CariCRIS

Caribbean Information & Credit Rating Services Limited

CARICRIS IS THE CARIBBEAN'S REGIONAL CREDIT RATING AGENCY. IT IS A UNIQUE MARKET-DRIVEN INITIATIVE AIMED AT FOSTERING AND SUPPORTING THE DEVELOPMENT OF REGIONAL DEBT MARKETS IN THE CARIBBEAN.

DAILY NEWSWIRE

FOR COMMENTS AND QUERIES CALL:
1-(868)-627-8879
or E-mail: newswire@caricris.com

CariCRIS

Caribbean Information & Credit Rating Services Limited

DAILY NEWSWIRE

OUR UPCOMING WORKSHOPS!

WORKSHOP	DATE	COUNTRY
Operational Risk Management in Financial Institutions	16 & 17 November 2017	Trinidad

Please contact Prudence Charles (pcharles@caricris.com) or Sita Sonnyram (ssonnyram@caricris.com) to register

Latest Rating Actions by CariCRIS

- The Government of the Republic of Trinidad and Tobago's rating reaffirmed at *Cari***AA+**
- The Government of Saint Lucia's ratings for its proposed bond issues assigned at *Cari***BBB**
- Goddard Enterprises Limited's rating reaffirmed at *Cari***AA-**
- Development Bank of Jamaica Limited's rating reaffirmed at *Cari***BBB+**
- The Government of Saint Lucia's rating reaffirmed at *Cari***BBB**
- The Government of the Commonwealth of Dominica's rating reaffirmed at *Cari***BB+**
- Bourse Securities Limited's rating reaffirmed at *Cari***A-**
- Eastern Caribbean Home Mortgage Bank's rating reaffirmed at *Cari***BBB+**
- RHAND Credit Union Co-operative Society Limited's rating reaffirmed at *Cari***BBB-**
- Point Lisas Industrial Port Development Corporation Limited's rating reaffirmed at *Cari***A+**
- The Government of the British Virgin Islands' initial issuer rating assigned at *Cari***AA-**
- NCB Capital Markets Limited's initial issue rating assigned at *Cari***BBB-**
- VENTURE Credit Union Co-operative Society Limited's rating reaffirmed at *Cari***BBB-**

- Please visit our website at www.caricris.com for the detailed Rationales on these and other ratings

Benefits of a CariCRIS Credit Risk Analysis workshop:

- Learn credit risk analysis through a structured and practical approach relevant to the Caribbean
- Develop a comprehensive understanding of how to evaluate the risk of common industries in the Caribbean
- Develop a keen understanding of business/financial risks and their potential impact on future financial performance

REGIONAL

Trinidad and Tobago

Fuel subsidy cut saves Govt $550M
Monday's cut in the fuel subsidy will see Government saving $550 million.

Finance Minister says all must share in adjustment
Finance Minister Colm Imbert yesterday appealed to citizens to play their part in dealing with the burden of adjustments.

RBC MD: We are prepared to share burden of adjustment
Managing director of RBC Royal Bank T&T, Darryl White has given his commitment to share in the burden of adjustment, as commercial banks now have to pay to 35 per cent corporation tax from January 1, 2018.

Massy adds $1.01
Overall Market activity resulted from trading in 12 securities of which 4 advanced, 2 declined and 6 traded firm.

Jamaica

Jamaican tourism poised for record growth
Minister of tourism, Edmund Bartlett, says reports of an upswing in all major markets and the repositioning of vessels into the island could make 2017 the best year for tourism in Jamaica.

Intralot Sells Stake In Supreme Ventures To Trinidad Partner
Zodiac International Investments, a private company based in Trinidad, is increasing its holdings in Supreme Ventures Limited under a US$40-million deal with partner Intralot SA to be finalised by year end.

Broker Selected For Wigton IPO
The divestment unit of the Development Bank of Jamaica (DBJ) confirmed that it has selected a broker for the initial public offering of shares in Wigton Windfarm Limited on the Jamaica Stock Exchange.

Barbados

Barbados reviewing its role in CDF
Minister of Finance Chris Sinckler has acknowledged that Barbados is $14 million in the red in terms of its contributions to the Caribbean Community (CARICOM) Development Fund (CDF).

The Bahamas

Baha Mar Gets Top Marketing Honours
Baha Mar yesterday said it had received Gold and Silver honours for excellence in destination marketing at the 2017 Travel Weekly Magellan Awards.

Governor: 'Great Concern' Remains Over Bank Access
The Central Bank's governor yesterday said correspondent bank 'de-risking' remains a "great concern", given that the Bahamas' current economic viability depends on these relationships.

St. Kitts and Nevis

Slothful hotels construction can hamper Tourism Industry
THE Minister of Tourism, Hon. Lindsay Grant, is concerned about the slothful movement in the construction of hotels in the Federation.

Panama

Dubai eyes trade links with Panama
The Dubai Chamber of Commerce and Industry concluded a delegation visit to Panama on Monday with the signing of a memorandum of understanding (MoU) with the Panamanian Chamber of Commerce, Industry, and Agriculture.

235 cruise ships to transit Canal
The biggest cruise ship scheduled to pass through the Panama Canal during the 2017-2018 season is still under construction.

Guyana

Declining income… NIS dips into reserves three times this year
The National Insurance Scheme (NIS) continues to face some tough times from declining revenues and little returns from investments.

IDB helps GRA craft five-year strategic plan for oil sector
The Inter-American Development Bank (IDB) is currently helping the Guyana Revenue Authority (GRA) craft a five-year strategic plan for the oil and gas sector which is expected to account for at least 35 percent of the economy. This is according to GRA Commissioner General, Godfrey Statia.

Antigua & Barbuda

Antigua-Barbuda stands in solidarity with Dominica
Prime Minister of Antigua and Barbuda Gaston Browne has given a pledge to stand in solidarity with his friend and colleague Prime Minister Roosevelt Skerrit of Dominica, as that country grapples with the rebuilding process following the devastation caused by the passage of Hurricane Maria two weeks ago.

China donates US$2.5 million to Barbuda hurricane relief efforts
The government of China has announced that it will donate US$2.5 million to support the government of Antigua and Barbuda's efforts to rebuild Barbuda, which was decimated by Hurricane Irma a few weeks ago.

British Virgin Islands

BVI premier addresses financial services industry
Premier and minister for finance, Dr Orlando Smith, addressed leaders of the British Virgin Islands' financial services industry at an update meeting hosted by BVI Finance.

Costa Rica

Foreign Ministry signs agreements with United Arab Emirates
Officials from Costa Rica and the United Arab Emirates signed tax and reciprocal investment agreements in San José Monday following bilateral meetings at the Casa Amarilla, or Foreign Ministry, in Barrio Amón.

Other Regional

UN says recovery of eastern Caribbean could cost US$1 billion
The recovery of eastern Caribbean islands hardest hit by recent hurricanes, including Dominica, Barbuda, Turks and Caicos, the British Virgin Islands and Anguilla, could cost up to US$1 billion, a senior UN official said Tuesday.

INTERNATIONAL

United States

Dollar rally stalls on talk of more dovish Fed chair
The dollar dropped back from seven-week highs on Wednesday, amid speculation that U.S. President Donald Trump's choice for the next head of the Federal Reserve could be a less hawkish candidate than had previously been expected.

Wall Street slightly lower ahead of private jobs data
U.S. stock index futures pointed to lower opening on Wednesday after two days of record highs, as investors braced for three days of major economic data and the launch of the quarterly earnings season.

Fed chief needs "flexibility of mind" in tough times: Fischer
Any new Head of the Federal Reserve will need to have the "flexibility of mind" to change tack during acute periods of crisis, the U.S. central bank's outgoing Vice-Chairman Stanley Fischer said on Wednesday.

United Kingdom

Sterling near day's highs on robust PMI data
Sterling held near the day's highs on Wednesday after a survey of Britain's dominant services sector showed growth sped up unexpectedly last month.

S&P says Bank of England is talking up sterling to fight inflation
Ratings agency Standard & Poor's says it is "a bit skeptical" about Britain's need for an interest rate hike soon, and that recent Bank of England comments that one may be in the offing seem designed to push up sterling and cool inflation.

United Kingdom Cont'd

UK economy stuck in low gear, worries grow as BoE readies rate hike -PMI
Britain's economy remains stuck in low gear but price pressures are rising again, according to surveys on Wednesday that will probably keep the Bank of England on track to raise interest rates soon.

Europe

From Trumpflation to Deutsche-boom? Schaeuble exit raises market hopes
Investors are on standby for Europe's own version of the Trumpflation trade in case Wolfgang Schaeuble's successor at the German Finance Ministry directs the country's massive surpluses towards tax cuts and spending.

Euro zone firms struggle to keep up with surging demand in September: PMI
Business across the euro zone grew rapidly in September as firms struggled to keep up with demand, a survey showed on Wednesday, with October looking likely to be lively as well.

ECB tells banks to set aside more cash on bad loans
The European Central Bank will ask euro zone banks from next year to set aside more cash to cover newly classified bad loans and may also present additional measures to tackle the sector's huge stock of bad debt, it said on Wednesday.

China

China September data to show steady growth ahead of key Communist Party congress
Chinese data in coming weeks is expected to deliver exactly what its leaders want to hear ahead of a highly sensitive Communist Party Congress - the country's economic growth remains robust and resilient even as they work to get debt risks under control.

India

India's bonds slump; RBI raises CPI forecasts, cuts SLR
India's benchmark 10-year bond slumped to its lowest level in nearly five months after the central bank raised inflation projections, sharply reducing the prospect of rate cuts, while lowering the mandatory amount of bonds banks must keep with it.

India Cont'd

India extends $4.5 bln in project finance to Bangladesh

India on Wednesday signed a pact with Bangladesh extending a credit line of $4.5 billion for several infrastructure projects, as New Delhi tries to expand its influence over its smaller neighbour in the face of growing competition from China.

Global

Oil prices slip as markets eye rising U.S. crude output

Oil prices fell on Wednesday, pulled down by caution that rising U.S. crude output could scupper a rally that lasted for most of the third quarter.

IEA lifts five-year renewables forecast after record 2016

The International Energy Agency (IEA) raised its forecasts on Wednesday for renewable energy over the next five years following a record 2016, adding that renewables growth is squeezing natural gas and coal.

CariCRIS
Caribbean Information & Credit Rating Services Limited

FULL ARTICLES

Fuel subsidy cut saves Govt $550M

Wednesday 4th October, 2017 – Trinidad and Tobago Guardian

Monday's cut in the fuel subsidy will see Government saving $550 million.

This was revealed by Finance Minister Colm Imbert yesterday following the T&T Chamber of Industry and Commerce's annual Post-Budget Analysis Meeting with the business community at the Hyatt Regency, Port-of-Spain.

With the price of super gasoline moving from $3.58 to $3.97 per litre and diesel increasing from $2.30 to $3.40 per litre at the pumps with immediate effect, Imbert was asked how much money Government expected to save having steadily removed the subsidy over continuous budgets.

"That is going to give us about $550 million with the changes in fuel prices. This is a significant amount," Imbert said.

He said the $550 million which Government will save in its coffers will be for fiscal 2018. He said in 2017 Government had spent about $800 million in fuel subsidy, but when they came into office in 2015 the fuel subsidy was approximately "$1.5 billion."

With the two decreases in the fuel subsidy in the last few months, Imbert said the figure had dropped to a staggering $800 million.

"Now it will go to zero. So the total savings over the last two years is about $1.5 billion."

In delivering the feature address at the meeting, Imbert admitted that the removal of the subsidy will no doubt affect the ordinary man.

"It will increase the cost of transportation and that will find its way into the cost of goods and services. But we felt that we could not continue with two subsidised motor fuels to the extent that we had in the past."

Noting that in 2014 the fuel subsidy had reached $7 billion, Imbert said, "If you look at that very carefully, what is a better use for that $7 billion?"

Answering his own question, he said $7 billion could be better used to stimulate the economy through incentivised programmes or provide help for the poor and vulnerable.

"We felt that over time we had to remove the fuel subsidy."

<< Back to news headlines >>

Finance Minister says all must share in adjustment

Wednesday 4th October, 2017 – Trinidad and Tobago Guardian

Finance Minister Colm Imbert yesterday appealed to citizens to play their part in dealing with the burden of adjustments.

If this is done, Imbert said he was hopeful that some of the taxes imposed in Monday's budget presentation could be a temporary measure.

Imbert could not stop emphasising how important it was for everyone to shoulder the burden of adjustments, as when he delivered the feature address at the T&T Chamber of Industry and Commerce annual post-budget analysis meeting at the Hyatt Regency, Port-of-Spain.

In going forward, Imbert said Government needed to make swift cuts and changes for T&T's economy to grow.

Among the changes Imbert spoke about was the implementation of new water and electricity rates, which the Regulated Industries Commission (RIC) is charged with doing.

"Water and electricity rates are not set by the Government. I cannot get up tomorrow morning and instruct WASA to double its rates or tell T&TEC to double its rates."

In the past, Imbert said politicians had instructed the RIC to hold its hand in increasing the utility rates.

"This Government is not going to do that. We are going to allow that institution to do what it is supposed to do… to take a dispassionate look at the utility rates. Tell us what the actual rates should be. Let the country know what the actual rates should be. And then the Government will make decisions as to what level of subsidy we should or could afford."

Government spends $3.5 billion to subsidise water and electricity rates.

Imbert also assured that Government would ensure that Petrotrin pays its annual taxes.

"It is against the law for a company not to pay taxes, but Petrotrin has been allowed to do that. That too will come to an end because the imperatives of adjustment demand that these things come to an end."

He said the country has to understand that the Government had lost $20 billion in this year's budget.

"We're earning $35 billion but the people want us to spend $55 billion. Can you imagine what would happen if we cut expenditure to $35 billion? What would happen? We would have to send home 20,000 public servants."

Imbert said Government has to take a soft landing in what they do.

"We are asking everyone to share in the burden. Nobody likes to pay more taxes and to pay more for goods and services, but understand that T&T is in a very difficult situation."

Imbert said he was hopeful that market forces will play their part and some of the tax measures imposed will be temporary.

"It will only be temporary if everybody plays their part. We all are in this together."

In going forward, Imbert admitted Government would have a lot of work to do, stating one of the problems they we were faced with was bureaucracy.

"We are acutely aware of that.This is the year of implementation. If we don't walk the walk instead of just ole talk in 2018 we will not survive as a country. We are committed to doing that."

<< Back to news headlines >>

CariCRIS
Caribbean Information & Credit Rating Services Limited

RBC MD: We are prepared to share burden of adjustment

Wednesday 4th October, 2017 – Trinidad and Tobago Guardian

Managing director of RBC Royal Bank T&T, Darryl White has given his commitment to share in the burden of adjustment, as commercial banks now have to pay to 35 per cent corporation tax from January 1, 2018.

White was shared his views with media following yesterday's T&T Chamber of Industry and Commerce annual post-budget analysis meeting at the Hyatt Regency, Port-of-Spain.

In delivering the feature address at the meeting, Finance Minister Colm Imbert said the tax imposed had angered banks.

Asked about his position on the tax increase, White said "We understand that there is an adjustment required."

While Government has to make decisions, White said banks have always been law-abiding, responsible, respectful and pay their taxes.

Asked about his thoughts on the budget, White said the measure implemented by Imbert was expected for some time now.

"People would have been thinking this would have happened a couple of years ago."

He said what Imbert raised in the budget are realities T&T have been experiencing and grappling with.

Questioned what impact the 35 per cent tax will have on commercial banks since customers are expecting rates and charges to increase, White could not say if banks will absorb the cost or pass it on to its customers.

He said certain details are yet be fleshed out.

"From what I heard there is a freeze going with that with regard to fees and the like. All enterprises have to adjust to the circumstance that we are facing. So if this is the circumstance, well we know that enterprises will look and see how they adjust."

White said the intentions of the banks have always been to share in the adjustments.

"We understand this is what is required of banks."

He said while there are always conversations about the profit of banks "it's interesting that if you look at the bank taxes this time around the Government does not really lose."

Where the Government owns a bank, White said their revenue "is really not impacted. Because on one hand they collect on taxes and on the other hand they collect dividends. But if you think of the dividends who are not the Government…the dividend holders which is the general public, so what you would expect is that it might have some impact on dividends once profits go down."

White said if T&T had a perfect capital market, you would see the share price of banks being affected.

Questioned about the reaction of RBC Royal Bank T&T's parent company to the tax news White said: ""I don't think it would shake RBC so to speak. We are still one of the strongest banks in the world. We will adjust to circumstances. It's a reality of the competitive space."

<< Back to news headlines >>

Massy adds $1.01

Wednesday 4th October, 2017 – Trinidad and Tobago Guardian

Overall Market activity resulted from trading in 12 securities of which 4 advanced, 2 declined and 6 traded firm.

Trading activity on the First Tier Market registered a volume of 214,351 shares crossing the floor of the Exchange valued at $3,368,666.80.

Angostura Holdings was the volume leader with 187,946 shares changing hands for a value of $2,847,381.90, followed by NCB Financial Group with a volume of 10,000 shares being traded for $51,600.00.

Scotiabank T&T contributed 6,458 shares with a value of $374,886.90, while Trinidad Cement Limited added 3,000 shares valued at $12,600.00.

Massy Holdings registered the day's largest gain, increasing $1.01 to end the day at $50.00.

Conversely, Angostura Holdings registered the day's largest decline, falling $0.08 to close at $15.15.

Clico Investment Fund was the only active security on the Mutual Fund Market, posting a volume of 6,862 shares valued at $147,602.24.

Clico Investment Fund remained at $21.51

<< Back to news headlines >>

Foreign Ministry signs agreements with United Arab Emirates

Wednesday 4th October, 2017 – Tico Times News

Officials from Costa Rica and the United Arab Emirates signed tax and reciprocal investment agreements in San José Monday following bilateral meetings at the Casa Amarilla, or Foreign Ministry, in Barrio Amón.

Foreign Minister Manuel González said the meetings built on exchanges in recent months, including President Luis Guillermo Solís' visit to the UAE in January, as well as the visit to Costa Rica of Sheikh Abdullah Bin Zayed Al-Nahyan in 2016. González said in a statement from the Foreign Ministry that he hopes for "increased levels of trade and investment for a deeper understanding between our countries and our societies."

<< Back to news headlines >>

Intralot Sells Stake In Supreme Ventures To Trinidad Partner

Wednesday 4th October, 2017 – Jamaica Gleaner

Zodiac International Investments, a private company based in Trinidad, is increasing its holdings in Supreme Ventures Limited under a US$40-million deal with partner Intralot SA to be finalised by year end.

Zodiac is acquiring Intralot SA's 50.05 per cent holding in Intralot Caribbean Ventures Limited, increasing its stake in that company. Intralot Caribbean holds a 49.9 per cent stake in Supreme Ventures, giving Zodiac, a bigger hold on the Jamaican operation as Intralot reduces its Jamaican footprint.

Zodiac's current holding in Supreme Ventures is 24.95 per cent, but would double once the deal with Intralot closes.

"The deadline agreed for the closing date has been set at 31 December 2017," stated a notice posted Tuesday, October 3, on the Greek stock exchange regarding the transaction. The announcement comes amid market chatter of a bond that is expected to be issued, either in Jamaica or elsewhere in the region linked to the deal.

Zodiac itself has a history with Supreme Ventures beyond its indirect ownership. In December 2014, the Jamaican gaming company's board of directors approved a funding facility equivalent of US$5 million to ICE Jamaica Limited, a company that its subsidiary Prime Sports (Jamaica) Limited is partnering with to develop VLT 'route' gaming infrastructure.

The arrangement provided that Zodiac International Investments and Holdings Limited serves as principal debtor by means of a charge over its shareholding in Intralot, SVL said at the time.

Intralot SA, a listed company established in 1992, is a leading gaming solutions supplier and operator active in 55 regulated jurisdictions around the globe, with a turnover of

€1.32 billion and workforce of approximately 5,300 employees.

Supreme Ventures turns over $44 billion annually. The stock is currently trading at $11, valuing the company at $29 billion.

On Monday, October 2, a new president & CEO took over the running of the company. Ann-Dawn Young Sang replaced Brian George, who passed away last October. Interim CEO James Morrison resigned from Supreme Ventures on September 30, but will continue to serve the company in a consultative capacity.

<< Back to news headlines >>

Broker Selected For Wigton IPO

Wednesday 4th October, 2017 – Jamaica Gleaner

The divestment unit of the Development Bank of Jamaica (DBJ) confirmed that it has selected a broker for the initial public offering of shares in Wigton Windfarm Limited on the Jamaica Stock Exchange.

However, DBJ said it is still finalising the paper work with the broker, whose identity would be disclosed "in due course".

The Government of Jamaica, through the Wigton Windfarm Enterprise Team, is seeking to list Wigton on the market in line with its stated policy to support the local capital market and open up access to ownership of public assets. Wigton's divestment was approved by the Cabinet last October.

The energy company located at Rose Hill in Manchester is described as the Caribbean's largest wind farm. It is a subsidiary of the Petroleum Corporation of Jamaica (PCJ). The DBJ notes on its website that the Government is "assessing the optimal structure of the public share offering that would provide the best value to the PCJ as well as achieve the broader objectives of the GOJ."

Wigton was first commissioned in 2004 as a 20.7 MW wind farm. Six years later, 18 MW was added to its capacity under the Wigton II project. And in June 2016, another 24 MW was commissioned under Wigton III.

The wind farm's total output is now 164,775 MWh per year. It accounts for 6.2 per cent of installed capacity on the national power grid, and 3.7 per cent of Jamaica's electricity generation. Wigton sells the electricity it generates to the Jamaica Public Service Company, operator of the national grid.

Wigton's General Manager Earl Barrett has previously said that wind is currently the cheapest source of power available locally, noting that supplies to the grid cost around US13.5 cents/kWh, while the fuel costs as paid to persons in the net billing programme of the Jamaica Public service Limited are approximately US 23 cents/kWh.

DBJ said the timing of the IPO will be "determined in conjunction with the broker". As to the purpose of the funds to be raised, that will be "detailed in the prospectus at the appropriate time", the development bank said.

"The development of wind farms in Jamaica is dependent on the interest of potential investors to establish same as well as the existing legislation guiding the establishment of various renewable energy sources. Wigton intends to continue as a major player in the production of renewable energy," the DBJ said.

<< Back to news headlines >>

Antigua-Barbuda stands in solidarity with Dominica

Tuesday 3rd October, 2017 – Caribbean News Now

Prime Minister of Antigua and Barbuda Gaston Browne has given a pledge to stand in solidarity with his friend and colleague Prime Minister Roosevelt Skerrit of Dominica, as that country grapples with the rebuilding process following the devastation caused by the passage of Hurricane Maria two weeks ago.

Browne made the pledge during a visit to Dominica on Sunday, accompanied by Trinidadian and international soca star Machel Montano, members of his management team and officials from the Christian Charity Samaritan Purse.

"I am standing with him personally and to let him know that the government and people of Antigua and Barbuda are standing with the Commonwealth of Dominica during this time of need. We have our own difficulties with the rebuilding of Barbuda, which was decimated by hurricane Irma, but we continue to stand with Dominica and to share as much as we can. We want to let the people of Dominica know that anything we can do for them we will definitely not spare any effort," Browne said.

"I am confident that Dominica will rise like a phoenix from the ashes. You are not alone in this. When we had our issues with Barbuda, you came to Antigua to give us comfort. We are one. Fifteen percent of our population comprises Dominicans. There are no other islands like Dominica, Antigua and Barbuda and Montserrat that have a greater relationship. We are one. We are here to stand with you one hundred percent. It's difficult, but you got to be strong," Browne told Skerrit.

Browne said that being on the ground in Dominica and seeing the desolation for himself was heart wrenching and he also recognizes that the damage is more severe than the story that pictures tell.

"It is important for us to let the people of Dominica know and Prime Minister Skerrit, that during this bleak period, when spirits may be low, that they have friends in Antiguans and Barbudans who are standing with them and friends who are doing everything humanly possible to assist with the relief supplies," he said.

Commenting on the rebuilding task in Dominica, Browne said that the task will be daunting as the entire country has been devastated.

"From what I have seen it's like a mangled wreck and I know it must be very difficult for Prime Minister Skerrit, because he would have presided over the enhancement of Dominica for at least a decade, and to have seen a situation where all his personal effort, his blood sweat and tears, and those of the Dominican people literally eroded or destroyed as a result of the passage of the hurricane, that in itself must be unnerving," Browne said.

Browne also stated that the current situation in Dominica would be a serious problem for anyone and must be emotionally painful for Skerrit and the people of Dominica.

"I would like to let them know that they have true genuine friends that will stand with them through thick and thin," he said.

Skerrit welcomed Browne to Dominica and noted that his presence there was a manifestation of the outpouring of support that Browne and his government and the people of Antigua and Barbuda have provided Dominica.

"You are assisting greatly with enabling the transshipment of relief supplies to Dominica. The rebuilding effort is a daunting task with such massive destruction. Every village is impacted beyond recognition. The share effort of rebuilding Dominica will take many years. Having friends like yourself and the people of Antigua and Barbuda will make the task easier. It also strengthens our integration process," Skerrit noted.

Skerrit also suggested that Antigua and Barbuda should join forces in fund raising efforts to help in the rebuilding of Dominica and Barbuda.

"We should move together and not only for ourselves but for the entire Caribbean. Our economies are interlinked and if one country recovers, we all recover and benefit. We should strengthen our bond and go out as one and fight for our cause," Skerrit said.

It is anticipated that the governments of Dominica and Antigua and Barbuda and Montano will collaborate in producing a benefit concert later this month in Antigua, to raise funds for relief efforts in Dominica and Barbuda.

<< Back to news headlines >>

Jamaican tourism poised for record growth

Tuesday 3rd October, 2017 – Caribbean News Now

Minister of tourism, Edmund Bartlett, says reports of an upswing in all major markets and the repositioning of vessels into the island could make 2017 the best year for tourism in Jamaica.

Speaking following his recent trip to Qatar, Bartlett said that tourism is in a good place where almost all the critical sectors stand to benefit from the windfall.

"The overseas legacy markets are bubbling," he said. "All travel partners are reporting growth for the winter and summer next year. The market overall is pacing in double digits for next year," he added.

The tourism minister also reported unprecedented levels of optimism and interest in Jamaica following visits to the United Kingdom; Atlanta, Philadelphia, Chicago and Milwaukee in the United States; and Toronto, Canada.

"The US, Canada and the UK are reporting upswings in the bookings while cruise is having a huge growth from the repositioning of vessels into Jamaica. Double digit growth in both arrivals and earnings could make this the best year ever for tourism," he noted.

Meanwhile Bartlett said the ministry is committed to strengthening existing partnerships and forging new ones to ensure a collaborative and inclusive approach to tourism development in Jamaica.

He noted that the Tourism Linkages Network was established with a mandate to promote sustainable tourism development in Jamaica by strengthening linkages with other productive sectors of the economy such as agriculture, manufacturing and the creative industries, including entertainment.

The minister said that the objective, ultimately, is to increase the consumption of local goods and services, creating employment, and generating and retaining more of the country's foreign exchange earnings.

He noted that the linkages network is made up of public and private sector partners, who oversee the coordination and implementation of effective and sustainable strategies, which strengthen and facilitate connections.

The linkages network is in keeping with the five-pillar growth agenda for tourism, which involves: tapping into new markets, developing new products, promoting investment, building new partnerships and developing human capital.

Bartlett said focus is being placed on some key sectors, which will better integrate tourism with the wider society and thereby spread the benefits to all Jamaicans.

These include gastronomy, health and wellness, entertainment and sports, shopping and knowledge.

While in Qatar, Bartlett met with United Nations World Tourism Organization (UNWTO) officials on a planned hurricane relief project for storm-ravaged Caribbean islands.

<< Back to news headlines >>

Caribbean Information & Credit Rating Services Limited

BVI premier addresses financial services industry

Tuesday 3rd October, 2017 – Caribbean News Now

Premier and minister for finance, Dr Orlando Smith, addressed leaders of the British Virgin Islands' financial services industry at an update meeting hosted by BVI Finance.

Smith spoke to the group of leaders, as well as those that joined in from around the world on a conference call. Acknowledging the diligence in the industry's business continuity plan and the swiftness of its response, he said, "I'm very glad we have been able to be up and running and continue our service."

Despite the wide-scale devastation caused by Hurricane Irma, on the Monday following the passage of the hurricane, the territory was open for financial services transactions.

Financial services account for 70 percent of the territory's income and remain a vital sector for the facilitation of global business. Assuring the industry that government is aware of challenges companies are facing at the moment to continue with business, Smith said, "We are here to respond to any crisis, or any issues because we recognise the importance of the industry, particularly at this time."

Referring to the damage caused to the territory's other primary industry, tourism, Smith said, "We have to maintain financial services, even while we work to jumpstart the other sector."

Interim executive director of BVI Finance, Lorna Smith, spoke of the urgency in which the industry has rallied together to ensure business continuity for financial services sector.

"We are doing everything possible to make sure the industry remains solid and that the financial services industry remains in the Virgin Islands," she said.

To facilitate business in the financial services industry during this time, VIRRGIN, the industry's online incorporation system is now accessible anywhere in the world. The Eastern Caribbean Commercial Court that is home in the BVI is presently hearing cases in St Lucia. Also, a new practice direction has been disseminated to BVI lawyers. The territory's shipping registry is also up and running and the Financial Services Commission is open from 9:00 am to 4:00 pm daily.

The BVI is an internationally respected financial centre connecting markets, facilitating investment, trade and capital flow. The British Virgin Islands remains a world leader for excellence and innovation in financial services and is an essential element in the global economy. BVI Finance is the voice of the territory's financial services industry; marketing and promoting its products and services, as well as managing and maintaining the territory's reputation as a premier offshore financial centre. Established in 2002 as the BVI International Finance Centre, BVI Finance was re-branded in 2015.

<< Back to news headlines >>

China donates US$2.5 million to Barbuda hurricane relief efforts

Tuesday 3rd October, 2017 – Caribbean News Now

The government of China has announced that it will donate US$2.5 million to support the government of Antigua and Barbuda's efforts to rebuild Barbuda, which was decimated by Hurricane Irma a few weeks ago.

Premier of the State Council, Li Keqiang, in a letter to Prime Minister Gaston Browne, said that he was shocked to learn that Hurricane Irma impacted Antigua and Barbuda and caused death and serious damage to the people of Barbuda.

"On behalf of the government of the People's Republic of China, I would like to extend my profound condolences and sincere sympathy to those who were injured and those who lost a relative and property during the natural tragedy," Li's letter read.

The Chinese leader also noted that it is his belief that, under Browne's leadership, the government and people can rebuild Barbuda soon.

In making the donation, the Chinese government said that they stand side by side with the government and people of Antigua and Barbuda during this difficult period. The Chinese government also announced that they have cancelled the annual National Day celebrations in Antigua, and will donate the $50,000 earmarked for the celebrations towards the Barbuda relief effort.

Browne said that China has once again proven that it is a true friend of Antigua and Barbuda and during this time of need has come to the assistance of the government in the daunting task of rebuilding Barbuda into a bigger and better island.

"China has stood side by side with Antigua and Barbuda since our nations established diplomatic relations in 1983, and no other country has contributed more to the infrastructural, social and economic development of our twin island state. We thank the government and people of the People's Republic of China for this significant donation towards the rebuilding effort in Barbuda," Browne said.

Browne concluded that China will always have a friend in the government and people of Antigua and Barbuda.

<< Back to news headlines >>

UN says recovery of eastern Caribbean could cost US$1 billion

Tuesday 3rd October, 2017 – Caribbean News Now

The recovery of eastern Caribbean islands hardest hit by recent hurricanes, including Dominica, Barbuda, Turks and Caicos, the British Virgin Islands and Anguilla, could cost up to US$1 billion, a senior UN official said Tuesday.

"It's going to be a large-scale rebuilding effort that will take time," said Stephen O'Malley, the UN resident coordinator for Barbados and the Organisation of Eastern Caribbean States, "and it will be important to do that right."

He told UN correspondents in a phone briefing from Dominica that "we don't have exact figures yet," but for the worst-affected islands the recovery bill will be "half a billion to a billion dollars."

O'Malley said the United Nations, World Bank and Antigua government have conducted a post-disaster needs assessment for Barbuda, whose 1,800 residents were evacuated to Antigua before Hurricane Irma damaged 95 per cent of its structures on September 14. And he said a similar assessment will be done in Dominca, which was ravaged on September 18 by Hurricane Maria, a Category 5 storm, probably in about three weeks.

"They want to build back better and they take that very, very seriously — to make sure that that can be done," O'Malley said.

Dominica's Prime Minister Roosevelt Skerrit said he wants to have the world's first "climate-resilient nation."

He made an impassioned case for the world to do more to help vulnerable countries cope with the effects of global warming and urged the UN General Assembly 10 days ago to "let these extraordinary events elicit extraordinary efforts to rebuild nations sustainably."

O'Malley said the effects of climate change are evident in the Caribbean, where the sea is heating up.

"The fact that the Caribbean Sea heats up, it intensifies the strengths of hurricanes; it doesn't necessarily make them more frequent but it intensifies" the storm, he said.

O'Malley said the challenge for the islands in rebuilding is: "How do you protect yourself against that? How do you ensure that you have a resilient state and a resilient economy if you know that the risk factors are going to be elevating in this next period of time?"

As for immediate disaster relief following Hurricanes Irma and Maria, he said, regional efforts and military assistance from outside the region have been critical.

He singled out the Caribbean Disaster and Emergency Management Agency which sent a ship from Barbados to Dominica with initial aid workers the day after Hurricane Maria devastated the island.

When he landed at the airport in Dominica on Tuesday, he said there were policemen from St Kitts, soldiers from Jamaica and Trinidad and Tobago securing the airport and other sites.

"That has helped the government set itself back up — that regional solidarity," O'Malley said.

He said Dominica has also benefited from timely military support, especially helicopters and water desalination plants on naval vessels that produced water that could be taken inland and distributed.

He singled out military help to Dominica from Venezuela, United States, United Kingdom, Canada, France and the Netherlands.

Compared with the situation a week ago, O'Malley said he could already see some green returning to the almost totally brown island, streets were clear, roads were opening up, power and water supplies were being restored and the port was open. Now, he said, power and water need to be restored to everyone on Dominica and the economy needs to start operating quickly.

<< Back to news headlines >>

Barbados reviewing its role in CDF

Tuesday 3rd October, 2017 – Barbados Today

Minister of Finance Chris Sinckler has acknowledged that Barbados is $14 million in the red in terms of its contributions to the Caribbean Community (CARICOM) Development Fund (CDF).

However, speaking to reporters here yesterday, he said this was a direct result of the island's ongoing economic challenges, which may necessitate a full review of its participation in the CDF that was established back in 2008 to assist disadvantaged CARICOM states in making the transition to a regional single market and economy.

"In terms of our contribution fee to the Fund, we have written and asked for an extension of the time to pay," Sinckler said, while contending that the amount outstanding was not a "debt" in the true sense of the word "because it's not something that we borrowed from somebody and have to pay back.

"This is Barbados' contribution to the Fund," he said, adding that "maybe, as has happened in at least one other Caribbean country, we may need to say to the Fund, that given Barbados' financial position, we need to be reassessed to become a recipient borrower from the Fund rather than only a contributor to the Fund".

Sinckler also suggested that the classification of countries such as Barbados, Trinidad and Jamaica as More Developed Countries (MDCs) within the context of the CDF was no longer relevant.

"That's an old 1970s terms . . . I don't know who these more developed countries are," the minister of finance said.

However, with MDCs said to be the largest culprits in terms of the US$57.2 million that was outstanding as at December last year, officials of the fund have been urging them to pay up.

The latest appeal came last week during a CDF meeting at the Accra Beach Hotel at which it was disclosed that Trinidad and Tobago alone is responsible for US$40 million of that outstanding amount.

The CDF's financial statement also indicates that Barbados is lagging behind in its contribution by (US$7.4 million), Jamaica (US$945,534) and

Suriname (US$4.4 million) with Guyana said to be the only MDC to have paid its entire pledged contribution of US$7.3 million.

The so-called less developed countries (LDCS) of Antigua and Barbuda, Belize, Dominica, Grenada, St Kitts and Nevis, St Lucia and St Vincent and the Grenadines owe US$4.3 million, with Kingstown's total debt amounting to all of US$166.

With the fund approaching a "critical" stage, CARICOM Chairman, Prime Minister Dr Keith Mitchell of Grenada, and the CDF's board chairman Sherwyn Williams, appealed to the MDCs to honour their commitments.

However, in response, Sinckler said "in the past year, Barbados has had to . . . say to the Fund that because of the foreign exchange challenges that we have, that it will not be possible at the point in time to make that contribution.

"You can only contribute to the Fund in foreign exchange, because it goes to the other countries. It is not going to them in Barbados dollars. It is going in foreign exchange," he pointed out to reporters.

<< Back to news headlines >>

Declining income… NIS dips into reserves three times this year

Tuesday 3rd October, 2017 – Kaieteur News Online

The National Insurance Scheme (NIS) continues to face some tough times from declining revenues and little returns from investments.

In fact, for this year alone, the scheme had to dip three times into its fund to pay benefits, according to NIS General Manager, Holly Greaves. She was addressing staffers and other stakeholders at yesterday's 48th celebrations of NIS.

NIS' pension has been critical to workers who devoted their life to their jobs but have little to fall back on after retiring. Currently, the Government of Guyana is paying just over $19,000 to eligible persons as an old age pension, every month.

According to Greaves, in her report on the performance of NIS, as predicted in the last actuarial review, the scheme's growing benefit expenditure has been consistently surpassing contribution income.

"These problems are consistent with a maturing scheme. The scheme has experienced two deficits in the last 10 years. The first occurred in 2011 and the second in 2016. The scheme has already dipped thrice into the Fund for 2017 to pay benefits. It is therefore imperative that the scheme generate funds in keeping with the growth in benefits."

The other income earner for the scheme is through its investment portfolio. However, the scheme continues to be faced with low interest rates and no interest from some of its non-performing investments, the official said.

NIS has monies invested in the Berbice River Bridge and in the CLICO insurance which has since collapsed. NIS had over $5B in CLICO.

The administration has initiated disbursements over 20 years to plug monies into NIS every year to replace the CLICO investments.

Greaves noted that over the last 48 years, the NIS has provided to workers and their dependents a wide range of social security benefits. Guyana also pays benefits under the CARICOM Social Security Agreement, which only covers the payment of long term benefits.

She argued that the need for a Social Security organisation to remain relevant in a country cannot be over emphasized.

"The National Insurance and Social Security Scheme is the single thread, which spans the lives of almost every person in Guyana from birth, and even before, to death and in some cases, thereafter."

However, she warned, confronted with the present economic challenges, aging population, rising life expectancy and increased pension payments, capturing the economically active population remains paramount for the long-term viability of the fund.

She said that there must be not only a change in strategy, but also a change in attitude and commitment by all staff to the organization.
"In a world where change is inevitable we at the National Insurance Scheme must refuse to be complacent as individuals and as workers within our organisation."

A brief examination of our performance over the past year indicated that for the period January to August 2017 income collected was $13.6B or 67% of the $20.2B budgeted, while total expenditure over the same period was approximately $13.7B or 70% of its $19.4B budgetary allocation.

"Therefore, a year-to-date deficit of $95,368,000 was recorded, which was $93,849,000 or 1.6% more than the budgeted deficit of $93,841,000. It is projected that by the end of 2017 total income would be approximately $21.4B while the projected expenditure would be approximately $21.1B.

This means that the Scheme will collect a further $7.8B in revenue during the period September – December which will allow us to surpass our revenue target by $1,249,817,000." The NIS is also expected to expend a further $7.4B for the September – December period which will cause the scheme to surpass its budgetary allocation by $1,266,943,000.

According to the GM, of significance is the fact that the scheme's benefit expenditure, at the end of August 2017 totaled $12.5B. It is projected that by the end of the year, this figure would increase to $19.2B.

"It is evident from the analysis that, of the projected total expenditure of approximately $21.1B, benefit expenditure represents 19.2B. The Pension Branch – Old Age, Invalidity, Survivors – accounted for approximately 90% of these payments. The pension branch of the Scheme is rapidly expanding and as such keen attention has to be paid to that branch."

At the end of August 2017, the population of active pensioners was at 49,466.

"Coupled with this, at the beginning of the year, increases were granted to the Funeral Benefit from $36,725 to $40,398. The minimum rate for Old Age and Invalidity pensions was also increased from $25,000 to $27,500 per month and all other pensions above the minimum were increased by four per cent from 1st January, 2017."

The official disclosed that during 2017, compliance activities have also been affected by an expanding informal work force that is not complying with the National Insurance regulations.

"In some cases there is an increase in the practice of employers to deem workers who are under their supervision and control as self-employed persons."

She admitted that the inability and difficulty to cover the majority of the self employed population and more so to even determine the actual population continues to be a burden on the resources of the scheme.

"In addition, our poor customer service and the extensive time taken to resolve customer issues have lead to public distrust and poor publicity."

<< Back to news headlines >>

CariCRIS
Caribbean Information & Credit Rating Services Limited

IDB helps GRA craft five-year strategic plan for oil sector

Wednesday 4th October, 2017 – Kaieteur News Online

The Inter-American Development Bank (IDB) is currently helping the Guyana Revenue Authority (GRA) craft a five-year strategic plan for the oil and gas sector which is expected to account for at least 35 percent of the economy. This is according to GRA Commissioner General, Godfrey Statia.

Recognizing the need for an initial five-year strategic plan which will guide its future, the Commissioner General said that funds were procured through the IDB earlier this year, and expressions of interest were drafted to facilitate this process.

He said that the consulting firm for the project should be chosen by December 31, thereby allowing for its early completion in 2018.
The Attorney-at-Law also said that in the area of oil and gas, a study was conducted by the Office of Technical Assistance of the United States Department of Treasury and the organizational chart for the oil and gas unit of the GRA has been completed. Statia said that staff requirements and job specifications have since been identified and budgeted for, with training set to commence by December 31 of this year.

GRA Commissioner General, Godfrey Statia

Since the announcement that Guyana was on the brink of a billion-dollar-oil and gas sector, the IDB has been at the forefront in making it known that it is willing to provide technical assistance to Guyana.

The IDB has also indicated a willingness to assist Guyana in ensuring that its budding sector is able to blossom in an environment of transparency and accountability. Just a few months ago, officials from the Extractive Industries Transparency Initiative (EITI) of the IDB noted that it is essential for the government to determine how it wants to manage its resources and that it must ensure that contracts are well drafted to ensure the best possible deal for the nation.

<< Back to news headlines >>

Baha Mar Gets Top Marketing Honours

Tuesday 3rd October, 2017 – Tribune 242

Baha Mar yesterday said it had received Gold and Silver honours for excellence in destination marketing at the 2017 Travel Weekly Magellan Awards.

Baha Mar's 'grand opening' campaign was recognised with a Gold Award in Destination Marketing - Advertising/Marketing, Travel Weekly's highest honour.

Executed in partnership with GoConvergence, the Baha Mar 'grand opening' campaign features three productions: The Be the First to Know preview video, providing a glimpse into the world of Baha Mar; the launch of Baha Mar's interactive website; and the Now Open high-energy web video, showcasing life at the newly-opened resort.

Baha Mar was also presented with the Silver Award in Destination Marketing - Promotional Video for Be the First to Know. The preview video was designed to spark interest among potential consumers ahead of Baha Mar's phase one opening.

To complete the productions, GoConvergence executed a series of on-island photo and video shoots throughout 2017.

"We commend GoConvergence for their artistic direction, loyal partnership and tireless dedication throughout the opening of Baha Mar," said Karin Salinas, Baha Mar's vice-president of marketing.

"The GoConvergence production teams captured the spirit of Baha Mar and the Bahamas, translating that essence into inspiring and captivating visuals that will entice past and future guests to visit this world-class destination."

"This year's winners represent the most talented and creative people in not just the travel industry, but of any industry," said Arnie Weissmann, editor-in-chief of Travel Weekly. "They continue to raise the bar, to inspire travel and enhance the travel experience. Their work leaves a lasting impression on our expert judges and readers."

Baha Mar's phased opening features the launch of SLS Baha Mar in November 2017, and Rosewood Baha Mar in spring 2018. Baha Mar's marketing and advertising campaign will also launch later this year.

<< Back to news headlines >>

Governor: 'Great Concern' Remains Over Bank Access

Tuesday 3rd October, 2017 – Tribune 242

The Central Bank's governor yesterday said correspondent bank 'de-risking' remains a "great concern", given that the Bahamas' current economic viability depends on these relationships.

John Rolle told Tribune Business that the regulator had seen no further deterioration in Bahamian banks' international ties since its August 2016 survey, which found that almost 25 per cent of respondents had lost at least one correspondent relationship.

But, emphasising that the danger had not gone away, Mr Rolle said the global financial system access provided by correspondent banks was "very critical" to the business models of Bahamian financial institution and the wider economy.

"We have not taken note of any further shift," the Governor replied, when asked whether relations between Bahamas-based financial institutions and their correspondents had deteriorated further over the past 14 months.

"But that is not to say the issue is not being closely monitored, or not on the minds of the banks," he added. "We have not noticed any further shifts or tensions in this regard, but it is a matter of great concern to the sector.

"We still see the access to correspondent banking as being very critical to the business model, or the viability of the business model, for our financial institutions. Those in the international sector, because that's part of the product mix that makes it feasible for them to provide services to their clients.

"In the local sector, it's critical to providing payment/settlement services, whether it relates to trade or investments that flow across our borders."

Mr Rolle conceded that the Bahamas' "daily existence" was heavily dependent on access to the global financial system and commerce, which is currently provided by foreign banks via their correspondent relationships with local institutions.

"This is an economy where there is a high degree of dependency on international transactions for daily existence," he told Tribune Business, "whether it's tourism or income-earning sectors, and all the requirements for imports.

"We source lots of goods from abroad, and also consume a lot of services in every sector of the economy. The ability to have access to all these services depends on making payments for these services."

Mr Rolle's comments underscore just how serious a threat is posed by correspondent banking 'de-risking', not only to Bahamian financial institutions but, potentially, the functioning of the entire economy as we know it.

Correspondent relationships allow Bahamian financial institutions to use their physical and electronic banking infrastructure to conduct business in their countries, enabling transactions to clear and be settled on a timely basis, and foreign currency deposits to be taken.

Yet banks in major industrialised countries have frequently severed correspondent relationships in recent years, with the Caribbean region among most heavily impacted.

The move is being driven by the 'risk/reward' analysis, with developed country banks perceiving correspondent relationships with their Caribbean counterparts as too 'high risk' when compared to the financial rewards.

They are especially concerned that Caribbean banks are susceptible to financial abuses, such as money laundering and terror financing, which could lead to financial sanctions being imposed on themselves by home country regulators.

While the Bahamas has avoided any major fall-out to-date, a recent International Monetary Fund (IMF) working paper revealed that the impact has been felt by the private sector and Bahamian consumers through increased compliance costs and fees.

The Fund said fees for cross-border transactions had increased by as much as 186 per cent between 2011-2015, the greatest rise in the Caribbean. Wire transfer fees alone grew by 20 per cent over that same five-year period.

Mr Rolle did not comment directly on the IMF paper's findings, which were taken from the Central Bank's own August 2016 survey, but he indicated that the fee increases were consistent with international experience.

"In countries where there's a high dependency on money transfer services to get funds from one place to the next, the cost of wire transfers has started to increase in regions where correspondent banking challenges are greatest," he said.

"That is because the money services businesses are incurring higher costs in terms of compliance and monitoring systems they have to put in place. For some of those money services businesses, they may be encountering increased costs because they have to align themselves with more costly correspondents."

Banking fees, and their constant increases, have frequently provoked anger among many Bahamian consumers. The Central Bank, though, has resolutely refused to impose price controls or other draconian measures demanded by the public, warning that these would have adverse, unintended consequences.

The regulator has frequently stressed that competition and consumer education are better solutions, and Mr Rolle yesterday said the Central Bank was preparing to conduct "more research in terms of some the structural factors that are driving the costs of services".

He added that "financial inclusion" and access to banking services remained a priority for the Central Bank, and said: "From that point of view, the ability of the sector to provide services in a cost efficient manner is going to be important.

"We also continue to see the importance of credit markets, in terms of the risk and cost of credit. A risky and costly credit market can lead to costs showing up in other areas where financial services is provided."

Mr Rolle declined to comment on the IMF paper's "anecdotal evidence" that some Bahamian financial institutions had lost correspondent relationships because of the latter's concerns about them doing business with the web shops.

Instead, he told Tribune Business: "As a jurisdiction we have to continue to strive to show we have a holistic approach to dealing with money laundering risks, irrespective of where they originate."

The Central Bank governor said the Bahamas' efforts to combat correspondent bank 'de-risking', and its consequences, were directly linked to the strength of its anti-money laundering/counter terror financing regime.

Improvements in this area will improve 'risk perceptions' of the Bahamas among foreign governments and banks, which is why the Government, Central Bank and others are moving to rapidly address deficiencies identified by the Caribbean Financial Action Task Force (CFATF) in its recent assessment of this nation.

"We need to continue to work to reduce the risk assessment for the jurisdiction," Mr Rolle said. "That speaks to the efforts of the Central Bank and other regulators to continue strengthening their systems, and how they interact with the sector.

"For us, one of the key criteria is really to push ahead and show the documented improvement in the quality of our anti-money laundering and counter-terror financing regime. We're going to continue to work for improvements in that area.

"Aside from making sure our financial institutions deliver on their responsibilities, we will be continuously strategising around ways in which we make the sector less cash intensive, and we get more transactions happening in ways that make it easier to be monitored and less susceptible to criminals and other elements."

He also acknowledged that increased compliance pressures imposed on Bahamian financial services providers had resulted in rising fees for consumers, as the extra costs and bureaucracy.

<< Back to news headlines >>

Slothful hotels construction can hamper Tourism Industry

Tuesday 3rd October, 2017 – SKN VIbes

THE Minister of Tourism, Hon. Lindsay Grant, is concerned about the slothful movement in the construction of hotels in the Federation.

Grant, who recently spoke with reporters, explained that the land-based side of St. Kitts' tourism sector is not progressing as quickly as officials would want, but they are working to alleviate the challenges surrounding that problem.

"…we have to work with the developers; urge them, encourage them, engage them to see if we can come within the timeline that the government has given them – but you know how business is."

Currently, there are a number of hotels and other developments that have missed their deadline, including Park Hyatt – which was scheduled for a summer opening but is now expected by the end of the year.

According to Grant, they work with the developers on a regular basis "to bring them into the old collective environment of the tourism industry".

"And so the Embassy Suites, you can see that it has been at a slow pace for a long time. We have the development right here in the Frigate Bay area; that has also been slow. Koi, they said the last time I spoke to them that they would come on base December, whether or not that is feasible I don't know…"

The Minister said they are however working with them, pointing to Ramada as another development that has slowed.

He opined that it is the vagaries of life, despite tourism officials wanting those hotels under constructions to be finished overnight.

Questioned on how the slothful movement of those developments could affect the Ministry's ability to arrange airlifts to St. Kitts and Nevis, the Minister explained that it would prove a challenge because Puerto Rico is no longer a home port of the Eastern Caribbean and the Federation does not have the hotel stock for mass stay-over visitors.

Despite the Minister pushing for developers to work quickly to finish their hotels, the Federation continues to see average numbers in stay-over visitors.

Though he did not provide figures, the Minister recently told stakeholders that the numbers have remained stable – possible no major increase nor decrease.

This can have a severe impact on St. Kitts and Nevis' economy which is largely tourism-based, and the cruise sector has been hard hit by the passage of the two Category 5 hurricanes, which damaged a number of ports in the Eastern Caribbean.

<< Back to news headlines >>

CariCRIS
Caribbean Information & Credit Rating Services Limited

Dubai eyes trade links with Panama

Tuesday 3rd October, 2017 – Panama Newsroom

The Dubai Chamber of Commerce and Industry concluded a delegation visit to Panama on Monday with the signing of a memorandum of understanding (MoU) with the Panamanian Chamber of Commerce, Industry, and Agriculture.

The strategic agreement aims to boost bilateral trade and investment and build bridges between business communities on both sides, says a release issued in Dubai. The MoU signing came during a business forum jointly organised by the two chambers.

"The MoU focused on promoting business opportunities within Panama's banking and logistics sectors, and cooperating to overcome business challenges with the aim of facilitating more joint ventures." said the release.

During the visit, the Dubai delegation also met with Isabel de Saint Malo de Alvarado, Vice President and Minister of Foreign Affairs., top government officials, and local business leaders to discuss ways the two countries can work together.

She said Dubai's world-class infrastructure and strong expertise in logistics and trade, would benefit Panamanian companies, and Panama can learn important lessons from Dubai's successful efforts to diversify its economy.

<< Back to news headlines >>

Caribbean Information & Credit Rating Services Limited

235 cruise ships to transit Canal

Tuesday 3rd October, 2017 – Panama Newsroom

The biggest cruise ship scheduled to pass through the Panama Canal during the 2017-2018 season is still under construction.

The Norwegian Bliss has a capacity for 4,200 passengers and will be one of 235 cruise ships that will pass through the expanded locks during the season says the Canal Authority (ACP).

The Island Princess, which will leave the US city of Los Angeles, will inaugurate the season.

The expansion of the canal, which cost more than $5.6 billion, allows the passage of neopanamax, ships with the capacity to transport up to 14,000 containers, three times the load that passes through the century old route.

Container transport is still the main business of the waterway route, but the new locks have allowed the canal to open to other products, such as liquefied natural gas (LNG) and large cruise ships.

On April 29 The Disney Wonder, carrying almost 2,800 passengers, became the first cruise ship to use the new locks.

The Canal built by the United States. at the beginning of the last century was transferred to Panama on December 31 December 1999, and accounts for about 6% of world trade and connects more than 140 sea routes and 1,700 ports in 160 different countries.

<< Back to news headlines >>

Dollar rally stalls on talk of more dovish Fed chair

Wednesday 4th October, 2017 – Reuters

The dollar dropped back from seven-week highs on Wednesday, amid speculation that U.S. President Donald Trump's choice for the next head of the Federal Reserve could be a less hawkish candidate than had previously been expected.

The greenback had reached its highest since mid-August against a basket of major currencies .DXY on Tuesday, driven by stronger economic data, as well as expectations for another Fed rate hike by the end of the year and a revival of the so-called "Trumpflation trade".

But it fell across the board on Wednesday, with investors concerned that the Fed might be set to take a more dovish turn after a Politico report that Fed Governor Jerome Powell is favored over former governor Kevin Warsh by U.S. Treasury Secretary Steven Mnuchin.

While both are seen as serious candidates to replace current Chair Janet Yellen when her term expires in February, Powell is seen as more dovish than Warsh, who has criticized the Fed's bond-buying program in the past.

"Only a couple of days ago everyone was going for Warsh as successor, who the market saw as standing for a much tighter U.S. policy," said Commerzbank's head of currency research in Frankfurt, Ulrich Leuchtmann.

"Now everyone is thinking that Powell is the more likely choice and thinking of Powell as someone who will do very very gradual policy incrementations. Warsh is seen as sort of positive, Powell as a negative basically - that's the most important factor at the moment."

The euro EUR= climbed a quarter of a percent to $1.1770, off Tuesday's 1-1/2-month low of $1.16955.

It has been dogged this week by worries over Catalonia, after a violence-marred independence referendum. But the common currency appeared largely unruffled by the region's leader saying late on Tuesday that Catalonia would declare independence in a matter of days - comments that weighed Spanish bond prices.

"The political risk premium being priced into the euro is very small – in our view that's too small and the risk is that we see some independent euro weakness on the back of that going forwards," said RBC Capital Markets' head of currency strategy Adam Cole, in London.

"But at the moment the (currency) market just doesn't seem to care. The underlying assumption is that ultimately the constitutional court has ruled that the referendum is not legally binding, and that view will prevail."

The dollar index slipped by a quarter of a percent to 93.437 .DXY, off a seven-week high of 93.92 touched on Tuesday following strong U.S. manufacturing figures.

Money market futures were pricing in about a 70 percent chance of a rate hike by December.

The dollar dipped 0.3 percent to 112.46 yen JPY=.

(Reporting by Jemima Kelly and Fanny Potkin; Additional reporting by Hideyuki Sano in Tokyo; Editing by Toby Chopra)

<< Back to news headlines >>

Oil prices slip as markets eye rising U.S. crude output

Wednesday 4th October, 2017 – Reuters

Oil prices fell on Wednesday, pulled down by caution that rising U.S. crude output could scupper a rally that lasted for most of the third quarter.

U.S. West Texas Intermediate crude futures CLc1 were at $50.25 per barrel at 1114 GMT, down 17 cents from their last close. They fell below $50 earlier in the session.

Brent crude futures LCOc1 were down 24 cents at $55.76 a barrel. Earlier in the day, they fell as low as $55.38.

The drop came amid worries that a third-quarter rally that lifted Brent to mid-2015 highs by late September had been overdone. A resumption in output at Libya's Sharara oilfield added to the concerns.

"Fundamentals may not yet be strong enough to support a continued rally, especially in growth-dependent commodities such as oil," Ole Hansen, Head of Commodity Strategy at Denmark's Saxo Bank, said in a quarterly outlook to investors.

The Sharara oilfield restarted on Wednesday. It had been producing more than 230,000 barrels per day (bpd) before armed brigades closed it on Sunday.

Still, market observers said a so-called rebalancing is well underway, meaning demand is no longer undershooting available supply.

The rebalancing is a result of strong consumption and also efforts led by the Organization of the Petroleum Exporting Countries to cut output by around 1.8 million bpd in 2017 and the first quarter of next year.

On Wednesday, Russian President Vladimir Putin said he did not exclude an extension of the cuts until the end of 2018. Russia is part of the supply agreement.

But rising oil production in the United States, which is not involved in the deal, has prevented prices from climbing further.

"The production growth from non-OPEC countries is still there so I do not expect a price rise in the near future," Fatih Birol, Executive Director of the International Energy Agency, told Reuters.

U.S. output hit 9.55 million bpd in late September, its highest level since July 2017, and drillers added six oil rigs in the week to Sept. 29, according to energy services firm Baker Hughes.

Data on Tuesday from the U.S. American Petroleum Institute showed gasoline stocks rising last week by a larger-than-expected 4.9 million barrels, with crude stocks dropping by 4.1 million barrels.

Fuel inventory data from the U.S. Energy Information Administration is due later on Wednesday.

(Additional reporting by Henning Gloystein in Singapore and Ron Bousso in London; Editing by Dale Hudson)

<< Back to news headlines >>

Sterling near day's highs on robust PMI data

Wednesday 4th October, 2017 – Reuters

Sterling held near the day's highs on Wednesday after a survey of Britain's dominant services sector showed growth sped up unexpectedly last month.

But the mood concerning the pound's outlook remained more downbeat due to uncertainty over Brexit negotiations.

The monthly purchasing managers' index (PMI) for the services sector picked up to 53.6 in September, slightly better than expectations in a Reuters poll of economists and easily above the 50 level that separates growth from contraction.

Sterling climbed 0.4 percent to $1.3283 (1.00 pounds), just shy of the day's highs and moving further away from a three-week low of $1.3222 in the previous session.

Against the euro, the pound was a shade stronger at 88.635 pence per euro.

"While the short-term risks to demand since the Brexit vote have not materialised in a serious way, the UK economy should be faring much better today on the back of the ongoing global upswing," said Kallum Pickering, Senior UK Economist at Berenberg in London, who expects a rate increase in November.

Some of the optimism surrounding sterling after the data was punctured by comments from ratings agency Standard & Poor's, which said it was "a bit sceptical" about the notion that Britain's economy needed an interest rate increase.

Uncertainty about the outcome of the negotiations on Britain's divorce from the EU dragged sterling down to three-week lows in the previous session. It has fallen more than 10 percent against the dollar since the summer 2016 'leave' vote.

Brexit minister David Davis told the conference of Britain's governing Conservative Party on Tuesday that Britain wanted to negotiate an exit agreement but was prepared to walk away with no deal.

In her keynote speech to the conference on Wednesday, which had no immediate impact on the currency market, Prime Minister Theresa May said she was confident of getting a deal that would work for both sides.

(Reporting by Saikat Chatterjee; editing by John Stonestreet)

<< Back to news headlines >>

[Wall Street slightly lower ahead of private jobs data]

Wednesday 4th October, 2017 – Reuters

U.S. stock index futures pointed to lower opening on Wednesday after two days of record highs, as investors braced for three days of major economic data and the launch of the quarterly earnings season.

World stocks hit a fresh record high on Wednesday, aided by strong September U.S. car sales data and the Chinese central bank's weekend move to free up liquidity boosted mainland financial stocks.

The three major U.S. indexes hit record high levels for the second-straight day on Tuesday, buoyed by gains in airlines and carmakers.

The dollar .DXY was off seven-week highs on speculation that U.S. President Donald Trump's choice for the next head of the Federal Reserve could be a less hawkish candidate than had previously been expected.

Oil prices fell, pulled down by caution that a rally that lasted for most of the third quarter would not extend through the last three months of the year. [O/R]

U.S. Federal Reserve Chair Janet Yellen is scheduled to address the Community Banking in the 21st Century Research and Policy Conference hosted by the Federal Reserve Bank of St. Louis.

The rest of the week is loaded with heavy economic data, culminating in Friday's nonfarm payrolls report for September.

Among economic data scheduled for the day include the Institute for Supply Management's reading on national nonmanufacturing. The reading, expected at 10:00 a.m ET (1400GMT), is seen to be little changed at 55.5 for September.

The ADP National Employment Report for September is likely to show a drop in hiring by U.S. private-sector employers to 125,000 jobs, compared with 237,000 jobs in August. Data is expected at 8:15 a.m. ET (1215 GMT).

Shares of Mylan NV (MYL.O) jumped nearly 16 percent and Teva Pharmaceutical Industries (TEVA.TA) fell 9.7 percent after the U.S. Food and Drug Administration approved Mylan's copycat version of Teva's blockbuster multiple sclerosis drug.

Amazon (AMZN.O) shares were lower after the European Union ordered the world's largest online retailer to pay back about 250 million euros ($294 million) in taxes to Luxembourg, saying it was given an unfair tax advantage from 2003.

Futures snapshot at 7:07 a.m. EDT:

Dow e-minis 1YMc1 were down 10 points, or 0.04 percent, with 11,992 contracts changing hands.

S&P 500 e-minis ESc1 were down 1.75 points, or 0.07 percent, with 82,948 contracts traded.

Nasdaq 100 e-minis NQc1 were down 5.5 points, or 0.09 percent, on volume of 12,128 contracts.

(Reporting by Gayathree Ganesan in Bengaluru; Editing by Sriraj Kalluvila)

<< Back to news headlines >>

Fed chief needs "flexibility of mind" in tough times: Fischer

Wednesday 4th October, 2017 – Reuters

Any new Head of the Federal Reserve will need to have the "flexibility of mind" to change tack during acute periods of crisis, the U.S. central bank's outgoing Vice-Chairman Stanley Fischer said on Wednesday.

Asked what characteristics were needed to navigate "never-say-never" crisis events, Fischer said: "You simply need someone who has the flexibility of mind to see that he or she needs to take a different route at a particular moment in time or over the next year or two."

U.S. President Donald Trump is expected to name who will head the Fed from February in the next 2-3 weeks.

Trump has previously suggested he may reappoint Fed Chair Janet Yellen to the post. Jerome Powell, one of the current governors on the Fed's board, also met with Trump last month according to reports.

Other names that have been reported by media to be on the candidate list include another former Fed Governor, Kevin Warsh, Minneapolis Fed President Neel Kashkari and Stanford University Economist John Taylor.

"Having the basic theoretical knowledge and experience increases your self-confidence," Fischer, who made the comments in an interview with Bloomberg television, added.

"Is it essential? I doubt it, there are very smart people who could figure this out in many ways, but is it helpful? Yes very much so."

(Reporting by Marc Jones; Editing by Toby Chopra)

<< Back to news headlines >>

From Trumpflation to Deutsche-boom? Schaeuble exit raises market hopes

Wednesday 4th October, 2017 – Reuters

Investors are on standby for Europe's own version of the Trumpflation trade in case Wolfgang Schaeuble's successor at the German Finance Ministry directs the country's massive surpluses towards tax cuts and spending.

Germany has run up budget surpluses in recent years under Schaeuble's watch, but market participants believe a more expansionary policy may follow last month's elections, particularly if the pro-business FDP party are part of a new government as expected.

Though the FDP -- the Free Democratic Party -- are, like Schaeuble, considered fiscal hawks, their manifesto included a proposal for 30 billion euros (26.57 billion pounds) of tax cuts.

There are political doubts about whether they will get their way, but recent record surpluses do mean that Germany has room for maneuver.

German economic institutes forecast record surpluses in the next two years and say that the government should use the extra fiscal room to lower income tax and social welfare contributions.

Any such measures could trigger a "reflation" trade similar to the one many investors put on in the United States after Donald Trump was elected and expectations rose he would introduce inflation-boosting tax cuts and fiscal spending.

"I expect that in a new coalition, the Greens will be rewarded with higher public expenses and the (FDP) with a cut in taxes," said Patrick Barbe, chief investment officer of core fixed income at BNP Paribas Asset Management, referring to two of the three parties likely to be part of the new German government.

BNP Paribas AM has 566 billion euros of assets under management, and is one of the largest buyers of bonds in Europe.

"And if you have tax cuts in Germany, it should be positive for reflation assets," he said.

Apart from stocks, which are the obvious port of call in a reflationary environment, he pointed to inflation-linked bonds and real-estate assets as two areas he has earmarked for investment in case this comes to pass.

Last week's German election saw Chancellor Angela Merkel win a fourth term, but support for her conservatives slumped to its lowest since 1949.

The likeliest news government is a so-called "Jamaica" coalition, named for the Jamaican flag's colors: black for Merkel Christian Democrats (CUD) and their Christian Social Union (CSU) Bavarian sister party; green for the Greens; and yellow for the FDP.

There is no clear frontrunner to succeed Schaeuble. FDP Leader Christian Lindner was seen as a potential replacement, but has signaled he would rather lead the party in parliament, possibly opening the door for his deputy, Wolfgang Kubicki.

Furthemore the FDP, however, is far from profligate. Even with the 30 billion euro tax cut proposal -- which would be subject to Jamaica talk agreements -- the party remains committed to "Schwarze Null", a federal budget in the black.

TIGHT WATCH

Many investors, however, are expecting a loosening of budget strings.

Markus Schomer, chief global economist at Pinebridge, which has over $85 billion of assets under management, estimated there could be 30 billion euros of tax cuts and 10-20 billion euros more spending under a Jamaica coalition.

"There's potential in our multi-asset portfolio to add some more European assets as a result. We don't have much exposure now," he said.

Pinebridge expects the German economy to grow 2.2 percent growth in 2018 and 2019 but this expenditure could add another 20 basis points to that, he added.

On Schaeuble's watch, Germany has been one of the few countries in Europe to consistently run a budget surplus - so much so that the European Commission criticized Europe's largest economy for not loosening its purse strings.

"If Germany had taken reflationary action sooner... this would have provided external demand support for 'peripheral' countries which would have seen higher GDP growth and by consequence lower budget deficits," said Willem Verhagen, an economist at Dutch fund NN Investment Partners, which has 199 billion euros of assets under management.

A 0.5 percentage point increase in the structural deficit will increase German domestic demand and the German inflation rate, he said.

German consumer prices rose less than expected in September and at 1.8 percent, inflation remained below the ECB's target.

One thing that is unlikely to change with Schaeuble's departure, meanwhile, is German dislike for loose monetary policy.

There would be no let up under the FDP on pressure for the European Central Bank to roll back its stimulus.

($1 = 0.8496 euros)

(Reporting by Abhinav Ramnarayan, Graphics by Ritvik Carvalho Editing by Jeremy Gaunt)

<< Back to news headlines >>

CariCRIS
Caribbean Information & Credit Rating Services Limited

Euro zone firms struggle to keep up with surging demand in September: PMI

Wednesday 4th October, 2017 – Reuters

Business across the euro zone grew rapidly in September as firms struggled to keep up with demand, a survey showed on Wednesday, with October looking likely to be lively as well.

IHS Markit's final composite Purchasing Managers' Index for the euro zone bounced to 56.7 last month from August's 55.7, in line with an earlier flash estimate and comfortably above the 50-mark that separates growth from contraction.

A sub-index measuring new orders jumped, while one for backlogs of work climbed to 54.3 from 53.0, its highest since February 2011, suggesting the increase in the pace of activity was not enough to keep up.

"The economy enters the fourth quarter with business energized by inflows of new orders growing at the fastest rate for over six years and expectations of future growth reviving after a summer lull," said Chris Williamson, chief business economist at IHS Markit.

Williamson said the PMI pointed to third-quarter economic growth of 0.7 percent, faster than the 0.5 percent predicted in a Reuters poll last month.

A PMI covering the bloc's dominant service industry rose to 55.8 from 54.7, ahead of the preliminary reading of 55.6. That increase came despite firms hiking prices at the second-fastest rate in over six years. The output price index was 51.8 last month, up from 51.3.

Euro zone inflation undershot expectations in September, Eurostat data showed last week, highlighting how price growth remains weak and supporting the European Central Bank's case for only gradual removal of its extraordinary stimulus.

A Reuters poll of economists in September suggested the ECB will announce on Oct. 26 a six-month extension to its asset purchase program but will cut how much it buys each month to 40 billion euros from January.

(Editing by Hugh Lawson)

<< Back to news headlines >>

CariCRIS
Caribbean Information & Credit Rating Services Limited

ECB tells banks to set aside more cash on bad loans

Wednesday 4th October, 2017 – Reuters

The European Central Bank will ask euro zone banks from next year to set aside more cash to cover newly classified bad loans and may also present additional measures to tackle the sector's huge stock of bad debt, it said on Wednesday.

Soured loans are clogging up bank balance sheets and holding back lending, a headache for the ECB as weak credit growth offsets some of the stimulus it is trying to provide through low interest rates.

Starting Jan. 1, banks will have at most two years to set aside funds to cover 100 percent of their newly classified non-performing unsecured debt and seven years to cover all secured bad debt, it said in a new proposal, confirming an earlier Reuters report.

"In addition, by the end of the first quarter of 2018, ECB Banking Supervision will present its consideration of further policies to address the existing stock of NPLs (non-performing loans), including appropriate transitional arrangements," it said in a statement.

Banks are sitting on nearly 1 trillion euros worth of bad loans, partly a legacy of Europe's debt crisis, with lenders in places like Italy, Greece, Spain and Cyprus suffering the most. Their problem is that Europe is lacking an effective market for non-performing loans, so selling bad debt would result in big losses and force them to raise capital, a costly exercise given low bank valuations.

The provisions will rise gradually, in a linear manner toward 100 percent and actual provisioning in the early part of the given time frame may be higher if local regulations require bigger buffers. If part of a loan is secured and part is unsecured, the ECB would apply a different timetable to different parts of the same facility, it said.

"Furthermore, banks are expected to explain any deviation from the guidance to supervisors," the ECB said. "Based on the banks' explanations the ECB will assess the need for additional supervisory measures." The ECB will hold a public consultation on these new proposals until Dec 8.

(Reporting by Balazs Koranyi; Editing by Toby Chopra)

<< Back to news headlines >>

CariCRIS
Caribbean Information & Credit Rating Services Limited

IEA lifts five-year renewables forecast after record 2016

Wednesday 4th October, 2017 – Reuters

The International Energy Agency (IEA) raised its forecasts on Wednesday for renewable energy over the next five years following a record 2016, adding that renewables growth is squeezing natural gas and coal.

In its medium-term renewables market report, the IEA expects global renewable electricity capacity to rise by more than 920 gigawatts, or 43 percent, by 2022, due to supportive policies for low-carbon energy and cost reductions for solar PV and wind.

The projected growth is 12 percent more bullish than the IEA's forecast last year.

In 2016, net additions to renewable energy capacity - including hydropower, solar, wind, bioenergy, wave and tidal - set another world record, growing by 165 gigawatts (GW), 6 percent more than in 2015, the report said.

Solar PV capacity grew by 50 percent to reach more than 74 GW last year and it was the first time solar PV additions rose faster than any other fuel, surpassing the net growth in coal.

"Our expectation is that (growth in) renewable electricity generation in the next five years will be higher than electricity generation from coal and natural gas times two," IEA executive director Fatih Birol told journalists.

The agency sees renewable power generation rising by more than a third to 8,169 terawatt-hours (TWh) in 2022 - from around 6,012 TWh in 2016 - which is equivalent to the combined electricity consumption of China, India and Germany.

Workers clean photovoltaic panels inside a solar power plant in Gujarat, India, in this July 2, 2015 file photo. REUTERS/Amit Dave/Files
"Natural gas will continue to grow but moving toward the industrial and heating sectors," Birol said.

"We still think LNG (liquefied natural gas) will be a key source for power generation especially in Asia, even though we expect renewables to grow as well," he said.

The Paris-based IEA, the West's leading energy forecaster, had been criticized by environment campaigners in previous years for underestimating the growth of renewables and over-emphasizing the continued role of fossil fuels.

Renewables will account for 29 percent of the global energy mix in five years' time, compared to the 24 percent forecast last year.

"While coal remains the largest source of electricity generation in 2022, renewables close in on its lead. In 2016, renewable generation was 34 percent less than coal but by 2022 this gap will be halved to just 17 percent," the report said.

China will be responsible for the largest amount of global renewable capacity growth, driven by strong government targets, economic incentives and air pollution concerns.

Despite policy uncertainty, the United States will remain the second-largest renewables growth market, mainly due to tax incentives and state-level policies for solar PV, the IEA said.

India's renewable electricity growth could surpass the European Union's by 2022 for it to become the joint second-largest growth market alongside the United States as it is seen more than doubling its current capacity.

(Additional reporting by Ron Bousso; editing by Dale Hudson and Jason Neely)

<< Back to news headlines >>

India's bonds slump; RBI raises CPI forecasts, cuts SLR

Wednesday 4th October, 2017 – Reuters

India's benchmark 10-year bond slumped to its lowest level in nearly five months after the central bank raised inflation projections, sharply reducing the prospect of rate cuts, while lowering the mandatory amount of bonds banks must keep with it.

The decisions were taken as part of the Reserve Bank of India's policy meeting on Wednesday, with the central bank keeping the repo rate on hold at 6 percent as widely expected, after cutting it by 25 basis points at its last policy meeting in August.

But the rupee rallied to as much as 64.9450 per dollar from its close of 65.49 as the RBI appeared to lower the chances of rate cuts by raising its inflation forecast to 4.2-4.6 percent in October-March, compared with its previous projection of 4.0-4.5 percent, still historically low for India.

The RBI also cut the statutory liquidity ratio by 50 basis points to 19.50 percent from mid-October, in a bid to spur banks into lending more, and the amount of bonds that banks can hold till maturity to 19.50 percent by end-March 2018 from 20.25 percent now.

The moves, along with an economic growth projection that was higher than analyst estimates, appeared to shut the door to using rate cuts to revive an economy growing at its slowest pace in over three years.

"It does look like RBI is going to be on extended hold," said R. Sivakumar, Head of Fixed Income at Axis Mutual Fund.

"There is very little evidence to suggest anything which should have marked up their inflation forecast. To that extent, it's a little surprising."

The benchmark 10-year bond yield rose as much as 6 basis points to 6.71 percent, the highest since May 19. Meanwhile, the five-year benchmark overnight indexed swap was at 6.31 percent compared with 6.26 percent on Tuesday.

One analyst estimated the SLR cut could free up about 553 billion rupees ($8.51 billion) for banks.

Further reducing the prospect of rate cuts was the RBI's gross value added growth projection of 6.7 percent for the year ending in March, down from 7.3 percent previously, a measure of growth it prefers.

The forecast is higher than markets' estimates of around 6 percent, indicating the central bank's increased confidence in the economy.

($1 = 65.0100 Indian rupees)

(Additional reporting by Abhirup Roy; Editing by Nick Macfie)

<< Back to news headlines >>

India extends $4.5 bln in project finance to Bangladesh

Wednesday 4th October, 2017 – Reuters

India on Wednesday signed a pact with Bangladesh extending a credit line of $4.5 billion for several infrastructure projects, as New Delhi tries to expand its influence over its smaller neighbour in the face of growing competition from China.

The loan, the biggest credit line India has provided to any country, was first announced by Prime Minister Narendra Modi in April and takes India’s total financial support for Dhaka to more than $8 billion over the past six years.

China is Bangladesh’s biggest trade partner followed by India and last year pledged around $24 billion in loans for the South Asian nation, which is one of the world’s poorest.

Most of the equipment for the Indian-funded projects will be bought from India, Bangladesh Finance Minister Abul Maal Abdul Muhith told reporters after the signing of the pact in the presence of his Indian counterpart Arun Jaitley in Dhaka.

“A strong, stable and prosperous Bangladesh is in India’s interest,” Jaitley told reporters. “We are committed to working with Bangladesh to deepen our bilateral ties.”

The loan, for 17 projects in sectors ranging from power to ports, health and education, is to be repaid over 20 years at an interest rate of 1 percent.

The first line of credit of $1 billion in 2010 has been almost fully utilized, with 12 projects completed and the rest in varying stages of implementation. About $200 million of that figure was later converted into grant assistance.

Projects identified under the second credit line of $2 billion announced in June 2015 are also being implemented.

Under Modi, India has boosted economic links with Bangladesh, which it has long viewed as part of its area of influence, as well as with other neighbours such as Nepal and Sri Lanka.

At a separate event, the Indian Visa Application Centres, managed by state-run State Bank of India on behalf of the High Commission of India, inaugurated a 'cashless' visa application system aimed at simplifying visa procedures for Bangladeshis.

"The sharing of Indian experiences of the new initiatives for promoting a cashless economy would go a long way in fostering our economic engagement," said Harsh Vardhan Shringla, India's Ambassador to Bangladesh.

(Reporting by Serajul Quadir in DHAKA; Writing by Krishna N. Das; Editing by Sam Holmes and Clarence Fernandez)

<< Back to news headlines >>

CariCRIS
Caribbean Information & Credit Rating Services Limited

S&P says Bank of England is talking up sterling to fight inflation

Wednesday 4th October, 2017 – Reuters

Ratings agency Standard & Poor's says it is "a bit skeptical" about Britain's need for an interest rate hike soon, and that recent Bank of England comments that one may be in the offing seem designed to push up sterling and cool inflation.

"Overall, we believe the Bank and Mark Carney's recent statements are primarily aimed at propping up sterling to reduce imported inflation pressures," S&P analysts said in a report released on Wednesday.

"This strategy may include an actual 25 basis point hike in November, thus bringing the policy rate back to where it was before the Brexit referendum. Additional moves in 2018 do not appear warranted on the back of a slowing economy," it said.

The BoE surprised investors last month when it said most of its rate-setters thought it was likely that borrowing costs would need to rise "in the coming months", as it saw growing upward pressure on inflation which already exceeds the central bank's 2 percent target and is likely to hit 3 percent soon.

S&P noted how incomes, when adjusted for inflation, were falling and that it expected another weak third quarter for the economy, based on recent data.

A spokesman for the BoE declined to comment on the S&P report, which was based on a quarterly meeting of the ratings agency's credit conditions committees.

S&P stripped Britain of its triple-A rating after the Brexit vote last year, downgrading it by two notches to AA and assigning a negative outlook.

S&P also said on Wednesday it saw signs of a slowdown in investment by companies in Britain as a result of uncertainties over Brexit.

"We believe that adjustments to longer-term UK business plans, including capital and foreign direct investment, could start to have a more tangible economic impact as we move into next year," it said.

S&P welcomed Prime Minister Theresa May's comments that Britain would seek a roughly two-year transition period for leaving the European Union but said "the extended delay implies a longer period of uncertainty until both parties can agree on the shape of their future relationship".

(Reporting by William Schomberg. Editing by Jeremy Gaunt)

<< Back to news headlines >>

UK economy stuck in low gear, worries grow as BoE readies rate hike -PMI

Wednesday 4th October, 2017 – Reuters

Britain's economy remains stuck in low gear but price pressures are rising again, according to surveys on Wednesday that will probably keep the Bank of England on track to raise interest rates soon.

The IHS Markit/CIPS Purchasing Managers' Index (PMI) also showed businesses were increasingly worried as Britain's departure from the European Union approaches with little clear sign of its future trading relationships.

The PMI showed growth in services activity unexpectedly sped up a little last month, compensating for weaker readings in manufacturing and construction reported earlier in the week. Even so, growth among British companies lagged behind that of their peers in a resurgent euro zone.

Taking the three surveys together, Britain's economy probably expanded at a quarterly rate of around 0.3 percent in the third quarter, matching its second-quarter performance, survey compiler IHS Markit said.

While economists said they expected the BoE would probably follow through on its rate hike signals in November, many also urged caution.

"Given the weakening outlook for growth it may be wise for the (Monetary Policy Committee) to wait until next year before beginning to raise rates, once the future path for UK business becomes clearer," said Yael Selfin, chief economist at KPMG UK

Ratings agency Standard & Poor's said it was sceptical about the need for a BoE rate hike. It suggested recent comments by the central bank about raising rates were intended to push up sterling and cool inflation.

Sterling rose after the services PMI report, gaining about 0.4 percent.

Most economists polled by Reuters have said they expect rates to rise in November, even if they consider such a move premature.

MOOD DARKENS

The PMI picked up to 53.6 in September, slightly better than expectations in a Reuters poll of economists for it to hold at August's level of 53.2.

But it also contained some discouraging signs: new orders increased at the weakest pace since August of last year, inflation pressures rose at the fastest pace for several months and confidence sagged.

Services companies cited Brexit-related uncertainty and worries about the economy as reasons for their darker mood.

Britain's economy initially withstood the shock of the June 2016 vote to leave the European Union. But growth began to slow this year as inflation rose following the pound's post-Brexit vote plunge, which hit the spending power of households.

Against that background, the BoE surprised investors last month when it said most of its policymakers believed they were likely to raise rates soon, citing a reduced tolerance for above-target inflation.

The PMI report showed the costs of services companies rose at the fastest pace since February, and they raised their own prices at the quickest rate in five months, suggesting inflation could top 3 percent in the coming months.

"The rise in price pressures will pour further fuel on expectations that the Bank of England will soon follow up on its increasingly hawkish rhetoric and hike interest rates," Williamson said.

IHS Markit's composite PMI, which combines services, manufacturing and construction, edged down to a seven-month low of 53.6 in September - leaving it some way off levels that would normally be consistent with BoE rate increases.

(Editing by Larry King)

<< Back to news headlines >>

China September data to show steady growth ahead of key Communist Party congress

Wednesday 4th October, 2017 – Reuters

Chinese data in coming weeks is expected to deliver exactly what its leaders want to hear ahead of a highly sensitive Communist Party Congress - the country's economic growth remains robust and resilient even as they work to get debt risks under control.

The twice-a-decade party congress that kicks off on Oct. 18 is expected to see President Xi Jinping strengthen his grip in a leadership reshuffle, and will set the political and economic policy tone for China for the next five years.

So far this year, the world's second-biggest economy has held up better than expected despite views that a clampdown on riskier types of financing and a flurry of measures to cool heated housing prices will drag on activity.

But many economists still contend growth will fade in coming months under the weight of higher borrowing costs, property curbs and the government-mandated shutdown of some highly polluting factories to reduce winter air pollution.

The boost from heavy government stimulus -- Beijing's infrastructure spending spree has helped fuel a year-long construction boom -- will also begin to ebb, skeptics argue.

Still, economists polled by Reuters expect China's economy is heading into the fourth quarter with plenty of momentum.

Growth in industrial output is expected to accelerate to 6.2 percent from a year earlier, from August's 6 percent, according to a Reuters poll of 24 economists.

Steel mills are believed to be running at full steam to cash in on strong demand and prices, and to build up inventories in case they are ordered to reduce output over winter.

Fixed-asset investment is predicted to have increased 7.7 percent in the first three quarters on-year, only slightly softer than a 7.8 percent rise in January-August.

Retail sales growth is seen edging up to 10.2 percent.

China’s trade performance is also expected to improve after softer-than-expected readings in August raised questions about the sustainability of its domestic and export demand.

Exports are expected to have risen 8.8 percent on-year, while imports may have jumped 13.5 percent, producing a trade surplus of $39.5 billion. A pullback in the strong yuan currency in recent weeks may be giving exporters some relief.

GROWTH VERSUS DEBT

While there is little worry of an economic hard landing, debt risks appear to be back on the radar as Beijing continues to pump out more credit to keep activity humming.

S&P Global Ratings downgraded the country’s credit rating last month, saying China’s attempts to reduce risks from its rapid build-up in debt are not working as quickly as expected and credit growth is still too fast.

China in July set up a new financial stability committee under the State Council to coordinate financial oversight, with the central bank taking on a bigger role.

The People’s Bank of China early this year included off-balance sheet wealth management products in its Macro Prudential Assessment (MPA) for the first time to give authorities a better sense of potential risks to the financial system.

September’s loan data will be closely watched for signs of where policy may be going next, as banks have shifted more credit back onto their books in response to the clampdown on shadow financing.

Chinese banks are seen extending 1.1 trillion yuan ($165.33 billion) in new loans in September, up from 1.09 trillion yuan in August.

Credit growth could get an extra boost in coming months after the PBOC on Saturday cut the amount of cash that some banks must hold as reserves for the first time since February 2016. The move is linked with a policy to encourage more lending to struggling smaller firms and the private sector.

It could trigger a flurry of lending as banks look to qualify for lower reserve requirement ratios (RRR) which go into effect in 2018, though some analysts believe the impact on the economy may be tempered if Beijing continues its campaign to rein in debt risks at the same time.

"We believe the RRR cut may not lead to a quick pick-up in total credit growth if policy makers continue to strictly enforce the macro-prudential assessment (MPA) framework and the new rules related to the financial system clean-up," Morgan Stanley wrote in a note to clients. Inflation data may also offer clues on firms' debt-servicing capability. The producer price index (PPI) is tipped to have risen 6.3 percent in September on-year, steady from August.

Profits at industrial companies rose the most in four years in August as commodities prices surged, though a Reuters analysis showed few listed firms have used the windfall this year to retire their debt. Again, analysts predict producer prices will start to soften in the fourth quarter due to a high base of comparison last year and as overall demand moderates along with economic growth.

The consumer price index (CPI) meanwhile is seen up 1.6 percent on-year in September, versus 1.8 percent in August and well within Beijing's 2017 target of 3 percent.

Besides the campaign to reduce high levels of debt across the economy, authorities have also been trying to reduce the risk from capital flight by stabilizing the yuan currency. China's foreign exchange reserves are expected to have risen for an eighth month to $3.1 trillion in September, as capital curbs and a weakening dollar helped staunch fund outflows.

China is due to announce foreign exchange reserves data on Oct. 7, followed by trade and inflation data on Oct. 13 and Oct. 16 respectively, while loan and money data is expected anytime from Oct. 10 to Oct. 15.

The data will lead up to third quarter gross domestic product (GDP) on Oct. 19. China's economy grew 6.9 percent in the first half, and is expected to easily meet or beat the government's full-year target of around 6.5 percent.

(Reporting by Yawen Chen and Ryan Woo; Polling by Shaloo Shrivastava; Editing by Kim Coghill)

<< Back to news headlines >>

Caribbean Information &
Credit Rating Services Limited

3rd Floor Furness House,
90 Independence Square, Port of Spain, Trinidad

Tel: (868) 627-8879| Email: info@caricris.com | Website: www.caricris.com