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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

- NCB Capital Markets Limited's rating upgraded to *Cari***BBB**
- Trinidad and Tobago Mortgage Finance Limited's rating reaffirmed at *Cari***AA-**
- The National Gas Company of Trinidad and Tobago Limited's rating reaffirmed at *Cari***AA+**
- 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+**

- 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

Large businesses will survive, small will die
University of the West Indies economist Dr Vaalmikki Arjoon is predicting the survival of only large businesses as the business sector is set to further contract given the recent levelling of taxes outlined in the 2018 budget by Finance Minister Colm Imbert on Monday.

Unilever declines $3.33
Overall Market activity resulted from trading in 11 securities of which 1 advanced, 3 declined and 7 traded firm.

New Energy Chamber chairman: Govt must resolve policy issues
Newly elected chairman of the Energy Chamber Eugene Tiah has called on government to provide clarity in a number of areas that are crucial for the advancement of the local energy sector.

Jamaica

Banks Feel The Pinch As BOJ Attacks Dollarisation
For the past year, the Bank of Jamaica (BOJ) has systematically been pulling foreign currency out of the market as it polices dollarisation, but while commercial bankers acknowledge that the strategy is working for the central bank, they say it comes at the expense of their business.

NHT Will Fully Finance $22m Homes
The National Housing Trust, NHT, which broke ground two weeks ago for the development of Ruthven Towers in Kingston, confirmed that it is willing to fully finance the apartment units, which are projected to range in price up to $22 million each.

New US$40m Bond To Finance Indirect Acquisition Of SVL Stake
Zodiac International Investments & Holdings Limited of Trinidad & Tobago is issuing a US$40-million bond in Jamaica to finance its takeover of Intralot Caribbean Ventures Limited.

Jamaica Cont'd

Growth Streak Ends As Rain, Beet Armyworm Take Toll

Jamaica has broken its more-than-two-year growth streak. The economy contracted by 0.1 per cent in the June quarter, according to new data from the Statistical Institute of Jamaica, Statin, due to unfavourable weather and the devastation of crops from the beet armyworm infestation.

Barbados

BIBA: Downgrade could hurt international business

The recent downgrade of Barbados by the American ratings agency Standard and Poor's (S&P) will likely take a bite out of the island's international business, according to a senior official of the sector.

The Bahamas

Tourism Flat-Lines As Yields Off 28% Since Millennium

A 28 per cent decline in per tourist spending yields since 2000 has resulted in "no growth" this century in the Bahamas' largest industry, the Minister of Tourism revealed yesterday.

KPMG Bahamas To Sponsor Regional Infrastructure Forum

KPMG Bahamas yesterday said it will be a title sponsor of the Caribbean Infrastructure Forum (CARIF), which will be held from December 11-12 in Montego Bay, Jamaica.

Bahamas to Chair Tourism's Commission For Americas

The Bahamas has been elected as Commission for the Americas (CAM) president by the United Nations World Tourism Organisation (UNWTO).

Haiti

New Edition of the LEAD Program

Wednesday at the Karibe Convention Center, the Pan American Development Foundation (PADF) launched the new edition of LEAD Program through the Leveraging Effective Application of Direct Investments program.

St. Kitts and Nevis

ECCB lays out Strategic Plan for 2017 to 2021

GOVERNOR of the Eastern Caribbean Central Bank (ECCB), Timothy Antoine has laid out the institution's Strategic Plan for the period 2017-2021.

CEO Khan outlines due diligence process for citizenship by investment applications

Chief Executive Officer (CEO) of the St. Kitts and Nevis Citizenship by Investment Unit (CIU), Les Khan, gave some insight into the stringent due diligence process of the CBI programme, implemented after 2015, that has helped to prevent unwanted actors from being accepted.

St. Lucia

LUCELEC breaks ground for 3MW solar farm

On Friday, September 29, 2017, LUCELEC held a ground-breaking ceremony for its 3 megawatt (MW) solar farm, to be located north of the Hewanorra International Airport at La Tourney, Vieux Fort.

Guyana

ExxonMobil reveals yet another "significant" oil discovery

ExxonMobil has made yet another "significant" discovery of high quality oil offshore Guyana.

Grenada

More than 100,000 thousand pumped to Disaster Fund

More than 120,000 dollars have been poured into the Bank Account activated by the National Disaster Management Agency NaDMA to assist countries affected by hurricanes Irma and Maria.

INTERNATIONAL

United States

Futures little changed in lull before jobs report

U.S. stock index futures were flat on Friday after a recent strong run and ahead of a crucial jobs report that could provide further clues on the health of the economy.

Hurricanes Harvey, Irma expected to dim U.S. jobs growth in short term

U.S. job growth probably slowed further in September as Hurricanes Harvey and Irma left displaced workers temporarily unemployed and delayed hiring, the latest indication that the storms undercut economic activity in the third quarter.

Dollar set for 4th week of gains as markets scent higher rates

The dollar edged higher on Friday and is on track for its fourth consecutive week of gains as investors continued to cut their short bets against the greenback on a growing view that bond markets have under-priced the extent of U.S. rate increases.

United Kingdom

Sterling bounces as May says will provide "calm leadership"

Britain's pound rose from four-week lows against the dollar on Friday, after Prime Minister Theresa May hit back at a plot to topple her by saying she would provide "calm leadership" to the country.

Europe

ECB to publish breakdown of its company debt buys

The European Central Bank will begin to publish more detailed information about the corporate bonds it has bought as part of its stimulus program, it said on Friday, after pressure from European and national lawmakers for more transparency.

Italy's Target2 debt hits record high in September

Italy's debt with the European Central Bank hit a record high in September, data showed on Friday, suggesting cash is flowing out of the euro zone's third biggest economy.

Japan

Japan's economy likely posted second best stretch of post-war growth: index

Japan’s economy likely posted its equal second-best stretch of uninterrupted post-war growth, a government index for August showed on Friday, a nod to strong global demand and Premier Shinzo Abe’s aggressive stimulus measures.

Global

Oil set to end multi-week bull run as oversupply concerns resurface

Oil prices fell on Friday at the end of a week that saw profit-taking and the return of oversupply concerns lead the market lower, snapping a multi-week bull run that was Brent’s longest in 16 months.

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FULL ARTICLES

Large businesses will survive, small will die

Friday 6th October, 2017 – Trinidad and Tobago Guardian

University of the West Indies economist Dr Vaalmikki Arjoon is predicting the survival of only large businesses as the business sector is set to further contract given the recent levelling of taxes outlined in the 2018 budget by Finance Minister Colm Imbert on Monday.

Speaking at a post-budget panel discussion held at St Mary's College in Port-of-Spain yesterday, Arjoon said it was a known fact that there was a chronic decline in revenue, adding that there was no real strategy coming out of the budget to carry the country out of the deficit.

"Over the last two years we have been taxing ourselves into an economic drought. Businesses are already getting less sales and they themselves are cutting back on investing in the economy.

"The business environment will therefore weaken and contract further," Arjoon said.

He said a recent survey conducted by UWI showed that out of 200 small and medium businesses in central and south Trinidad, sixty-five per cent experienced a drastic reduction in sales resulting in many having to close down.

Saying that large companies had a better chance of surviving harsh economic times Arjoon added, "Large companies have a better line of credit and have savings they could tap into. They are the ones that would be left standing."

This he said, could negatively affect the country as the pool of competitors would shrink.

Regarding tax evasion Arjoon said this was a serious problem facing T&T ranging from the doubles vendor "not paying his fair share of taxes" to "trade misinvoicing" —a method for moving money illicitly across borders which involves deliberately misreporting the value of a commercial transaction on an invoice submitted to customs.

Economist, Indera Sagewan-Alli Executive and Director, Caribbean Centre for Competitiveness who expressed similar sentiments said the budget offered very little for economic growth and diversification.

She said T&T had become a country where engineering graduates could not find jobs in an oil and gas based economy and those who recently graduated as doctors were forced to perform clerical duties.

"Over the last 12 years successive governments have spent some $700 billion and this is where we are today," Sagewan-Alli said.

Sagewan-Alli said while she supported measures like old age pension and grants for the differently-abled she did not support giving "hard back men and women" handouts.

She urged that the country must move from one of dependency to one where everyone could make a positive contribution despite social strata.

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Unilever declines $3.33

Friday 6th October, 2017 – Trinidad and Tobago Guardian

Overall Market activity resulted from trading in 11 securities of which 1 advanced, 3 declined and 7 traded firm.

Trading activity on the First Tier Market registered a volume of 39,762 shares crossing the floor of the Exchange valued at $810,106.81.

TTNGL was the volume leader with 21,912 shares changing hands for a value of $503,977.98, followed by Sagicor Financial Corporation with a volume of 6,782 shares being traded for $55,273.30.

First Citizens Bank contributed 4,438 shares with a value of $140,941.30, while JMMB Group added 2,500 shares valued at $3,375.00.

Guardian Holdings enjoyed the day's sole price increase, climbing $0.25 to end the day at $15.25.

Conversely, Unilever Caribbean registered the day's largest decline, falling $3.33 to close at $46.02.

Clico Investment Fund was the only active security on the Mutual Fund Market, posting a volume of 2,400 shares valued at $51,624.76.

Clico Investment Fund remained at $21.51

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New Energy Chamber chairman: Govt must resolve policy issues

Friday 6th October, 2017 – Trinidad and Tobago Guardian

Newly elected chairman of the Energy Chamber Eugene Tiah has called on government to provide clarity in a number of areas that are crucial for the advancement of the local energy sector.

With government having outlined the desire for a new tax regime for the upstream oil and gas industry in each of the last three annual budgets, Tiah said while there had been consultation with the Ministry of Finance and the IMF, "There is still a lack of final resolution and clarity about exactly what is intended."

Delivering his maiden speech during yesterday's post Annual General Meeting panel discussion at the Hyatt Regency in Port-Of-Spain, Tiah, who is also the Executive Chairman of the Energy & Industrial Gases BU of Massy, labelled the Finance Minister's prediction that the gas industry was expecting modest growth in production over the next few years as "good news."

He said this growth was the direct result of significant new investment flowing into the country's upstream gas sector.

He added that the Energy Chamber was focused on ensuring T&T remained an attractive investment destination.

Tiah said, "With US $10 billion of investment committed over the next four to five years to upstream gas, we are clearly making significant progress with this objective."

In spite of that, he said significant work remained to be done to ensure further growth in both the oil and gas sectors.

Focusing on the oil industry, Tiah said, "The role of state-owned Petrotrin remains a crucial issue and there continues to be a lack of clear policy on the future of the company by the government."

Turning his attention to the downstream business, he stated that in the LNG and petrochemicals sector "there are still many unresolved issues that require urgent attention"

He added: "Without clarity on policy and the right contractual terms, shareholders in downstream facilities will be unwilling to commit the necessary capital to maintain our highly successful mid and downstream sector."

Also advocating for a clear focus to be maintained regarding ease of doing business, Tiah said, "At present, there are just too many disincentives to investment."

He said reforming the industrial relations environment and overcoming constraints in the labour market were imperative for any diversification drive.

The event also featured a spirited panel discussion moderated by outgoing chairman and BHP Billiton T&T president Vincent Pereira that included Norman Christie, regional president of bpTT, Dwight Mahabir, chairman of the Damus Group of Companies and Nigel Darlow, chief executive officer at Atlantic LNG.

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Banks Feel The Pinch As BOJ Attacks Dollarisation

Friday 6th October, 2017 – Jamaica Gleaner

For the past year, the Bank of Jamaica (BOJ) has systematically been pulling foreign currency out of the market as it polices dollarisation, but while commercial bankers acknowledge that the strategy is working for the central bank, they say it comes at the expense of their business.

The BOJ last increased the reserve requirements for foreign currency by one point to 15 per cent in the June quarter.

But bankers polled by the Financial Gleaner, most of whom spoke only on condition of anonymity, say that due to the types of assets that count as reserves and other regulatory requirements, the result for them is that as much as 29 per cent of the foreign exchange that comes through their doors has effectively been sanitised by the BOJ - meaning they are unable to transact any business with those funds.

To make up for the lost business opportunities, some banks have taken to increasing fees and adjusting interest on foreign exchange transactions. The knock-on effect of that is, customers are less inclined to transact business and save in hard currency.

That effectively is the outcome that the central bank desired. BOJ's intent is to reverse what it sees as a shift towards dollarisation of local savings accounts.

Backfiring on liquidity

But its tactic, bankers say, is increasing the cost of funds to borrowers and tightening liquidity at a time when foreign exchange is needed for lending to the private sector.

"We believe there is an important relationship between the level of reserves commercial banks hold at the central bank and the availability of credit to facilitate economic growth. Therefore, we believe that lower levels of foreign currency reserves would enable commercial banks to stimulate growth in the economy," said Managing Director of JN Bank Maureen Hayden-Cater.

The big banks, it was noted by another banker, have large payroll accounts, Government of Jamaica deposits and other resources to ease their position, but for smaller banks, the reserve requirement results in less money available for lending and credit issued at higher cost to the private sector.

Others chose to delve into the numbers and the complexity of banking to explain the impact of the reserve requirements.

"Liquid asset ratios are USD 29 per cent, of which 15 per cent is cash reserves held at BOJ at zero per cent interest; and 14 per cent in acceptable liquid assets, typically deposited with a correspondent bank or invested in Treasury bills at-lower-than optimum rates."

Comparatively: "For the JMD it is 26 per cent, of which 12 per cent is cash reserve. This means that the bank has only 74 cents per $1 to invest in high-yielding JMD loans, and 71 cents in the case of USD," said one.

"The bank must lend at rates that would provide returns to pay interest to the depositor on the full $1. This impacts the ability to lower rates as well," he told the Financial Gleaner.

A treasury manager similarly noted that "implicit in a higher cash reserve is a higher cost for taking $1 of deposit". For example, assuming a one-dollar deposit priced at one per cent and a reserve requirement of 10 per cent, those funds would cost the bank 1.11 per cent; but at a 15 per cent reserve requirement, the bank's cost rises to 1.176 per cent, he said.

"To mitigate this increase in cost, the institution would lower their deposit rates, creating a disincentive for potential depositors' propensity to save in USD, versus the now wider JMD/USD deposit rate differential that would have to be superseded from a devaluation standpoint - that is, were the differential to move from two per cent to 3.5 per cent, for argument's sake, the dollar would now have to devalue by greater than 3.5 per cent annually to justify a dollarisation asset shift," he said.

An economy is considered dollarised where local business is mostly transacted in US currency rather than its own.

The International Monetary Fund said in its 13th review of the finalised Extended Fund Facility with Jamaica that deposit dollarisation in Jamaica was one of the highest in the region.

The background to this, the fund said, was the 2013 crisis in which domestic bonds were restructured, reserves declined, and the nominal exchange rate depreciated all serving to weaken public trust in Jamaican dollar deposits and bonds and raised the attractiveness of foreign exchange-denominated assets.

Following that review, the BOJ began to take action.

"Before we made the last set of changes, the reserve requirement for US dollars was nine per cent and for Jamaican dollars it was 12 per cent - so in two steps we changed that," said BOJ Senior Deputy Governor John Robinson.

"First, we equalised it so that all deposits would then have a reserve requirement of 12 per cent. Subsequent to that, we moved the requirement for US dollar deposits to 15 per cent, which is where it is now," he told the Financial Gleaner.

President of the Jamaica Bankers Association, Nigel Holness, redirected requests for comment on the impact of the policy on his sector to the central bank.

Robinson noted that the move has been effective.

"Since then, the rate of dollarisation has declined in the commercial banks because there is less of an incentive for persons to hold dollars, hold savings in dollars. That's reflected in the reduction in deposit rates that banks offer on US dollars," the central banker said.

Still, the foreign deposits held by commercial banks now top $100 billion, according to the most recent BOJ data. There was a big spike in deposits by around US$140 million, based on Financial Gleaner estimates, in November 2016 - the effect of which pushed the banking sector's foreign liabilities in one month from $87 billion to $105 billion, when denominated in local currency.

Since then, those liabilities have climbed higher to $114 billion in February, but the spike in that month was due to the entry of a new bank in the market, the central bank's records show.

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NHT Will Fully Finance $22m Homes

Friday 6th October, 2017 – Jamaica Gleaner

The National Housing Trust, NHT, which broke ground two weeks ago for the development of Ruthven Towers in Kingston, confirmed that it is willing to fully finance the apartment units, which are projected to range in price up to $22 million each.

It's the first development for which the state housing agency is known to have overtly pitched 100 per cent backing, beyond the regular mortgage loan cap, but NHT told Financial Gleaner that the facility is now available for any of its schemes.

The housing agency's cap on mortgage loans is currently $5.5 million per contributor or $11 million for dual applicants.

The complex will comprise 238 apartments, spread across four blocks, each rising six floors, on a 5.71-acre property near the New Kingston business hub. The project, to be done in two phases, is scheduled for completion in May 2019.

100 per cent financing

"NHT contributors applying for solutions at Ruthven Towers will be able to access 100 per cent financing based on the new NHT Scheme Policy," the

trust said through its communications department, noting that the policy took effect on July 1, 2017.

"Under this policy, contributors purchasing units in NHT schemes can now benefit from 100 per cent financing. Contributors will be able to access this facility subject to their affordability," the housing agency said.

The Ruthven Towers project has been years in gestation. Back in 2010, the NHT estimated it would have cost $1.9 billion. The new cost is $5.3 billion.

In an update provided to Financial Gleaner, NHT said the proposed selling prices for the units range between $16 million and $22 million.

The development will offer one-, two- and three-bedroom units, and includes a multipurpose court and tennis court, meeting room and jogging trail. The design architects are A.G. Lowe Architects.

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New US$40m Bond To Finance Indirect Acquisition Of SVL Stake

Friday 6th October, 2017 – Jamaica Gleaner

Zodiac International Investments & Holdings Limited of Trinidad & Tobago is issuing a US$40-million bond in Jamaica to finance its takeover of Intralot Caribbean Ventures Limited.

The bond, for which Mayberry Investments Limited is the lead arranger, will be issued in three tranches from October to December.

The first placement is for US$6 million at 6.5 per cent interest over 13 months; the next will be for US$14 million at seven per cent for 18 months; and the final tranches is for US$20 million at 8.0 per cent to mature in 30 months, according to the indicative term sheet obtained by the Financial Gleaner.

Maberry CEO Gary Peart said the bond would be offered to accredited Jamaican and Caribbean investors.

Zodiac, which is based in Trinidad & Tobago, is acquiring 50.05 per cent of Intralot Caribbean from its majority partner Intralot SA of Greece to take full ownership of the company.

The deal will give Zodiac a bigger hold on the Jamaican operation of Supreme Ventures Limited, SVL. As a partner in Intralot Caribbean, the Trinidad firm held 24.95 per cent of SVL indirectly. Once the takeover is finalised, it will hold 49.9 per cent of the Jamaican lottery company. However, part of the deal will see Zodiac offering up some of its SVL shares to underwriters of the notes. The Intralot Caribbean acquisition is scheduled to close on December 31.

"In this transaction the company is proposing to issue the notes in order to acquire sufficient funds to purchase all of the outstanding shares of ICVL that it does not currently own from Intralot St Lucia Limited," the term sheet stated.

JMMB Securities Limited will be the lead underwriter of the bond, among other unnamed entities. These underwriters will have to the option to convert their notes into up to US$10 million of Supreme Ventures stock units, the Financial Gleaner was advised.

The underwriters' will have to option to convert the debt to shares in Supreme Ventures at a price of around $9.50 to $9.75 per share. Zodiac would use the proceeds of the sale of Supreme Ventures shares to pay certain expenses relating to the financing and acquisition transactions, in an amount not exceeding US$10.75 million; and to finance principal and interest due to noteholders in the event of an early repayment, said the term sheet.

Zodiac has a history with Supreme Ventures beyond its indirect ownership. In December 2014, Supreme Ventures'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 serves as principal debtor by means of a charge over its shareholding in Intralot, SVL said at the time.

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Growth Streak Ends As Rain, Beet Armyworm Take Toll

Friday 6th October, 2017 – Jamaica Gleaner

Jamaica has broken its more-than-two-year growth streak. The economy contracted by 0.1 per cent in the June quarter, according to new data from the Statistical Institute of Jamaica, Statin, due to unfavourable weather and the devastation of crops from the beet armyworm infestation.

Jamaica's economy last contracted in the December 2014 quarter when GDP shrank by 0.2 per cent.

Statin said the main contributors to the current decline were the agriculture, forestry and fishing sector, which fell by 9.5 per cent, and mining and quarrying, down 10.9 per cent.

The southern parts of St Elizabeth and Manchester were the main parishes affected by the beet armyworm, Statin said.

President of the Jamaica Agricultural Society, Norman Grant, had warned back in May that the losses from infestation could top $100 million due to the severity of the damage to crops in those areas.

The Ministry of Agriculture said then that surveillance by the Rural Agricultural Development Authority indicated a swell in the population of the beet armyworm and that the pests have already destroyed more than 150 acres of scallion, onion, tomato, cucumber, callaloo, and beet.

Statin also reported a reduction in the production of root crops, which decreased by 8.5 per cent, as well as vegetables, which decreased by 20.2 per cent. The total area of vegetables reaped fell to 4,342.2 hectares from 5,099.2 hectares last year, a 15 per cent decline.

Traditional export crops also fell, mainly resulting from a 37 per cent decline in sugar cane production linked to weather-induced suspension of operations at two main sugar factories, Golden Grove and Monymusk. Cocoa production also fell by 76 per cent as the frosty pod disease continued to impact the crop.

Animal farming remained relatively unchanged for the review period, while banana rose from 15,087 tonnes to 16,471 tonnes and plantain production rose from 11,125 tonnes to 11,378 tonnes.

In the mining sector, alumina production fell to 426.5 thousand tonnes from 477.4 thousand tonnes, while crude bauxite declined to 862.8 thousand tonnes from 1,017.7 thousand tonnes. The sector was affected by heavy rainfall as well as malfunctioning equipment at one of the factories.

Lower output levels in crude bauxite production were influenced largely by the loss of one of the major markets.

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BIBA: Downgrade could hurt international business

Thursday 5th October, 2017 – Barbados Today

The recent downgrade of Barbados by the American ratings agency Standard and Poor's (S&P) will likely take a bite out of the island's international business, according to a senior official of the sector.

President of the Barbados International Business Association (BIBA) Marlon Waldron today told the media launch of International Business Week at Invest Barbados, Trident Insurance Financial Centre, Hastings, Christ Church that some companies that were considering Barbados would probably have second thoughts about setting up shop here.

"If we have companies that are publicly traded come to Barbados, those companies will probably think twice because based on their risk tolerance, they will have to report that grading on their financial statements. And if the company decides a CCC rating is not in their best interest, they will not come. On the other hand, if it is a private company, the rating may not have any effect on them," Waldron said.

The international ratings agency last week hit Barbados with another downgrade, from 'CCC+' to 'CCC', taking it deeper into the non-investment grade level often referred to as "junk" status.

Successive sovereign downgrades of Barbados forced financial services giant Sagicor Financial Corporation to move its headquarters to Bermuda last year after more than a century in Barbados, going back to when it was called The Mutual.

According to S&P, the 'CCC' rating meant that debts were vulnerable to nonpayment.

"In the event of adverse business, financial, or economic conditions, the owing party is not likely to have the capacity to meet its financial commitment on the obligation," the ratings agency warned.

It further noted that Barbados' policy challenges included "high general government debt, deficits, and debt servicing requirements, limited appetite for private-sector financing, and a low level of international reserves raising the risk to sustainability of the peg to the United States dollar".

Despite this, the BIBA president said the local international business sector was still doing relatively well in the current environment.

"We are still seeing the normal amount of companies being incorporated as we saw in previous years. We had a fall-off in 2008 with the global recession, but things improved after that, and generally we are flat in terms of going and coming," the BIBA official noted.

Waldron said the sector generates about $1 billion in revenue, or ten per cent of the island's annual gross domestic product, and was responsible for generating 60 per cent of Government's corporation tax income.

The BIBA president said International Business Week, which starts with a church service at St Matthias Anglican Church on Sunday, October 15, was aimed at debunking certain myths associated with the sector.

"We will show Barbadians that the sector is not catering to expatriates only. Our schools' symposium scheduled for the Lloyd Erskine Sandiford Centre (LESC) on October 17 will familiarize our secondary school students with some of the work opportunities available in the sector, and our Careers Showcase at UWI on October 18 will do the same for tertiary level students."

The week of activities also includes a two-day International Business Conference at the LESC on the theme Prospering in the Technological Era: Innovate, Integrate, Motivate on October 19 and 20. On the weekend, BIBA will be giving back to the community through its Charity Fun Walk/Run on Saturday, October 21, which will raise funds to purchase equipment for the Eunice Gibson Polyclinic. On October 28, BIBA members will conduct a clean-up project on Long Beach, Christ Church.

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More than 100,000 thousand pumped to Disaster Fund

Thursday 5th October, 2017 – Gov.gd

More than 120,000 dollars have been poured into the Bank Account activated by the National Disaster Management Agency NaDMA to assist countries affected by hurricanes Irma and Maria.

That announcement was made by Sen. Winston Garraway, Minister with Responsibility for Disaster Management, during a Post Cabinet Briefing on Tuesday.

Government has already pledged 1.7 Million Dollars towards the hurricane relief efforts, and Sen. Garraway says cheques are being processed to go directly to the beneficiaries.

"I know there are other initiatives by some companies, they're raising funds and they're looking forward to a day to make a donation to NADMA for this relief account; but we will continue to emphasize the need to give".

Sen. Garraway says Grenada was the only country in the region with some critically needed medical supplies which were flown to the hospital in Dominica by a private citizen using his private plane.

On Friday, a Venezuelan Military Cargo Plane left Grenada with more than 7,000 pounds of fruits, vegetables and dried goods for Dominica.

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ExxonMobil reveals yet another "significant" oil discovery

Friday 6th October, 2017 – Kaieteur News Online

ExxonMobil has made yet another "significant" discovery of high quality oil offshore Guyana.

The company announced yesterday that it had made a fifth new oil discovery after drilling the Turbot-1 well offshore Guyana.

Turbo-1 is ExxonMobil's latest discovery to date adding to previous discoveries at Liza, Payara, Snoek and Liza Deep. Following completion of the Turbot-1 well, the Stena Carron drillship will move to the Ranger prospect.

ExxonMobil said that its affiliate, Esso Exploration and Production Guyana Ltd, began drilling the Turbot-1 well on August 14, this year and encountered a reservoir of 75 feet (23 meters) of high-quality, oil-bearing sandstone in the primary objective.

The well was safely drilled to 18,445 feet (5,622 meters) in 5,912 feet (1,802 meters) of water on September 29, 2017. The Turbot-1 well is located in the southeastern portion of the Stabroek Block, approximately 30 miles (50 kilometers) to the southeast of the Liza phase one project.

"The results from this latest well further illustrate the tremendous potential we see from our exploration activities offshore Guyana," said Steve Greenlee, president of ExxonMobil Exploration Company. "ExxonMobil, along with its partners, will continue to further evaluate opportunities on the Stabroek Block."

The Stabroek Block is 6.6 million acres (26,800 square kilometers). Esso Exploration and Production Guyana Limited is operator and holds 45 percent interest in the Stabroek Block.

Hess Guyana Exploration Ltd. holds 30 percent interest and CNOOC Nexen Petroleum Guyana Limited holds 25 percent interest.

Yesterday, ExxonMobil's Senior Director of Public and Government Affairs, Kimberly Brasington, said that the company will not be able to know the real size of the resource until another well is drilled in 2018.

That well will be Turbo-2 and will be drilling in close proximity to Turbo-1.

"Only then will we have a number to go with," said Brasington.

Brasington said, "The announcement says 75 feet of high quality oil-bearing sandstones and that literally means that we have drilled through 75 feet of the sand rock and 75 feet shows oil…So our best estimate of this find is that there is 75 feet of oil."

Brasington continued, "When we drilled the first well at Liza-1, we knew there was oil. We made an announcement that oil is there but we had no idea how much was there until we came back and drilled the second one.

"What we did, we picked another location further away and it helped us; it gave an idea of how big is the reservoir. It is so hard to make that estimate on one well. We do not have enough data."

However, Brasington said that the oil at 75 feet is quite "significant. If we had found 12 or a smaller number it would give a different message but the fact that it is 75 ft, it is significant enough to warrant us coming back and drilling a different well to get more information.

"So after we drill Turbo-2 next year we will be in a much better place to figure out how many barrels are in this."

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Tourism Flat-Lines As Yields Off 28% Since Millennium

Thursday 5th October, 2017 – Tribune 242

A 28 per cent decline in per tourist spending yields since 2000 has resulted in "no growth" this century in the Bahamas' largest industry, the Minister of Tourism revealed yesterday.

Dionisio D'Aguilar told the House of Assembly that the decline in per capita visitor spending had offset the increased arrivals volume, resulting in a flat-lining of the sector's economic impact since the turn of the millennium.

"Visitor arrivals have grown by 48 per cent or two million persons since 2000, from 4.1 million to six million," Mr D'Aguilar said, "but the average spend per visitor has declined 28 per cent - from $586 in 2000 to $422 in 2015, meaning that the declining spend per visitor has significantly offset the total arrivals growth of the past 15 years.

"Thus, there has been no growth whatsoever in the number of dollars and cents these extra foreign visitors are dropping into our economy."

The Minister's remarks highlight why the Bahamas continues to find annual GDP growth so hard to come by, as its largest industry and private sector employer is simply either not growing - or not growing fast enough.

Describing the economic data as "quite troubling", Mr D'Aguilar's suggested that the Bahamas had been too focused on growing visitor arrivals at the expense of their economic contribution/impact.

Effectively, Bahamian tourism has become a volume business, while yields/margins have slowly declined. This stems largely from the fact that cruise passengers have driven the majority of visitor arrivals growth, while higher-yielding stopover numbers have remained frustratingly flat at around 1.5 million per annum.

Mr D'Aguilar yesterday said the $1,500 per stopover visitor spend was "more valuable" than the $69 yield per cruise passenger, "but the problem is that the number of stopover visitors has not grown in 30 years, remaining at approximately 1.5 million for that entire period.

"Any growth in our tourist arrival numbers has come from an increase in the number of cruise passengers, whom we now know spend far, far less than the more desirable stopover visitor."

The Minister added that cruise passengers accounted for 75 per cent of visitor numbers, but just 12 per cent of total spending, whereas stopover/land-based visitors produced 88 per cent of spending but accounted for only 25 per cent of the volume.

"Put another way, cruise ship passengers spend approximately $300 million in our country each year as opposed to the stopover visitors that spend $2.2 billion," Mr D'Aguilar said.

"Why, one might ask, are we providing millions upon millions in incentives to the cruise ship industry when the spending of their passengers pales in comparison to the passengers brought by air."

Mr D'Aguilar said the Ministry of Tourism was now focused on growing stopover visitors, given that they were essential to expanding an industry that generates 77 per cent of the Bahamas' US dollar earnings.

He also expressed concern that the Bahamas' tourist arrivals had only grown by an average 2.3 per cent per annum since 2011, a rate almost half that of the Caribbean's 4.3 per cent.

"The Bahamas is seemingly losing some of its allure as a destination of choice, as travellers become more adventurous and venture further south for something new, something different," he said.

To reverse the negative trends, Mr D'Aguilar said the Bahamas was placing reliance on the return to service of all 600 rooms in Atlantis's Coral Towers by April 2018, and the net 2,300 increase in New Providence's room inventory when Baha Mar fully opens at the same time.

To better co-ordinate promotional efforts, the Minister said he was seeking to pool the total $50-$60 million annual marketing spend by the Ministry of Tourism, Promotion Boards and individual hotels.

"The numbers reveal that, despite all of this spending, our stopover visitors are not growing probably because our message is confusing, and probably because our marketing dollars are spread too thinly over too many pots to be effective," Mr D'Aguilar said.

He argued that his 'pooling' plan would "allow for the more efficient and effective spending on our marketing message", and questioned whether something similar should happen with regard to the Internet.

"Each of these entities have their own websites," Mr D'Aguilar said. "Would it not be more effective for all of these websites, which are all costing thousands upon thousands of dollars to operate and manage, to all collapse into Bahamas.com?

"The tourism sector is now mercilessly competitive, and we must guard our marketing dollars jealously to ensure that they are spent on ensuring that any search on the worldwide web for a destination in the Caribbean leads back to the Bahamas."

Mr D'Aguilar added that the Ministry of Tourism would also seek to "reverse this downward trend" in per capita cruise passenger spending.

"I challenge our local entrepreneurs to figure out ways to develop, and create fun and innovative and interesting excursions to offer to the 4.5 million cruisers that touch down mostly in New Providence each year," he said.

"The Ministry of Tourism has done an excellent job attracting these types of visitors to our country, but we have failed to fully leverage the opportunities this has created."

Mr D'Aguilar said he would create a unit within the Ministry of Tourism to facilitate talks between the cruise lines and Bahamian entrepreneurs, and added: "I will try to convince the Minister of Finance to adjust the duties and other taxes to motivate cruisers to do more of their shopping here rather than further down in the Caribbean."

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KPMG Bahamas To Sponsor Regional Infrastructure Forum

Thursday 5th October, 2017 – Tribune 242

KPMG Bahamas yesterday said it will be a title sponsor of the Caribbean Infrastructure Forum (CARIF), which will be held from December 11-12 in Montego Bay, Jamaica.

Following successful KPMG Island Infrastructure summits in 2011, 2013 and 2015, the accounting firm is partnering with host IJGlobal, the infrastructure arm of Euromoney Institutional Investor, and New Energy Events, the organisers of the Caribbean Renewable Energy Forum, to gather a broader cross-section of decision makers, executives and financiers to discuss the region's needs, explore structures and partnerships, and introduce projects to international financing sources.

Dr Warren Smith, the then-incoming Caribbean Development Bank president, predicted in 2014 that $30 billion would be required over the next decade to modernise the region's energy, transportation, telecommunications, and water and wastewater sectors.

As the extent of the threat posed by rising sea levels and unpredictable weather patterns is better understood, KPMG said the need to invest heavily in climate resilient infrastructure across multiple sectors has become clearer. It added that $30 billion now appears to be a conservative estimate.

"We are very excited to partner with IJGlobal, New Energy Events and fellow title sponsor, CIBC First Caribbean, to host a consolidated regional infrastructure event which gathers the market," said Charlene Lewis-Small, a KPMG (Bahamas) director and its infrastructure lead.

"CARIF is set to be the catalyst which will drive the flow of financing and investment into critical regional infrastructure projects now and for years to come, as it draws an expansive audience of project sponsors and developers, providers of multilateral and private capital, and regional governments."

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Bahamas to Chair Tourism's Commission For Americas

Thursday 5th October, 2017 – Tribune 242

The Bahamas has been elected as Commission for the Americas (CAM) president by the United Nations World Tourism Organisation (UNWTO).

Dionisio D'Aguilar, minister of tourism, will assume the seat for the next two years following the 22nd session General Assembly in Chengdu, China, from September 10 - 17, 2017. Bahamas Minister of Tourism and Aviation, the Hon. Dionisio D'Aguilar, will assume the seat on behalf of the country for the next two years.

"With such unique and diverse cultural and natural attributes that the Americas are blessed with, I pledged to work in collaboration with member states of the region to further develop and promote these attributes globally in an effort to enhance the quality of life of citizens through the advancement of tourism development," Mr D'Aguilar said.

Haiti and Brazil will serve as vice-chairmen for the period 2017 - 2019.

The Commission for the Americas is one of six regional commissions that were established in 1975 as subsidiary organs of the UNWTO General Assembly. The commissions cover the following six regions of the world: Africa, Europe, the Americas, East Asia and the Pacific, the Middle East and South East Asia.

The Commissions meet once a year with the objective of informing the UNWTO body, through the Secretariat, of any concerns or suggestions to improve its responsiveness to member needs. Each Commission elects one chairman, and its vice-chairmen, for a term of two years.

CAM has the third largest number of member countries, following Africa and Europe. It has seen increased participation in its annual meetings by affiliate members, including the private sector, academia and non-governmental agencies, which advances the UNWTO's goals of developing public-private partnerships (PPPs) to grow the tourism economy.

The Americas region recorded 200 million international visitor arrivals in 2016, representing a 7.5 million increase over the same period in 2015. With an annual 3.8 per cent growth rate, the Americas kept pace with the world average of 3.9 per cent.

The growth in the Americas was fuelled by South America, with Chile leading the way through a 26 per cent increase in arrivals, together with strong demand from neighbouring Argentina. The Caribbean contributed a 5 per cent growth in business, due mainly to a robust increase of 13 per cent in visitor arrivals recorded in Cuba.

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New Edition of the LEAD Program

Thursday 5th October, 2017 – iciHaiti.com

Wednesday at the Karibe Convention Center, the Pan American Development Foundation (PADF) launched the new edition of LEAD Program through the Leveraging Effective Application of Direct Investments program.

This year, the LEAD Program once again joined the "Konbit" project http://www.haitilibre.com/en/news-16676-haiti-economy-program-konbit-of-usaid-the-details.html of the United States Agency for International Development (USAID - Haiti) implemented by Papyrus S.A.

This type of activity allows the beneficiaries of LEAD to familiarize themselves with the financial and non-financial products and services available, to discuss business opportunities and challenges, as well as other related topics. The ProFin Group was the special guest at this morning's chat.

The LEAD program aims to attract investment in Haitian SMEs and increase the impact of remittances on development. LEAD operates on three development corridors: Cap-Haïtien, Saint-Marc and Port-au-Prince. The program is funded by USAID Haiti and implemented by the PADF.

Since 2011, LEAD has provided grants to 45 Haitian Small and Medium Enterprises (SMEs), enabling them to expand their activities and create more jobs.

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ECCB lays out Strategic Plan for 2017 to 2021
Thursday 5th October, 2017 – SKN Vibes

GOVERNOR of the Eastern Caribbean Central Bank (ECCB), Timothy Antoine has laid out the institution's Strategic Plan for the period 2017-2021.

Addressing a gathering of diplomats, bank officials, media representatives and high-ranking dignitaries at the Sir Cecil Jacobs Auditorium on Tuesday (Oct. 3), Antoine explained that the plan comes at a time when the ECCU is experiencing a number of challenges.

Among those challenges are low growth, natural disasters and unemployment within the Currency Union.

According to the Governor, the plan reflects the bank's recognition of the rapidly changing economic and financial landscape and "the necessity for agility in the delivery of our financial stability and economic development mandates".

"Our plan today lays out a new vision for a new era," Antoine said.

Though he did not give the entire plan, he outlined five goals that they are hopeful of achieving:

- Maintain a strong and stable EC dollar;
- Ensure a strong, diversified and resilient financial sector;
- Be the advisor of choice to our participating governments in pursuit of fiscal and debt sustainability;
- Actively promote the economic development of our member territories; and
- Enhance organizational effectiveness to ensure responsiveness and service excellence.

During his address, Antoine noted that a reflection must be placed on the fundamental principles of why the bank exists, pointing to Article 4:4 – which is to "Actively promote through means consistent with its objectives…which are the economic development of the territories".

"The reason why I single that one out is because everyone knows that we have a stability mandate, and not everyone knows that we also have an economic development mandate; and that is enshrined in our agreement."

In keeping with its new plan, the Central Bank has also revised its Mission Statement.

According to Antoine, the Statement -Advancing the good of the people of the Currency Union, while maintaining financial stability and promoting growth and development -highlights a means to an end, with the end being the overall development.

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CEO Khan outlines due diligence process for citizenship by investment applications

Thursday 5th October, 2017 – SKN Vibes

Chief Executive Officer (CEO) of the St. Kitts and Nevis Citizenship by Investment Unit (CIU), Les Khan, gave some insight into the stringent due diligence process of the CBI programme, implemented after 2015, that has helped to prevent unwanted actors from being accepted.

"Due diligence is an area that we take really seriously and more than any of the other islands. We have instituted additional steps in ensuring that the individual is of good repute," he said on Wednesday's (October 04) radio and television programme "Working for You."

The process begins at the first point of contact between an applicant and an agent. Mr. Khan explained that the certified CBI agent will first run a high level background check on the individual using creditable tools such as those offered by World Check or World Compliance. The provision for an extensive security check was recently instituted for all service providers and agents. Once cleared, the application will then go to a service provider in St. Kitts and Nevis, who will then submit the application and the due diligence report to the CIU.

The CIU will then inspect the files and once it passes the "test of documentation" the information will be forwarded to an international due diligence company. St. Kitts and Nevis engages the services of up to six companies with the main ones being identified as IPSA International (the Canadian subsidiary was recently acquired by Exiger); S-RM, which provides business intelligence, risk management and Cyber Security; Thomson Reuters; and BDO Consulting.

"That due diligence company then takes that information and runs it against the various sanctions lists, social media and other media channels to see if there is a negative [post] in media," CEO Khan said. The rigid security process continues as the information is then forwarded to an agency which dispatches investigators to discretely confirm the individual's details including place of residence, occupation, utility (water/electricity) report, educational history, bank statements and the flow of funds, and more. The flow of funds and its origin are scrutinized carefully.

"If [the applicant] says he has a million dollars in an account for his investment, does he really have a million dollars? Where does that million dollars come from? Does that million dollars match with the type of revenue … based on his occupation," Mr. Khan stated, adding that investigators are very thorough and the applicant will be asked to provide additional information if any inconsistencies are discovered.

When the investigation process is completed the file is returned to the CIU Unit, which will then conduct another review and submit a recommendation to approve or deny the application.

The process may seem somewhat onerous but Mr. Khan said it is necessary.

"It is very important that the due diligence process is where it is and the vetting process that follows after that," he noted. "The reputation of our country is of the utmost importance and therefore we have to take every single step to ensure that the individual … that we are granting citizenship to is, who he is, and is someone that we will be proud to have as a citizen."

St. Kitts and Nevis' Citizenship by Investment programme is one of the world's longest running and successful programmes and carries a platinum standard. Mr. Khan said the platinum brand will be protected and the reputation of having the most rigid standards in the Caribbean will be upheld.

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LUCELEC breaks ground for 3MW solar farm

Thursday 5th October, 2017 – St. Lucia News Online

(PRESS RELEASE) – On Friday, September 29, 2017, LUCELEC held a ground-breaking ceremony for its 3 megawatt (MW) solar farm, to be located north of the Hewanorra International Airport at La Tourney, Vieux Fort.

The ceremony marked the official commencement of construction of the solar farm.

Acting Prime Minister, Hon. Lenard Montoute, Energy Minister, Hon. Stephenson King, representatives of the selected contractor GRUPOTEC, the Clinton Foundation and Rocky Mountain Institute-Carbon War Room, and the United Nations Development Programme were among stakeholders who addressed the ceremony along with LUCELEC's Managing Director.

The $20M solar farm is historic for Saint Lucia as it will be the first utility-scale renewable energy project on the island. It will be funded, owned and operated by LUCELEC. When completed in April 2018, it will have about 15 thousand panels and will generate 15 million kWhs (or units) of electricity per year. That's enough to power the equivalent of about 3,500 homes, and is about 1.3% of the electricity generated from LUCELEC's Cul De Sac Power Plant.

The 3MW solar farm will reduce the volume of fuel purchased by LUCELEC by about 300 thousand gallons per year. LUCELEC uses approximately 19 million gallons of fuel per year.

LUCELEC's Managing Director Trevor Louisy described the ground-breaking as the first major practical step in Saint Lucia's energy transition process towards a more secure and sustainable energy supply. "The construction of the solar farm builds on the work LUCELEC has been doing with grid-tied roof top solar PV systems since 2009. It is expected to provide the impetus for more renewable energy initiatives, and in more ways than one, will change St. Lucia's energy landscape," he said.

Last year, LUCELEC and the Government of Saint Lucia jointly developed the National Energy Transition Strategy, an energy roadmap informed by independent technical analysis that paves the road for a sustainable, reliable, cost-effective, and equitable electricity sector using the island's local resources.

In June of this year, LUCELEC entered into an agreement with solar energy firm GRUPOTEC to begin the engineering, procurement, and construction for the solar farm. The procurement process for LUCELEC's solar farm was facilitated with technical assistance from non-profit partners Clinton Climate Initiative (CCI), an initiative of the Clinton Foundation, and Rocky Mountain Institute-Carbon War Room (RMI-CWR), alongside global energy and engineering advisory firm DNV GL.

The organizations supported LUCELEC in the project development, bid evaluation, and contract negotiations to ensure the solar farm meets international standards and best practices while procured at a competitive price for the Caribbean region.

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Futures little changed in lull before jobs report

Friday 6th October, 2017 – Reuters

U.S. stock index futures were flat on Friday after a recent strong run and ahead of a crucial jobs report that could provide further clues on the health of the economy.

The benchmark S&P 500 index .SPX set its sixth straight record closing high on Thursday as investors cheered significant headway made by the Trump administration to overhaul taxes.

The Labor Department's closely watched employment report is expected to show nonfarm payrolls rose 90,000 last month, compared with 156,000 in August, as Hurricanes Harvey and Irma displaced workers and delayed hiring.

The report, which will include readings on the unemployment rate and wages, is due at 8:30 a.m. ET (1230 GMT).

However, economists have said that the labor market continued to tighten and that a weak jobs number would do little to change the Federal Reserve's view of a December interest rate hike.

Economic data has been robust this week, including strong August factory orders, smaller-than-expected trade deficit and the fastest U.S. services sector expansion in 12 years.

The dollar .DXY is set for its fourth week of gains as investors favored the global currency amid political uncertainty in Spain and increased bets of a U.S. rate hike in the coming months.

Oil prices were off about 1 percent after a week of profit-taking and the return of oversupply worries.

New York Fed President William Dudley is scheduled to speak on the outlook for monetary policy at a conference at 12:15 p.m. ET.

Atlanta Fed President Raphael Bostic and his Dallas counterpart Robert Kaplan will speak at a conference in Austin, Texas.

Costco's (COST.O) shares were down 2.7 percent at $167.49 in premarket trading after the warehouse club retailer reported a fall in gross margins due to an intense price war among grocers.

Synchronoss Technologies (SNCR.O) jumped 23 percent to $13.20 after the software maker said it would restart buyout talks with its top shareholder Siris Capital Partners.

Futures snapshot at 6:49 a.m. ET:

Dow e-minis 1YMc1 were down 10 points, or 0.04 percent, with 9,972 contracts changing hands.

S&P 500 e-minis ESc1 were down 1 point, or 0.04 percent, with 79,054 contracts traded.

Nasdaq 100 e-minis NQc1 were up 3.25 points, or 0.05 percent, on volume of 16,012 contracts.

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

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Hurricanes Harvey, Irma expected to dim U.S. jobs growth in short term

Friday 6th October, 2017 – Reuters

U.S. job growth probably slowed further in September as Hurricanes Harvey and Irma left displaced workers temporarily unemployed and delayed hiring, the latest indication that the storms undercut economic activity in the third quarter.

According to a Reuters survey of economists, the Labor Department's closely watched employment report on Friday will likely show that nonfarm payrolls increased by 90,000 jobs last month after rising by 156,000 in August.

The projected job gains for September would be the second smallest this year and well below the 175,000 monthly average for the 12 months through August. They would follow on the heels of August's disappointing employment growth, which economists blamed on a seasonal quirk.

Payrolls are calculated from a survey of employers, which treats any worker who was not paid for any part of the pay period that includes the 12th of the month as unemployed.

Economists estimate that Harvey and Irma, which wreaked havoc in Texas and Florida, cut as many as 125,000 jobs from payrolls in September.

"We are going to get a lot of the jobs back and we are going to see hiring related to the clean-up and rebuilding into early 2018 as well," said Ryan Sweet, Senior Economist at Moody's Analytics in West Chester, Pennsylvania.

Economists say a weak employment report should not change views the Federal Reserve will raise interest rates in December. Fed Chair Janet Yellen cautioned last month that the hurricanes could "substantially" weigh on September job growth, but expected the effects would "unwind relatively quickly."

The U.S. central bank said last month it expected "labor market conditions will strengthen somewhat further." "Given this, we suspect the financial markets will also take any hurricane-related weakness to the September employment report in stride, maintaining an elevated probability for a December Fed interest rate hike," said Sam Bullard, a senior economist at Wells Fargo in Charlotte, North Carolina.

According to the Labor Department, the Texas and Florida areas affected by the storms employed 11.2 million people in March 2017, representing 7.7 percent of U.S. employment.

JOBS MARKET STILL TIGHTENING

Excluding the weather impact, economists say the labor market continues to tighten. The employment report would join August consumer spending, industrial production, homebuilding and home sales data in suggesting that the hurricanes will dent economic growth in the third quarter.

Economists estimate that the back-to-back storms, including Hurricane Maria which destroyed infrastructure in Puerto Rico last month, could shave at least six-tenths of a percentage point from third-quarter gross domestic product growth.

Growth estimates for the July-September period are as low as a 1.8 percent annualized rate. The economy grew at a 3.1 percent rate in the second quarter.

Harvey and Irma are not expected to have an impact on the unemployment rate, which is forecast holding steady at 4.4 percent for September. The smaller survey of households from which the jobless rate is derived treats persons as employed regardless of whether they missed work during the reference week and were unpaid as result.

The household survey could reflect the impact of the storms on employment by showing the number of workers who were stranded at home because of bad weather as well as those who were forced to work part-time.

There was probably no impact on the length of the average workweek from the storms.

"There are competing forces at play in September, where hours worked in many sectors will see shutdown-related cuts, while hours worked for clean-up and reconstruction efforts will get extended," said Ellen Zentner, Chief Economist at Morgan Stanley in New York.

With the hurricane-driven temporary unemployment concentrated in low-paying industries like retail and leisure and hospitality, average wage growth is forecast picking up.

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Average hourly earnings are forecast increasing 0.3 percent in September after rising 0.1 percent in August. Still, the annual increase in wages probably remained stuck at 2.5 percent for a sixth straight month.

Annual wage growth of at least 3.0 percent is need to raise inflation to the Fed's 2 percent target, analysts say.

Construction payrolls likely fell in September, bearing the brunt of the bad weather. Manufacturing employment is forecast increasing by 10,000 jobs after surging 36,000 in August, which was the most in four years.

(Reporting by Lucia Mutikani; Editing by Andrea Ricci)

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Dollar set for 4th week of gains as markets scent higher rates

Friday 6th October, 2017 – Reuters

The dollar edged higher on Friday and is on track for its fourth consecutive week of gains as investors continued to cut their short bets against the greenback on a growing view that bond markets have under-priced the extent of U.S. rate increases.

Outflows from U.S. Treasury bonds picked up pace and the U.S. bond yield curve steepened, prompting the dollar to extend its near 3 percent rise over the last month against a broad-trade weighted basket of currencies

"We are thinking that the dollar bounce has further to go because in our view, the market continues to under-price the possibility of a December fed hike, so the dollar has further to go," said Alvin Tan, am FX strategist at Societe Generale in London.

Solid U.S. economic data, along with the prospect of U.S. tax cuts and growing expectations that a hawkish candidate will replace Janet Yellen as Federal Reserve Chair when she steps down in February 2018, have combined to given a lift to the dollar in recent weeks. [nL4N1MF3AX

The dollar index, which measures the greenback's value against a basket of six major currencies, edged up 0.1 percent to 94.03.

It rose to 94.112 at one point on Friday, its strongest level since mid-August and has risen more than 3 percent from 2-1/2 year low of 91.011 hit in early January.

SHORT SQUEEZE

Bank of America Merrill Lynch strategists say latest flow data in the week of Oct. 5 shows that Fed rate hike expectations have caused a broad rotation from U.S. Treasury debt to investment grade bonds. The former saw their biggest weekly outflows in 31 weeks.

The U.S. Treasury yield curve has also steepened in recent weeks, with yields on debt maturing in 5 to 10 years rising between 20-30 basis points in that period, indicating rate hike expectations are gradually becoming more broad-based.

"Some very short positions are being reduced as markets are coming around to the view that the bond markets are not reflecting the likelihood that the Fed may raise interest rates more than what is currently reflected," said Thu Lan Nguyen, an FX Strategist at Commerzbank AG in Frankfurt.

The latest Reuters poll this week showed the greenback will at best be where it is now in three, six, and 12 months as predictions were largely unchanged, suggesting the current rally will mostly be short-lived.

But some traders believe the current dollar rally may have more legs if President Donald Trump appoints a hawkish U.S. Federal Reserve chair.

Oxford Economics assigns a 40 percent probability to Kevin Warsh as the next U.S. Federal Reserve Chair, a candidate increasingly perceived as hawkish by the markets.

But futures markets are giving only a 40 percent probability to two rate hikes over the next 12 months, a likelihood that may change dramatically and kick U.S. Treasury yields and the greenback higher if the data improves.

The last time the dollar enjoyed a four-week rising streak was back in late-February when expectations of major U.S. tax reforms were at a fever pitch, but the dollar tanked more than 10 percent in the subsequent months as those expectations faded.

The short-term focus is on U.S. job data for September, due later on Friday. The data is expected to show a slowdown in jobs growth, reflecting the effects from Hurricane Harvey and Irma.

According to a Reuters survey of economists, the jobs data will likely show that nonfarm payrolls increased by 90,000 jobs last month after rising by 156,000 in August.

Elsewhere, sterling fell 0.4 percent to one-month lows in early trade to $1.3063 as investors worried about rising political uncertainty.

(Reporting by Saikat Chatterjee; Additional reporting by Fanny Potkin; Editing by Gareth Jones)

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Sterling bounces as May says will provide "calm leadership"

Friday 6th October, 2017 – Reuters

Britain's pound rose from four-week lows against the dollar on Friday, after Prime Minister Theresa May hit back at a plot to topple her by saying she would provide "calm leadership" to the country.

It emerged earlier on Friday that 30 of May's lawmakers were backing a plan to replace her as prime minister.

Sterling briefly topped $1.31 GBP=D3 after the statement, up from $1.3052 beforehand, before easing back a touch to trade at $1.3080 by 1145 GMT, still down 0.2 percent on the day.

"The market was potentially looking for May to resign - her comments...suggest otherwise," said Neil Jones, Mizuho's head of currency sales for hedge funds.

"(Her comments) tell you she is not going to quit voluntarily. I would suggest the rally will prove to be a knee-jerk relief rally-type reaction, and likely limited on the upside," he added.

Britain's FTSE .FTSE dropped as sterling gained, though still traded up on the day, last up 0.1 percent.

(Reporting by Jemima Kelly and Helen Reid; Editing by Hugh Lawson)

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Oil set to end multi-week bull run as oversupply concerns resurface

Friday 6th October, 2017 – Reuters

Oil prices fell on Friday at the end of a week that saw profit-taking and the return of oversupply concerns lead the market lower, snapping a multi-week bull run that was Brent's longest in 16 months.

Benchmark Brent crude futures LCOc1 were down 26 cents at $56.74 a barrel at 1112 GMT, set for a 1.5 percent loss on the week and snapping a five-week winning streak that was the longest since June 2016.

U.S. West Texas Intermediate (WTI) crude CLc1 was at $50.27, down 52 cents. It was set to close the week down nearly 3 percent, the biggest weekly loss in three months.

Russia on Friday clarified remarks on the oil market made by President Vladimir Putin earlier this week, saying he did not propose extending a global oil output cut deal but said he recognized it was a possibility.

The prospect of extended oil production cuts by the Organization of the Petroleum Exporting Countries and other producers led by Russia had supported prices in recent sessions.

Saudi Arabia's energy minister said on Thursday he was "flexible" about prolonging the production-curbing pact until the end of 2018.

However, concerns linger about growing U.S. crude exports, incentivised by a hefty WTI discount to Brent prices.

"We have a couple of bearish factors like a new record for U.S. crude exports, the reopening of Libya's biggest oilfield, a new year high in U.S. crude production and the recent strength of the U.S. dollar," said Frank Schallenberger, Head of Commodity Research at LBBW in Stuttgart.

"I expect Brent to drop below $55 a barrel and WTI below $50 in the next couple of days."

U.S. government data showed this week that crude exports had risen to a record of nearly 2 million barrels per day.

Investors were also wary of tropical storm Nate shutting down some oil production in the Gulf of Mexico ahead of its expected arrival in the area as a hurricane on Sunday.

“The biggest impact (from Nate) could be on gasoline prices, depending on how many refineries are forced to shut down. But I don’t think we will see another bull run,” Schallenberger said.

In the Gulf of Mexico, BP and Chevron were shutting production at all platforms, while Royal Dutch Shell and Anadarko Petroleum suspended some activity. Exxon Mobil, Statoil and other producers have withdrawn personnel.

(Additional reporting by Henning Gloystein in Singapore; Editing by Dale Hudson and Jason Neely)

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ECB to publish breakdown of its company debt buys

Friday 6th October, 2017 – Reuters

The European Central Bank will begin to publish more detailed information about the corporate bonds it has bought as part of its stimulus program, it said on Friday, after pressure from European and national lawmakers for more transparency.

The data, scheduled to be published at 1400 GMT on Friday, will shed light on a component of the ECB's bond-buying scheme that may gain prominence in the coming months as purchases of government debt are likely curbed to avoid hitting legal limits.

The ECB will show how closely it is sticking to its plan to buy bonds in proportion to the outstanding debt of euro zone companies that are rated investment grade and are not banks.

The data will detail the distribution of the ECB's 114.7 billion euros corporate holdings per country, rating and sector at the end of September, comparing it with the eligible universe.

It will then be updated twice per year.

Although the ECB regularly discloses which bonds it buys, it does not reveal the value of each holding.

The central bank is expected to announce on Oct 26 that it will reduce its monthly purchases, currently at 60 billion euros, from January in light of stronger inflation and economic growth in the euro zone.

Reporting by Balazs Koranyi; Editing by Francesco Canepa

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Italy's Target2 debt hits record high in September

Friday 6th October, 2017 – Reuters

Italy's debt with the European Central Bank hit a record high in September, data showed on Friday, suggesting cash is flowing out of the euro zone's third biggest economy.

Its net debt to the ECB's Target2 payment system, which settles cross-border payments in the euro zone, rose to 432.5 billion euros ($506 billion) in September from 414.2 billion euros in August.

A country's Target2 position is monitored as a sign of financial stress and imbalances within the euro zone. However, Italy would only need to repay that debt in the event of a break-up of the currency bloc.

Italy's position worsened during the sovereign debt crisis as foreign investors dumped Italian assets and withdrew funding to its banks.

Analysts say political risks factors as the country heads towards national elections early next year may have dampened foreign demand for Italian assets, but the widening of its Target2 balance since last year has several causes.

The Bank of Italy has identified a growing preference among Italians to cut their domestic government bond holdings to invest more of their savings in higher-yielding foreign assets.

The ECB has blamed the growing imbalances on the massive bond purchases it has been carrying out to boost euro zone inflation, as many of the sellers are foreign institutions.

Also, taking advantage of the ECB's ultra-expansionary monetary policy, Italian banks have replaced foreign funding with cheap central bank cash.

($1 = 0.8547 euros)

(Reporting by Valentina Za and Giulio Piovaccari; editing by John Stonestreet)

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Japan's economy likely posted second best stretch of post-war growth: index

Friday 6th October, 2017 – Reuters

Japan's economy likely posted its equal second-best stretch of uninterrupted post-war growth, a government index for August showed on Friday, a nod to strong global demand and Premier Shinzo Abe's aggressive stimulus measures.

The latest reading comes as Abe heads to a general election later this month and puts his "Abenomics" policies in the spotlight. However, despite the strong headline number, analysts say the benefits of growth have failed to reach broader sectors of the economy with generally anemic wages leaving households behind.

The index of coincident economic indicators rose a preliminary 1.9 points to 117.6 in August from the previous month, the level seen in March 2014, the Cabinet Office said. This would mark 57 straight months of growth, matching the second-best stretch of expansion since World War Two, seen between 1965 to 1970.

"I don't feel the economy has been growing and I'm not in a mood to spend on luxury things. I need to save money for my child's education and for when I retire as I don't think I will get enough pension to make ends meet," said Satoko Sakuma, 57 years old, a part-time worker in the elderly care industry.

The coincident index is used to measure the state of the economy and is among indicators the government uses when deciding whether the economy is expanding or in recession. It includes a range of readings such as factory output, employment and retail sales.

Under the government's definition, the economy has been in an expansion since December 2012, when Abe came into office. The economy posted its best stretch of consecutive monthly growth of 73 months from February 2002 to February 2008.

Japan's economy expanded at an annualized 2.5 percent in the second quarter as consumer and company spending picked up, with steady growth likely to be sustained in coming quarters.

But while there has been some economic momentum, it remains historically modest: the economy grew an average 1.2 percent during the current expansion, much slower than 11.4 percent average growth during the 1965 to 1970 expansion, SMBC Nikko Securities said.

Other data on Friday showed Japanese workers' wages rose in August from a year earlier in a sign of a gradual pick-up in household income.

And a Bank of Japan survey showed households' mood improved in September from three months ago, though fewer of them expected prices to rise a year from now.

The jobless rate, which was at 4.3 percent when Abe took office, fell to 2.8 percent in August. Corporate earnings rose 75 percent during the period, as the yen fell more than 30 percent and the Nikkei stock average doubled in value.

"Companies have enjoyed record profits but wages aren't growing much," said Hidenobu Tokuda, Senior Economist at Mizuho Research Institute.

"Most of the increase in corporate profits came from factors like falling oil costs and a weak yen, and the recovery in sales wasn't as strong as past economic expansions. This is making companies cautious of raising wages."

Some economists say companies may keep hoarding cash as they see little growth prospects in Japan's rapidly aging society.

"It's hard to predict the future so companies tend to save cash. They can't raise prices as they may lose customers," said Yoshiki Shinke, Chief Economist at Dai-ichi Research Institute.

"It would be better if the economy sees growth stabilize above its potential."

(Additional reporting by Leika Kihara; Editing by Sam Holmes)

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