



Recent Economic Performance and Medium Term Outlook

**“Working Together – Accelerating Growth and
Building Resilience”**

National Consultation on the Economy

Ministry of Finance

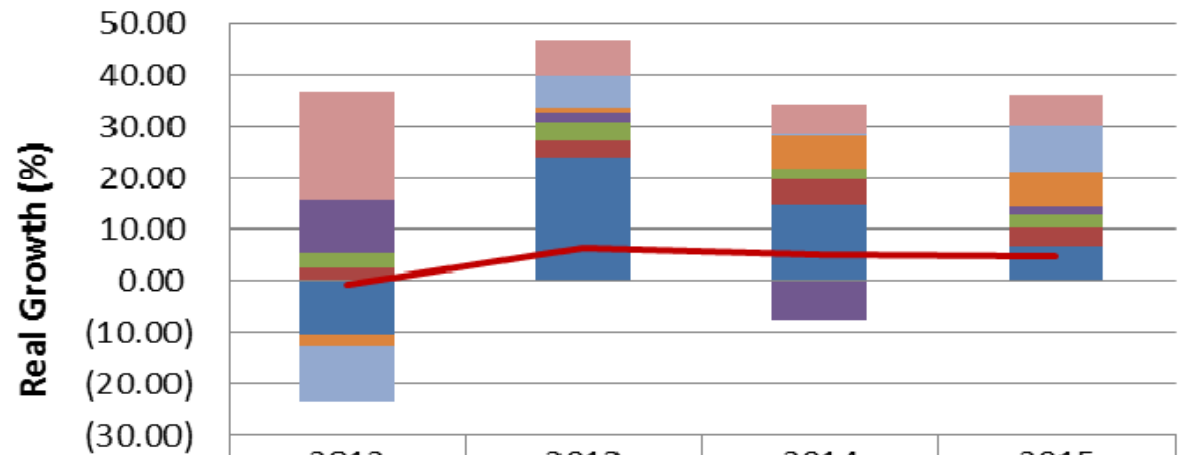
28 September 2016



Outline of Presentation

- Recent Economic Performance
 - Key Growth Sectors
 - Inflation
 - Central Government's Fiscal and Debt Performance
- Overview of Medium Term Fiscal Framework
 - Objectives
 - Preliminary Results

Recent Economic Performance



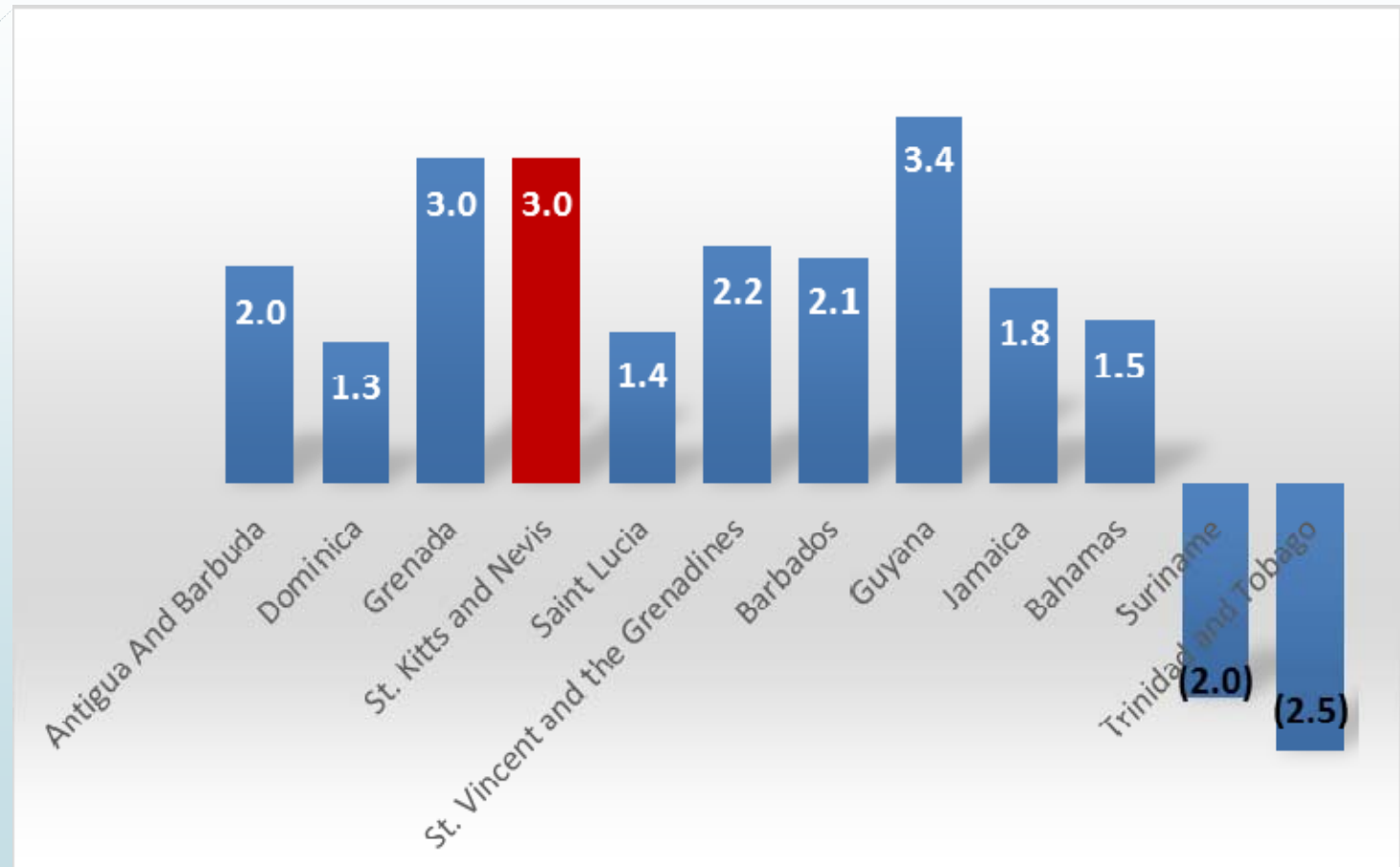
| | 2012 | 2013 | 2014 | 2015 |
|---------------------------|---------|-------|--------|------|
| Financial Intermediation | 21.05 | 6.84 | 5.66 | 5.92 |
| Wholesale & Retail | (10.85) | 5.91 | 0.35 | 9.13 |
| Transport, Storage & Com. | (2.29) | 1.13 | 6.30 | 6.75 |
| Manufacturing | 10.17 | 1.95 | (7.61) | 1.73 |
| Real Estate | 3.13 | 3.48 | 2.24 | 2.45 |
| Tourism | 2.43 | 3.14 | 4.99 | 3.54 |
| Construction | (10.26) | 24.30 | 14.82 | 6.74 |
| Real GDP at basic prices | (0.80) | 6.56 | 5.12 | 4.88 |



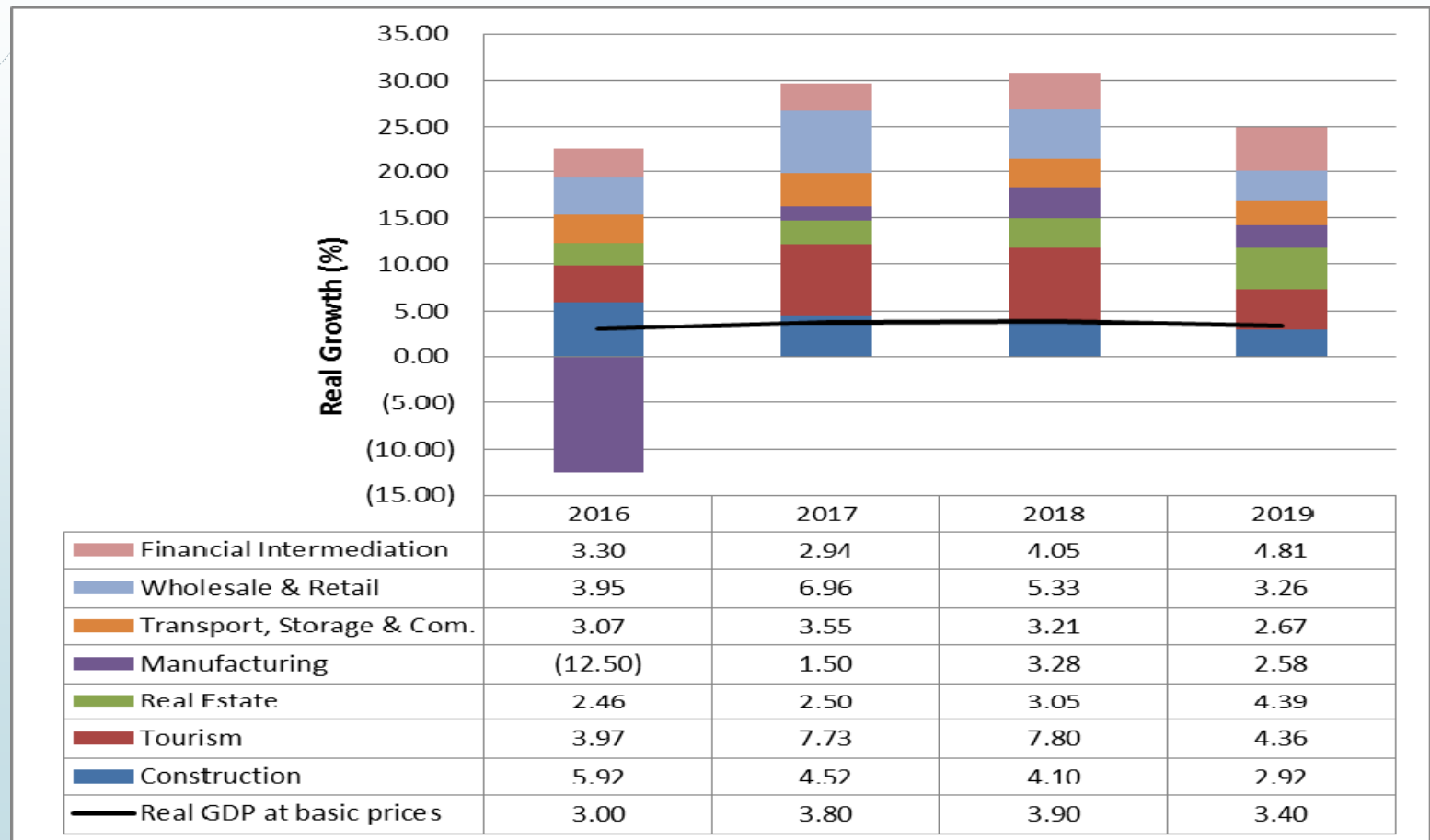
2016 Projected Key Growth Sectors

| Sectors | Growth Rate (%) | Underlying Assumptions |
|--------------------------------------|-----------------|--|
| Construction | 5.9 | Restart of major projects |
| Tourism | 4.0 | Increased airlift and availability of additional hotel rooms |
| Wholesale and Retail | 4.0 | Increased tourism and construction activities as well as consumer spending |
| Financial Intermediation | 3.3 | Growth in loans and advances |
| Transport, Storage and Communication | 3.1 | Increased tourism and construction activities |

2016 Comparative Growth Performance



GDP Growth – Medium Term Outlook

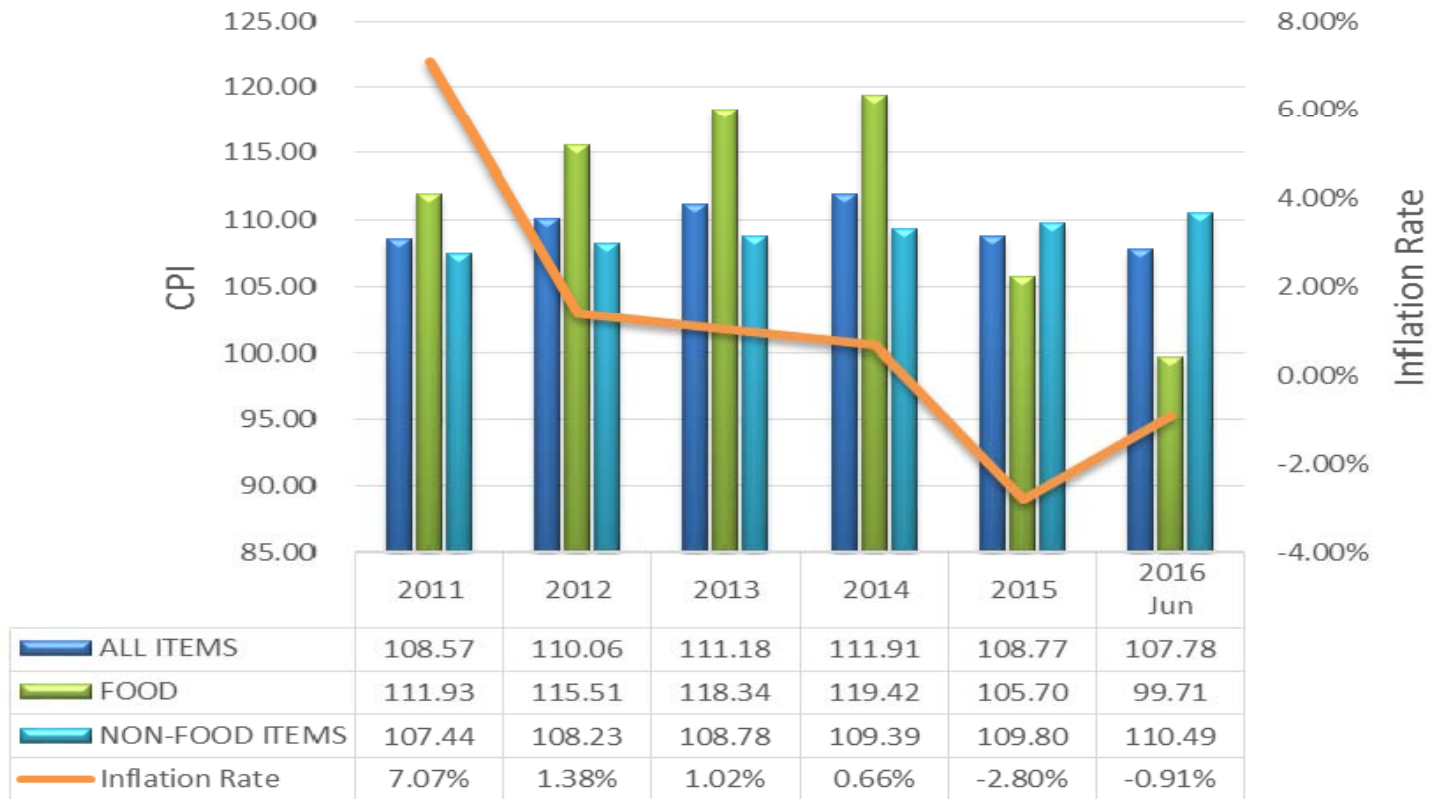




Risks to Medium Term Outlook

- Slow implementation of major real estate construction projects
- Sustaining a healthy pipeline of private sector investment projects
- Slow recovery of the Manufacturing Sector
- Threat of natural disasters

Inflation



Fiscal and Debt Performance

| Fiscal Indicators | 2014 | 2015p | Projected 2016 |
|-----------------------------------|---|--|--|
| Wage Bill | 8.4% of GDP | 8.2% of GDP | 8.6% of GDP |
| Debt Service | 8.2% of GDP | 9.5% of GDP | 3.1% of GDP |
| Non-Discretionary Expenditure | 10.4% of GDP & 39.9% of Total Expenditure | 9.7% of GDP & 34.4% of Total Expenditure | 9.7% of GDP & 38.9% of Total Expenditure |
| Tax Revenue/Recurrent Expenditure | 79.0% | 78.9% | 77.3% |
| Overall Balance | 10.2% of GDP | 5.5% | 6.4% of GDP |
| Primary Balance | 12.2% of GDP | 7.0% | 7.5% of GDP |
| Debt Stock | 76.9% of GDP | 65.9% of GDP | 66.5% of GDP |



Medium Term Fiscal Framework: Objectives

- Building resilience of the macroeconomic performance to external shocks
- Actively managing the Citizenship by Investment inflows
- Containing discretionary expenditure
- Further debt reduction

Medium Term Fiscal Framework: Results

| Central Government Fiscal Balances | 2016 Projected | 2017 | 2018 | 2019 |
|---------------------------------------|----------------|-------------|-------------|-------------|
| Total Revenue and Grants (EC\$m) | 759.4 | 687.7 | 722.5 | 757.6 |
| Total Expenditure (EC\$m) | 604.3 | 632.0 | 655.5 | 681.3 |
| Overall Balance (EC\$m) (% of GDP) | 155.1 6.4 | 55.7 2.2 | 67.0 2.5 | 76.3 2.7 |
| Primary Balance (EC\$m) (% of GDP) | 181.4 7.5 | 79.9 3.6 | 90.3 3.3 | 99.0 3.5 |
| Debt Stock (% of GDP) | 66.5 | 61.0 | 54.2 | 49.0 |



THANK YOU