Momentum Holds with Continued Disparities

Overview

According to ECLAC's 2025 Economic Survey, growth in the Caribbean is expected to moderate to 4.1 percent in 2025, before accelerating to 7.8 percent in 2026. Excluding Guyana, however, regional growth is expected to measure 1.8 percent and 1.7 percent, respectively over the two years. While the region's overall growth momentum has held firm, the third quarter continued to show varied economic performances across countries. Tourism-dependent economies recorded mixed results, with destinations such as Barbados, St. Vincent and the Grenadines, Anguilla and Sint Maarten posting steady gains, supported by stronger airlift and ongoing hotel investment. On the other hand, other destinations, including St. Lucia and Grenada, recorded broad declines in stay-over and cruise passenger arrivals, with contractions in key source markets. Unfortunately, Jamaica was struck by Hurricane Melissa on October 28th. Melissa was the strongest hurricane to ever hit the island, and it caused 45 deaths and widespread destruction across the housing, tourism and agriculture sectors.

Among the commodity exporters, Guyana continued to lead regional growth, with the authorities revising the 2025 GDP forecast upward to 15.2 percent, as offshore oil output expands, and non-oil sectors maintain their strong growth momentum. Suriname's medium-term outlook also improved, supported by confirmation of the Sloanea gas field's commercial viability and new high-grade gold discoveries that strengthened prospects for the mining sector. At the same time, the geopolitical backdrop in the Caribbean became more unsettled in the third quarter as heightened United States (US) military activity in the region, generated a fair amount of anxiety. Overall, the economic performance of the region remained positive but uneven between July and September, against a backdrop of high global uncertainty caused in part by lingering trade tensions and geopolitical pressures in diverse places.

Anguilla

The performance of the tourism sector was broadly positive in the first half of 2025. Stop-over arrivals rose by 2.8 percent year-on-year (y-o-y) to 68,143 visitors, supported by steady growth in the US market, which accounted for nearly 74 percent of arrivals and expanded by 2.9 percent. Arrivals from Canada and the other markets category also increased, while the United Kingdom (UK) and Caribbean markets recorded small declines. The industry is poised to benefit from BermudaAir's new direct flights from Boston and Baltimore, set to begin on December 19, 2025. Meanwhile, the construction of Port Nimara continues, the island's first superyacht marina, which is advancing toward a phase-one opening in 2027. The project is expected to support roughly 300 to 500 jobs across marina operations, hospitality and related services, while anchoring Anguilla more firmly within the luxury yachting circuit.

The government presented its 2026 Budget on November 11th, projecting a fiscal surplus of EC$87.3 million for 2025, driven largely by below-budget capital spending and exceptional non-tax receipts from .ai domain sales. Domain revenues now account for nearly 40 percent of non-tax income and have helped reduce public debt to a projected EC$292.2 million by the end of 2025, equivalent to 19.9 percent of GDP. Total revenue is forecasted to reach EC$597.4 million in 2026 (a 6 percent increase over 2025), while recurrent expenditure is budgeted at EC$397.8 million and capital spending at EC$233.4 million. The authorities project economic growth of 2.7 percent in 2026, with no plans for additional borrowing over the medium term.

Regarding inflation, between July and September the Anguilla Consumer Price Index (AXACPI) declined by 2.3 percent quarter-on-quarter (q-o-q) and 2.4 percent y-o-y. According to the authorities, eight of the twelve CPI categories registered declines during the period, three remained unchanged, and only one increased. The largest decreases occurred in transport, alcoholic beverages and tobacco, and clothing and footwear, while food and non-alcoholic beverages recorded a notable increase. The overall decline in inflation was likely influenced by the removal of the Goods and Services Tax (GST) on all goods, which took effect on August 1, 2025.

Barbados

Barbados' economy expanded by 2.7 percent in the first nine months of 2025, supported by broad-based gains across both the traded and non-traded sectors. Construction, wholesale and retail trade, and business services led activity in the non-traded sector, while tourism and agriculture buoyed the traded sector. The sustained momentum helped push unemployment to a record low of 6.1 percent at end-June, marking the fifth consecutive quarterly decline. Tourism remained the main engine of growth. Long-stay arrivals rose 5.5 percent to 537,897 between January and September, supported by major cultural events such as Crop Over and CARIFESTA, and by increased airlift from regional and international carriers. The US overtook the UK as Barbados' largest source market for the first time, with arrivals increasing 12 percent due to increased airline capacity from Boston, New York, Philadelphia, and Atlanta. Barbados Tourism Marketing Inc. (BTMI) also reported that more than 60,000 additional US seats were secured for the 2025 winter season, signalling continued expansion from this market. Arrivals from Europe and CARICOM grew 15.5 percent and 8.2 percent, respectively, supported by improved connectivity from Caribbean Airlines and InterCaribbean Airways, while the UK and Canada recorded modest declines. Cruise activity strengthened despite fewer calls, as higher vessel occupancy lifted in-transit cruise arrivals by 31.5 percent. Tourism receipts continued to underpin the external position, with gross international reserves rising by 5.2 percent y-o-y to US$3.3 billion at end-September, equivalent to 31.6 weeks of import cover.

Financial sector conditions strengthened, with private-sector credit expanding by 4.2 percent compared with the end of 2024, led by increased lending to hotels, restaurants, real estate and professional services. Household credit rose 2.5 percent, reflecting stronger mortgage demand, while non-performing loans continued to decline.

Inflation remained low, easing to 0.5 percent by August due to declines in fuel and imported food prices, while the fiscal position improved further as a stronger revenue performance and contained expenditure supported a narrowing deficit. The public debt-to-GDP ratio fell to 100.1 percent at end-September, a decline of 2.9 percentage points from a year earlier, as nominal GDP growth and lower domestic debt offset modest increases in external borrowing. In other developments, Fitch Ratings affirmed Barbados' long-term foreign-currency issuer default rating at 'B+' and revised its outlook to positive from stable. In addition, the country is set to become the Development Bank of Latin America and the Caribbean (CAF) smallest full member, unlocking access to US$18 billion in concessional financing for the government, private sector, and individuals.

British Virgin Islands

The government unveiled its largest-ever fiscal package on November 7th, presenting a $550.6 million budget for 2026, up from $382.67 million in 2024. A total of $442.3 million was allocated for recurrent expenditure, $79.9 million for capital projects, and $20.8 million for debt servicing, supported by projected revenues of $446 million. The administration described the budget as central to its long-term development agenda, which focuses on economic growth, infrastructure resilience, social empowerment, environmental sustainability, and stronger governance. The capital budget caters for the 7,000 feet runway expansion at the Terrance B. Lettsome International Airport, which is expected to provide a long-term boost to the tourism sector.

Regarding the tourism sector's most recent performance, stop-over arrivals increased by 3.1 percent y-o-y in the first half of 2025, primarily on the basis of strong first quarter activity. Cruise arrivals also grew by 3 percent to 504,675 passengers, driven by a 25.2 percent increase in the second quarter. The charter yacht sector also continues to perform well, with the November BVI Charter Yacht Show recording its highest number of crewed vessels and brokers to date. In addition, the territory also benefitted from the Uber Soca Cruise on November 18th, which is expected to generate additional exposure and visitor spending between $600,000 and $750,000.

In other developments, the government will introduce its regulated basket of goods programme on December 1st, to help shield vulnerable households from rising food costs amid ongoing inflation pressures. The initiative follows continued public concern over the cost of living and is part of a broader effort to strengthen social protection.

Cayman Islands

The National Coalition for Caymanians (NCFC) set out its first full two-year budget and Strategic Policy Statement on November 6th, announcing a record $2.5 billion spending plan for 2026-2027. Total expenditure is projected at $1.25 billion in 2026 and $1.29 billion in 2027, against forecasted revenue of $1.26 billion and $1.32 billion, respectively, implying small operating surpluses for both years. Capital expenditure is projected at 265 million, with large infrastructure projects such as the planned sub-sea telecoms cable to be financed through public-private partnerships. New revenue measures include higher financial services and immigration fees, increased licence charges for developers and real-estate firms, and a higher stamp duty rate on high-end properties. While these changes have drawn criticism from parts of the business community, they are unlikely to materially weaken the territory's high margin property sector. Over the period, borrowing of $236 million is expected to increase public debt to approximately $634 million (8.5 percent of GDP) by the end of 2027. In the first quarter of 2025, GDP expanded by 2.9 percent y-o-y, a moderation from 3.6 percent a year earlier.

Regarding tourism, indicators point to a mixed but broadly resilient outturn so far in 2025. Over the January-September period, stay-over arrivals rose by 2.4 percent y-o-y, driven by a 2.2 percent increase from the US, which accounted for more 83.4 percent of visitors in this category, and 5 percent growth from both Canada and the UK. This overall gain masks softness in individual months, including a 10.6 percent decline in August and a 2.8 percent fall in September, as well as a 1.9 percent contraction in cruise arrivals over the same nine-month period. Looking ahead, the sector is expected to strengthen, as port authority schedules for November and December point to more than 291,000 potential cruise visitors, well above the 228,007 recorded in the last two months of 2024, while advance bookings signal a more pronounced rebound in 2026 and 2027.

Cuba

Cuba's economic outlook remains severely strained. The ECLAC 2025 Economic Survey projects GDP to contract by 1.5 percent in 2025, with a marginal 0.1 percent growth expected in 2026, placing the country among the weakest performers in the region. Cuba was also identified as one of only three economies in Latin America and the Caribbean expected to see no growth in exports in 2025, reflecting the collapse of two of its principal export sectors: sugar, following another dismal harvest, and nickel, amid declining global prices. These forecasts reflect the deep structural pressures weighing on the economy, including persistent nationwide blackouts due to chronic fuel shortages and aging infrastructure, an acute scarcity of foreign exchange, high inflation, shortages of food and basic goods, and the continued decline in tourism. The authorities, however, maintain that long-standing US sanctions remain the primary constraint on economic recovery. In October 2025, the United Nations General Assembly adopted, for the thirty-third consecutive year, a resolution calling for an end to the embargo, with 165 countries voting in favour. However, the measure remains non-binding, and the embargo continues to limit Cuba's access to finance, key imports, and major source markets.

Between January and October 2025, total visitor arrivals fell by 19.9 percent y-o-y to 1.48 million visitors, down from the 1.84 million recorded over the same period in 2024 and well below the 3.56 million recorded in 2019. Canada remained the largest source market, accounting for 40.4 percent of arrivals, although Canadian arrivals fell by 18 percent. Arrivals from Russia and the US declined more sharply by 36.2 percent and 19.2 percent, respectively. To stabilise the sector, the authorities announced negotiations with several international airlines to increase airlift and announced a major policy shift where international hotel chains would be allowed to lease and manage state-owned hotels. Iberostar is set to pilot this model at the Laguna Azul property from January 2026. This initiative aims to improve service quality, attract foreign investment, and strengthen foreign exchange earnings. While there is usually a seasonal uptick in the fourth quarter, the outlook remains subdued as the country faces a chikungunya outbreak, prompting updated travel advisories from key source markets, including Canada. In other developments, Spain approved the restructuring of Cuba's bilateral debt under the 2025 addendum to the 2016 agreement, alongside the continuation of its €375 million Debt Conversion Programme targeting investment in energy, water, and food security.

Dominica

In the first half of 2025, total visitor arrivals rose by 5.2 percent to 270,867. Stopover arrivals grew 7.5 percent, supported by solid gains in the first four months of the year, while yacht and excursionist arrivals declined by 16 percent and 47.4 percent, respectively. Arrivals from the US, Canada, the Caribbean, and the UK all fell, but this was offset by a 64.2 percent surge in arrivals from other markets, which accounted for nearly 63 percent of visitors.

Recent developments suggest that momentum in the tourism sector strengthened further in the second half of the year. Airlift improved with Caribbean Airlines' new San Juan–Dominica service launched on August 15th and United Airlines adding a weekly Newark flight from October 29th. The cruise sector is also positioned for a strong 2025–2026 season, with more than 533,000 passengers and 251 ship calls projected, supported by upgrades to the Roseau ferry terminal, improvements at Champagne Beach, and plans for a detachable cable car intended to become a key attraction. The services industry is set to receive a further lift as Clear Harbor announced its plans to expand its operations in the country, creating 300 new jobs in the process. In agriculture, the authorities launched a strategy to raise sector output to EC$700 million by 2030, targeting citrus, cocoa, coffee, coconut, and cassava. In other developments, a new national minimum wage will take effect on December 1st, as part of broader efforts to improve income equity and worker welfare across the island.

Grenada

Over the first seven months of 2025, stop-over arrivals fell by 9.3 percent, with notable declines from the US (10.6 percent), the UK (8.6 percent), and Europe (24.8 percent). Yacht arrivals also remained subdued, contracting by 56.8 percent over the same period. Cruise activity, however, provided some relief, rising 16.2 percent between January and July. The outlook for the 2025–2026 cruise season remains positive, with a schedule of over 180 cruise ship calls. Looking ahead, the sector may also benefit from incremental improvements in airlift, including Delta's newly announced Saturday service from Atlanta, starting in November. Turning to public finance, the country's fiscal performance remained broadly aligned with budget expectations between January and July. Total revenue and grants reached EC$749.2 million, surpassing the target by EC$20.8 million, while expenditure amounted to EC$804.3 million, remaining below the budgeted EC$827.6 million. Capital spending rose to EC$264 million, exceeding the target by EC$29.3 million as the authorities accelerated the implementation of capital projects. The overall deficit of EC$55.1 million also outperformed the projected EC$99.2 million shortfall. However, despite this better-than-budgeted outcome, the fiscal position was weaker than in the same period of 2024, when revenues were temporarily boosted by extraordinary one-off inflows, including the CCRIF payout and the processing of a backlog of CBI applications.

The CBI programme registered a 22.4 percent decline in applications and a 47.7 percent q-o-q drop in revenue during the second quarter. Notably, the share of US applicants rose sharply to 12 percent in quarter two compared with just 1 percent in quarter one, signalling a shift in the programme's investor base. However, it was noted that while application volumes softened, the applicant pool became more diversified with a higher quality. In September 2025, Grenada became the newest shareholder of CAF, expanding its access to long-term development financing.

Guyana

Guyana's economy remains on a steep expansion path, with strong growth in both the oil and non-oil sectors. At mid-year 2025, real GDP was estimated to have grown by 7.5 percent, while the non-oil economy expanded by 13.8 percent, marking the fifth consecutive year in which the non-oil economy has grown at the half-year. On the back of this performance, the authorities revised their full-year 2025 forecast upward, with overall real GDP now projected to grow by 15.2 percent (from 10.6 percent previously) and non-oil GDP by 13.9 percent. Inflationary pressures also remained contained, with twelve-month inflation at 4.2 percent at end-June and a full-year projection of 3.1 percent, supported by lower fuel prices and measures to cushion the cost of living. The energy sector continues to lead growth, with the petroleum subsector expanding by 5.5 percent in the first six months of the year and output reaching 115.7 million barrels. The sector received a further boost in the second half of the year with the commissioning of the One Guyana floating production, storage and offloading (FPSO) vessel at the Yellowtail field in August, which lifted installed production capacity to about 900,000 barrels per day. Additional projects, including two further FPSOs expected to come on stream in 2026 and 2027, are projected to push output to more than 1.2 million barrels per day, while ExxonMobil's decision in late September to proceed with the Hammerhead development is set to add a further 150,000 barrels per day by 2029. Taken together, investments in the Stabroek block now total close to US$60 billion and underpin expectations that strong double-digit growth will extend into the next decade.

Non-oil activity is also expanding rapidly. In the first half of 2025, agriculture, fishing and forestry grew by an estimated 9 percent, while mining and quarrying output rose 5.9 percent, supported by higher production of gold, bauxite and construction materials. Manufacturing increased by 26.8 percent, while the services sector expanded by 6.6 percent. Construction also grew by 29.9 percent, reflecting an expanded Public Sector Investment Programme and robust private-sector investment across several sectors. These trends are visible in large flagship projects, including a US$156 million World Bank-financed transport corridors initiative, a new Courtyard by Marriott hotel near Cheddi Jagan International Airport, and major capacity expansion at the Tuschen Secondary School.

In the financial sector, private-sector credit grew by 7.7 percent in the first half of 2025, with solid growth in lending to manufacturing, services and agriculture, as well as an 11.4 percent increase in real-estate mortgages and a 7.3 percent increase in household credit.

St. Kitts and Nevis

Tourism activity continued to gain momentum throughout the year. Between January and September, visitor arrivals increased 10 percent as airlines expanded seat capacity by 18 percent and cruise arrivals rose 29 percent. Higher passenger spending, which climbed to US$145 per visitor, further supported the sector. The 2025 St. Kitts Music Festival attracted a record 37,000 attendees, reflecting stronger marketing and the island's growing cultural appeal. The performance of the cruise sub-sector, however, was particularly strong, with the inaugural call of the Star of the Seas bringing nearly 10,000 passengers. In early November, Port Zante also hosted four major vessels on the same day, marking one of the busiest cruise days in the federation's history. Providing a further boost to the sector, the opening of Apollo Amusement Paradise, the country's first permanent amusement park, added a new leisure attraction for both visitors and residents while supporting employment during its development. The government also advanced several policy measures aimed at strengthening social equity and supporting the broader development agenda. On July 1st, the minimum wage was increased from $10.75 to $12.50 per hour, following a previous adjustment in January 2024, while amendments to the Housing and Social Development Levy Act exempted minimum-wage earners and those earning slightly above this threshold from levy deductions. The country also deepened its engagement with Africa through new diplomatic and commercial partnerships. Effective August 4th, visa-free access was extended to Nigerian nationals, with reciprocal arrangements for citizens of St. Kitts and Nevis. In addition, both governments signed an agreement to boost cooperation in agriculture, food security and agro-industrial development, laying the foundation for stronger long-term economic ties.

St. Lucia

The tourism sector continued to face headwinds in 2025, with weak performances across all major categories. Conditions worsened in the third quarter, as stay-over arrivals, cruise calls and cruise passengers fell by 9.7 percent, 58.3 percent and 50.7 percent q-o-q, respectively. For the January to September period, stopover arrivals declined by 3.2 percent y-o-y. This reflected sharp contractions in arrivals from the UK, Canada and Europe, which offset growth from the US and other markets. Cruise passenger arrivals also fell by 14.3 percent, while yacht arrivals declined by 6.7 percent. Looking ahead, a modest improvement is expected during the 2025–2026 winter season, supported by expanded airlift from North America. The Saint Lucia Tourism Authority (SLTA) announced a 4 percent increase in seat capacity from the US, amounting to nearly 12,000 additional inbound seats. This includes a second daily

Delta flight from Atlanta, starting in December, the resumption of United Airlines' weekly Saturday service from Chicago, beginning November 1st, and a second daily American Airlines service from Miami through January, alongside the return of Saturday flights from both JFK and Philadelphia. JetBlue will also introduce a second Saturday nonstop service from JFK between late November and January. On the cruise side, authorities expect roughly 750,000 visitors for the 2025–2026 season, supported by more than 400 scheduled calls and new attractions, including facilities in Canaries and Monchy, a beach park in Roseau, and the National Underwater Sculpture Park set to open in January 2026. In political developments, the incumbent, St. Lucia Labour Party (SLP), led by Prime Minister Phillip Pierre, won the December 1, 2025, general elections, capturing 13 of the 17 seats available.

St. Vincent and the Grenadines

According to the latest performance report from the Caribbean Tourism Organisation (CTO), St. Vincent and the Grenadines was the second fastest-growing tourism destinations in the Caribbean for the first half of 2025, behind only Guyana. Stopover arrivals rose by 14.9 percent, led by 38.1 percent and 13.3 percent surges in arrivals from the US and the UK, respectively. Cruise activity also strengthened, with the number of visitors increasing 6.9 percent in the first six months of the year, although yacht arrivals declined by 11.5 percent. Visitor spending also improved, with estimated tourism receipts rising 3.3 percent over the same period in 2024. The sector is expected to receive a fillip from increased airlift, with additional capacity from Virgin Atlantic and American Airlines, together with Delta's new Saturday service from Atlanta, which began in November 2025. Further, in September, the government announced four large-scale hotel developments scheduled for completion over the next 36 months, namely the 280-room Marriott Autograph Collection at Peter's Hope; the 360-room Beaches St. Vincent and the Grenadines at Mt Wynne; the redevelopment of Palm Island; and the Cumberland Bay Resort and Marina. Together, these projects represent more than EC$2 billion in investment and are set to add over 1,100 rooms to the national stock by 2026/2027 and provide 4,000 new jobs. The Beaches project alone, valued at US$500 million, is the largest single tourism investment in the country's history. Politically, the New Democratic Party secured a landslide victory in the November 27th general election, winning 14 of 15 seats and ending the Unity Labour Party's 24-year tenure.

Sint Maarten

According to the September 2025 Economic Bulletin of the Centrale Bank van Curaçao en Sint Maarten (CBCS), real GDP is expected to grow by 2.8 percent in 2025, before moderating to 2.4 percent in 2026. Growth will be supported by robust cruise and stay-over arrivals, new private investments in housing and commercial projects, and government spending on infrastructure. Inflation is projected to fall sharply from 3.6 percent in 2024 to 2 percent in both 2025 and 2026, driven by lower global oil prices and more favourable external conditions. Tourism activity remains robust. Between January and July 2025, stopover arrivals increased by 3.1 percent, with the strong performance registered between April and July offsetting small declines in the first two months of the year. Cruise activity was similarly encouraging, with arrivals rising by 12.4 percent y-o-y to 987,408 passengers over the January–August period. On the policy front, the government announced an adjustment to the minimum hourly wage, which will rise to XCG $10.93, effective January 1, 2026, reflecting the yearly indexation to ensure that the minimum wage continues to reflect shifts in the cost of living. In addition, the Dutch government assessed the risk of a new $30.3 million Caribbean Guilder capital loan as acceptable, allowing financing for emergency generators, a new prison facility, ICT equipment, and land acquisition for the construction of housing and community centres.

Suriname

The expected windfall gains from Suriname's offshore oil reserves (production to start in 2028) has enhanced investor confidence in the jurisdiction. In late October, government re-entered the international capital market for the first time since its 2023 debt restructuring, raising US$1.6 billion through two new 2030 and 2035 bonds, priced at 8 percent and 8.5 percent, respectively. The issuance was well received by investors, with strong demand and tight pricing, despite the sovereign's Caa1 rating, which is 7 notches below investment grade. The proceeds are being used for liability-management operations, including the retirement of part of the 2033 bond whose principal payments would have begun in January 2027. This would provide considerable fiscal ease as it shifts large debt repayment obligations from 2027 to beyond 2028, when energy revenues are expected to materially strengthen the country's fiscal position.

In the energy sector, TotalEnergies and APA confirmed that the GranMorgu development in Block 58 remains on schedule, with first oil targeted for 2028 and peak production expected at roughly 220,000 barrels per day. On November 14th, Petronas declared the Sloanea gas field in Block 52 commercially viable, marking Suriname's first major gas milestone. A final investment decision is anticipated in 2026 and initial gas output is projected by 2030. These developments are expected to transform Suriname's economy, turning the country into one of the Caribbean's top oil producers. Outside of the energy sector, the mining industry received a lift after Founders Metals announced a high-grade gold discovery with a gold grade of 11.88 grams per ton (g/t) in the Maria Geralda region in October 2025, one of the strongest drilling results reported across the Guiana Shield this year. The find is expected to further support Suriname's economic development and opens new possibilities for the non-energy sector.

Financing partnerships also deepened in support of these projects. Earlier in 2025, Afreximbank coordinated a US$1.6 billion facility enabling Staatsolie to secure its 20 percent stake in Block 58. In late October, the Islamic Development Bank and IDB Group jointly pledged up to US$1 billion over five years to support infrastructure, energy and social-sector investment across Guyana and Suriname. The funding was formalised through a memorandum of understanding signed in Saudi Arabia.

Region

In late October, Hurricane Melissa caused severe catastrophic damage across several Caribbean economies, including Haiti, the Dominican Republic and Cuba. However, Jamaica suffered the most extensive losses, as Melissa hit the island as a category 5 hurricane. The economic impact has been severe, with key sectors such as agriculture and tourism upended. This occurred just as the country was recovering from Hurricane Beryl, which struck Jamaica in 2024, causing an estimated J$56.7 billion in damage.

According to the Planning Institute of Jamaica (PIOJ), the country's outlook has deteriorated significantly in the aftermath of the storm. After expanding by an estimated 2.4 percent in the first nine months of 2025, including 4.6 percent y-o-y growth in the third quarter, the PIOJ now projects real GDP to contract by 11 to 13 percent in the final quarter of the year, marking what is expected to be one of the worst quarterly performances. For fiscal year 2025/26, economic activity is projected to decline by 3 to 6 percent. Current estimates place the damage caused by Hurricane Melissa at approximately US$9 billion. The shock has been concentrated in agriculture and tourism, with roughly 74 percent of domestic crop lands and nearly 89 percent of hotel room stock in the hardest-hit parishes affected.

Preliminary estimates from the Statistical Institute of Belize indicate that the economy expanded by 0.8 percent in the second quarter of 2025, with growth in the primary and secondary sectors offsetting a contraction in services. Inflation remained contained at 1.2 percent in the first nine months, driven mainly by higher food and non-alcoholic beverages, housing costs, and personal care. Merchandise exports fell by 8.7 percent to $308 million between January and September due to lower sugar and molasses prices, although marine products, bananas, citrus, and red kidney beans recorded solid gains. Fiscal pressures are building, however, as the government tabled two Supplementary Appropriation Bills in November totalling BZ$78.7 million to finance additional spending on health equipment, security, infrastructure upgrades, constituency development, and social programmes. Regarding tourism, stayover arrivals rose by 0.7 percent in the January–September period, while cruise arrivals increased by 5.7 percent. The sector is expected to receive a further boost in the upcoming winter season with expanded airlift from major US and Canadian carriers, including JetBlue, Spirit Airlines, WestJet, and Air Canada.

Outlook

Looking ahead to late 2025 and early 2026, the region is expected to experience continued uneven growth, supported primarily by the energy-exporting economies and increased tourism investment. Tourism-dependent countries are expected to benefit from the usual seasonal rise in winter demand, bolstered by expanded airlift from major source markets and a strong schedule of cruise arrivals. Ongoing hotel, resort and infrastructure projects should also support construction activity, employment and ancillary services. Despite these positives, several economies face significant headwinds. Jamaica is confronted by a difficult recovery following the extensive damage caused by Hurricane Melissa, while Cuba is likely to remain in an unenviable position, given continued US sanctions and structural weaknesses. Recent progress in trade discussions and the easing of US tariffs should provide some relief to regional exporters. Commodity-exporting economies are positioned to record further growth, although lower projected oil prices could weigh on government revenues and fiscal balances. In addition, several countries have recently held or are heading into elections, this may slow policy execution, delay public-sector investment projects or temporarily stall private-sector decision-making.

The Economist
Republic Bank Limited, P.O. Box 1153, Head Office, 9-17 Park Street, Port of Spain, Trinidad and Tobago
Tel: 868-625-3617.
Read this newsletter on our website at **www.republictt.com**
To request an email version, unsubscribe or change recipient, email **kelly.parris@rfhl.com**
Include your email address, name and institution.
Acrobat Reader required for email version.

JAMAICA

Economic Review & Outlook

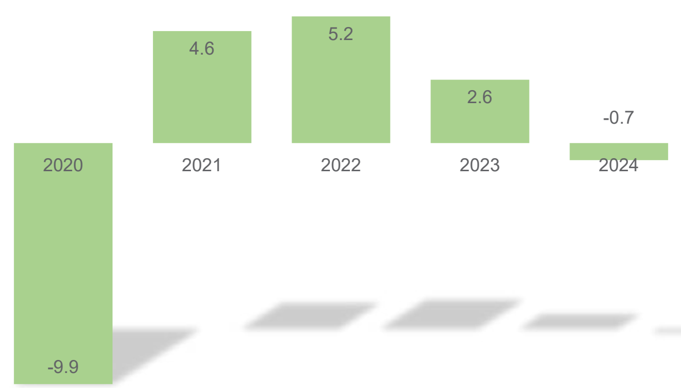
Overview

Jamaica, like several other Caribbean countries, has the unfortunate history of being struck by devastating hurricanes over the years. This includes Hurricanes Gilbert in 1988 and Charlie in 1951, which caused significant economic hardships and imposed considerable social costs through damage to infrastructure and agriculture. In August 2007, Hurricane Dean, a category 3, caused widespread damage across all 13 parishes and resulted in the complete loss of the banana crop. In July 2024, Hurricane Beryl, a category 4, became the strongest hurricane to make landfall in Jamaica since Dean, causing a 1.1 percent decline in the island's GDP and roughly around US$995 million in damage. Now, the nation faces a new challenge following the passage of Hurricane Melissa, on October 28th, 2025. Melissa, as a category 5 hurricane, was the strongest to ever hit the island, caused 45 direct deaths and inflicted damage estimated at US$8.8 billion, equivalent to 41 percent of the country's 2024 GDP. Sadly, the impact of this extreme weather phenomenon, has not only interrupted the economy's recovery from Hurricane Beryl, but has eroded years of economic progress. This note provides a review of Jamaica's recent economic performance and an outlook.

Recent Economic Performance

According to the Statistical Institute of Jamaica (STATIN), real GDP contracted by 0.7 percent in 2024, with contractions in both the service industries (0.2 percent) and goods producing industries (2.2 percent). The contraction was the result of the dislocations caused by Hurricane Beryl and Tropical Storm Rafael, which caused a considerable decline in economic activity in the second half of the year. Among the service industries recording decreased activity were wholesale and retail (1.3 percent), real estate, renting and business activities (0.9 percent) and hotels and restaurants (0.3 percent). The fall in the hotels and restaurants sector was accompanied by a 0.5 percent decrease in stay-over tourist arrivals. On the other hand, increased activity was recorded in the finance and insurance services, and transport, storage and communication sectors. Meanwhile, there were widespread declines among goods producing industries, with manufacturing (1.2 percent), construction (2.9 percent), agriculture (3 percent), and mining and quarrying (0.2 percent) all down. Despite the overall decline in economic activity, unemployment trended down in 2024, reaching a record low 3.5 percent in the fourth quarter, while inflation fell to 5.6 percent from 6.5 percent a year earlier.

Figure 1: Real GDP Growth (% Change)



Source: World Bank

The economy recorded growth in the first three quarters of 2025, with the Planning Institute of Jamaica (PIOJ), reporting real GDP growth of 4.6 percent year-on-year (y-o-y) in the third quarter. The strong growth was largely the result of the low base in third quarter 2024, due to the impact of adverse weather. Economic growth between July and September 2025 was primarily attributed to the goods producing sector, which expanded by 10 percent, with robust expansion in the agriculture, forestry and fishing industry (23.9 percent), as well as healthy contributions from the mining and quarrying (3.8 percent), manufacturing (4.4 percent) and construction (4.8 percent) (Table 1). The improved performance in the agriculture, forestry and fishing industry was mainly due to increased output in traditional export crops (40.6 percent) with increased yields in banana (44.4 percent), coffee (162.4 percent) and sugar cane (51.7 percent). Mining and quarrying benefitted from increased production in both alumina and crude bauxite.

Table 1: Real GDP Growth y-o-y (%) by Key Industries and Sub-Sectors

	QIII 2024	QI 2025	QII 2025	QIII 2025*
Agriculture, Forestry and Fishing	-12.5	3.1	9.2	23.9
Mining and Quarrying	-17.4	0.7	-4.8	3.8
Manufacturing	-4.0	1.7	1.5	4.4
Construction	-3.3	1.4	1.7	4.8
Services	-2.2	0.8	1.0	3.0
Total	**-3.5**	**1.1**	**1.6**	**4.6**

Source: STATIN, Planning Institute of Jamaica

***- Estimate**

Growth in the manufacturing industry was largely driven by the food, beverages and tobacco, and other manufacturing sub-industries while increased activity in the construction sector was largely credited to the National Housing Trust's (NHT) housing project at the Friendship Oaks. Furthermore, the sector was bolstered by increased capital expenditure on public projects under the control of the National Works Agency, the Port Authority of Jamaica and the National Road Operating and Construction Company (NROCC).

The services industry expanded by 3 percent, driven by solid performances in the accommodation and food services sector (3.6 percent), wholesale and retail trade (4.7 percent), transport and storage (5.2 percent) and electricity, water supply and waste management (6.6 percent) sub-sectors. In the accommodation and food services sector, foreign exchange earnings for the period amounted to US$786.8 million, which represented an increase of 10.1 percent y-o-y. This was supported by the 7 percent increase in long-stay tourist arrivals during the July-August 2025 period. The wholesale and retail trade sector benefitted from a 26.6 percent increase in the sale of motor vehicles, auto repairs and accessories. Healthy sales growth was also recorded for the agriculture, food, beverages and tobacco and wholesale of household goods and office equipment categories.

Unemployment fell further to 3.3 percent in the second quarter of 2025 and remained at that level in the succeeding three-month period. While male unemployment was lower at 2.4 percent compared to the female rate of 4.4 percent, the overall trend was positive. The youth unemployment rate was recorded at 10.2 percent. Price pressures also eased during the period, with headline inflation falling to 4.4 percent from 5.9 percent in third quarter 2024.

Jamaica recorded a fiscal surplus equivalent to 0.3 percent of GDP in the 2024/2025 fiscal year, which ended on March 31st. This level is in line with the country's fiscal balance rule, which targets a minimum surplus of 0.3 percent of GDP and follows a balanced budget in the previous year. Fiscal and other reforms have allowed the nation to steadily reduce its debt burden over the last decade with the figure estimated to reach 73.4 percent of GDP in fiscal 2024/2025, down from 109.7 percent in 2020/2021 and 115.9 percent in 2015/2016. However, Fitch Ratings has revised the country's outlook from positive to stable, citing the severe economic fallout from Hurricane Melissa and the projected increase in the debt-to-GDP ratio.

Short-term Outlook

Jamaica's short-term economic outlook has been severely impacted by Hurricane Melissa. Prior to the hurricane, the economy was poised to expand by 2.1 percent in 2025, according to IMF forecasts. However, economic activity is expected to contract sharply in the fourth quarter, given the tremendous devastation caused by the hurricane. Accordingly, the PIOJ projects real GDP to contract by 11–13 percent during the quarter, with most industries expected to register contractions. This would result in an overall negative outturn for the year. The agriculture and tourism industries were hit particularly hard, with seven of the most affected parishes accounting for the bulk of Jamaica's crops and hotel room stock. According to the PIOJ, the damage caused is unprecedented and far reaching and affects all industries. Consequently, unemployment is expected to rise and aggregate demand to fall. Real GDP for the 2025/2026 fiscal year is preliminarily projected to contract by 3–6 percent. The agriculture industry suffered the most, with widespread damage to farmlands, livestock and essential infrastructure. The hurricane also caused significant disruptions to both electricity and water infrastructure, particularly in Western parishes. Furthermore, the transport and storage sub-industry is being impeded by damage to roads, airports as well as shipping ports. The manufacturing sector was among the least impacted directly by Melissa, with initial reports from the Jamaican Manufacturers Exporters Association (JMEA) indicating that only 10 percent of its membership is located in the most devastated areas. Therefore, most manufacturing firms have resumed normal operations. JMEA estimated that the hurricane resulted in a total of J$250 billion (US$1.6 billion) in damage for the affected manufacturers.

Table 2: Key Macroeconomic Indicators

	2023/2024	2024/2025e	2025/2026*f
Real GDP Growth (%)	1.8	-0.7	2.1
Inflation (%)	6.2	5.1	5.0
Fiscal Balance/GDP (%)	0.0	0.3	0.0
Public Debt/GDP (%)	73.4	69.2	64.9
Unemployment Rate (%)	4.2	3.7	N/A
Import Cover (Months)	6.4	7.2	6.8

Source: IMF

Note: Fiscal year runs from April 1st to March 31st

***- Pre-Hurricane Melissa forecasts**

e – estimate; f - forecast

Medium-term Outlook

The recovery efforts in the wake of the latest hurricane damage are expected to be complicated and relatively long, given the extent of the devastation. The required response from government would likely result in some fiscal slippage, which in turn may see the erosion of some hard-earned gains in government's ongoing fight to reduce public debt. In this regard, it will be no surprise if the country incurs fiscal deficits over the next three years and public debt begins to rise once more. With the full recovery of key sectors such as agriculture and tourism expected to be some way off, economic activity is expected to be subdued for the foreseeable future. Even so, recovery efforts are expected to provide a boost to the construction sector over the medium-term, which in turn will provide some spin-off momentum to ancillary sectors like wholesale and retail. Nonetheless, it may take at least five years for the Jamaican economy to return to pre-Hurricane Melissa levels.