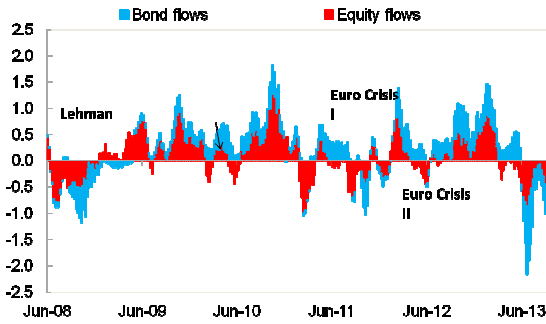
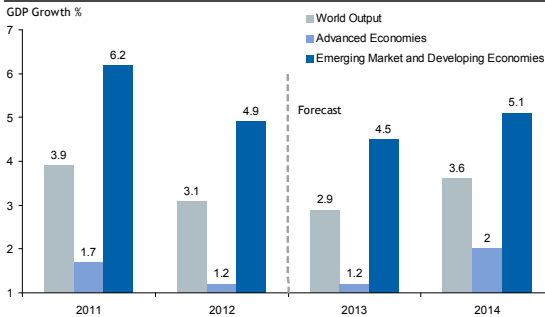


LatAm-5: Mutual Fund Bond and Equity Flows, 2008-2013, USD Billions

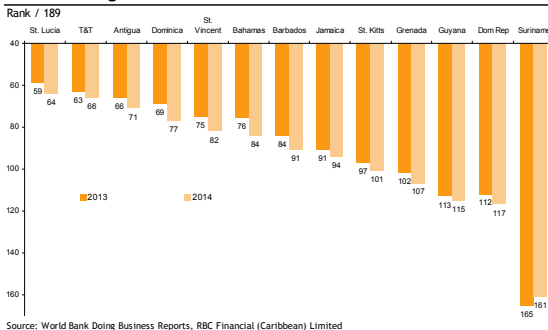


Sources: IMF, EPFR; and IMF staff calculations

IMF GDP Growth Forecasts



Ease of Doing Business in 2014 vs 2013 : The Caribbean



Marla Dukharan
Group Economist
RBC Caribbean
(868) 688-9845
marla.dukharan@rbc.com

CARIBBEAN ECONOMIC REPORT

October 2013

Washington weighs on the world economy

A two-week US government shutdown could reduce that country's Q4 annualized growth rate by 0.3%, as discussed by RBC Economists in their October 2013 Financial Markets Monthly report—<http://www.rbc.com/economics/economic-reports/pdf/financial-markets/fmm-October2013.pdf>. Indeed, the IMF's October 2013 World Economic Outlook report stated that "the US economy remains at the centre of events" and recently, US fiscal and monetary policymakers have inadvertently prompted significant outflows of liquidity from Emerging Markets in particular.

Global growth outlook revised downwards yet again

The IMF's October 2013 edition of the World Economic Outlook suggests that tapering fears and softer growth in China will continue to affect growth in the Emerging Market economies. These economies are now expected to grow by 4.5% this year (down 50bps) and 5.1% in 2014 (down 40bps), while the growth forecasts for the Advanced Economies remain unchanged at 1.2% in 2013 and 2% in 2014. As such, global growth forecasts for 2013 have been reduced by 30bps to 2.9%, while the 2014 forecast of 3.6% had been trimmed by 20bps. Over the past year, the probability of recession has declined in every major region except Latin America, where it now stands at about 10%.

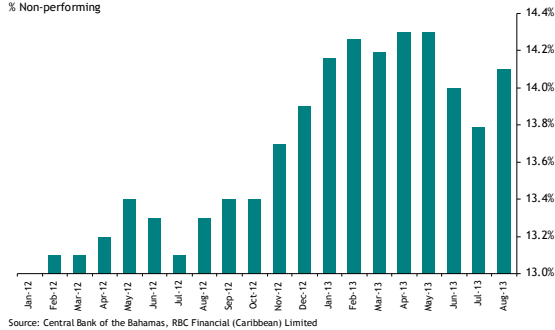
It is not getting easier to do business in the Caribbean

The World Bank's Doing Business 2014 report revealed that St. Lucia retained the highest ranking in the Caribbean, despite slipping from 59th place to 64th out of the 189 countries assessed. Despite various reforms underway in some countries, all Caribbean countries assessed saw a deterioration in their Ease of Doing Business 2014 ranking, aside from Suriname, which improved by four spots to 161. The report notes that countries with smaller Governments on average do not perform any better on the Doing Business ranking than those with larger governments, and those performing well tend to have smaller informal sectors, and are more likely to have gender equality.

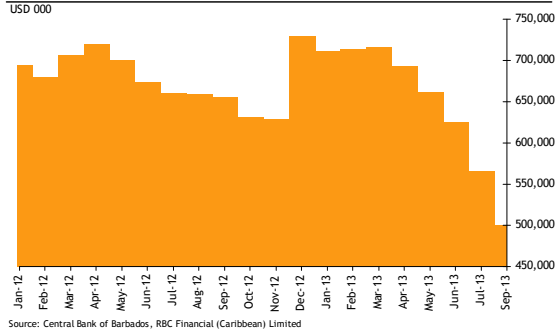
Aruba— Deflation eases, tourism and reserves grow

The Central Bank's August 2013 Monthly Bulletin highlighted the softening in the deflationary trend, which brought the inflation rate to -1.1% y-o-y in August. Central Bank reserves jumped 29% in August based on issuance of external bonds, which brings import cover to an estimated 5.2 months. Stop-over visitors increased by 5.8% y-o-y in August 2013, based mainly on higher US and Venezuelan visitors.

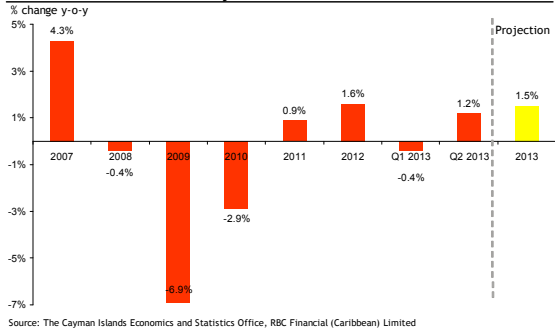
Non-performing Loans / Total Loans : The Bahamas



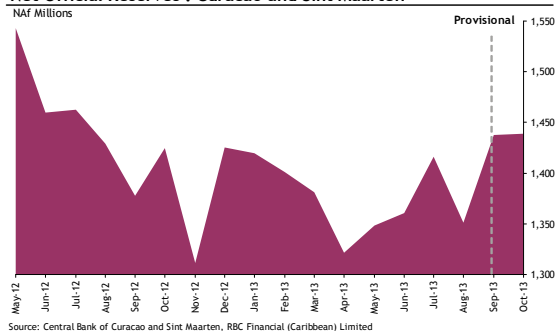
International Reserves : Barbados



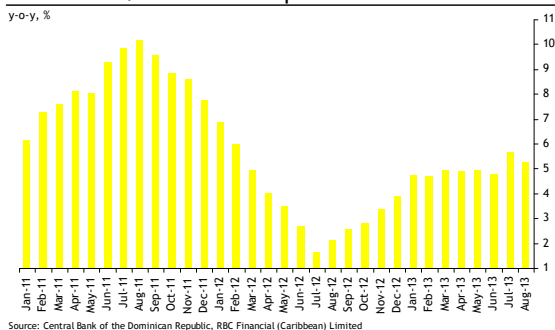
Real GDP Growth : The Cayman Islands



Net Official Reserves : Curacao and Sint Maarten



Inflation Rate : The Dominican Republic



Bahamas— Non-performing loans rebound

After retreating steadily for two months, non-performing loans increased from 13.8% in July to 14.1% in August 2013, according to the Central Bank's monthly report. A likely contributing factor to that reversal, is the unemployment level having risen from 14% to 16.2% according to the Department of Statistics. According to the Caribbean Tourism Organization, there was a 7.3% y-o-y decline in stop-over arrivals in H1 2013—the steepest drop in the region. The occupancy rate, according to the Central Bank, fell by 4.4% to 71.3%. This has contributed to the ongoing decline in external reserves, bringing the level to USD741.6 million in August 2013.

Barbados— USD500MM bond withdrawn, reserves slide

The USD500 million bond issue was withdrawn based on insufficient demand and the prohibitive yields demanded by the market. The Central Bank's September 2013 report shows international reserves falling to roughly USD500 million or 13.3 weeks of import cover. This was due in part to the 6.7% y-o-y decline in stop-over arrivals from January-August 2013, which contributed to the 0.7% economic contraction in Q3 2013, y-o-y. Inflation declined to 2.1% y-o-y in July 2013, and the unemployment rate averaged 11.1% for H1 2013. The FY 2012/13 fiscal deficit reached 8% of GDP, up from 4.4% in FY 2011/12.

The Cayman Islands— Positive growth in Q2 2013

The Economics and Statistics Office revised its Q1 2013 GDP contraction from -0.4% to -0.6% q-o-q, and reported 1.2% q-o-q growth in Q2, which is consistent with the seasonal growth pattern. This brings the annualized y-o-y growth rate for H1 2013 to 0.9%, but the growth forecast for 2013 overall was revised down from 2% to 1.5%. Mutual fund registration increased by 3.1% y-o-y in H1 2013 and stop-over arrivals grew by 6.1%. The fiscal surplus more than tripled to KYD94.8 million, which is a likely contributor to the economic contraction seen in Q1 2013. Work permit issuance grew by 2.3% in H1 2013.

Curacao and St. Maarten— Positive growth in Q1 2013

Net Official reserves are estimated to have increased in September 2013, standing at roughly 3 months of import cover according to the Central Bank. The Central Bank's Q1 2013 bulletin shows 0.2% growth in Curacao and 0.7% in St. Maarten in Q1 2013, and a disinflationary trend prevails overall. The Central Bank attributes Curacao's growth to higher private consumption based on increased consumer borrowing, despite a credit freeze and other restrictive monetary policies in place. Stop-over arrivals grew 5.3% in Curacao and 1.4% in St. Maarten in H1 2013 y-o-y.

The Dominican Republic— Policy rate steady at 6.25%

In August 2013 inflation stood at 5.3%, but core inflation slipped from 5.25% in July to 4.7% in August 2013. Private sector credit growth of 14.5% and the target fiscal deficit at 2.8% of GDP are contributing factors to inflation. Stop-over arrivals grew by 1.4% from January–August 2013 y-o-y, driven by higher US tourists, with declines registered across all other source markets.

Eastern Caribbean— Positive growth seen in H1 2013

The Central Bank's Economic and Financial Review for H1 2013 reported moderate positive growth in the currency union overall, with zero to positive growth in all territories aside from Anguilla (despite that country recording 6.6% growth in stop-over arrivals between January and August 2013 y-o-y, while some other EC countries saw declines). S&P affirmed its BBB- rating for Montserrat with a stable outlook, citing the strong support received from the UK, low growth (less than 1% since 2007) and minimal debt. Moody's August 2013 ratings for St. Vincent and the Grenadines at B2 with a stable outlook is based on the narrow economic base, high debt and "stagnant" growth. The report highlighted the fact that St. Vincent's average growth of about 2% per annum between 2003-2012 is well below similarly rated peers (except Fiji).

Guyana— GYD shows slow depreciation

The Bank of Guyana's Banking System statistical abstract for September 2013 reported the slight appreciation in the currency from an average USD selling rate of GYD206.06 in June, to GYD205.42 in September 2013. The USD selling rate rose to GYD207.43 on October 31st 2013, however.

Jamaica— JMD crosses 105, IMF disburses USD30.6MM

The IMF recently approved the disbursement of USD30.6 million for Jamaica under the current Extended Fund Facility arrangement, citing overall strong implementation and commitment by the authorities. The IMF country report notes that between 2013 and 2027, only in the years 2013 and 2015-2017 would drawdowns from the IMF exceed repayments (i.e. there will be net inflows to Jamaica from the IMF). Net International reserves rebounded in September to USD910.14 million, or 11.4 weeks of import cover. Stop-over arrivals declined by 1.3% y-o-y in H1 2013.

Suriname—Fiscal position deteriorates on gold declines

The correction in gold prices has exposed the related structural vulnerabilities in the Surinamese economy, most notably on the fiscal and external positions. According to the IMF's Article IV report, a fiscal deficit of 4% was realized in 2012 despite elevated commodity prices, due to increased recurrent expenditure, especially on subsidies. The IMF is projecting an overall deficit of 3% in 2013, and import cover was determined to be adequate at 4.25 months. Growth is projected at 4.7% in 2013, softening to 4% in 2014.

Trinidad and Tobago— Q2 2013 contraction of 1.15%

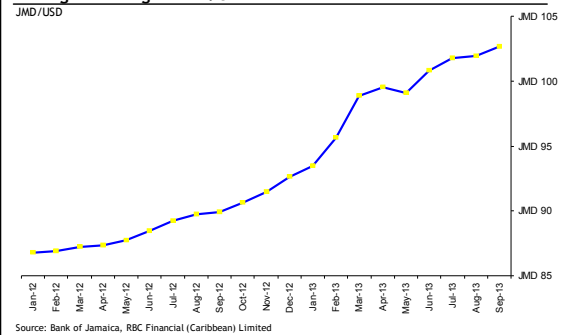
The much anticipated IMF Article IV report (which was completed on May 22nd but not released until October 3rd 2013) suggested that the economy is reviving and projected growth at 1.5% this year. The Central Bank's monetary policy announcement reported H1 2013 growth at 1.7% y-o-y, however their online statistics show a Q2 2013 contraction of 1.5% q-o-q—the steepest contraction since June 2012. The IMF reiterated the unsustainable composition of government spending, more than half of which (and growing) is devoted to transfers and subsidies, which benefit the privileged disproportionately.

	Change in arrivals (2007-12)	Share of Caribbean arrivals
Curacao	7.00%	5.50%
Aruba	3.20%	11.80%
Jamaica	3.20%	26.00%
Cayman	2.00%	4.20%
Saint Lucia	1.30%	4.00%
Dominica	0.40%	1.00%
St Maarten	-0.50%	6.00%
Martinique	-0.60%	6.40%
Antigua & Barbuda	-1.20%	3.20%
Barbados	-1.30%	7.00%
Bahamas	-1.40%	18.60%
Grenada	-2.80%	1.50%
Anguilla	-3.60%	0.80%
SVG	-3.70%	1.00%
Bermuda	-5.40%	3.00%

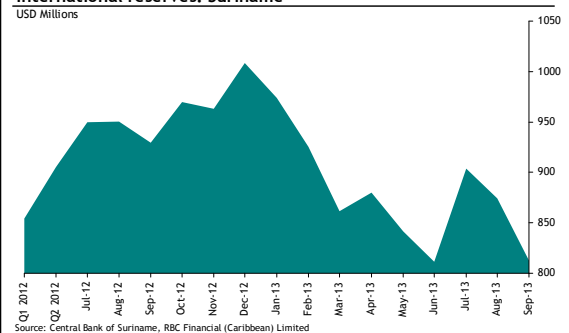
Source: Caribbean Tourism Organization

Source : Moody's Investor Service

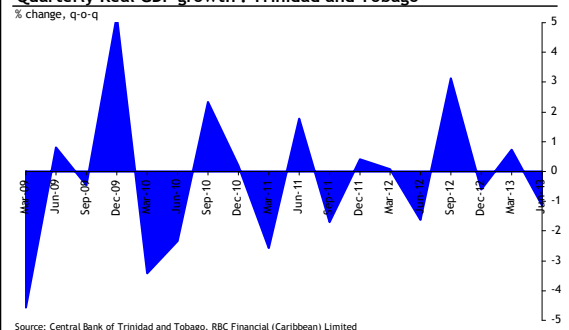
Foreign Exchange Rate : Jamaica



International reserves: Suriname



Quarterly Real GDP growth : Trinidad and Tobago



Advanced Economies

Growth outlook

% change, quarter-over-quarter in real GDP

	% change, quarter-over-quarter in real GDP												% change, year-over-year			
	12Q1	12Q2	12Q3	12Q4	13Q1	13Q2	13Q3	13Q4	14Q1	14Q2	14Q3	14Q4	2011	2012F	2013F	2014F
Canada*	0.8	1.6	0.8	0.9	2.2	1.7	2.8	2.6	2.8	2.9	2.8	2.7	2.5	1.7	1.8	2.7
United States*	3.7	1.2	2.8	0.1	1.1	2.5	2.2	2.6	2.7	3.0	3.1	3.3	1.8	2.8	1.6	2.7
United Kingdom	-0.1	-0.5	0.7	-0.2	0.3	0.7	1.0	0.5	0.5	0.5	0.5	0.5	1.1	0.2	1.5	2.4
Euro Area	-0.1	-0.3	-0.1	-0.5	-0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	1.7	-0.6	-0.2	1.1
Australia	1.3	0.5	0.8	0.7	0.5	0.6	0.3	0.7	0.7	0.6	0.8	0.7	2.4	3.7	2.3	2.6
New Zealand	1.0	0.6	0.7	1.3	0.3	0.2	0.7	0.7	0.7	0.6	0.6	0.5	1.4	2.7	2.8	2.7

*annualized

** forecast

Advanced Economies

Inflation outlook

% change, year-over-year

	% change, year-over-year												% change, year-over-year			
	12Q1	12Q2	12Q3	12Q4	13Q1	13Q2	13Q3	13Q4	14Q1	14Q2	14Q3	14Q4	2011	2012F	2013F	2014F
Canada	2.4	1.6	1.2	0.9	0.9	0.8	1.1	1.4	1.5	1.9	1.8	1.8	2.9	1.5	1.0	1.8
United States	2.8	1.9	1.7	1.9	1.7	1.4	1.6	1.6	1.7	1.9	1.7	1.8	3.2	2.1	1.6	1.8
United Kingdom	3.5	2.8	2.4	2.7	2.8	2.7	2.7	2.5	1.9	2.1	2.0	1.9	4.5	2.8	2.7	2.0
Euro Area	2.7	2.5	2.5	2.3	1.8	1.4	1.4	1.5	1.5	1.7	1.5	1.4	2.7	2.5	1.5	1.5
Australia	1.6	1.2	2.0	2.2	2.5	2.4	1.9	2.5	2.9	3.1	3.0	2.9	3.3	1.8	2.3	3.0
New Zealand	1.6	1.0	0.8	0.9	0.9	0.7	0.9	1.5	1.5	1.7	1.8	1.7	4.0	1.1	1.0	1.7

Caribbean Economies

	Population (000)	Nominal GDP (USD Bn)	Per capita GDP (USD)	Credit Rating & (Outlook)	Y-O-Y GDP change (%)	Unemployment (%)	Public debt/GDP (%)	Inflation (%)
Aruba	104	2.7	26,138	BBB+ (Stable)	-1.2%	9.6%	67.0%	-1.1%
The Bahamas	347	8.2	23,417	BBB (Negative)	1.8%	16.2%	54.5%	0.8%
Barbados	274	4.5	16,307	BB+ (Negative)	-0.7%	11.1%	106.0%	2.1%
Cayman Islands	57	3.0	54,338	Aa3 (Stable)	0.9%	6.2%	22.8%	2.0%
Curacao	143	3.0	21,247	A- (Stable)	0.2%	10.5%	37.0%	2.1%
Dominican Republic	10,237	55.5	5,519	B+ (Stable)	3.9%	5.8%	45.0%	5.3%
ECCU	605	5.4	8,922	n/a	0.2%	20.0%	94.0%	-0.3%
Guyana	756	2.7	3,596	Not rated	3.9%	11.0%	65.0%	0.2%
Jamaica	2,751	15.3	5,526	B- (Stable)	-0.7%	16.3%	138.8%	8.8%
Sint Maarten	43	0.8	19,333	Baa1 (Stable)	0.7%	15.0%	22.0%	2.4%
Suriname	529	5.1	9,339	BB- (Positive)	4.8%	9.5%	25.8%	1.5%
T&T	1,328	23.8	17,935	A (Stable)	1.7%	4.9%	46.6%	5.1%
Turks and Caicos	45	0.8	11,500	Not rated	0.5%	5.4%	10.2%	2.0%

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