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Global Market Outlook

What will 2012 hold for Investors?





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Regional Economic Review and Outlook

Carole Eleuthere-JnMarie

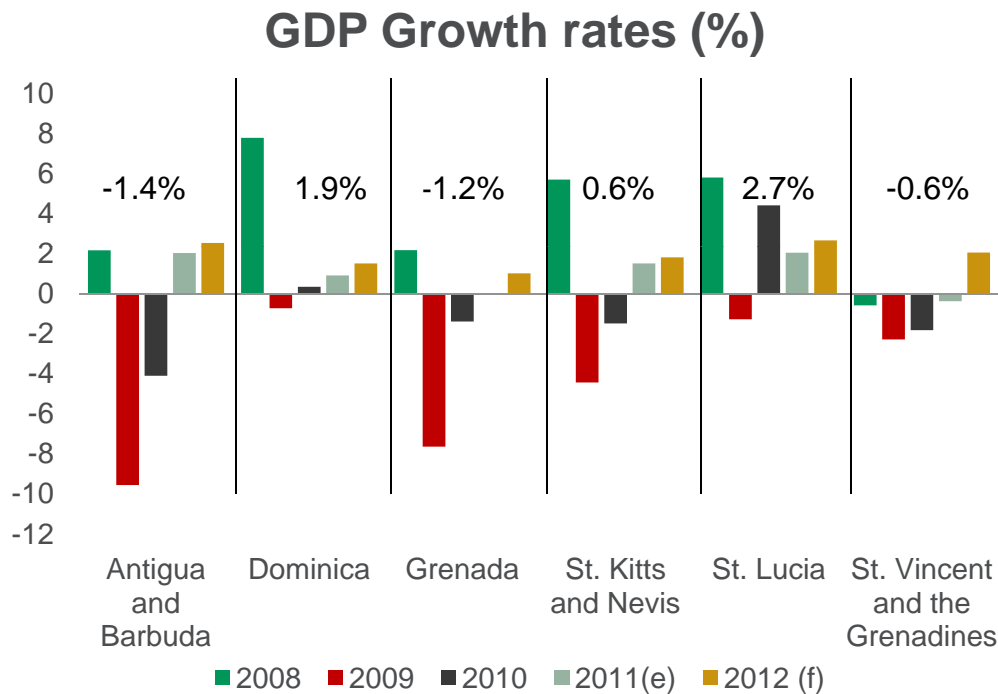
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ECCU

GDP Growth

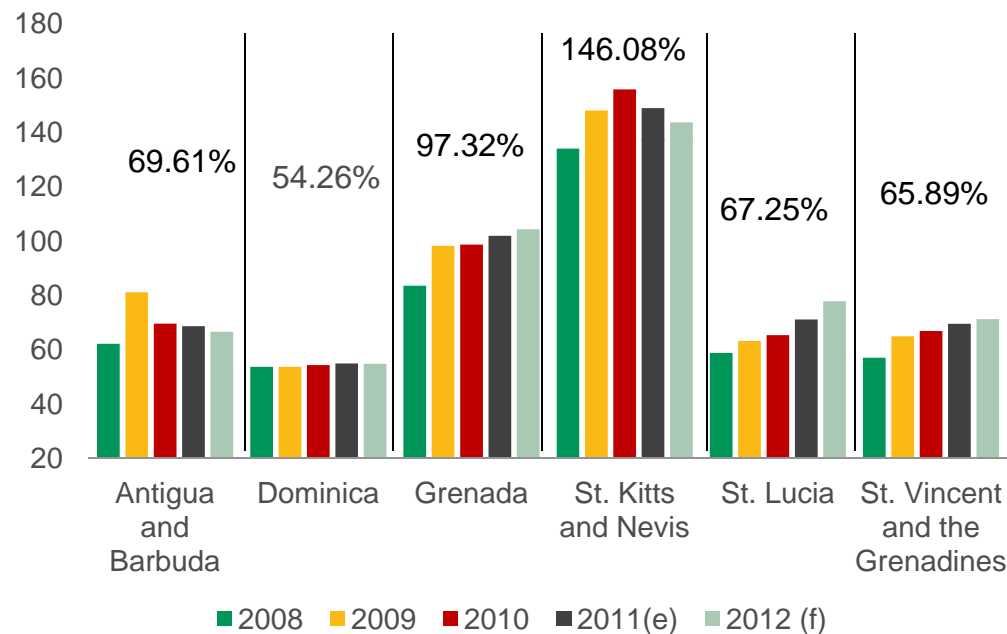


- Region is estimated to have experienced little growth in 2011
- Tourist activity contributed to stronger growth in second half of 2011
- St. Lucia post strong growth relative to members

Source: IMF, World Economic and Financial Surveys, September 2011

Public Sector Debt (Percentage of GDP)

**General Government Gross Debt
(% of GDP)**



- Debt continues to pose a challenge for the region

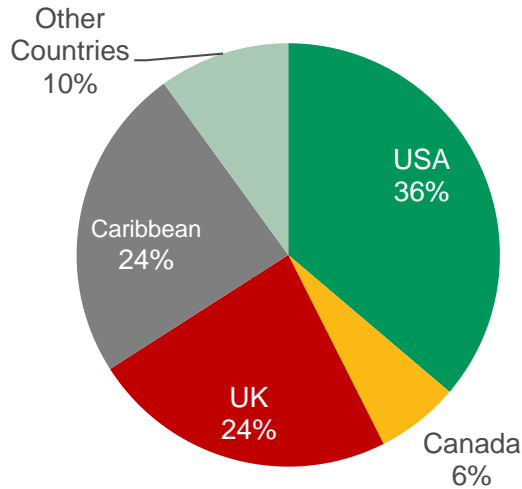
- St. Kitts and Nevis: highest debt and is currently in debt restructuring talks

- Can these levels be sustained?

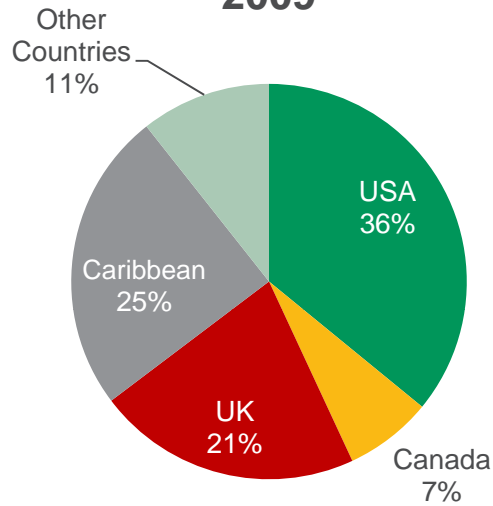
Source: IMF, World Economic and Financial Surveys, September 2011

Tourism

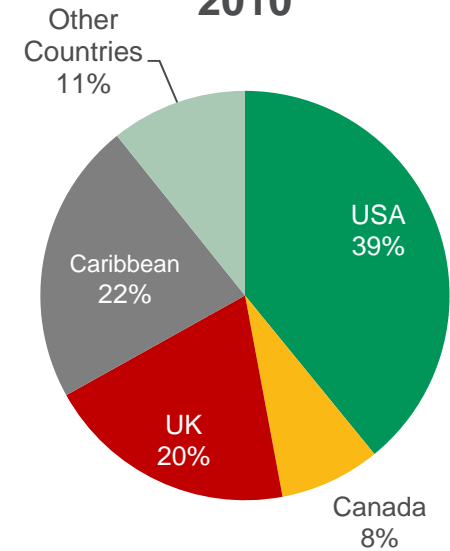
2008



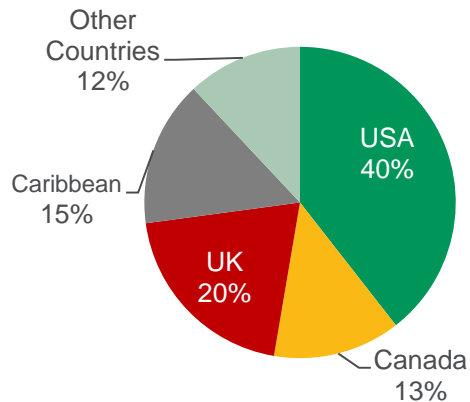
2009



2010



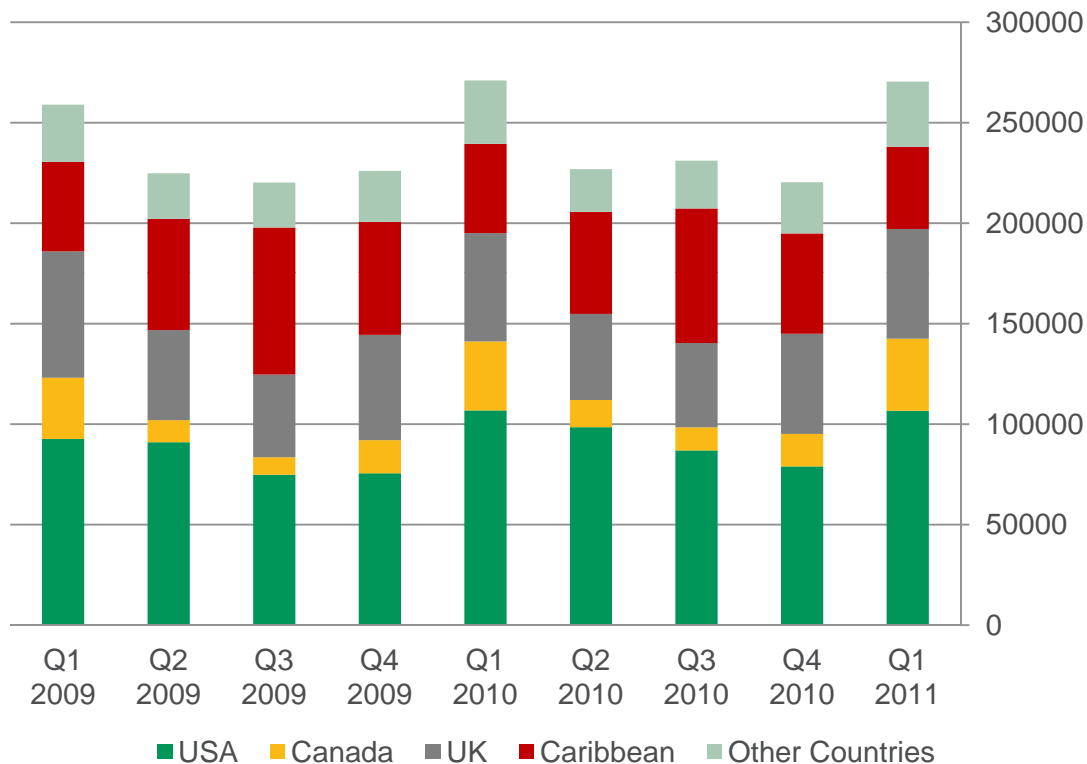
Q1 2011



- USA remains main source of tourism
- Caribbean a viable option and can be explored
- Uncertainty in developed markets pose risks

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Tourism – Stay over arrivals

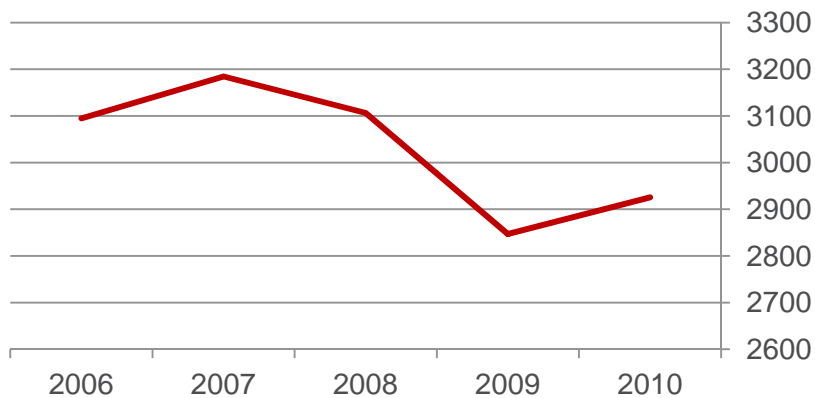


- Stay over arrivals crucial for revenue
- Again USA remains vital
- Numbers still low, though stronger showing signs of improvement

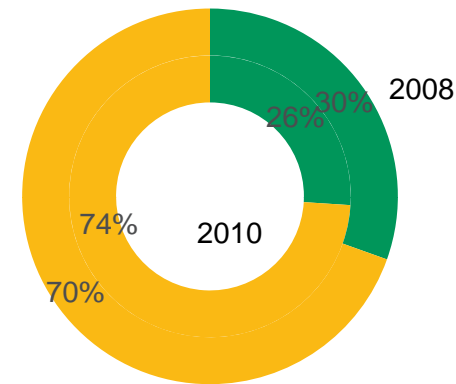
Source: Eastern Caribbean Central Bank

A Closer Look at Visitors

Total Visitor Expenditures (EC\$M)



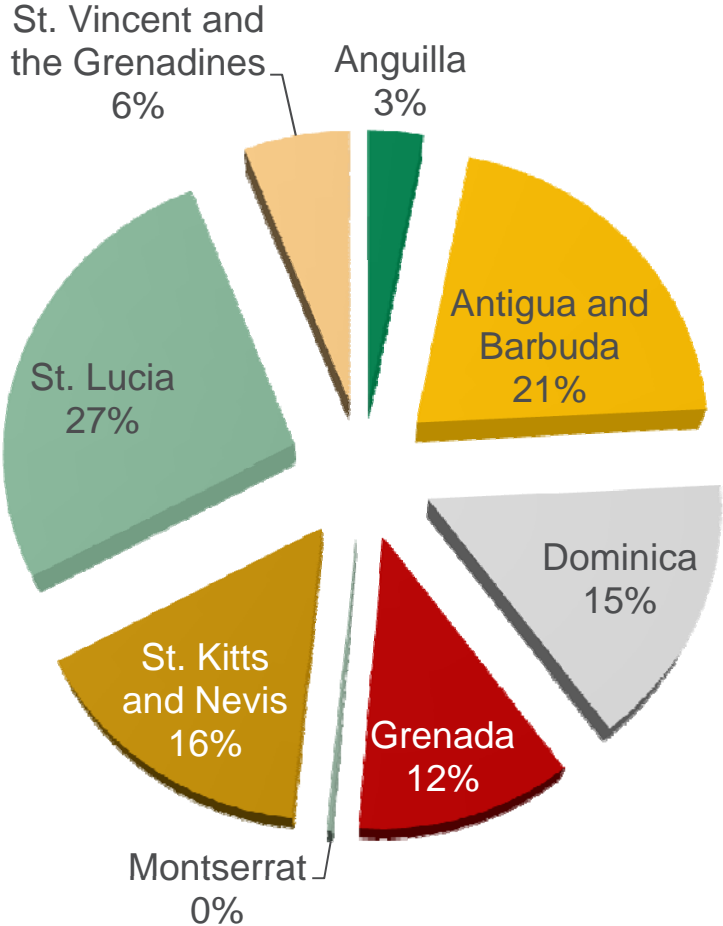
Visitor Composition



■ Stay Over Visitors ■ Cruise Ship Passengers

- Expenditure from tourism low, but improving
- Cruise ship passengers on the rise
- Preliminary data for 2011, show that stay over visitors have increased

Tourism Market of ECCU



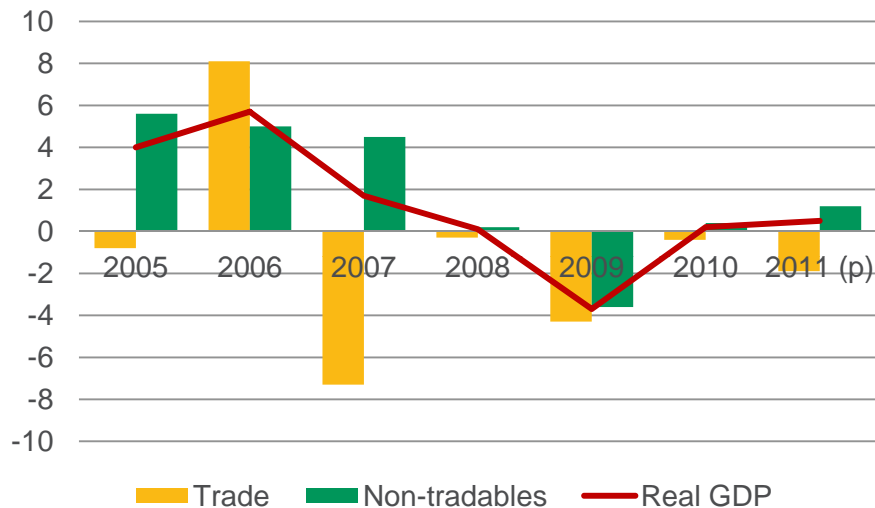


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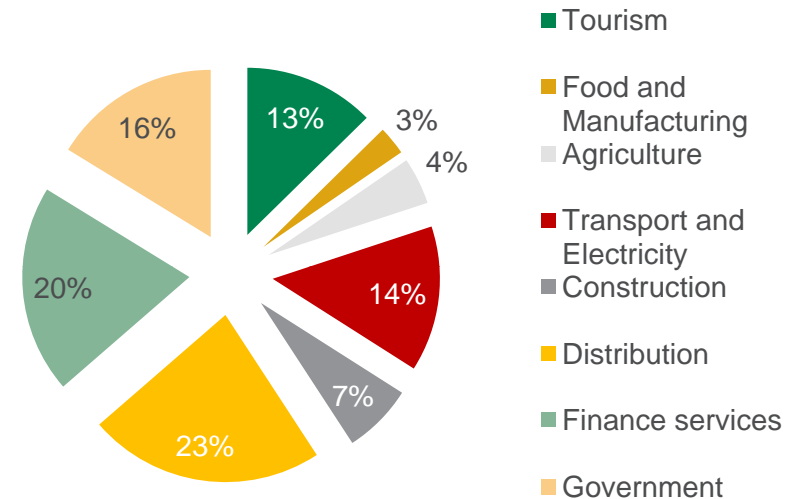
Barbados

GDP

Economic Activity



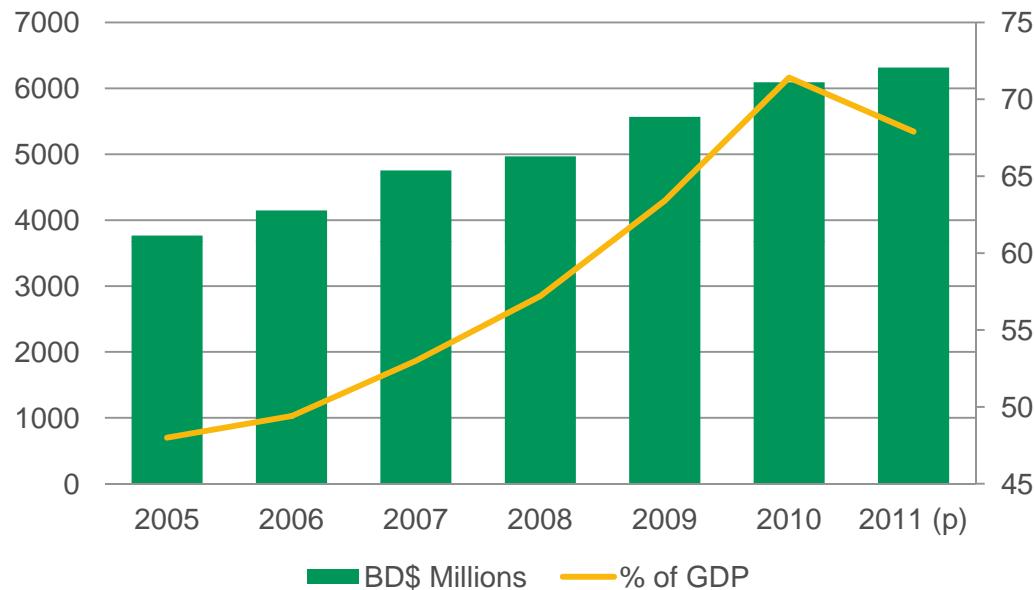
Average Contribution to GDP



- Economic growth improved estimated at 0.5% in 2011
- Tourism showed little impetus in 2011
- Construction was main driver as initiatives to boost tourism were undertaken

Debt

Gross General Government Debt

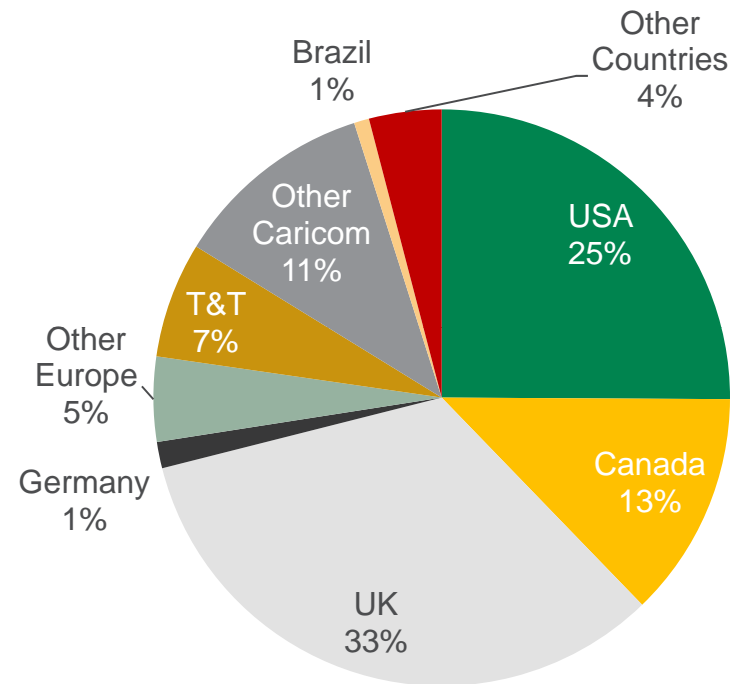


- Debt was a key challenge in 2011
- Steady increase over the last six years affected its sovereign rating

- Austerity measures have helped curtailed debt levels
- Government has shown willingness to manage debt
- Uncertain global outlook pose risks

Tourism

Major Markets	2011 (P)	% Change from 2010
USA	142,458	5.5
Canada	71,970	-0.5
UK	189,107	4.4
Germany	8,404	15.8
Other Europe	27,020	12.8
T&T	36,850	35.2
Other Caricom	64,201	9.0
Brazil	4,842	106
Other Countries	23,052	-4.2
Total Arrivals	567,904	6.7



Developed markets account for over 60% of tourism source

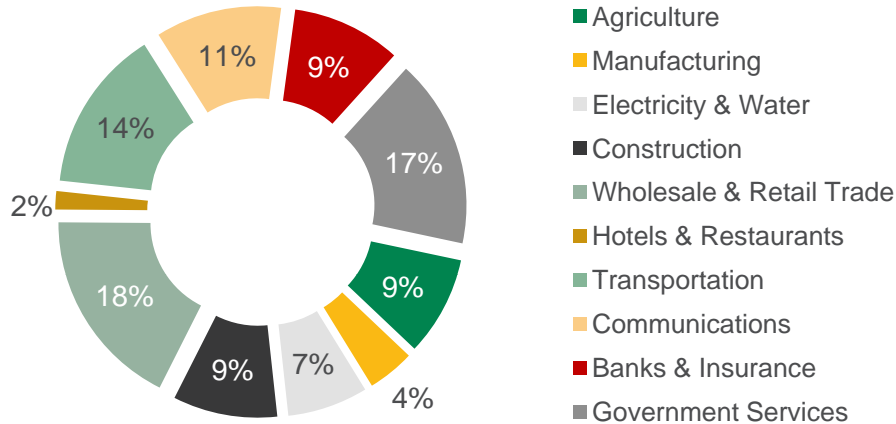


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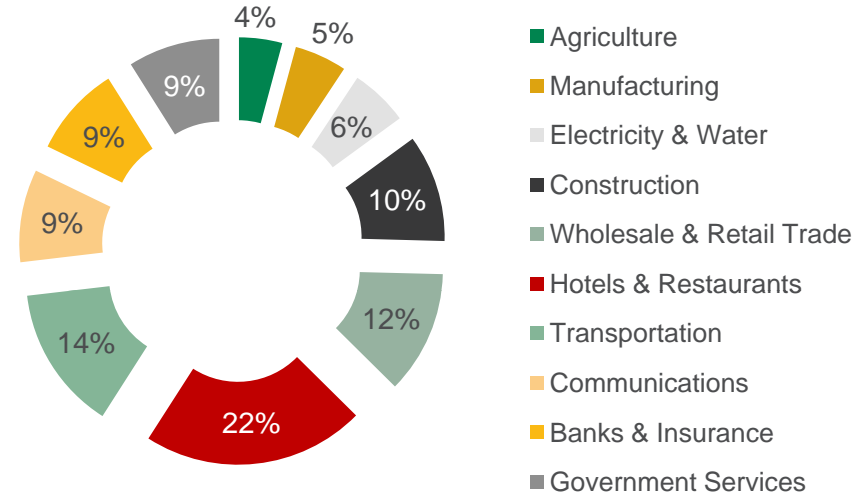
Regional

GDP Composition

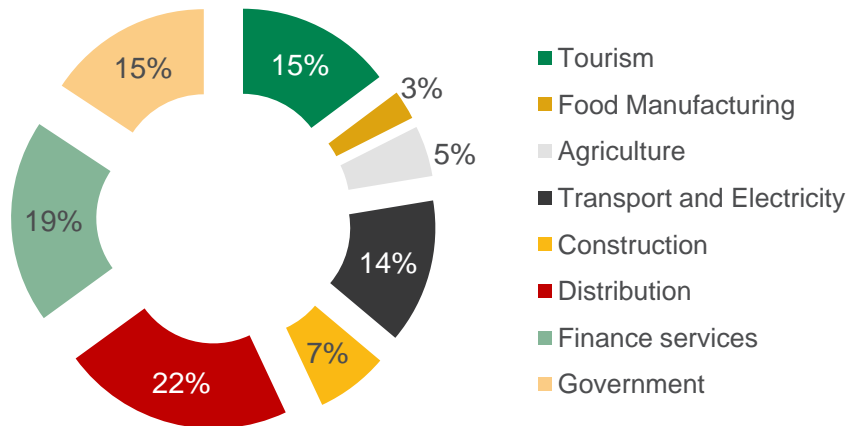
St. Vincent and the Grenadines



St. Lucia



Barbados

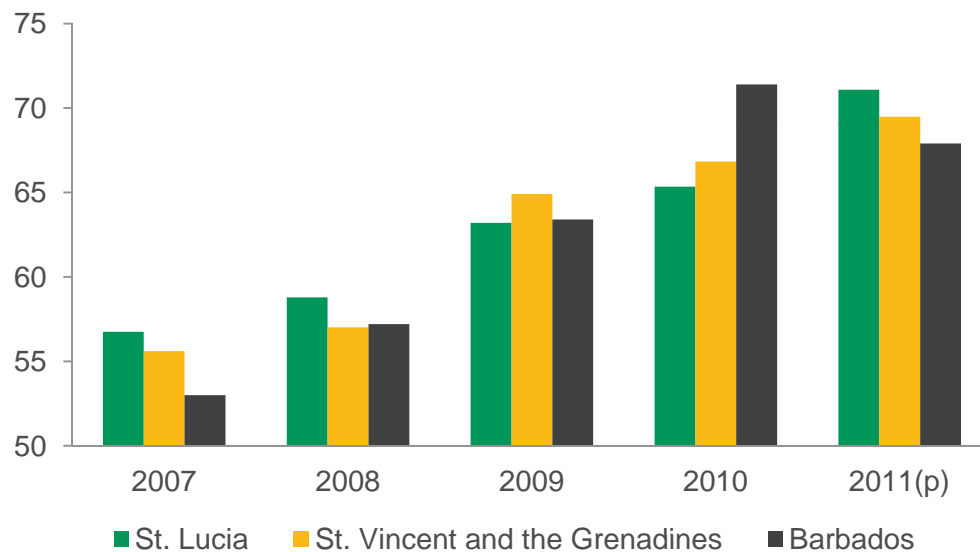


- Varies across the region
- Tourism key in St. Lucia and Barbados
- Government services relatively large for SVG

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Debt to GDP

Gross Government Debt to GDP (%)

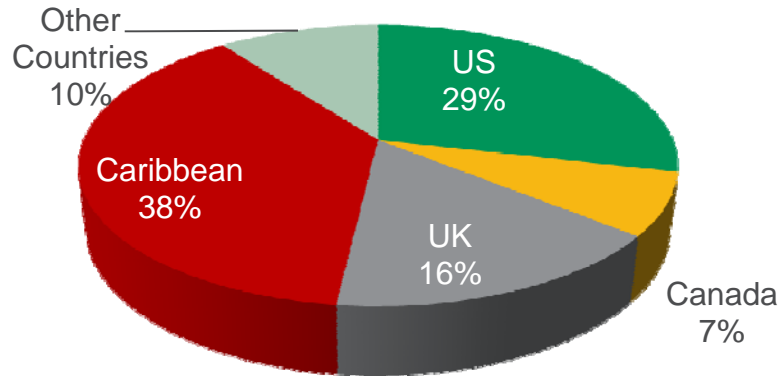


- Biggest challenge for the region
- Some improvement for Barbados at the end of 2011
- Uncertainty of global growth adds to the challenge

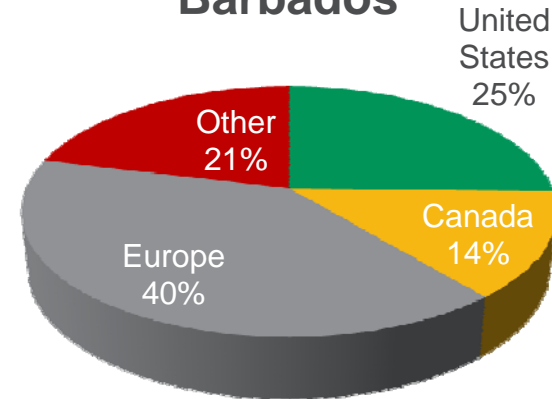
Source: Eastern Caribbean Central Bank and Central Bank of Barbados

Tourism

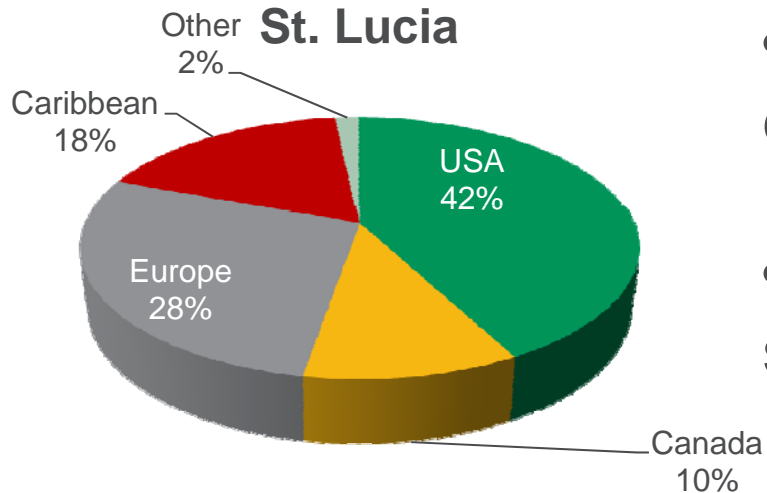
St. Vincent and the Grenadines



Barbados



St. Lucia



- Heavy dependence on developed markets pose risk

- Alternative source markets should be explored

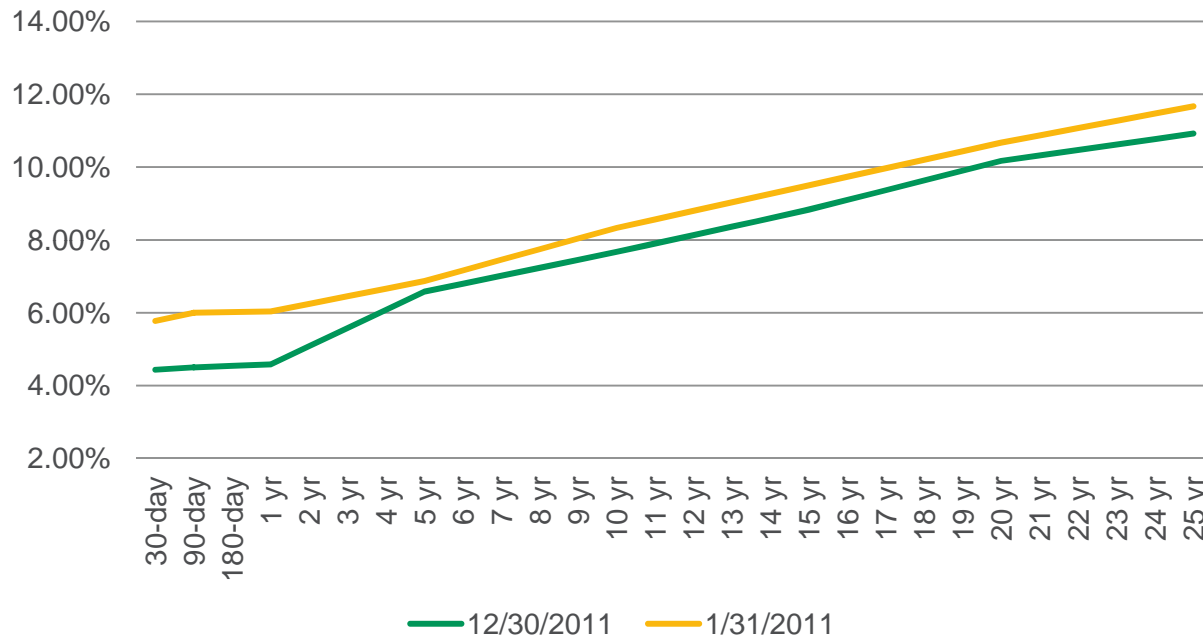


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Capital Markets

Yield Curves

XCD Yield Curve



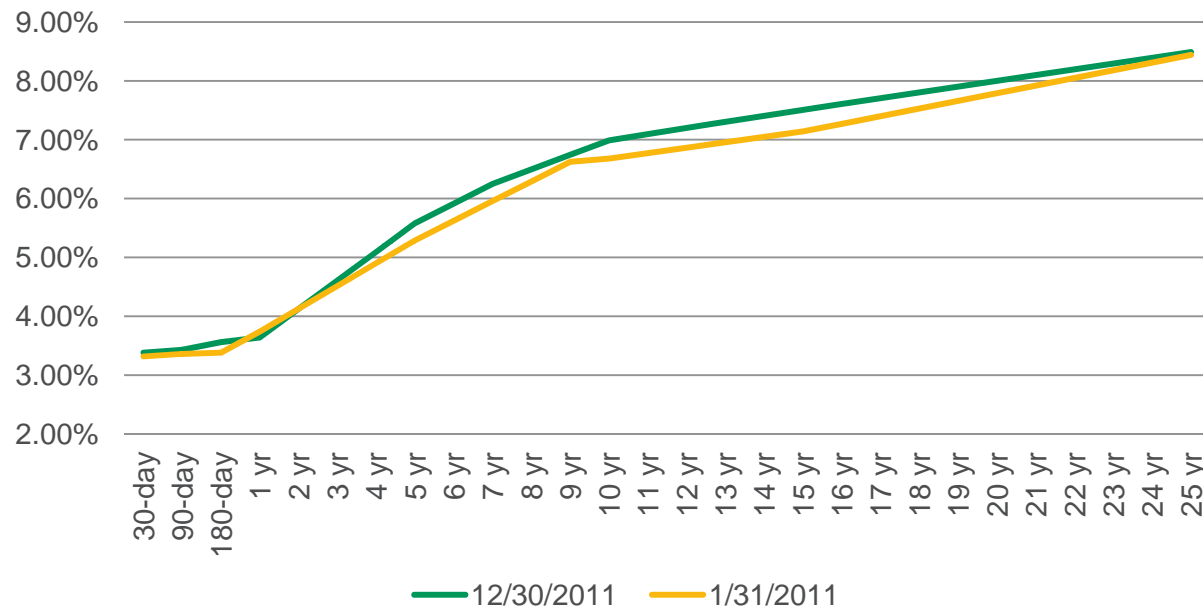
- Activity was primarily limited on the short term with T-Bill issues across the ECCU region
- New government bond issues were almost non-existent most of the year

3 month Treasury 2011	6 month Treasury 2011
4.58%	4.54%

Source: First Citizens Investment Services Research

Yield Curves

BBD Yield Curve



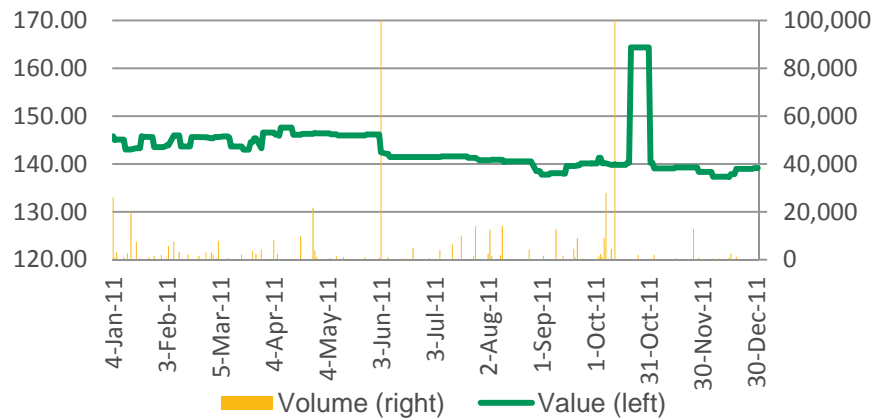
- T-Bill issue yield were little changed throughout the year
- New government security issues varied across the curve but were primarily medium term in tenor

3 month Treasury 2011	6 month Treasury 2011
3.41%	3.42%

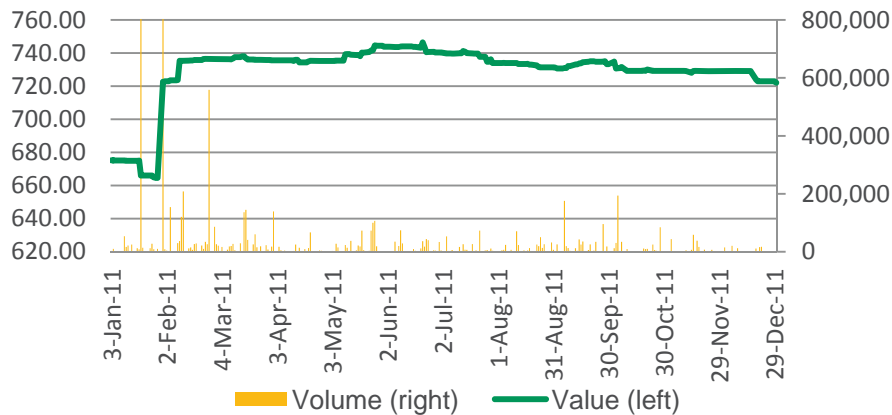
Source: First Citizens Investment Services Research

Equity Markets

ECSE Market Performance



BSE Market Performance



Market	2011 Return	5 yr Return
ECSE	-3.87%	27.39%
BSE	6.95%	-30.23%



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Outlook

Forecasts

	ECCU	Barbados
Growth	0.5% - 1.5%	0% - 1%
Inflation	2% - 4%	8% - 10%
Unemployment	15% - 18%*	11% - 13%

* Data as at June 2011

2012....?

- Tepid growth is forecasted for the ECCU region
- Uncertainty in Europe is likely to cloud global growth prospects, impacting tourism
- Debt will continue to be at the forefront especially with fiscal policy already limited
- Barbados will be tested, especially with current sovereign negative rating outlooks
- Vulnerability to natural disasters remain a concern

THANK YOU

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Research Department

iQ

research@firstcitizenstt.com

www.firstcitizensinvestment.com